IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-US PERSONS AND ADDRESSEES OUTSIDE OF THE US

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the attached Prospectus accessed via internet or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND, SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to review this Prospectus or make an investment decision with respect to the securities described herein, investors must not be a US Person (as defined in Regulation S under the Securities Act). You have been sent the attached Prospectus on the basis that you have confirmed to UBS Investment Bank, being the sender of the attached, (i) that you and any customers that you represent are not US Persons, (ii) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) that you consent to delivery by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. Also, there are restrictions on the distribution of the attached Prospectus and/or the offer or sale of Notes in the member states of the European Economic Area. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of UBS Investment Bank, the Syndicate Banks or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from UBS Investment Bank, if lawful.

Prospectus dated 1 November 2022

The Issuer requesting admission to trading on the SIX Swiss Exchange is relying on an exemption pursuant to article 51(2) of the Swiss Financial Services Act (*Finanzdienstleistungsgesetz*, the "FinSA"). Accordingly, in accordance with article 40(5) of the FinSA, you are hereby notified that this Prospectus has not yet been reviewed or approved by the SIX Prospectus Office in its capacity as competent Swiss review body pursuant to article 52 of the FinSA. The final Prospectus, as completed and supplemented by the final terms relating to the Covered Bonds (as defined below), will only be submitted to such review body for review after the completion of the offering of the Covered Bonds.

This prospectus (the "Prospectus") is dated 1 November 2022 and will, subject to the publication of any supplements thereto in accordance with article 56 of the FinSA, not be updated for any developments that occur thereafter. In particular, this Prospectus is not required to be updated as per the date of any approval by the SIX Prospectus Office in its capacity as competent Swiss review body pursuant to article 52 of the FinSA.

This Prospectus has been approved by the Prospectus Office of SIX Exchange Regulation Ltd in its capacity as review body pursuant to article 52 of the Swiss Financial Services Act (*Finanzdienstleistungsgesetz* – the FINSA) on 28 December 2022.

NATIONAL BANK OF CANADA

National Bank of Canada

CHF 280,000,000 1.9575% Covered Bonds due 3 November 2027

(the "**Covered Bonds**")

Unconditionally and irrevocably guaranteed as to payments by NBC Covered Bond (Legislative) Guarantor Limited Partnership

Programme for the issuance of Covered Bonds:	The Covered Bonds are issued under the CAD 20,000,000,000 Legislative Global Covered Bond Programme (the "**Programme**") of National Bank of Canada.
Issuer's Name and registered office:	National Bank of Canada, 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2 (the "**Issuer**" or the "**Bank**").
Guarantor's Name and registered office:	NBC Covered Bond (Legislative) Guarantor Limited Partnership, 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, Ontario, Canada M5K 1E6 (the "**Guarantor**").
Interest Rate:	1.9575% p.a., payable annually in arrears on 3 November, for the first time on 3 November 2023, until the Maturity Date. If applicable, for the Period from the Maturity Date up to the Extended Due for Payment Date, CHF SARON Compound 1m Floating Rate payable monthly in arrears on the 3rd of each month applying an observation period with a lookback (shift) of 5 days, at CHF SARON + 18 bps with a minimum interest rate of 0%; Actual/360; modified following adjusted business day convention.
Issue Price:	The Joint Lead Managers (as defined below) have purchased the Covered Bonds at 100% of the nominal amount (before commission).
Placement Price:	The Placement Price of the Covered Bonds will be fixed in accordance with supply and demand.
Issue Date:	3 November 2022
Maturity Date:	3 November 2027, redemption at par.
Extended Due for Payment Date:	3 November 2028

Early Redemption:	For tax reasons and illegality only, at par in accordance with the terms and conditions of the Covered Bonds.
Reopening of the Issue:	The Issuer reserves the right to reopen this issue according to the terms and conditions of the Covered Bonds.
Denominations:	CHF 5,000 nominal and multiples thereof.
Form of the Covered Bonds:	The Covered Bonds will be represented by a Permanent Bearer Global Covered Bond and registered as intermediated securities (*Bucheffekten*) in the main register (*Hauptregister*) with SIX SIS Ltd. Investors do not have the right to request the printing and delivery of definitive Covered Bonds.
Covered Bonds Guarantee:	Payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed by the Guarantor in favour of the Bond Trustee (for and on behalf of the Covered Bondholders) following a Covered Bond Guarantee Activation Event pursuant to the terms of the Trust Deed.
Covenants:	Pari Passu, Cross Default in accordance with Terms and Conditions of the Covered Bonds.
Status of the Covered Bonds:	The Covered Bonds will constitute deposits for purposes of the *Bank Act* (Canada), S.C. 1991, c.46 (as amended, the "**Bank Act**") and will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Covered Bonds will not be deposits insured under the *Canada Deposit Insurance Corporation Act*. **The Covered Bonds have not been approved or disapproved by Canada Mortgage and Housing Corporation ("CMHC") nor has CMHC passed upon the accuracy or adequacy of this Prospectus. The Covered Bonds are not insured or guaranteed by CMHC or the Government of Canada or any other agency thereof.**
Status of the Covered Bond Guarantee:	The obligations of the Guarantor under the Covered Bond Guarantee are direct and, following the occurrence of a Covered Bond Guarantee Activation Event, unconditional and, except as provided in the Guarantee Priority of Payments, unsubordinated obligations of the Guarantor, which are secured as provided in the Security Agreement.
Listing and Trading:	Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange. The Covered Bonds have been provisionally admitted to trading on the SIX Swiss Exchange on 1 November 2022. The last trading day of the Covered Bonds is expected to be the second business day prior to the Maturity Date (or Extended Due for Payment Date, respectively).
Governing Law and Jurisdiction:	**The Covered Bonds and the Guarantee are governed by, and construed in accordance with the laws of Province of Ontario. Place of jurisdiction for the Covered Bonds and the Guarantee and all related contractual documentation shall be the courts of Ontario.**
Selling Restrictions:	In particular U.S.A., U.S. persons, European Economic Area, United Kingdom, Canada, Hong Kong, France, Italy, Japan, Singapore, Belgium and the Netherlands.
Instrument Rating:	Aaa by Moody's Investors Service, Inc.,/ AAA Fitch Ratings, Inc., AAA DBRS Morningstar
Security Number/ ISIN/Common Code:	122.115.048 / CH01221150480 / 255088041

UBS Investment Bank **National Bank of Canada Financial Markets**

together the "**Joint Lead Managers**"

The Issuer is relying on article 51(2) of the Swiss Financial Services Act of 15 June 2018 (the "FinSA"). Accordingly, in accordance with article 40(5) of the FinSA, prospective investors in the Covered Bonds are hereby notified that this Prospectus has not been reviewed or approved by a competent Swiss review body pursuant to article 52 of the FinSA. The Covered Bonds will be issued on the basis of this Prospectus, which will be submitted to SIX Exchange Regulation Ltd in its capacity as Swiss review body pursuant to article 52 of the FinSA (the "Review Body") for review only after completion of the offering of the Covered Bonds.

This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of any approval by the Review Body. Consequently, neither the delivery of this Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Covered Bonds is correct as of any time subsequent the date indicated in the document containing the same.

This Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Covered Bonds and for the admission to trading and listing of the Covered Bonds on the SIX Swiss Exchange. The Issuer has not authorized the use of this Prospectus for any other purpose.

The Joint Lead Managers

The Joint Lead Managers have not verified the information contained herein. Additionally, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated by reference herein or any other information provided by the Issuer in connection with the Covered Bonds.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the issuance, offering and admission to trading or listing of the Covered Bonds. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) that they might otherwise have in respect of this Prospectus or any such statement.

The Joint Lead Managers and certain of their respective affiliates have provided, and/or may provide in the future, investment banking, commercial banking, advisory and other financial services for the Issuer and its affiliates in the ordinary course of business for which they have received and will receive customary fees and reimbursement of expenses.

Furthermore, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may, at any time, hold long or short positions in such investments and securities. Such investment and securities activities may involve the securities and/or instruments of the Issuer. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold (for their own account or for the account of their customers), or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

SUMMARY

The following summary (the "**Summary**") is to be understood as an introduction to this Prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus, including the discussion under "Risk Factors" and the financial information, which are included elsewhere in this Prospectus.

Investors are required to base their investment decision on the information in this Prospectus in its entirety and not on the Summary.

Liability for the Summary is limited to cases where the information contained therein is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

A. Information on the Issuer and on the Guarantor

Issuer's Name, registered office and legal form	National Bank of Canada is a Schedule I Bank under the Bank Act and its head office is located at 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2.
Legal Entity Identifier of the Issuer	BSGEFEIOM18Y80CKCV46
Auditor / Auditor Supervision of the Issuer	The auditor of the Issuer is Deloitte LLP, 1190, Canadiens-de-Montréal Avenue, Suite 500, Montréal QC H3B 0M7 (the "**Auditor**"). Potential Investors are informed that the Auditor is supervised by Canadian Public Accountability Board which is recognised by the Swiss Federal Council.
Guarantor's Name, registered office and legal form	NBC Covered Bond (Legislative) Guarantor Limited Partnership 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, Ontario, Canada M5K 1E6
Legal Entity Identifier of the Guarantor	549300GG59UTXPRFJG56
Auditor / Auditor Supervision of the Guarantor	The asset monitor of the Guarantor is Deloitte LLP, 1190, Canadiens-de-Montréal Avenue, Suite 500, Montréal QC H3B 0M7 (the "**Asset Monitor**"). Potential Investors are informed that the Asset Monitor is supervised by Canadian Public Accountability Board which is recognised by the Swiss Federal Council.

B. Information on the Terms of the Covered Bonds

Nature of Covered Bonds	Senior Unsecured Fixed Rate Covered Bonds 2022 - 2027
Volume	CHF 280,000,000
Payment Date	3 November 2022
Maturity Date	3 November 2027, redemption at par
Extended Due for Payment Date:	3 November 2028
Interest Rate and Interest Payment Dates	1.9575% per annum, payable annually in arrears for the period from (and including) 3 November 2022 to (but excluding) the Maturity Date, commencing 3 November 2023 in accordance with the following business day convention, unadjusted. If applicable, for the Period from (and including) the Maturity Date to (but excluding) the Extended Due for Payment Date, CHF SARON Compound 1m Floating Rate payable monthly in arrears on the 3rd day of each month, commencing 3 December 2027, applying an observation period with a lookback (shift) of 5 days, at CHF SARON + 18 bps with a minimum interest rate of 0%; Actual/360; modified following adjusted business day convention.
Denomination	CHF 5,000 nominal and multiples thereof.
Status	The Covered Bonds will constitute deposits for purposes of the Bank Act and will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer.

	The Covered Bonds have not been approved or disapproved by Canada Mortgage and Housing Corporation ("CMHC") nor has CMHC passed upon the accuracy or adequacy of this Prospectus. The Covered Bonds are not insured or guaranteed by CMHC or the Government of Canada or any other agency thereof.
Form of the Covered Bonds	The Covered Bonds will be represented by a Permanent Bearer Global Covered Bond and registered as intermediated securities (*Bucheffekten*) in the main register (*Hauptregister*) with SIX SIS Ltd. Investors do not have the right to request the printing and delivery of definitive Covered Bonds.
Reopening of the Issue	The Issuer reserves the right to reopen this issue according to the terms and conditions of the Covered Bonds.
Covenants	Pari Passu, Cross Default in accordance with Terms and Conditions of the Covered Bonds.
Principal Paying Agent	UBS AG
Governing Law and Jurisdiction	The Covered Bonds and the Guarantee are governed by, and construed in accordance with the laws of Province of Ontario. Place of jurisdiction for the Covered Bonds and the Guarantee and all related contractual documentation shall be the courts of Ontario.

C. Information on the Offering

Public Offer	The Covered Bonds will be offered to prospective investors by way of (i) a public offering in Switzerland, and (ii) private placements in certain jurisdictions outside of Switzerland, other than the United States or other jurisdictions where an offering would be prohibited by applicable law.
Issue Price	100% of the aggregate nominal amount of the Covered Bonds (before commissions)
Placement Price	The Placement Price of the Covered Bonds will be fixed in accordance with supply and demand.
Clearing and Settlement	SIX SIS Ltd
Net Proceeds / Use of Net Proceeds	The net proceeds of the Covered Bonds, being the amount of CHF 279,175,000 (the "**Net Proceeds**") will be added to the general funds of the Issuer.
Swiss Security Number	122.115.048
ISIN	CH1221150480
Common Code	255088041
Selling Restrictions	In particular U.S.A., U.S. persons, European Economic Area, United Kingdom Canada, Hong Kong, France, Italy, Japan, Singapore, Belgium and the Netherlands
Joint Lead Managers	UBS AG and National Bank of Canada Financial Markets

D. Information on the Admission to Trading and Listing

Swiss Trading Venue	SIX Swiss Exchange
Admission to Trading and Listing	The Covered Bonds have been provisionally admitted to trading on the SIX Swiss Exchange as of 1 November 2022. The last trading day of the Covered Bonds is expected to be the second business day prior to the Maturity Date (or Extended Due Date, respectively). Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange.

E. Information on Prospectus Approval

Swiss Review Body	SIX Exchange Regulation Ltd, Hardturmstrasse 201, 8005 Zurich, Switzerland.

Submission for Approval	The Issuer is relying on article 51(2) of the FinSA. Accordingly, in accordance with article 40(5) of the FinSA, prospective investors in the Covered Bonds are hereby notified that this Prospectus has not been reviewed or approved by a competent Swiss review body pursuant to article 52 of the FinSA. This Prospectus will be submitted to the Review Body for review only after completion of the offering of the Covered Bonds.
Prospectus Date and Approval	This Prospectus is dated 1 November 2022, and has been approved by the Swiss Review Body on the date appearing on the cover page of this Prospectus. This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by the Swiss Review Body.

SELLING RESTRICTIONS

In particular U.S.A., U.S. persons, European Economic Area, United Kingdom, Canada, Hong Kong, France, Italy, Japan, Singapore, Belgium and the Netherlands. For further information and the full text, which is solely relevant, please refer to pages 267 to 276 of the Base Prospectus attached hereto as Annex A.

FORWARD LOOKING STATEMENTS

This Prospectus contains or incorporates by reference statements that constitute forward-looking statements. Such forward-looking statements in this document may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2022 and beyond, the strategies or actions that will be taken to achieve them, expectations about the Bank's financial condition, the regulatory environment in which it operates, the impacts of—and the Bank's respond to—the COVID-19 pandemic, and certain risks it 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, notable 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 financial position and results of operations, as at and for the periods ended on the dates presented, as well as the Bank's vision, strategic objectives and financial performance targets, and may not be appropriate for other purposes. The Issuer and the Guarantor, in reliance on article 69(3) FinSA, hereby caution you that any such prospects, expectations, estimates, plans, strategic aims, vision statements, and projections contained or incorporated by reference in this Prospectus are not historical in nature but are forward-looking based on current expectations, estimates, assumptions and intentions and are subject to uncertainty and inherent risks, many of which are beyond the control of the Issuer and the Guarantor. Due to the uncertainty of future developments, to the fullest extent permitted by applicable law, neither the Issuer, nor the Guarantor, nor the Joint Lead Managers assume any liability in respect to or in connection with such prospects or other forward-looking statements contained or incorporated by reference herein.

Except as required by the FinSA or other applicable securities laws, neither the Issuer, nor the Guarantor, nor the Joint Lead Managers undertake an obligation to update any prospects or forward-looking statements after the date hereof, even if new information, future events or other circumstances have made them incorrect or misleading.

TABLE OF CONTENTS

Important Information 3
Summary 4
Selling Restrictions 7
Forward Looking Statements 8
Table of Contents 9
Risk Factors 10
General Information 11
Information on the Covered Bonds 12
Information on the Issuer 13
Information on the Covered Bond Guarantor 15
Information on Covered Bond Guarantee, Bond Trustee, and Trust Deed 16
Taxation 17
Responsibility Statement 19
Final Terms of the Covered Bonds 20
Prospectus dated 2 September 2022 .... Annex A

Risk Factors relating to the Issuer and Guarantor

For the discussion of factors relating to the Issuer’s and the Guarantor's business and activities please refer to pages 33 to 49 and 76 to 83 of the Base Prospectus attached hereto in Annex A.

Risk Factors relating to the Covered Bonds

For the discussion of factors which are material for the purpose of assessing risks related to the Covered Bonds, please refer to pages 49 to 76 and 83 and 84 of the Base Prospectus attached hereto in Annex A.

GENERAL INFORMATION

Notice to Investors

Except as otherwise specified herein, terms defined in the base prospectus dated 2 September 2022 (the "**Base Prospectus**") shall have the same meaning in this prospectus (the "**Prospectus**"). The Final Terms dated 1 November 2022 (the "**Final Terms**") and the Base Prospectus in Annex A hereof form integral parts of this Prospectus.

The specific terms of these Covered Bonds set out in the Final Terms of this Prospectus must be read in conjunction with the information provided in the Base Prospectus. Investors are advised to familiarise themselves with the entire content of this Prospectus.

The financial institution involved in the issuance and offering of the Covered Bonds is a bank, which directly or indirectly has participated, or may participate, in financing transactions and/or other banking business with the Issuer, which are not disclosed herein.

Documents Available

Copies of this Prospectus (or of the documents incorporated by reference see section below) are available in electronic or printed form, free of charge, upon request at UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, 8098 Zurich, Switzerland, or can be ordered by telephone +41-44-239 47 03 (voicemail), fax +41-44-239 69 14 or by e-mail swiss-prospectus@ubs.com. The documents incorporated by reference herein are also available on the website of the Issuer.

Documents incorporated by reference

The following documents shall be deemed to be incorporated in, and form part of this Prospectus (copies of the documents incorporated by reference are available upon request at the address indicated in the preceding paragraph):

- the Bank's Annual Information Form dated 30 November 2021

- the Bank's Annual Report for the year ended 31 October 2021

- the Bank's Report to Shareholders for the quarter ended 31 July 2022

Prospectus

This Prospectus is available in the English language only and provides information about the Issuer, the Guarantor and the Covered Bonds. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Covered Bonds.

No person has been authorized to give any information or make any representation in connection with the offering of the Covered Bonds other than as stated herein and any other information or representation if given or made should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers or any of the Dealers (as defined in the Programme). Neither the delivery of this Prospectus, nor the issue of the Covered Bonds nor any sale thereof shall, in any circumstances, create any implication that there has been no material adverse change in the affairs of the Issuer and/or the Guarantor since the date hereof.

INFORMATION ON THE COVERED BONDS

Authorisation

Pursuant to the authorisation given under the Programme and the Subscription Agreement dated 1 November 2022 between the Issuer and the Guarantor on one side and UBS AG, acting through its business division UBS Investment Bank ("**UBS AG**") and National Bank Financial Inc. (together with UBS AG the "**Joint Lead Managers**") on the other side, the Issuer has agreed to issue the Covered Bonds of CHF 280,000,000 to be paid on 3 November 2022 and, unless extended, maturing on 3 November 2027 and the Joint Lead Managers have agreed to subscribe such aggregate principal amount of Covered Bonds.

Use of Net Proceeds

The net proceeds of the Covered Bonds, being the amount of CHF 279,175,000 (the "**Net Proceeds**") will be added to the general funds of the Issuer. The Joint Lead Managers do not have any responsibility for, or be obliged to concern themselves with, the application of the Net Proceeds of the Covered Bonds.

Offering, Issue Price and Placement Price

The Covered Bonds will be offered to prospective investors by way of (i) a public offering in Switzerland, and (ii) private placements in certain jurisdictions outside of Switzerland, other than the United States or other jurisdictions where an offering would be prohibited by applicable law.

The issue price of the Covered Bonds has been set at 100% of the principal amount, before commissions and expenses.

The placement price of the Covered Bonds will be fixed in accordance with supply and demand.

Clearing System and Security Numbers

The uncertificated securities representing the Covered Bonds will be registered with SIX SIS. The Swiss Security Number, the International Securities Identification Number ("**ISIN**") and the Common Code of the Covered Bonds are as follows:

Swiss Security Number	ISIN	Common Code
122.115.048	CH1221150480	255088041

Transferability / Tradability

No restrictions. For certain selling restrictions with respect to the Covered Bonds, see "Selling Restrictions".

Notices

All notices in relation to the Covered Bonds will be published in electronic form on the internet site of the SIX Swiss Exchange under the section headed Official Notices
(currently: https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/ l).

Representation / Admission to Trading

In accordance with Article 58a of the Listing Rules of the SIX Swiss Exchange, the Issuer has appointed UBS AG to file the application with the SIX Exchange Regulation Ltd in its capacity as competent authority for the admission to trading (including to provisional admission to trading) and listing of the Covered Bonds on SIX Swiss Exchange.

The Covered Bonds have been provisionally admitted to trading on the SIX Swiss Exchange as of 1 November 2022. The last trading day is expected to be the second business day prior to the Maturity Date (or the Extended Due for Payment Date, respectively). Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange.

INFORMATION ON THE ISSUER

Name, registered office, incorporation, system of law, legal form

For information on the Issuer, please refer to pages 161, 162 and 317 of the Base Prospectus in Annex A and page 5 of the Bank's Annual Information Form incorporated by reference herein.

Purpose

As set out in the Bank Act, the corporate purpose of the Issuer is to act as a financial institution throughout Canada and can carry on business, conduct its affairs and exercise its powers in any jurisdiction outside Canada to the extent and in the manner that the laws of that jurisdiction permit.

By-laws

The currently valid version of the Issuer's By-Laws is dated 24 April 2019 and is publicly available on the Issuer's website as follows: https://www.nbc.ca/about-us/governance/policies-codes-commitments.html.

Register

The Bank is a chartered bank under Schedule I of the Bank Act and is regulated by the Office of the Superintendent of Financial Institutions (Canada).

Group

A list of the Bank's principal subsidiaries is provided on page 221 of the 2021 Annual Report, incorporated herein by reference.

Change of Issuer

For information on the Change of Issuer, please refer to Condition 19 (Substitution) on page 144 of the Base Prospectus in Annex A.

Board of Directors / Management

For information on Board of Directors / Management, please refer to pages 161 and 162 of the Base Prospectus in Annex A, and pages 16 and 17 of the Bank's Annual Information Form, incorporated herein by reference.

Auditor / Auditor Supervision

The auditor of the Issuer is Deloitte LLP, 1190, Canadiens-de-Montréal, Avenue, Suite 500, Montréal QC H3B 0M7 (the "**Auditor**").

Potential Investors are informed that the Auditor is supervised by the Canadian Public Accountability Board (CPAB) which is recognised by the Swiss Federal Council.

Business activities

For information on Business Activities please refer to page 162 of the Base Prospectus in Annex A.

Patents and licenses

For information on Patents and Licenses please refer to page 163 of the Base Prospectus in Annex A.

Court, arbitral and administrative proceedings

Save as disclosed in this Prospectus, the Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

Business activities on group-wide, consolidated basis

Please refer to the section "Business" on page 162 of Annex A.

Capital structure and equity securities

For information on capital structure and the share capital of the Issuer, please refer to note 18 (share capital and other equity instruments) of the Bank's Annual Report, incorporated herein by reference.

Outstanding bonds

For information on capital structure, please refer to note 15 (subordinated debt) of the Bank's Annual Report, incorporated herein by reference.

Main Business Prospects

For information on the Issuer's business prospects and outlook, please refer to the section entitled "Economic Review and Outlook" on page 26 of the 2021 Annual Report and section "Economic Review and Outlook" on page 8 of the of the Bank's Report to Shareholders for the quarter ended 31 July 2022 and the No Material Adverse Change Statement below, which remain subject to the Caution Regarding Forward-Looking Statements on page 3 of the Bank's Report to Shareholders for the quarter ended 31 July 2022.

Material changes since the most recent annual financial statements

Except as disclosed in this Prospectus (including all documents incorporated by reference), there has been no material adverse change in the financial condition or operations of the Issuer since 31 July 2022, which would materially affect its ability to carry out its obligations under the Covered Bonds.

INFORMATION ON THE GUARANTOR

Investors are informed that the Guarantor does not independently meet the listing requirements pursuant to the Listing Rules and its implementing provisions, and that these listing requirements are not applicable to the Guarantor.

Limited Partnership Agreement

The currently valid version of the Limited Partnership Agreement governing the affairs of the Guarantor is dated October 31, 2013, as amended by amending agreements dated December 17, 2014, April 7, 2016 and September 12, 2017, and is publicly available on https://www.nbc.ca/about-us/investors/capital-debt/legislative-covered-bonds.html#.

Auditor / Auditor Supervision of the Guarantor

The asset monitor of the Guarantor is Deloitte LLP, 1190, Canadiens-de-Montréal Avenue, Suite 500, Montréal QC H3B 0M7 (the "Asset Monitor").

Potential Investors are informed that the Asset Monitor is supervised by Canadian Public Accountability Board which is recognised by the Swiss Federal Council.

INFORMATION ON COVERED BOND GUARANTEE, BOND TRUSTEE, AND TRUST DEED

For information on the Covered Bond Guarantee, Bond Trustee and Trust Deed, please refer to pages 179 et seq. of the Base Prospectus attached hereto in Annex A. The Bond Trustee acts as trustee for numerous other debt securities issued.

Further information on the Bond Trustee can be found below:

Brief Profile of the Trustee

Computershare Trust Company of Canada, acting through its offices located at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1 and its place of business at 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec, H3A 3S8, acts as Bond Trustee in accordance with the Terms and Conditions of the Covered Bonds and the Trust Deed. Moreover, the Bond Trustee acts as trustee on numerous covered bond issues and other debt securities.

Authority of the bond trustee

For the authority of the Bond Trustee to take action on behalf of the Covered Bond Holders in certain circumstances, please refer to page 59 and 179 of the Base Prospectus attached hereto as Annex B.

Conditions under which the bond trustee may be replaced

For provisions relating to the substitution of the Bond Trustee, please refer to the section Retirement, Removal and Replacement of the Bond Trustee on page 180 of the Base Prospectus attached hereto as Annex B.

Applicable law, jurisdiction and availability of Trust Deed

For the governing law and the place of jurisdiction of the Trust Deed, please refer to Condition 22 on page 146 of the Base Prospectus attached hereto as Annex B.

Information on the availability of the Trust Deed for inspection please refer to Ziff. 8. in General Information on page 277 of the Base Prospectus attached hereto as Annex B.

The following is a summary of certain tax implications under the laws of Switzerland as they may affect investors. It applies only to persons who are beneficial owners of Covered Bonds and may not apply to certain classes of persons. The Issuer makes no representations as to the completeness of the information nor undertake any liability of whatsoever nature for the tax implications for investors. Potential investors are strongly advised to consult their own professional advisers in light of their particular circumstances.

Swiss Federal Withholding Tax

Payment of interest on the Covered Bonds issued before January 1, 2023 and repayment of principal of the Covered Bonds are not subject to Swiss withholding tax, provided that the Issuer does not have its registered head office in Switzerland, is not recorded in a commercial register in Switzerland and is at all times resident and managed outside Switzerland for Swiss tax purposes.

Swiss Federal Securities Turnover Tax

The issue and the sale of a Covered Bond on the issuance day (primary market transaction) are not subject to Swiss federal securities turnover tax (*Umsatzabgabe*). Secondary market dealings in Covered Bonds may be subject to the Swiss federal securities turnover tax at a rate of up to 0.30% of the purchase price of the Covered Bonds, however, only if a securities dealer in Switzerland or Liechtenstein, as defined in the Swiss federal stamp duty act (*Bundesgesetz über die Stempelabgaben*), is a party or acts as an intermediary to the transaction and no exemption applies.

The covered bonds of non-Swiss issuers shall remain subject to Swiss federal securities turnover tax.

Income Taxation on Principal or Interest

a) Covered Bonds Held by Non-Swiss Holders

Payments of interest and repayment of principal by the Issuer to, and gain realized on the sale or redemption of Covered Bonds by, a holder of Covered Bonds who is not a resident of Switzerland and who during the current taxation year has not engaged in a trade or business through a permanent establishment in Switzerland to which such Covered Bond is attributable will not be subject to any Swiss federal, cantonal or communal income tax in respect of such Covered Bond.

For the potential new Swiss withholding tax legislation, see above *"—Swiss Federal Withholding Tax"*.

b) Covered Bonds Held as Private Assets by a Swiss Resident Holder

Individuals who are resident in Switzerland and who hold Covered Bonds as private assets are required to include all payments of interest on such Covered Bonds in their personal income tax return for the relevant tax period and will be taxable on any net taxable income for such tax period.

In principle a capital gain, including a gain relating interest accrued realized on the sale or redemption of Covered Bonds by such a Swiss resident holder, is a tax-free private capital gain, and, conversely, a respective loss on the Covered Bond is a non-tax-deductible private capital loss. Some exceptions are described below.

Covered Bonds without a "predominant one-time interest payment": Holders of Covered Bonds without a predominant onetime interest payment (the yield-to-maturity predominantly derives from periodic interest payments and not from a onetime interest payment) who are individuals receive payments of interest on Covered Bonds (either in the form of periodic interest payments or as a one-time-interest-payment such as an issue discount or a repayment premium) are required to include such payments in their personal income tax return and will be taxable on any net taxable income (including the payments of interest on the Covered Bonds) for the relevant tax period. The Holder who receives the one-time-interest-payment on redemption date is taxed on the whole one-time-interest-payment irrespective of when he or she purchased the Covered Bond.

Covered Bonds with a "predominant one-time interest payment": In the case of Covered Bonds with a "predominant one-time interest payment" (the yield-to-maturity predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments), the periodic interest payments as well as the increase of the value of the bond component during the holding period are taxable. Depending on the Covered Bond, the increase of the value of the bond component either equals the positive difference (including any capital and foreign exchange gain) between the amount received upon sale or redemption and the purchase price (so-called pure differential taxation method). For Covered Bonds for which a bond floor is calculated, the increase of the value of the bond floor during the holding period (bond floor at the moment of sale or redemption minus bond floor at the moment of purchase, so-called modified differential taxation method) is taxable.

If the Covered Bond is denominated in foreign currency, the sales price or redemption amount as well as the purchase or issue price each have to be converted into Swiss Francs at the prevailing exchange rate at sale or redemption and at purchase. The same applies for the bond floor. Losses realized on the sale of Covered Bonds with a "predominant onetime interest payment" may be offset against gains realized within the same tax period on the sale of any Covered Bonds with a "predominant one-time interest payment".

c) *Covered Bonds Held as Swiss Business Assets and by Private Persons Classified as Professional Securities Dealers*

Individuals who hold Covered Bonds as part of a business in Switzerland and Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Covered Bonds as part of a permanent establishment in Switzerland, are required to recognize the payments of interest and any gain realized on the sale or redemption of such Covered Bonds (including a gain relating to interest accrued) and any loss on such Covered Bonds in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss resident individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings and leveraged investments in securities.

Automatic Exchange of Information in Tax Matters

The Automatic Exchange of Information in Tax Matters ("**AEI**") is a global initiative led by the Organization of Economic Co-Operation and Development ("**OECD**"). It aims to establish a universal standard for automatic exchange of tax information and to increase tax transparency. Jurisdictions that are committed to implement or have implemented the AEI (such as Switzerland, the EU member countries and many other jurisdictions worldwide) require their Reporting Financial Institutions in accordance with the respective local implementing law to determine the tax residence(s) of their account holders and controlling persons (as applicable) and, in case of reportable accounts, report certain identification information, account information and financial information (including the account balance and related payments such as interest, dividends, other income and gross proceeds) to the local tax authority which will then exchange the information received with the tax authorities in the relevant reportable jurisdictions.

More specifically, Switzerland has concluded a multilateral AEI agreement with the EU (replacing the EU savings tax agreement) and has concluded bilateral AEI agreements with several non-EU countries. In accordance with such multilateral agreements and bilateral agreements and the implementing laws of Switzerland, Switzerland has begun exchange data so collected, and such data may include data about payments made in respect of the Covered Bonds.

RESPONSIBILITY STATEMENT

National Bank of Canada accepts responsibility for the content of this Prospectus and declares that the information contained herein is, to the best of its knowledge, correct and no material facts or circumstances have been omitted herefrom.

Montréal, 1 November 2022

National Bank of Canada

Final Terms dated November 1, 2022

NATIONAL BANK OF CANADA

NATIONAL BANK OF CANADA
(a Canadian chartered bank)

Legal Entity Identifier (LEI): BSGEFEIOM18Y80CKCV46

Issue of CHF 280,000,000 1.9575 per cent. Covered Bonds due November 3, 2027
under the

CAD 20,000,000,000

Legislative Global Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments by
NBC COVERED BOND (LEGISLATIVE) GUARANTOR
LIMITED PARTNERSHIP
(a limited partnership formed under the laws of Ontario)

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION ("CMHC") NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THESE FINAL TERMS. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

THE COVERED BONDS DESCRIBED OR DELIVERED IN THESE FINAL TERMS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THE COVERED BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

No prospectus is required in accordance with the Prospectus Regulation or the UK Prospectus Regulation (each as defined below) for this issue of Covered Bonds. The Covered Bonds which are the subject of these final terms are not compliant with the Prospectus Regulation or the UK Prospectus Regulation and the Financial Conduct Authority has neither approved nor reviewed the information contained in these final terms.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PART A–CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated 2 September 2022 (the "**Prospectus**") which is incorporated in the Swiss Prospectus dated November 1, 2022 (the "**Swiss Prospectus**"). This document constitutes the Final Terms of the Covered Bonds described herein and must be read in conjunction with the Prospectus and the Swiss Prospectus. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms, the Prospectus and the Swiss Prospectus. Copies of the Swiss Prospectus, together with all documents incorporated by reference therein may be obtained from the specified offices or address, respectively of the Issuer and UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, CH-8098 Zurich, Switzerland, E-Mail: swiss-prospectus@ubs.com as set out at the end of these Final Terms.

1.	(i)	Issuer:	National Bank of Canada
		Branch:	Head office of the Bank in Montréal
	(ii)	Guarantor:	NBC Covered Bond (Legislative) Guarantor Limited Partnership
2.	(i)	Series Number:	CBL21
	(ii)	Tranche Number:	1
	(iii)	Date on which the Covered Bonds become fungible:	Not Applicable
3.		Specified Currency or Currencies:	Swiss Francs (CHF)
		(Condition 1.10)	
4.		Aggregate Principal Amount:	CHF 280,000,000
	(i)	Series:	CHF 280,000,000
	(ii)	Tranche:	CHF 280,000,000
5.		Issue Price:	100.00 per cent. of the Aggregate Principal Amount

6.	(i)	Specified Denominations: (Condition 1.08 or 1.09)	CHF 5,000
	(ii)	Calculation Amount:	CHF 5,000
7.	(i)	Trade Date:	October 20, 2022
	(ii)	Issue Date:	November 3, 2022
	(iii)	Interest Commencement Date:	Issue Date
8.	(i)	Final Maturity Date:	November 3, 2027
	(ii)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	The Interest Payment Date falling in or nearest to November 3, 2028
9.	Interest Basis:		1.9575 per cent. per annum Fixed Rate from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date If applicable in accordance with item 15 below, Daily Compounded SARON for a 1-month Observation Period + 0.18 per cent. per annum Floating Rate from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date, subject to a minimum interest rate of 0.000 per cent. (further particulars specified in item 15 below)
10.	Redemption/Payment Basis:		Redemption at par
11.	Change of Interest Basis:		Applicable if and only to the extent that item 15 below applies to the Covered Bonds
12.	Put/Call Options:		Not Applicable
13.	Date of Board approval for issuance of Covered Bonds obtained:		Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Covered Bond Provisions: (Condition 5.02)		Applicable from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date
	(i)	Rate of Interest:	1.9575 per cent. per annum payable annually in arrears during the period from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date

	(ii) Interest Payment Date(s) :	November 3rd in each year adjusted in accordance with the Business Day Convention up to and including the Final Maturity Date, commencing November 3, 2023
	(iii) Business Day Convention:	Following Business Day Convention, unadjusted
	(iv) Fixed Coupon Amount:	97.875 per Calculation Amount
	(v) Broken Amount(s)	Not Applicable
	(vi) Day Count Fraction:	30/360
	(vii) Determination Dates:	Not Applicable
15.	Floating Rate Covered Bond Provisions: (Condition 5.03)	Applicable from and including the Final Maturity Date to but excluding the Extended Due for Payment Date
	(i) Interest Period(s):	The first Interest Period shall comprise the period from and including the Final Maturity Date to but excluding the first Specified Interest Payment Date. The Interest Periods shall, thereafter, be the period from and including each Specified Interest Payment Date to but excluding the next following Specified Interest Payment Date.
	(ii) Specified Interest Payment Dates:	The Specified Interest Payment Dates shall be monthly on the 3rd day of each month from but excluding the Final Maturity Date to and including the Extended Due for Payment Date, unless redeemed in full prior to such Extended Due for Payment Date; and subject, in each case, to adjustment in accordance with the Business Day Convention specified in item 15(iii) below
	(iii) Business Day Convention:	Modified Following Business Day Convention
	(iv) Financial Centre(s):	Zurich, Montréal, Toronto
	(v) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
	(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	The Swiss Principal Paying Agent shall be the Calculation Agent
	(vii) Screen Rate Determination:	Applicable
	– Reference Rate:	Daily Compounded SARON for a 1-month Observation Period (see Annex 1)
	– Compounded SOFR Convention:	Not Applicable
	– Calculation Method:	Compounded Daily Rate
	– Observation Method:	Shift Observation Method

	– Observation Look-Back Period:	5 Zurich Banking Days
	– Relevant Number:	Not Applicable
	– Interest Determination Date(s):	Second Zurich Banking Day prior to the end of each Interest Period
	– Relevant Screen Page:	Not Applicable
	– Relevant Time:	Not Applicable
	– Reference Banks:	Not Applicable
	– Financial Centre(s):	Zurich, Montréal, Toronto
	(viii) ISDA Determination:	Not Applicable
	(ix) Margin(s):	+ 0.18 per cent. per annum
	(x) Linear Interpolation (Condition 5.10)	Not Applicable
	(xi) Minimum Interest Rate: (Condition 5.05)	0.000 per cent. per annum
	(xii) Maximum Interest Rate: (Condition 5.05)	60.00 per cent. per annum
	(xiii) Day Count Fraction:	Actual/360
16.	Zero Coupon Covered Bond Provisions: (Condition 5.11)	Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Call Option (Condition 6.03)	Not Applicable
18.	Put Option (Condition 6.06)	Not Applicable
19.	Final Redemption Amount of each Covered Bond	CHF 5,000 per Calculation Amount
20.	Early Redemption Amount:	
	Early Redemption Amount(s) payable on redemption for taxation reasons or illegality or upon acceleration following an Issuer Event of Default or Guarantor Event of Default or	CHF 5,000 per Calculation Amount

	Special Circumstance and/or the method of calculating the same: (Conditions 6.02, 6.03, 6.13 or 7)	
21.	Early Redemption for Special Circumstance	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	Form of the Covered Bonds:	Bearer Covered Bonds:

The Covered Bonds and all rights in connection therewith are documented in the form of a Global Covered Bond which shall be deposited with SIX SIS Ltd. or any other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange Ltd (SIX SIS Ltd or any such other intermediary, the "Intermediary"). Once the Global Covered Bond has been deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Covered Bonds will constitute intermediated securities (*Bucheffekten*) ("Intermediated Securities") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each holder of the Covered Bonds shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Global Covered Bond to the extent of the holder's claim against the Issuer, provided that for so long as the Global Covered Bond remains deposited with the Intermediary the co-ownership interest shall be suspended and the Covered Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e. by entry of the transferred Covered Bonds in a securities account of the transferee.

The records of the Intermediary will determine the number of Covered Bonds held through each participant in that Intermediary. In respect of the Covered Bonds held in the form of Intermediated Securities, the holders of the Covered Bonds will be the persons holding the Covered Bonds in a securities account.

Holders of the Covered Bonds do not have the right to effect or demand the conversion of the Global Covered Bond into, or the delivery of, uncertificated securities (*Wertrechte*) or Definitive Covered Bonds (*Wertpapiere*).

The Global Covered Bond shall not be exchangeable in whole or in part for definitive bearer Covered Bonds.

23.	New Global Covered Bond:	No
24.	Financial Centre(s) or other special provisions relating to payment dates:	Zurich, Montréal, Toronto
25.	Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): (Condition 1.06)	No
26.	Details relating to Instalment Covered Bonds: amount of each instalment, date on which each payment is to be made: (Condition 6.12)	Not Applicable
27.	Other final terms:	Applicable

For the purpose of this Series of Covered Bonds only,

A. Condition 5.03 shall be amended by Annex 1

B. the following paragraphs shall be added to Condition 9:

The receipt by the Swiss Principal Paying Agent of the due and punctual payment of funds in Swiss Francs in Zurich, in the manner provided by the Conditions and these Final Terms, shall release the Issuer from its obligations under the Covered Bonds for the payment of interest and principal due on the respective Interest Payment Date and Maturity Date to the extent of such payment.

C. Condition 13.02 shall be amended by Annex 2

D. Condition 14 shall be replaced as follows:

So long as the Covered Bonds are listed on the SIX Swiss Exchange and so long as the rules of the SIX Swiss Exchange so require, notices must be published (i) on the internet website of the SIX Swiss Exchange (currently «https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/») or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notices so given will be deemed to have been validly given on the date of such publication or if published more than once, on the first date of such publication.

THIRD PARTY INFORMATION

The ratings explanations set out in Item 2. "Ratings" of Part B have been extracted from websites of Moody's, Fitch and DBRS. The Issuer and the Guarantor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by Moody's, Fitch and DBRS, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:	Signed on behalf of the Managing GP for and on behalf of the Guarantor:
By: ______________________________	By: ______________________________
Duly authorized	Duly authorized

PART B–OTHER INFORMATION

1. **LISTING**

(i) Listing/Admission to trading:	Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be provisionally admitted to the SIX Swiss Exchange trading on standard for Bonds with effect from November 1, 2022.
(ii) Estimate of total expenses related to admission to trading:	CHF 9,800

2. **RATINGS**

The Covered Bonds to be issued are expected to be rated:

Ratings: Moody's: Aaa

Obligations rated "Aaa" are judged to be of the highest quality, with minimal risk. (Source: Moody's, https://www.moodys.com/ratings-process/RatingsDefinitions/002002)

Fitch: AAA

Obligations rated "AAA" denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. (Source: Fitch, https://www.fitchratings.com/products/ratingdefinitions#about-rating-definitions)

DBRS: AAA

Obligations rated "AAA" are judged to be of the highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events. (Source: DBRS, https://www.dbrsmorningstar.com/media/00000000069.pdf)

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer

4. **FIXED RATE COVERED BONDS ONLY – YIELD**

Indication of yield based on the Issue Price:	1.9575 per cent. per annum in respect of the fixed interest rate payable on the Covered Bonds The yield has been calculated on the basis of the issue price and is no indication for future yield.

5. DISTRIBUTION

(i)	If syndicated, names of Managers:	UBS AG, National Bank Financial Inc.
(ii)	Stabilising Manager(s) (if any):	Not Applicable
(iii)	US Selling Restrictions	Regulation S compliance Category 2; Not Rule 144A eligible; TEFRA D Rules in accordance with usual Swiss market practice
(iv)	Additional Selling Restrictions:	The Covered Bonds may not be offered, sold or distributed, directly or indirectly, in Canada or to or for the benefit of, any resident in Canada
(v)	Prohibition of Sales to EEA Retail Investors:	Applicable
(vi)	Prohibition of Sales to UK Retail Investors	Applicable

6. OPERATIONAL INFORMATION

(i)	ISIN Code:	CH1221150480
(ii)	Common Code:	255088041
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking Société Anonyme or DTC or CDS, their addresses and the relevant identification number(s):	SIX SIS AG Swiss Security Number: 122.115.048 and indirectly through: Euroclear Bank SA/NV Clearstream Banking, Société Anonyme
(iv)	Delivery:	Delivery against payment
(v)	Name(s) and address(es) of initial Paying Agent(s), Registrars, Exchange Agent and Transfer Agents:	UBS AG Bahnhofstrasse 45 8001 Zurich Switzerland
(vi)	Name(s) and address(es) of additional or substitute Paying Agent(s) or Transfer Agent(s):	Not Applicable
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	No

7. PROCEEDS

(i)	Use of Proceeds:	As specified in the Swiss Prospectus
(ii)	Estimated net proceeds:	CHF 279,175,000

8. UNITED STATES TAX CONSIDERATIONS

Not applicable

ANNEX 1

SARON PROVISIONS

For the purposes of this Series of Covered Bonds, the following provision shall be added at the end of Condition 5.03:

Rate of Interest – SARON

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the applicable Final Terms as being SARON, then the Rate of Interest for each Interest Period will, subject as provided below and subject to the provisions of Condition 13.02, be Compounded Daily SARON plus or minus the Margin (as indicated in the applicable Final Terms) as determined by the Calculation Agent.

"**Compounded Daily SARON**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily overnight interest rate of the secured funding market for Swiss franc) as calculated by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one tenthousandth of a percentage point, with 0.00005 being rounded upwards):

$$\left[\prod_{i=1}^{d_b}\left(1+\frac{SARON_i \times n_i}{360}\right)-1\right]\times\frac{360}{d_c}$$

where:

"d_b" means the number of Zurich Banking Days (as defined below) in the relevant Observation Period;

"d_c" is the number of calendar days in the relevant Observation Period;

"i" is a series of whole numbers from one to d_b, representing the Zurich Banking Days in the relevant Observation Period in chronological order from, and including, the first Zurich Banking Day in such Observation Period;

"n_i" for any Zurich Banking Day "i" is the number of calendar days from, and including, such Zurich Banking Day "i" up to, but excluding, the first following Zurich Banking Day;

"**Observation Lookback Period**" is as specified in the applicable Final Terms;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "p" Zurich Banking Days prior to the first day of such Interest Period and ending on, but excluding, the date falling "p" Zurich Banking Days prior to the Interest Payment Date for such Interest Period;

"**p**", for any Interest Period, is the number of TARGET2 Business Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

"**$SARON_i$**" means, in respect of any Zurich Banking Day i, SARON for such Zurich Banking Day i;

"**SARON**" means, in respect of any Zurich Banking Day, the Swiss Average Rate Overnight for such Zurich Banking Day published by the SARON Administrator on the SARON Administrator Website at the Relevant Time on such Zurich Banking Day; or

(i) if SARON does not so appear on the SARON Administrator Website or is not so published by the Relevant Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred on or prior to such Zurich Banking Day, the Swiss Average Rate Overnight published by the SARON Administrator on the SARON Administrator Website for the first preceding Zurich Banking Day on which the Swiss Average Rate Overnight was published by the SARON Administrator on the SARON Administrator Website; or

(ii) if such rate does not so appear on the SARON Administrator Website or is not so published by the Relevant Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have both occurred on or prior to such Zurich Banking Day, then SARON shall be determined to be the SARON Replacement determined in accordance with Condition 13.2 (c.1).

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds become due and payable, and the Rate of Interest on such Covered Bonds shall, for so long as such Covered Bonds remain outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

ANNEX 2

SARON INDEX CESSATION EVENT PROVISIONS

The following provision shall be added after Condition 13.02(c)(ii):

(iii) Effect of a SARON Index Cessation Event on SARON-referenced Floating Rate Covered Bonds

If the Issuer or its designee determines on or prior to the Reference Time that a SARON Cessation Event and its related SARON Index Cessation Effective Date (each as defined below) have occurred with respect to SARON-referenced Covered Bonds, then the Bond Trustee shall be obliged, without the consent or sanction of the Covered Bondholders (including without the requirement to provide to Covered Bondholders an opportunity to object) and subject to the consent only of the Secured Creditors (x) party to the relevant Transaction Document being amended or (y) whose ranking in any Priorities of Payments is affected, subject to satisfaction of Condition 13.02(c)(iii)(D) (the "**Benchmark Transition Event Conditions**"), to concur with the Issuer or its designee in making any modification (other than in respect of a Series Reserved Matter, provided that neither replacing SARON with the SARON Replacement nor any SARON Replacement Conforming Changes (each as defined below) shall constitute a Series Reserved Matter) of these Conditions or any of the Transaction Documents solely with respect to any SARON-referenced Floating Rate Covered Bonds that the Issuer or its designee decides may be appropriate to give effect to the provisions set forth under this Condition 13.02(c)(iii) in relation only to all determinations of the rate of interest payable on any SARON-referenced Floating Rate Covered Bonds (and any related swap agreements), provided that:

(A) *Benchmark Replacement*. If the Issuer or its designee determines that a SARON Cessation Event and its related SARON Index Cessation Effective Date have occurred prior to the Relevant Time in respect of any determination of SARON on any date applicable to any SARON-referenced Floating Rate Covered Bonds, subject to satisfaction of the Benchmark Transition Event Conditions, the SARON Replacement will replace SARON for all purposes relating to any Floating Rate Covered Bonds calculated by reference to SARON in respect of such determination on such date and all determinations on all subsequent dates;

(B) *SARON Replacement Conforming Changes*. In connection with the implementation of a SARON Replacement with respect to any Floating Rate Covered Bonds calculated by reference to SARON, the Issuer or its designee will have the right, subject to satisfaction of the Benchmark Transition Event Conditions, to make SARON Replacement Conforming Changes with respect to any SARON-referenced Floating Rate Covered Bonds from time to time;

(C) *Decisions and Determinations*. Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 13.02(c)(iii), including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, in each case, solely with respect to any Floating Rate Covered Bonds calculated by reference to SARON:

(I) will be conclusive and binding absent manifest error;

(II) if made by the Issuer, will be made in the Issuer's sole discretion;

(III) if made by the Issuer's designee, will be made after consultation with the Issuer, and the designee will not make any such determination, decision or election to which the Issuer objects; and

(IV) shall become effective without consent, sanction or absence of objection from the Covered Bondholders or any other party, except as otherwise provided in this Condition 13.02(c)(iii).

Any determination, decision or election pursuant to the benchmark replacement provisions not made by the Issuer's designee will be made by the Issuer on the basis as described above. The designee shall have no liability for not making any such determination, decision or election absent bad faith or fraud.

In no event shall the Calculation Agent or Swiss Paying Agent be the "designee" of the Issuer nor be responsible for determining any substitute for SARON, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or its designee and will have no liability for such actions taken at the direction of the Issuer or its designee.

None of the Swiss Paying Agent or the Calculation Agent will have any liability for any determination made by or on behalf of the Issuer or its designee in connection with a SARON Cessation Event or a SARON Replacement.

(D) *Other conditions*.

(I) The Issuer shall certify in writing to the Bond Trustee, the Swiss Paying Agent and the Calculation Agent in writing (such certificate, a "**SARON Base Rate Modification Certificate**") that (I) a SARON Cessation Event and its related SARON Index Cessation Effective Date have occurred specifying the SARON Replacement; and (II) that the SARON Replacement Conforming Changes have been made in accordance with this Condition 13.02(c)(iii);

(II) The Issuer shall have obtained the consent of each Secured Creditor (x) which is party to the relevant Transaction Document being amended, or (y) whose ranking in any Priorities of Payments is affected has been obtained (evidence of which shall be provided by the Issuer to the Bond Trustee with the SARON Base Rate Modification Certificate) and no other consents are required to be obtained in relation to the SARON Replacement, provided, for the avoidance of doubt, that the Calculation Agent and the Swiss Paying Agent, as Secured Creditors, shall not be obliged to agree to any SARON Replacement Conforming Changes to any Transaction Documents, which, in the sole opinion of such Calculation Agent or the Swiss Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to any such person in the Agency Agreement;

(III) With respect to each Rating Agency, a Rating Agency Confirmation (as defined in Condition 20) has been obtained; and

(IV) The Issuer shall pay (or arrange for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Bond Trustee in connection with such SARON Replacement.

(E) *Definitions*. The following definitions shall apply with respect to this Condition 13.02(c)(iii):

"**designee**" means an affiliate or other agent of the Issuer designated by the Issuer.

"**Recommended Replacement Rate**" means the rate that has been recommended as the replacement for the Swiss Average Rate Overnight by any working group or committee in Switzerland organized in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland (any such working group or committee, the "**Recommending Body**").

"**Recommended Adjustment Spread**" means, with respect to any Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread,

(a) that the Recommending Body has recommended be applied to such Recommended Replacement Rate in the case of fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon; or

(b) if the Recommending Body has not recommended such a spread, formula or methodology as described in clause (a) above, to be applied to such Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Swiss Average Rate Overnight with such Recommended Replacement Rate for purposes of determining SARON, which spread will be determined by the Calculation Agent, acting in good faith and a commercially reasonable manner, and be consistent with industry-accepted practices for fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon.

"**Relevant Time**" means, in respect of any Zurich Banking Day, close of trading on SIX Swiss Exchange on such Zurich Banking Day, which is expected to be on or around 6 p.m. (Zurich time);

"**SARON Administrator**" means SIX Swiss Exchange or any successor administrator of SARON;

"**SARON Administrator Website**" means the website of the SARON Administrator;

"**SARON Index Cessation Event**" means the occurrence of one or more of the following events:

(a) a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the Swiss Average Rate Overnight permanently or indefinitely, *provided that*, at the time of such statement or publication, there is no successor administrator that will continue to provide the Swiss Average Rate Overnight; or

(b) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the Swiss Average Rate Overnight is no longer representative or will as of a certain date no longer be representative, or (y) the Swiss Average Rate Overnight may no longer be used after a certain date, which statement, in the case of subclause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives.

"**SARON Index Cessation Effective Date**" means, in respect of a SARON Index Cessation Event, the earliest of:

(a) (in the case of a SARON Index Cessation Event described in clause (a) of the definition thereof) the date on which the SARON Administrator of the Swiss Average Rate Overnight ceases to provide the Swiss Average Rate Overnight;

(b) (in the case of a SARON Index Cessation Event described in clause (b)(x) of the definition thereof) the latest of

(i) the date of such statement or publication;

(ii) the date, if any, specified in such statement or publication as the date on which the Swiss Average Rate Overnight will no longer be representative; and

(iii) if a SARON Cessation Event described in clause (b)(y) of the definition of SARON Index Cessation Event has occurred on or prior to either or both dates specified in subclauses (i) and (ii) of this clause (b), the date as of which the Swiss Average Rate Overnight may no longer be used; and

(c) (in the case of a SARON Index Cessation Event described in clause (b)(y) of the definition thereof) the date as of which the Swiss Average Rate Overnight may no longer be used.

"**SARON Replacement**" means (i) the Recommended Replacement Rate, giving effect to the Recommended Adjustment Spread, if any or (ii) if there is no Recommeneded Replacement Rate within one Zurich Business Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the "**SNB Policy Rate**") for such Zurich Banking Day, giving effect to the SNB Adjustment spread, if any.

"**SARON Replacement Conforming Changes**" means, with respect to any SARON Replacement, any technical, administrative or operational changes (including without limitation changes to the definition of "Interest Period", determination dates, timing and frequency of determining rates and making payments, rounding of amounts, or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such SARON Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the SARON Replacement exists, in such other manner as the Issuer or its designee) determines is reasonably necessary).

"**SIX Swiss Exchange**" means SIX Swiss Exchange AG and any successor thereto;

"**SNB Adjustment Spread**" means, with respect to the SNB Policy Rate, the spread to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Swiss Average Rate Overnight with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Calculation Agent, acting in good faith and a commercially reasonable manner, taking into account the historical median between the Swiss Average Rate Overnight and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred); and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

(F) *Conflict*. To the extent that there is any inconsistency between the conditions set out in Condition 13.2(c)(iii) and any other Condition, the statements in this section shall prevail with respect to any Floating Rate covered bonds calculated by reference to SARON.

Without prejudice to the obligations of the Issuer under this Condition 13.2(c)(iii), SARON and the temporary fallback provisions provided for in Condition 5.03 will continue to apply unless and until the Bond Trustee has received the SARON Base Rate Modification Certificate in accordance with this Condition 13.2(c)(iii). For the avoidance of doubt, this Condition 13.2(c)(iii) shall apply to the determination of the Interest Rate on the relevant Interest Determination Date, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the operation of, and to adjustment as provided in, this Condition 13.2 (c)(iii).

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED BELOW) OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW)

IMPORTANT: You must read the following before continuing. The following applies to the prospectus (the "**Prospectus**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that you will not forward this electronic form of the Prospectus to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER (AS DEFINED BELOW) IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT) IN RELIANCE ON RULE 144A OF THE SECURITIES ACT.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IN VIOLATION OF THIS RESTRICTION IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") OR ANY OTHER STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES APPROVED OR DISAPPROVED THIS PROSPECTUS OR CONFIRMED THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Prospectus to any other person. By accepting this email and accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are either (i) not a U.S. person (within the meaning of Regulation S) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia or (ii) a qualified institutional buyer in reliance upon Rule 144A under the Securities Act and (d) if you are a person in the United Kingdom, then you are a qualified investor (within the meaning of Regulation (EU) 2017/1129) as it forms part of the United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**"), who (i) has professional experience in matters relating to investments qualifying as an investment professional within the meaning of Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 (the "**FPO**") and/or (ii) is a high net worth entity falling within Article 49(2)(a) to (e) of the FPO. This document and the accompanying Prospectus are not a "prospectus" for purposes of Section 12(a)(2) of, or any other provision or order under, the Securities Act.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of National Bank of Canada (the "**Bank**", the "**Issuer**" or "**NBC**"), National Bank Financial Inc. ("**NBF**") or BNP Paribas ("**BNP Paribas**") (nor any person who controls any of them nor any director, officer, employee nor agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you upon request from NBF or BNP Paribas.

PROSPECTUS DATED 2 SEPTEMBER 2022

NATIONAL BANK OF CANADA

(a Canadian chartered bank)

CAD 20,000,000,000

Legislative Global Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments by

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP

(a limited partnership formed under the laws of Ontario)

This document (the "Prospectus") constitutes a base prospectus ("Base Prospectus") for the purpose of Article 8 of Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation") as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) (the "UK Prospectus Regulation") in respect of all Covered Bonds other than Exempt Covered Bonds (as defined below) issued under the Programme. You are advised to read the Prospectus in full. This Prospectus has been filed with the Financial Conduct Authority in the United Kingdom in accordance with the Prospectus Rules.

Under this CAD 20 billion legislative global Covered Bond programme (the "**Programme**"), National Bank of Canada (the "**Bank**", the "**Issuer**" or "**NBC**") may from time to time issue Covered Bonds denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined elsewhere in this Prospectus).

NBC Covered Bond (Legislative) Guarantor Limited Partnership (the "**Guarantor**") has agreed to guarantee payments of interest and principal under the Covered Bonds pursuant to a direct and, following the occurrence of a Covered Bond Guarantee Activation Event (as defined elsewhere in this Prospectus), unconditional and irrevocable guarantee (the "**Covered Bond Guarantee**") which is secured by the assets of the Guarantor, including the Covered Bond Portfolio (as defined elsewhere in this Prospectus). Recourse against the Guarantor under the Covered Bond Guarantee is limited to the aforementioned assets and the Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

The Covered Bonds may be issued in registered or bearer form.

The maximum aggregate nominal amount of all Covered Bonds outstanding at any one time under the Programme will not exceed CAD 20 billion (or its equivalent in other currencies calculated as described in the Dealership Agreement described herein) subject to any increase as described herein. The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer or Dealers at the time of issue in accordance with prevailing market conditions. **An investment in Covered Bonds issued under the Programme involves certain risks. See "Risk Factors" for a discussion of certain risk factors to be considered in connection with an investment in the Covered Bonds.**

Unless otherwise specified in the applicable Final Terms, the head office of the Bank in Montréal will take the deposits evidenced by the Covered Bonds but without prejudice to the provisions of Condition 9 (see "*Terms and Conditions of the Covered Bonds—Payments*"). For the purposes of the Bank Act (Canada) (the "**Bank Act**"), the Bank will designate a "Branch of Account" for deposits evidenced by the Covered Bonds, which designation will be specifically stated in the Final Terms relating to the Covered Bonds being issued. Irrespective of the Branch of Account designation, the Bank is (a) the legal entity that is the issuer of the Covered Bonds and (b) the legal entity obligated to repay the Covered Bonds. The Bank is the only legal entity that will issue Covered Bonds pursuant to this Prospectus. The "Branch of Account" which the Bank may designate for any issue of Covered Bonds is detailed in the section entitled "Overview of the Programme" on page 22. The determination by the Bank of the Branch of Account for an issuance of Covered Bonds will be based on specific considerations, including, without limitation, those in connection with market, regulatory, tax or capital purposes, relating to (i) the market or jurisdiction into which the Covered Bonds are being issued, such as the Bank will issue Covered Bonds through a particular branch because of investors' preferences in a specific market or jurisdiction, (ii) specific regulatory requirements, such as a regulator requiring that a branch increase its liquidity through locally sourced funding, or (iii) specific tax implications that would affect the Bank or investors, such as the imposition of a new tax if an alternative branch was used, in relation to which please see further details in the section entitled "Taxation" on page 250. The Bank has issued covered bonds in the past through the head office of the Bank in Montréal. A branch of the Bank is not a subsidiary of the Bank or a separate legal entity from the Bank.

This Base Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the "**FCA**") as competent authority under the UK Prospectus Regulation. The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the Guarantor or the quality of the Covered Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

Applications have been made to the FCA for Covered Bonds (other than Exempt Covered Bonds) issued under the Programme during the period of twelve months after the date hereof to be admitted to the Official List of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Covered Bonds to be admitted to trading on the London Stock Exchange's main market (the "**Main Market**"). The Main Market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"). This Prospectus is valid for 12 months from its date. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once this Prospectus is no longer valid.

The Bank may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated market in the UK and/or Covered Bonds listed on other stock exchanges outside the UK (the "**Exempt Covered Bonds**"). References to "**Exempt Covered Bonds**" are to Covered Bonds for which no prospectus is required to be published under the UK Prospectus Regulation. Such Exempt Covered Bonds do not form part of the Base Prospectus and will not be issued pursuant to this Base Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in connection with such Exempt Covered Bonds. All Covered Bonds will have the benefit of the Covered Bond Guarantee and the Security (as defined on page 224) granted over the Charged Property.

In the case of any Covered Bonds which are to be admitted to trading on the Main Market or offered to the public in a Member State of the EEA or the United Kingdom in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation or the UK Prospectus Regulation, as applicable, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Covered Bonds).

On 1 November 2013, the Issuer was registered as a registered issuer in the registry (the "**Registry**") established by Canada Mortgage and Housing Corporation ("**CMHC**") pursuant to Section 21.51 of Part I.1 of the *National Housing Act* (Canada). On 1 November 2013, the Programme was also registered in the Registry.

Amounts payable under the Covered Bonds may be calculated by reference to the Euro Inter-Bank Offered Rate ("**EURIBOR**"), the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rate ("**SOFR**") or the Euro Short-term Rate ("**€STR**") which are provided by the European Money Markets Institute ("**EMMI**"), the Bank of England, the Federal Reserve Bank of New York ("**FRBNY**") and the European Central Bank, respectively. As at the date of this Prospectus, none of EMMI, the Bank of England or FRBNY appears on the register of administrators and benchmarks (the "**Register**") established and maintained by the Financial Conduct Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**" and, together with the EU Benchmarks Regulation, the "**Benchmarks Regulations**"). As far as the Issuer is aware, the transitional provisions of Article 51 of the UK Benchmarks Regulation apply such that EMMI is not currently required to obtain recognition, endorsement or equivalence and the Bank of England, as administrator of SONIA, the FRBNY, as administrator of SOFR and the European Central Bank, as administrator of €STR are not required to be registered by virtue of Article 2 of the UK Benchmarks Regulation.

AN INVESTMENT IN THE COVERED BONDS IS NOT SUBJECT TO RESTRICTION UNDER THE U.S. VOLCKER RULE AS AN INVESTMENT IN AN OWNERSHIP INTEREST IN A COVERED FUND.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CMHC NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

The Covered Bonds and the related Covered Bond Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Covered Bonds are being offered only (i) in offshore transactions to non-U.S. persons in reliance upon Regulation S under the Securities Act and (ii) to qualified institutional buyers in reliance upon Rule 144A under the Securities Act. See "*Form of the Covered Bonds*" for a description of the manner in which Covered Bonds will be issued. Registered Covered Bonds are subject to certain restrictions on transfer: see "*Subscription and Sale and Transfer and Selling Restrictions*". Covered Bonds in bearer form are subject to U.S. tax law requirements.

The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**") or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

Covered Bonds issued under the Programme are expected on issue to be assigned a rating by at least two of the following rating agencies: Moody's Investors Service, Inc. ("**Moody's**"), Fitch Ratings, Inc. ("**Fitch**") and DBRS Limited ("**DBRS**"). Covered Bonds are expected on issue to be assigned at least two of the following ratings "Aaa" by Moody's, "AAA" by Fitch and "AAA" by DBRS, unless otherwise specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning agency and each rating should be evaluated independently of any other. Investors are cautioned to evaluate each rating independently of any other rating. Unless otherwise specified in the applicable Final Terms, it is not expected that any credit rating applied for in relation to any Series of Covered Bonds will be issued by a credit rating agency established in the European Union or the United Kingdom and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**") or Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**" and together with the EU CRA Regulation, the "**CRA Regulations**"). The credit ratings included and referenced in this Prospectus have been issued by Standard & Poor's Financial Services LLC, Moody's, Moody's Canada Inc., Fitch and DBRS, none of which is established in the European Union or the United Kingdom, but each of which has an affiliate established in the European Union or the United Kingdom and registered under the applicable CRA Regulation. See "Credit Rating Agencies" on page 9 and "Ratings" on page 163.

In general, EEA regulated investors are restricted under the EU CRA Regulation from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (an "**EU Registered CRA**"), unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010, or a non-European Union credit rating agency that is a member of the same group, where the EU Registered CRA has submitted an application for registration in accordance with the EU CRA Regulation (or in the case of a non-EEA, the EU Registered CRA has in such application disclosed an intention to endorse the non-EEA affiliate's ratings) and such registration (or, in the case of the non-European rating, the ability to endorse the relevant non-European Union affiliate's rating) is not refused.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (a "**UK Registered CRA**" and together with an EU Registered CRA, a "**Registered CRA**"). In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK Registered CRA; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

Arrangers for the Programme

National Bank of Canada Financial Markets | **BNP PARIBAS**

Dealers

National Bank of Canada Financial Markets | **BNP PARIBAS**

or such other Dealers as may be appointed from time to time pursuant to the Dealership Agreement

U.S. INFORMATION

This Prospectus is being provided on a confidential basis in the United States to a limited number of "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**") for informational use solely in connection with the consideration of the purchase of the Covered Bonds being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Legended Covered Bonds (as defined below) may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Legended Covered Bonds is hereby notified that the offer and sale of any Legended Covered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act or Section 4(a)(2) of the Securities Act. Each purchaser or holder of Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A of the Securities Act ("**Legended Covered Bonds**") will be deemed, by its acceptance or purchase of any such Legended Covered Bonds, to have made certain representations and agreements intended to restrict the resale or other transfer of such Covered Bonds as set out in "***Subscription and Sale and Transfer and Selling Restrictions***". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Covered Bonds*" and "***Subscription and Sale and Transfer and Selling Restrictions***".

IMPORTANT NOTICES

This Prospectus supersedes the prospectus of the Issuer dated 2 September 2021, except that Covered Bonds issued on or after the date of this Prospectus which are to be consolidated and form a single series with Covered Bonds issued prior to the date hereof will be subject to the Conditions of the Covered Bonds applicable on the date of issue of the first tranche of Covered Bonds of such series. Such Conditions are incorporated by reference herein and form part of this Prospectus.

Copies of Final Terms for Covered Bonds admitted to trading on the Main Market in circumstances requiring publication of a prospectus in accordance with the UK Prospectus Regulation (i) can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name of the Issuer and the headline "Publication of Prospectus", (ii) will be available without charge from the Issuer at 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2, Attention: Investor Relations and the specified office of each Paying Agent set out at the end of this Prospectus (see "*Terms and Conditions of the Covered Bonds*") and (iii) can be viewed on the Issuer's website at http://www.nbc.ca/coveredbonds/legislative.

The Issuer and the Guarantor accept responsibility for the information in this Prospectus and the Final Terms for each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus should be read and construed with any amendment or supplement hereto and with any other documents which are deemed to be incorporated herein or therein by reference and shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. Any reference in this document to Base Prospectus means this Prospectus together with the documents incorporated herein, any supplementary prospectus approved by the FCA and any documents specifically incorporated by reference therein. In relation to any Tranche or Series (as such terms are defined herein) of Covered Bonds, this Prospectus shall also be read and construed together with the applicable Final Terms.

No person has been authorized by the Issuer, the Guarantor, the Bond Trustee, the Arrangers or any of the Dealers to give any information or to make any representation not contained in or not consistent with this Prospectus or any amendment or supplement hereto or any document incorporated herein or therein by reference or entered into in relation to the Programme or any information supplied by the Issuer or the Guarantor or such other information as is in the public domain and, if given or made, such information or

representation should not be relied upon as having been authorized by the Issuer, the Guarantor, the Arrangers, any Dealer or the Bond Trustee.

No representation or warranty is made or implied by the Arrangers or the Dealers or any of their respective affiliates, and none of the Arrangers, the Dealers or any of their respective affiliates (other than, in the case of NBF, the Issuer and the Guarantor) make any representation or warranty or accept any responsibility or any liability, as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus and any other information provided by the Issuer and the Guarantor in connection with the Programme. None of the Arrangers, the Dealers nor the Bond Trustee accepts any responsibility or liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer and the Guarantor in connection with the Programme. Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Covered Bond shall, in any circumstances, create any implication that the information contained or incorporated by reference herein is true subsequent to the date hereof, the date indicated on such document incorporated by reference herein or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer or the Guarantor since the date hereof, the date indicated on such document incorporated by reference herein or, as the case may be, the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of this Prospectus nor any Final Terms nor any financial statements nor any further information supplied in connection with the Programme constitutes an offer or an invitation to subscribe for or purchase any Covered Bonds, nor are they intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arrangers, the Dealers, the Bond Trustee or any of them that any recipient of this Prospectus, any supplement hereto, any information incorporated by reference herein or therein, any other information provided in connection with the Programme and, in respect to each Tranche of Covered Bonds, the applicable Final Terms, should subscribe for or purchase any Covered Bond. Each investor contemplating purchasing Covered Bonds should determine for itself the relevance of the information contained or incorporated by reference in this Prospectus, should make its own independent investigation of the condition (financial or otherwise) and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor and should consult its own legal and financial advisors prior to subscribing for or purchasing any of the Covered Bonds. Each investor's or purchaser's purchase of Covered Bonds should be based upon such investigation as it deems necessary. Potential purchasers cannot rely, and are not entitled to rely, on the Arrangers, the Dealers or the Bond Trustee in connection with their investigation of the accuracy of any information or their decision whether to subscribe for, purchase or invest in the Covered Bonds. None of the Arrangers, the Dealers or the Bond Trustee undertakes any obligation to advise any investor or potential investor in or purchaser of the Covered Bonds of any information coming to the attention of any of the Arrangers, the Dealers or the Bond Trustee, as the case may be.

The distribution of this Prospectus and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. In particular, no action has been taken by the Issuer or the Guarantor or the Arrangers or the Dealers which would permit a public offering of the Covered Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Covered Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the UK Prospectus Regulation and any other applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Final Terms comes are required by the Issuer, the Guarantor, the Bond Trustee, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of the Prospectus or any Final Terms and other offering material relating to the Covered Bonds in Canada, the United States, the EEA, the United Kingdom, France, Belgium, Italy and the Netherlands, Hong Kong, Singapore, Japan (see "*Subscription and Sale and Transfer and Selling Restrictions*" below). Neither this Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any

jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the EEA or in the UK will be made pursuant to an exemption under the Prospectus Regulation or the UK Prospectus Regulation, as applicable, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly, any person making or intending to make an offer in any Member State of the EEA or in the UK of Covered Bonds which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or section 85 of the Financial Services and Markets Act 2000, as amended, (the "FSMA"), as applicable, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or the UK Prospectus Regulation, as applicable, in each case, in relation to such offer. None of the Issuer, the Guarantor, the Bond Trustee, the Arranger or any Dealer has authorized, nor do they authorize, the making of any offer of Covered Bonds in any Member State of the EEA or in the UK in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended) where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 (as amended) as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Covered Bonds may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (as amended, the "MiFID II Product Governance Rules"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds,

but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE – TARGET MARKET – The Final Terms in respect of any Covered Bonds may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "UK distributor") should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a UK manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a UK manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE – Unless otherwise stated in the applicable Final Terms, all Covered Bonds issued or to be issued under the Programme shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Specified Investment Products (as defined in the Monetary Authority of Singapore (the "MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Save in relation to information incorporated by reference, any website (or part thereof) referred to herein is referred to for information purposes only and does not form part of this Prospectus, and the contents of any such website have not been approved by or submitted to the FCA.

The Prospectus has not been submitted for clearance to the *Autorité des marchés financiers* in France.

All references in this Prospectus to "U.S.$", "U.S. dollars", "USD" or "United States dollars" are to the currency of the United States of America, to "$", "C$", "CAD" or "Canadian dollars" are to the currency of Canada, to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, and to "GBP", "Pound sterling", "Sterling", "£" are to the currency of the United Kingdom. In the documents incorporated by reference in this Prospectus, unless otherwise specified herein or the context otherwise requires, references to "$" are to Canadian dollars.

All references in this Prospectus to: (a) "Prospectus Regulation" are to Regulation (EU) 2017/1129, as amended; and (b) "UK Prospectus Regulation" are to the Prospectus Regulation as it forms part of UK domestic law by virtue of the EUWA.

All references in this Prospectus to the "European Economic Area" and "EEA" are to the Member States of the European Union (the "EU") together with Iceland, Norway and Liechtenstein (and "Member State" shall be construed accordingly).

All references to "Condition(s)" are to the conditions described in the Prospectus under "*Terms and Conditions of the Covered Bonds*".

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF COVERED BONDS UNDER THE PROGRAMME, ONE OR MORE RELEVANT DEALER OR DEALERS (IF ANY) (THE "STABILISING MANAGER(S)") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT COVERED BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING

THE MARKET PRICE OF THE COVERED BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF THE COVERED BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF COVERED BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF THE COVERED BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

None of the Dealers, the Guarantor or the Issuer makes any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should satisfy itself that it is able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time. Investors whose investment authority is subject to legal restrictions should consult their legal advisors to determine whether and to what extent the Covered Bonds constitute legal investments for them.

The Covered Bonds may not be a suitable investment for all investors. The purchase of Covered bonds may involve substantial risks and may be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Covered Bonds. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, (i) all the information set forth in this document and in the documents incorporated by reference herein and, in particular, the considerations set forth below and (ii) all the information set forth in the applicable final terms. Prospective investors should make such enquiries as they deem necessary without relying on the Issuer or any Dealer.

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of his or her own circumstances. In particular, each potential investor should:

(a) **have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement or Final Terms;**

(b) **have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;**

(c) **have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;**

(d) **understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and**

(e) **be able to evaluate (either alone or with the help of a financial adviser) at the time of initial investment and on an ongoing basis possible economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the

Covered Bonds will perform under changing conditions, the resulting effect on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Covered Bonds are legal investments for it, (ii) Covered Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk based capital or similar rules.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer has undertaken in the Trust Deed to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by such person, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of request, the Issuer is neither subject to reporting under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "***Exchange Act***") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

By requesting copies of any of the documents referred to herein, each potential purchaser agrees to keep confidential the various documents and all written information clearly labelled "Confidential" which from time to time have been or will be disclosed to it concerning the Guarantor or the Issuer or any of their affiliates, and agrees not to disclose any portion of the same to any person.

Notwithstanding anything herein to the contrary, investors (and each employee, representative or other agent of the investors) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such tax treatment and tax structure (as such terms are defined in U.S. Treasury Regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between the Issuer, the Guarantor, the Dealers or their respective representatives and a prospective investor regarding the transactions contemplated herein.

CREDIT RATING AGENCIES

"Moody's is not established nor is it registered in the EU or the UK but: (1) Moody's Investors Service Ltd, its Registered CRA affiliate (i) is established in the UK; (ii) is registered under the UK CRA Regulation; and (iii) is permitted to endorse credit ratings of Moody's used in specified third countries, including the United States and Canada, for use in the UK by relevant market participants; and (2) Moody's Deutschland GmbH, its Registered CRA affiliate (i) is established in the EU; (ii) is registered under the EU CRA Regulation; and (iii) is permitted to endorse credit ratings of Moody's used in specified third countries, including the United States and Canada, for use in the EU by relevant market participants.

DBRS is not established nor is it registered in the EU or the UK but: (1) DBRS Ratings Limited, its Registered CRA affiliate: (i) is established in the UK; (ii) is registered under the UK CRA Regulation; and (iii) is permitted to endorse credit ratings of DBRS used in specified third countries, including the United States and Canada, for use in the UK by relevant market participants; and (2) DBRS Ratings GmbH, its Registered CRA affiliate: (i) is established in the EU; (ii) is registered under the EU CRA Regulation; and (iii) is permitted to endorse credit ratings of DBRS used in specified third countries, including the United States and Canada, for use in the EU by relevant market participants.

Fitch is not established nor is it registered in the EU or the UK but: (1) Fitch Ratings Limited, its Registered CRA affiliate: (i) is established in the UK; (ii) is registered under the UK CRA Regulation; and (iii) is permitted to endorse credit ratings of Fitch used in specified third countries, including the United States and Canada, for use in the UK by relevant market participants; and (2) Fitch Ratings Ireland Limited, its Registered CRA affiliate: (i) is established in the EU; (ii) is registered under the EU CRA Regulation; and (iii) is permitted to endorse credit ratings of Fitch used in specified third countries, including the United States and Canada, for use in the EU by relevant market participants.

Moody's Canada Inc. is not established nor is it registered in the EU or the UK but: (1) Moody's Investors Service Ltd, its Registered CRA affiliate (i) is established in the UK; (ii) is registered under the UK CRA Regulation; and (iii) is permitted to endorse credit ratings of Moody's used in specified third countries, including the United States and Canada, for use in the UK by relevant market participants; and (2) Moody's Deutschland GmbH, its Registered CRA affiliate (i) is established in the EU; (ii) is registered under the EU CRA Regulation; and (iii) is permitted to endorse credit ratings of Moody's used in specified third countries, including the United States and Canada, for use in the EU by relevant market participants.

Standard & Poor's Financial Services LLC, a subsidiary of S&P Global, Inc. is not established nor is it registered in the EU or the UK but: (1) Standard & Poor's Global Ratings UK Limited, its Registered CRA affiliate: (i) is established in the UK; (ii) is registered under the UK CRA Regulation; and (iii) is permitted to endorse credit ratings of Standard & Poor's Financial Services LLC used in specified third countries, including the United States and Canada, for use in the UK by relevant market participants; and (2) Standard & Poor's Global Ratings Europe Limited, its Registered CRA affiliate: (i) is established in the EU; (ii) is registered under the EU CRA Regulation; and (iii) is permitted to endorse credit ratings of Standard & Poor's Financial Services LLC used in specified third countries, including the United States and Canada, for use in the EU by relevant market participants

ESMA is obliged to maintain on its website a list of credit rating agencies registered in accordance with the EU CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the EU CRA Regulation. The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. ESMA's website address is http://esma.europa.eu. Please note that this website does not form part of this Prospectus.

The FCA is obliged to maintain on its website a list of credit rating agencies registered in accordance with the UK CRA Regulation. The list of registered and certified rating agencies published by the FCA on its website in accordance with the UK CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA list. The FCA's website address is https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras. Please note that this website does not form part of this Prospectus.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus 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 Prospectus may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Issuer's objectives, outlook and priorities for fiscal year 2022 and beyond, the strategies or actions that will be taken to achieve them, expectations about the Issuer's financial condition, the regulatory environment in which it operates, the impacts of—and the Issuer's response to—the COVID-19 pandemic, and certain risks it 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 Covered Bonds in understanding the Issuer's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Issuer's vision, strategic objectives, and financial performance targets, and may not be appropriate for other purposes. These forward-looking statements are based on current expectations, estimates, assumptions and intentions and are subject to uncertainty and inherent risks, many of which are beyond the Issuer's control.

Assumptions about the performance of the Canadian and U.S. economies in 2022, including in the context of the COVID-19 pandemic, and how that will affect the Issuer's business are among the main factors considered in setting the Issuer's strategic priorities and objectives, including allowances for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Issuer primarily considers historical economic data provided by the governments of Canada, the United States, and certain other countries in which the Issuer conducts business, as well as their agencies.

Statements about the economy, market changes, and the Issuer's objectives, outlook and priorities for fiscal 2022 and thereafter are based on a number of assumptions and are subject to risk factors, many of which are beyond the Issuer's control and the impacts of which are difficult to predict. These risk factors include, among others, the general economic environment and financial market conditions in Canada, the United States, and other countries where the Issuer operates; exchange rate and interest rate fluctuations; inflation; higher funding costs and greater market volatility; changes made to fiscal, monetary, and other public policies; changes made to regulations that affect the Issuer's business; geopolitical and sociopolitical uncertainty; the transition to a low-carbon economy and the Issuer's ability to satisfy stakeholder expectations on environmental and social issues; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Issuer's ability to achieve its long-term strategies and key short-term priorities; the timely development and launch of new products and services; the Issuer's ability to recruit and retain key personnel; technological innovation and heightened competition from established companies and from competitors offering non-traditional services; changes in the performance and creditworthiness of the Issuer's clients and counterparties; the Issuer's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Issuer to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Issuer operates, i.e., primarily Canada and the United States; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Issuer; potential disruptions to key suppliers of goods and services to the Issuer; potential disruptions to the Issuer's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; the risk of fraudulent activity; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic.

There is a strong possibility that the Issuer'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 Issuer recommends that readers not place undue reliance on forward-looking statements, as a number of factors, including the impacts of the COVID-19 pandemic, 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 risks, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risks, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the *Risk Management* section beginning on page 69 of the Issuer's 2021 Annual Report.

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the *Risk Management* section and in the *COVID-19 Pandemic* section of the 2021 Annual Report and in the *Risk Management* section of the *Report to Shareholders* for the Third Quarter of 2022. Investors and others who rely on the Issuer's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Issuer 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 Issuer cautions investors that these forward-looking statements are not guarantees of future performance and that actual events or results may differ significantly from these statements due to a number of factors.

The forward-looking information contained in this Prospectus is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

Additional information about these factors can be found under "***Risk Factors***" and the discussion and analysis of the Issuer's management pertaining to risk factors incorporated by reference herein (see "***Documents Incorporated by Reference***").

LIMITATIONS ON ENFORCEMENT OF U.S. LAWS AGAINST THE ISSUER, ITS MANAGEMENT AND OTHERS

The Bank is a Canadian chartered bank. Many of its directors and executive officers and some of the experts named in this document, are resident outside the United States. A substantial portion of the assets of the Bank and the Guarantor are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons to enforce against them judgments of the courts of the United States predicated upon, among other things, the civil liability provisions of the federal securities laws of the United States. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, among other things, civil liabilities predicated upon such securities laws.

The Bank has been advised by its Canadian counsel, McCarthy Tétrault LLP, that a judgment of a United States court predicated solely upon civil liability of a compensatory nature under such laws and that would not be contrary to public policy would probably be enforceable under Ontario law if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that was recognized by an Ontario court for such purposes, and if all other substantive and procedural requirements for enforcement of a foreign judgment in the province of Ontario were more generally satisfied. The Bank has also been advised by such counsel, however, that there is some residual doubt whether an original action could be brought successfully in the province of Ontario predicated solely upon such civil liabilities.

LEGALITY OF THE COVERED BONDS

The legality of the Covered Bonds will be passed upon by McCarthy Tétrault LLP as to matters of Canadian law.

TABLE OF CONTENTS

STRUCTURE OVERVIEW 14

OVERVIEW OF THE PROGRAMME 22

RISK FACTORS 33

DOCUMENTS INCORPORATED BY REFERENCE 84

FORM OF THE COVERED BONDS 87

TERMS AND CONDITIONS OF THE COVERED BONDS 91

EXPENSES 146

USE OF PROCEEDS 146

FORM OF THE FINAL TERMS 147

NATIONAL BANK OF CANADA 161

PRESENTATION OF FINANCIAL RESULTS 164

FINANCIAL SUMMARY 164

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP 166

LOAN ORIGINATION AND LENDING CRITERIA 170

THE SERVICER 174

THE COVERED BOND PORTFOLIO 177

SUMMARY OF THE PRINCIPAL DOCUMENTS 179

CREDIT STRUCTURE 228

CASHFLOWS 233

DESCRIPTION OF THE CANADIAN REGISTERED COVERED BOND PROGRAMS REGIME 243

TAXATION 250

ERISA AND CERTAIN OTHER U.S. BENEFIT PLAN CONSIDERATIONS 264

CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS 266

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS 267

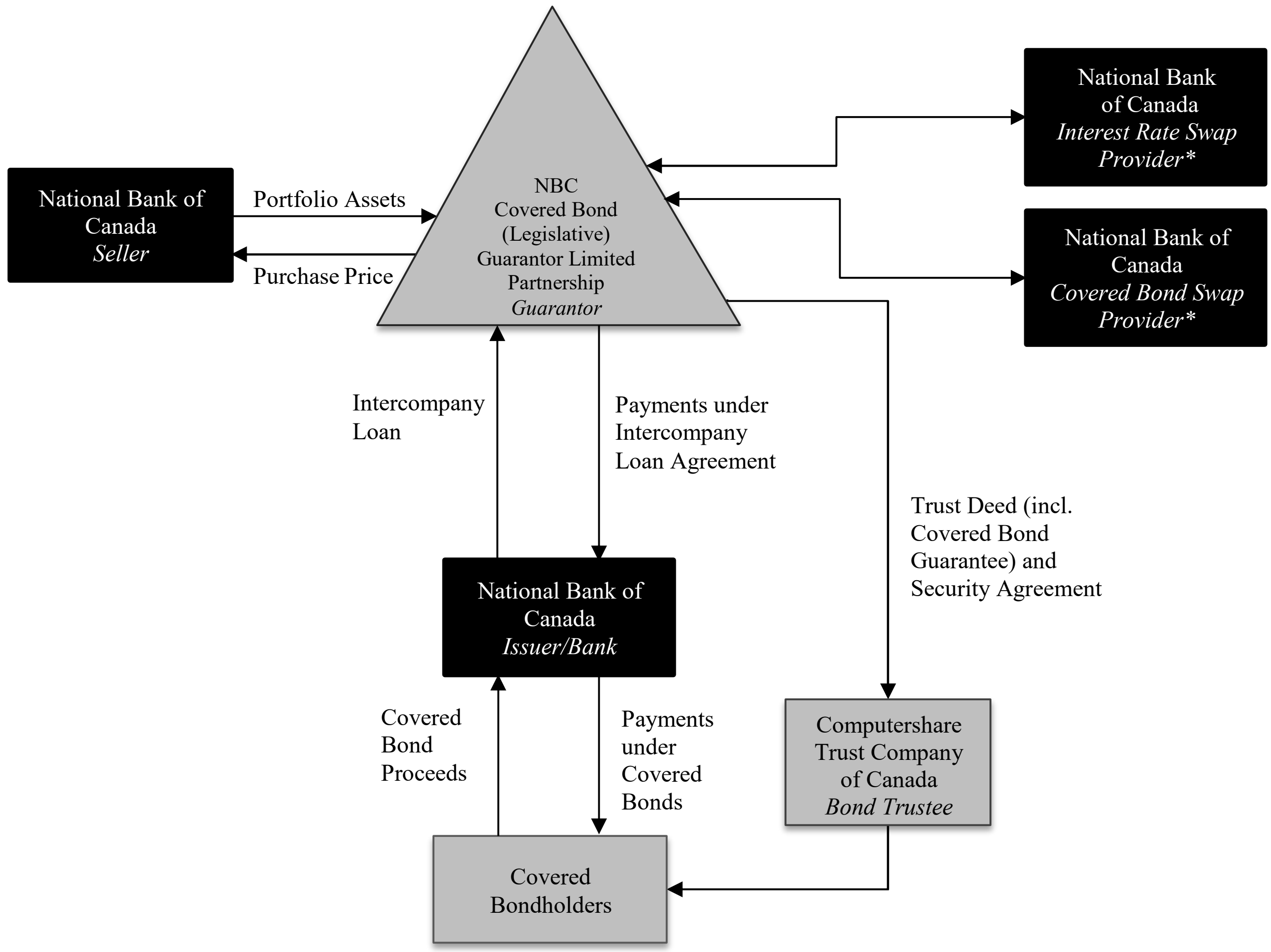
GENERAL INFORMATION 277

GLOSSARY 280

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined below shall have the same meanings in this summary. A glossary of certain defined terms used in the Prospectus is contained at the end of this Prospectus.

Structure Diagram



* Cashflows under the Swap Agreements will be exchanged only after the Interest Rate Swap Effective Date or the Covered Bond Swap Effective Date, as applicable.

Structure Overview

- *Programme*: Under the terms of the Programme, the Issuer will issue Covered Bonds on each Issue Date. The Covered Bonds will be direct, unsecured and unconditional obligations of the Issuer. The Covered Bonds will be treated as deposits under the Bank Act; however the Covered Bonds are not deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada). The Covered Bonds will rank *pari passu* with all deposit liabilities of the Issuer without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (except as otherwise prescribed by law).

- *Covered Bond Guarantee*: The Guarantor has provided a direct and, following the occurrence of a Covered Bond Guarantee Activation Event, unconditional and irrevocable guarantee as to payments of interest and principal under the Covered Bonds when such amounts become Due for Payment where such amounts would otherwise be unpaid by the Issuer. Upon the occurrence of a Covered Bond Guarantee Activation Event, the Covered Bonds will become immediately due and payable as against the Issuer and, where that Covered Bond Guarantee Activation Event is the service of a Guarantor Acceleration Notice on the Guarantor, the Guarantor's obligations under the Covered Bond Guarantee will also be accelerated. Payments by the Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Priorities of Payments.

- *Security*: The Guarantor's obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party are secured by a first ranking security interest over the present and future acquired assets of the Guarantor (which consist principally of the Guarantor's interest in the Covered Bond Portfolio, the Substitute Assets, the Transaction Documents to which it is a party, funds being held for the account of the Guarantor by its service providers and funds in the Guarantor Accounts) in favour of the Bond Trustee (for itself and on behalf of the Secured Creditors) pursuant to the Security Agreement.

- *Covered Bond Portfolio*: The Initial Covered Bond Portfolio consisted solely of Loans originated by the Seller and subsidiaries of the Seller (each such subsidiary, an "**Originator**") that are secured by Canadian first lien residential mortgages ("**Mortgages**"). The Loans originated by the Originators have been originated on behalf of the Seller and the applicable Originator holds registered title to the related Mortgages and any applicable Related Security on behalf of the Seller. The Loans will be serviced by the Bank pursuant to the terms of the Servicing Agreement (see "*Summary of the Principal Documents—Servicing Agreement*"). The Bank has agreed to exercise reasonable care and prudence in the making of the Loans, in the administration of the Loans, in the collection of the repayment of the Loans and in the protection of the security for each Loan.

- *Intercompany Loan Agreement*: Under the terms of the Intercompany Loan Agreement, prior to the issuance of the first Tranche of Covered Bonds, the Bank has made available to the Guarantor, on an unsecured basis, an interest-bearing Intercompany Loan, comprised of a Guarantee Loan and a revolving Demand Loan in an initial combined aggregate amount equal to the Total Credit Commitment. The Intercompany Loan is denominated in Canadian dollars. The interest rate on the Intercompany Loan is a Canadian dollar floating rate determined by the Bank from time to time, which rate shall not exceed, as applicable: (i) prior to the Interest Rate Swap Effective Date, the aggregate yield on the (x) Covered Bond Portfolio, (y) the cash deposit amounts of the Guarantor and (z) the principal balance of Substitute Assets; and (ii) following the Interest Rate Swap Effective Date, the amount received by the Guarantor pursuant to the Interest Rate Swap Agreement, and in each case after taking into account the sum of a minimum spread and an amount for certain expenses of the Guarantor. The balance of the Guarantee Loan and Demand Loan will fluctuate with the issuances and redemptions of Covered Bonds and the requirements of the Asset Coverage Test. The Guarantee Loan is a drawn amount equal to the balance of outstanding Covered Bonds at any relevant time plus that portion of the Covered Bond Portfolio required to collateralize the Covered Bonds to ensure that the Asset Coverage Test is met at all times (see "*Summary of the Principal Documents – Guarantor Agreement – Asset Coverage Test*"). The Demand Loan is a revolving credit facility, the outstanding balance of which is equal to the difference between the balance of the Intercompany Loan and the balance of the Guarantee Loan at any relevant time. Upon the occurrence of (x) a Contingent Collateral Trigger Event, (y) an event of default (other than an insolvency event of default) or an additional termination event in respect of which the relevant Swap Provider is the defaulting party or the affected party, as applicable, or (z) a Downgrade Trigger Event, in each case, in respect of the Interest Rate Swap Agreement or the Covered Bond Swap Agreement, the relevant Swap Provider, in its capacity as (and provided it is) the lender under the Intercompany Loan Agreement, may deliver a Contingent Collateral Notice to the Guarantor under which it elects to decrease the amount of the Demand Loan with a corresponding increase in the amount of the Guarantee Loan, in each case, in an amount equal to the related Contingent Collateral Amount(s).

  At any time prior to a Demand Loan Repayment Event, the Guarantor may borrow any undrawn committed amount or re-borrow any amount repaid by the Guarantor under the Intercompany Loan for a permitted purpose provided, among other things: (i) such drawing does not result in the Intercompany Loan exceeding the Total Credit Commitment; and (ii) no Issuer Event of Default or Guarantor Event of Default has occurred and is continuing. Unless otherwise agreed by the Bank and subject to satisfaction of the Rating Agency Condition, no further advances will be made to the Guarantor under the Intercompany Loan following the occurrence of a Demand Loan Repayment Event.

To the extent the Covered Bond Portfolio increases or is required to be increased to meet the Asset Coverage Test, the Bank may increase the Total Credit Commitment to enable the Guarantor to acquire New Loans and their Related Security from the Seller.

The Demand Loan or any portion thereof is repayable no later than the first Canadian Business Day following 60 days after a demand therefor is served on the Guarantor, subject to a Demand Loan Repayment Event having occurred (see below in respect of the repayment of the Demand Loan in such circumstance) and the Asset Coverage Test being met on the date of repayment after giving effect to such repayment.

Following the occurrence of a Demand Loan Repayment Event, the Guarantor will be required to repay any amount of the Demand Loan that exceeds the Demand Loan Contingent Amount on the first Guarantor Payment Date following 60 days after such Demand Loan Repayment Event. Following such Demand Loan Repayment Event, the Guarantor will be required to repay the then outstanding Demand Loan on the date on which the Asset Percentage is next calculated. Repayment of any amount outstanding under the Demand Loan will be subject to the Asset Coverage Test being met on the date of repayment after giving effect to such repayment.

The Guarantor may repay the principal on the Demand Loan in accordance with the Priorities of Payments and the terms of the Intercompany Loan Agreement, (a) using (i) funds being held for the account of the Guarantor by its service providers and/or funds in the Guarantor Accounts (other than any amount standing to the credit of the Pre-Maturity Liquidity Ledger); and/or (ii) proceeds from the sale of Substitute Assets; and/or (iii) proceeds from the sale of Portfolio Assets to the Seller or to another person subject to a right of pre-emption on the part of the Seller; and/or (b) by selling, transferring and assigning to the Seller all of the Guarantor's right, title and interest in and to Portfolio Assets.

The Demand Loan shall not have a positive balance at any time following the occurrence of a Demand Loan Repayment Event and the repayment in full of the then outstanding Demand Loan by the Guarantor.

The Guarantor will be entitled to set off amounts paid by the Guarantor under the Covered Bond Guarantee against amounts owing by it to the Bank under the Intercompany Loan Agreement.

For greater certainty, payments due by the Issuer under the Covered Bonds are not conditional upon receipt by the Issuer of payments in respect of the Intercompany Loan.

- *Proceeds of the Intercompany Loan*: The Guarantor used the initial advance of proceeds from the Intercompany Loan to purchase the Initial Covered Bond Portfolio consisting of Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement and, following the initial advance, may use additional advances (i) to purchase New Loans and their Related Security for the Covered Bond Portfolio pursuant to the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitute Assets in an amount not exceeding the prescribed limit under the CMHC Guide; and/or (iii) subject to complying with the Asset Coverage Test, to make Capital Distributions to the Limited Partner; and/or (iv) to make deposits of the proceeds in the Guarantor Accounts (including without limitation, to fund the Reserve Fund and the Pre-Maturity Liquidity Ledger (in each case to an amount not exceeding the prescribed limit)).

- *Consideration*: Under the terms of the Mortgage Sale Agreement, the Seller sold the Initial Covered Bond Portfolio and may, from time to time, sell New Loans and their Related Security to the Guarantor on a fully-serviced basis in exchange for cash consideration equal to the fair market value of such Loans at the relevant Transfer Date. The Limited Partner may also make Capital Contributions of New Loans and their Related Security on a fully-serviced basis in exchange for an additional interest in the capital of the Guarantor.

- *Cashflows*: At any time there is no Asset Coverage Test Breach Notice outstanding and no Covered Bond Guarantee Activation Event has occurred, the Guarantor will:

- apply Available Revenue Receipts to (i) pay interest due on the Intercompany Loan; and (ii) make Capital Distributions to the Limited Partner. However, these payments will only be made in accordance with, and after payment of certain items ranking higher in, the Pre-Acceleration Revenue Priority of Payments (including, but not limited to certain expenses and amounts, if any, due to the Interest Rate Swap Provider and the Covered Bond Swap Provider); and

- apply Available Principal Receipts to (i) fund the Pre-Maturity Liquidity Ledger (to an amount not exceeding the prescribed limit) in respect of any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test; (ii) acquire New Loans and their Related Security; (iii) pay principal amounts outstanding on the Intercompany Loan; and (iv) make Capital Distributions to the Limited Partner. However, these payments will only be made in accordance with, and after payment of certain items ranking higher in, the Pre-Acceleration Principal Priority of Payments.

For further details of the Pre-Acceleration Revenue Priority of Payments and Pre-Acceleration Principal Priority of Payments (see "*Cashflows*" below).

While an Asset Coverage Test Breach Notice is outstanding but prior to a Covered Bond Guarantee Activation Event having occurred, the Guarantor will continue to apply Available Revenue Receipts and Available Principal Receipts as described above, except that, while any Covered Bonds remain outstanding:

- in respect of Available Revenue Receipts, no further amounts will be paid to the Issuer under the Intercompany Loan Agreement, towards any indemnity amount due to any of the Partners under the Guarantor Agreement or towards any Capital Distributions (but payments will, for the avoidance of doubt, continue to be made under the relevant Swap Agreements); and

- in respect of Available Principal Receipts, no payments will be made other than into the GIC Account and, as required, credited to the Pre-Maturity Liquidity Ledger (see "*Cashflows*" below).

  Following service of a Notice to Pay on the Guarantor (but prior to service of a Guarantor Acceleration Notice on the Guarantor) the Guarantor will use all moneys to pay Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment subject to paying higher ranking obligations of the Guarantor (including the obligations of the Guarantor to make repayment on the Demand Loan, as described above) in accordance with the Priorities of Payments.

  Following service of a Guarantor Acceleration Notice on the Guarantor, the Covered Bonds will become immediately due and repayable (if not already due and payable following the occurrence of an Issuer Event of Default) and the Bond Trustee will enforce its claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 8). At such time, the Security will also become enforceable by the Bond Trustee (for the benefit of the Covered Bondholders). Any moneys recovered by the Bond Trustee from realization on the Security following enforcement will be distributed according to the Post-Enforcement Priority of Payments, see "*Cashflows*" below.

- *OC Valuation*: The CMHC Guide requires that the Guarantor confirm that the cover pool's level of overcollateralization exceeds 103%. The level of overcollateralization (expressed as a percentage) shall be calculated at the same time as the Asset Coverage Test and the Issuer must provide immediate notice to CMHC if the level of overcollateralization falls below the Guide OC Minimum. See "*Summary of the Principal Documents—Guarantor Agreement—OC Valuation*".

- *Asset Coverage Test*: The Programme provides that the assets of the Guarantor are subject to an Asset Coverage Test in respect of the Covered Bonds. Accordingly, for so long as Covered Bonds remain outstanding, the Guarantor must ensure that monthly, on each Calculation Date, the Adjusted Aggregate Asset Amount will be in an amount at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that Calculation Date. The Bank shall use all reasonable efforts to ensure that the

Guarantor is in compliance with the Asset Coverage Test. The Asset Coverage Test will not give credit to Non-Performing Loans. The Asset Coverage Test will be tested by the Cash Manager as at each Calculation Date and monitored from time to time by the Asset Monitor. Such testing will be completed within the time period specified in the Cash Management Agreement. A breach of the Asset Coverage Test as at a Calculation Date, if not remedied so that the breach no longer exists on the immediately succeeding Calculation Date, will require the Guarantor (or the Cash Manager on its behalf) to serve an Asset Coverage Test Breach Notice on the Partners, the Bond Trustee, CMHC and, if delivered by the Cash Manager, the Guarantor. An Asset Coverage Test Breach Notice will be revoked if the Asset Coverage Test is satisfied on the next Calculation Date following service of the Asset Coverage Test Breach Notice, provided a Covered Bond Guarantee Activation Event has not occurred. See "*Summary of the Principal Documents—Guarantor Agreement—Asset Coverage Test*".

At any time an Asset Coverage Test Breach Notice is outstanding:

(a) the application of Available Revenue Receipts and Available Principal Receipts will be restricted while any Covered Bonds remain outstanding; and

(b) the Issuer will not be permitted to make further issuances of Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and is not revoked on or before the Guarantor Payment Date following the next Calculation Date after service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default will have occurred and the Bond Trustee will be entitled (and, in certain circumstances, may be required) to serve an Issuer Acceleration Notice on the Issuer, following which the Bond Trustee must forthwith serve a Notice to Pay on the Guarantor (which shall constitute a Covered Bond Guarantee Activation Event).

- *Amortization Test*: Following the occurrence and during the continuance of an Issuer Event of Default (but prior to service of a Guarantor Acceleration Notice) and, for so long as Covered Bonds remain outstanding, the Guarantor must ensure that, as at each Calculation Date following the occurrence and during the continuance of an Issuer Event of Default, the Guarantor is in compliance with the Amortization Test. The Amortization Test will be tested by the Cash Manager and will be verified by the Asset Monitor as at each Calculation Date. Such testing will be completed within the time period specified in the Cash Management Agreement. A breach of the Amortization Test will constitute a Guarantor Event of Default, which will entitle the Bond Trustee to serve a Guarantor Acceleration Notice declaring the Covered Bonds immediately due and repayable and entitle the Bond Trustee to exercise the remedies available to it under the Security Agreement, including to enforce on the Security granted under the Security Agreement. See "*Summary of the Principal Documents—Guarantor Agreement—Amortization Test*".

- *Extendable obligations under the Covered Bond Guarantee*: An Extended Due for Payment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms. This means that, if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the Final Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the Extension Determination Date (for example because, following the service of a Notice to Pay on the Guarantor, the Guarantor has insufficient moneys available in accordance with the Priorities of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Priorities of Payments), then payment of the unpaid amount pursuant to the Covered Bond Guarantee will be automatically deferred (without a Guarantor Event of Default occurring as a result of such non-payment) and will be due and payable 12 months later on the Extended Due for Payment Date (subject to any applicable grace period) and interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 5, at the applicable Rate of Interest, including, if applicable, as may be determined in accordance with Condition 5.03 (in the same manner as the Rate of Interest for Floating Rate Covered Bonds) even where the relevant Covered Bonds are Fixed Rate Covered Bonds. To the extent that a Notice to Pay has been served on the Guarantor and the Guarantor has sufficient time and sufficient moneys to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series of Covered Bonds, the Guarantor will make such partial payment on any Interest Payment Date up to and including the relevant Extended Due for Payment Date, in accordance with the Priorities of Payments and as described in Condition 6.01 and will pay Guaranteed Amounts constituting Scheduled Interest on each

Original Due for Payment Date and the Extended Due for Payment Date with any unpaid portion thereof (if any) becoming due and payable on the Extended Due for Payment Date. Any amount that remains unpaid on any such Interest Payment Date will be automatically deferred for payment until the applicable Extended Due for Payment Date (where the relevant Series of Covered Bonds are subject to an Extended Due for Payment Date).

- *Servicing*: The Bank, as Servicer, has agreed to provide administrative services to the Guarantor in respect of the Covered Bond Portfolio. In certain circumstances, the Bank may be required to assign the role of Servicer to a third party acceptable to the Bond Trustee and qualified to service the Covered Bond Portfolio (see "*Summary of the Principal Documents—Servicing Agreement*").

- *Covered Bond Legislative Framework*: The Issuer and the Programme were registered in the Registry in accordance with the Covered Bond Legislative Framework and the CMHC Guide on 1 November 2013.

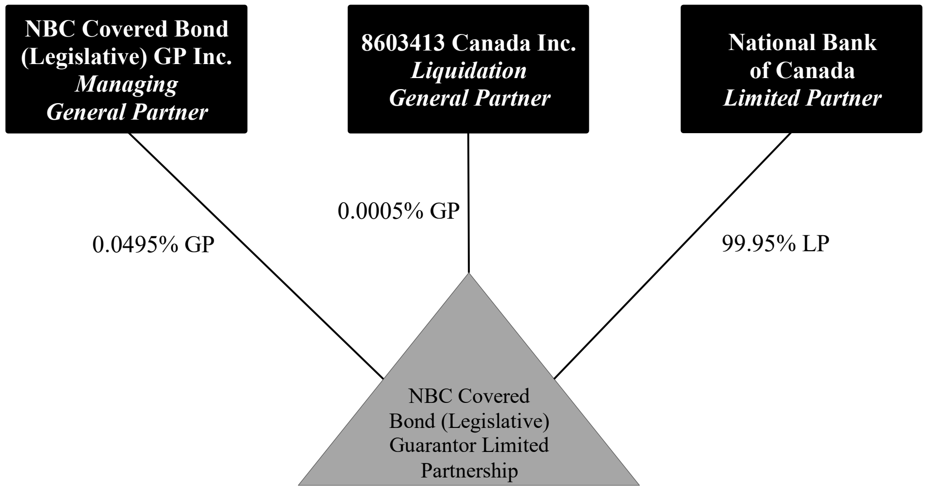
- *Interest Rate Swap Agreement*: To provide a hedge against possible variances in the rates of interest payable on the Portfolio Assets (which may, for instance, include variable rates of interest or fixed rates of interest) following the Interest Rate Swap Effective Date, and the amount (if any) payable under the Intercompany Loan and, following the Covered Bond Swap Effective Date, the Covered Bond Swap Agreement, the Guarantor has entered into the Interest Rate Swap Agreement with the Interest Rate Swap Provider (see "*Summary of the Principal Documents—Interest Rate Swap Agreement*").

- *Covered Bond Swap Agreement*: To provide a hedge against currency and/or other risks arising, following the occurrence of a Covered Bond Swap Effective Date, in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable in respect of its obligations under the Covered Bond Guarantee, the Guarantor has entered into the Covered Bond Swap Agreement (which may include a new ISDA Master Agreement, schedule and confirmation(s) and credit support annex, if applicable, for each Tranche and/or Series of Covered Bonds) with the Covered Bond Swap Provider (see "*Summary of the Principal Documents—Covered Bond Swap Agreement*").

- *Further Information*: For a more detailed description of the transactions summarized above relating to the Covered Bonds see, amongst other relevant sections of this Prospectus, "*Summary of the Programme*", "*Terms and Conditions of the Covered Bonds*", "*Summary of the Principal Documents*", "*Credit Structure*" and "*Cashflows*".

Ownership Structure of the Guarantor

- As of the date of this Prospectus, the Partners of the Guarantor are the Limited Partner, which holds 99.95 per cent of the interest in the Guarantor, and the Managing GP and the Liquidation GP, each of which own 99 per cent and 1 per cent, respectively, of the remaining 0.05 per cent general partner interest in the Guarantor.



- A new Limited Partner may be admitted to the Guarantor, subject to meeting certain conditions precedent including, (except in the case of a Subsidiary of a current Limited Partner) but not limited to, satisfaction of the Rating Agency Condition.

- Other than in respect of those decisions reserved to the Partners and the limited circumstances described below, the Managing GP will manage and conduct the business of the Guarantor and will have all the rights, power and authority to act at all times for and on behalf of the Guarantor (provided that a voluntary liquidation of the Guarantor would require the consent of the Liquidation GP).

- Under certain circumstances, including an Issuer Event of Default or insolvency or winding-up of the Managing GP, the Liquidation GP will assume the management responsibilities of the Managing GP.

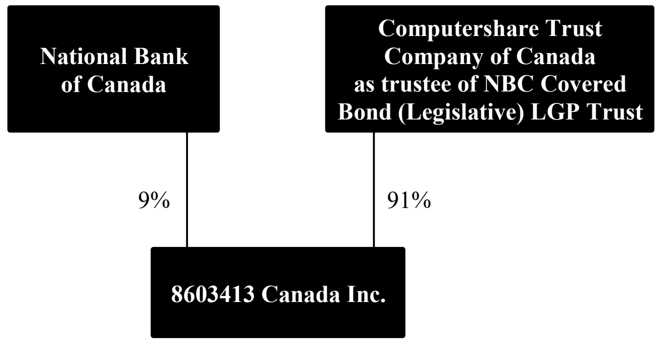
Ownership Structure of the Managing GP

- The Managing GP is a wholly-owned subsidiary of the Bank. The directors and officers of the Managing GP are officers and employees of the Bank.

Ownership Structure of the Liquidation GP

- As of the date of this Prospectus, 91 per cent of the issued and outstanding shares in the capital of the Liquidation GP are held by the Corporate Services Provider, as trustee of the NBC Covered Bond (Legislative) LGP Trust (the "**LGP Trust**") and 9 per cent of the issued and outstanding shares in the capital of the Liquidation GP are held by the Bank. All of the directors of the Liquidation GP are appointed by the Corporate Services Provider, as trustee of the LGP Trust, and are independent of the Bank. The Bank is entitled to have one "observer" of the board of the Liquidation GP who is an officer or employee of the Bank.

- The beneficiary of the LGP Trust will be one or more Canadian non-profit organizations or registered charities.


National Bank of Canada
Computershare Trust Company of Canada as trustee of NBC Covered Bond (Legislative) LGP Trust
9%
91%
8603413 Canada Inc.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, information contained elsewhere in this Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this overview. A glossary of certain defined terms is contained at the end of this Prospectus.

This overview constitutes a general description of the Programme for the purposes of Article 25(1)(b) of Commission Delegated Regulation (EU) 2019/980 (as amended) as it forms part of UK domestic law by virtue of the EUWA.

Issuer or the Bank:	National Bank of Canada (the "**Bank**", the "**Issuer**" or "**NBC**")
Legal Entity Identifier (Issuer):	BSGEFEIOM18Y80CKCV46
Branch of Account:	The head office of the Bank in Montréal or the London branch of the Bank, as may be specified in the applicable Final Terms, any such branch being the "Branch of Account" for the purposes of the Bank Act, will take the deposits evidenced by the Covered Bonds, but without prejudice to the provisions of Condition 9 (see "*Terms and Conditions of the Covered Bonds—Payments*").
Guarantor:	NBC Covered Bond (Legislative) Guarantor Limited Partnership.
Legal Entity Identifier (Guarantor):	549300GG59UTXPRFJG56
Arrangers:	National Bank Financial Inc. ("**NBF**") and BNP Paribas ("**BNP Paribas**").
Dealers:	National Bank of Canada Financial Inc., NBF and BNP Paribas or such other dealer(s) as may be appointed from time to time by the Issuer generally in respect of the Programme or in relation to a particular Series or Tranche of Covered Bonds.
Seller:	The Bank, any New Seller, or other party for whom the Rating Agency Condition has been satisfied, who may from time to time accede to the Mortgage Sale Agreement and sell New Loans and their Related Security to the Guarantor.
Servicer:	The Bank, subject to replacement in accordance with the terms of the Servicing Agreement.
Cash Manager:	The Bank, subject to replacement in accordance with the terms of the Cash Management Agreement.
Issuing and Paying Agent, European Exchange Agent, Calculation Agent and Transfer Agent:	The Bank of New York Mellon, London Branch, acting through its office at One Canada Square, 48th Floor, London, E14 4AL.
European Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch, acting through its office at Vertigo Building – Polaris, 2-4 rue Eugene Ruppert, L-2453 Luxembourg, R.C. Luxembourg No. B 67.654.
U.S. Registrar, Transfer Agent and Exchange Agent	The Bank of New York Mellon, acting through its offices at 240 Greenwich Street, 7th Floor East, New York, New York, 10286.

Bond Trustee:	Computershare Trust Company of Canada, acting through its offices located at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1 and its place of business at 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec, H3A 3S8.
Asset Monitor:	Deloitte LLP, acting through its offices at 1190, Canadiens-de-Montréal Avenue, Suite 500, Montréal, Québec, Canada H3B 0M7.
Custodian:	Computershare Trust Company of Canada, acting through its offices located at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1 and its place of business at 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec, H3A 3S8.
Interest Rate Swap Provider:	The Bank, subject to replacement in accordance with the terms of the Interest Rate Swap Agreement.
Covered Bond Swap Provider:	The Bank, subject to replacement in accordance with the terms of the Covered Bond Swap Agreement.
GIC Provider:	Initially, the Bank, acting through its head office in Montréal.
Account Bank	Initially, the Bank, acting through its head office in Montréal.
Standby Account Bank:	Royal Bank of Canada, acting through its branch located at 200 Bay Street, Toronto, Ontario, Canada M5J 2J5.
Standby GIC Provider:	Royal Bank of Canada, acting through its branch located at 200 Bay Street, Toronto, Ontario, Canada M5J 2J5.
Description:	Legislative Global Covered Bond Programme.
Covered Bond Legislative Framework:	The Issuer and the Programme were registered in the Registry in accordance with the Covered Bond Legislative Framework and the CMHC Guide on 1 November 2013.
Certain Restrictions:	Each Series or Tranche of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*").
Programme Size:	Up to CAD 20,000,000,000 (or its equivalent in Specified Currencies), outstanding at any time, subject to increase. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealership Agreement.
	Covered Bonds denominated in a currency other than CAD shall be translated into CAD at the date of the agreement to issue such Covered Bonds using the spot rate of exchange for the purchase of such currency against payment of CAD being quoted by the Issuing and Paying Agent on the date on which such agreement was made which, where the parties enter into a subscription agreement in respect of the Covered Bonds, shall be the date of execution thereof, and in all other cases, the date of the applicable Final Terms.

Distribution:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in "*Subscription and Sale and Transfer and Selling Restrictions*".
Issuance of Series:	Covered Bonds will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") issued on different issue dates. The Covered Bonds of each Series will all be subject to identical terms, except that (i) the issue date and the amount of the first payment of interest may be different in respect of different Tranches and (ii) a Series may comprise Covered Bonds in bearer form and Covered Bonds in registered form and Covered Bonds in more than one denomination. The Covered Bonds of each Tranche will be subject to identical terms in all respects, save that a Tranche may comprise Covered Bonds in bearer form and Covered Bonds in registered form and may comprise Covered Bonds of different denominations
Specified Currencies:	Covered Bonds may be denominated in any currency or currencies subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, such currencies to be agreed upon between the Issuer, the relevant Dealer(s) and the Bond Trustee (as set out in the applicable Final Terms). Payments in respect of Covered Bonds may, subject to compliance as described above, be made in and/or linked to, any currency or currencies other than the currency in which such Covered Bonds are denominated as may be specified in the applicable Final Terms. The Issuer is an "authorized person" under the FSMA.
Denomination:	Covered Bonds may be issued on a fully-paid basis at any price and in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, save that the minimum denomination of each Covered Bond to be admitted to trading on the Main Market, will be at least €100,000 (or, if the Covered Bonds are denominated in a currency other than euros, at least the equivalent amount in such currency as at the Issue Date of such Covered Bonds) or such other higher amount as may be required from time to time by the relevant regulator (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. The minimum denomination of each Rule 144A Global Covered Bond will be as stated in the applicable Final Terms in U.S. dollars (or its approximate equivalent in other Specified Currencies).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulator (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Form of the Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in "*Form of the Covered Bonds*". Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and vice versa. Each Tranche of Bearer Covered Bonds will be issued in the form of either a Temporary Global Covered Bond or a Permanent Global Covered Bond deposited with the Common Safekeeper for Euroclear and Clearstream, Luxembourg (in the case of Bearer Covered Bonds intended to be issued in NGCB form) or otherwise with a Common Depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. A Temporary Global Covered Bond will be exchangeable for a Permanent Global Covered Bond or, if so specified in the

applicable Final Terms, Bearer Definitive Covered Bonds. A Permanent Global Covered Bond will be exchangeable for Bearer Definitive Covered Bonds only in limited circumstances, or on notice, in each case, as specified in the "*Terms and Conditions of the Covered Bonds*".

Registered Covered Bonds sold in reliance on Regulation S under the Securities Act will be issued in the form of Regulation S Global Covered Bonds, while Registered Covered Bonds sold in reliance on Rule 144A under the Securities Act will be issued in the form of 144A Global Covered Bonds (together, the "**Registered Global Covered Bonds**"). Registered Global Covered Bonds will (i) if held under the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy and intra-day credit operations (the "**NSS**") be registered in the name of a nominee of, and delivered to, a common safekeeper or Euroclear and/or Clearstream; and (ii) if not held under the NSS, either be deposited with a custodian for, and registered in the name of a nominee for, DTC, CDS or Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Registered Global Covered Bonds will be exchangeable for Registered Definitive Covered Bonds in limited circumstances, or on notice, in each case, as specified in "*Terms and Conditions of the Covered Bonds*".

Registered Covered Bonds are subject to transfer restrictions described under "*Subscription and Sale and Transfer and Selling Restrictions*".

See "*Form of the Covered Bonds*" for further details.

Interest: Covered Bonds may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate (detailed in a formula or otherwise) and may vary during the lifetime of the relevant Series.

Types of Covered Bonds: The following is a list of the types of Covered Bonds that may be issued under the Programme:

- Fixed Rate Covered Bonds
- Floating Rate Covered Bonds
- Instalment Covered Bonds
- Zero Coupon Covered Bonds

Fixed Rate Covered Bonds: Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms), provided that if an Extended Due for Payment Date is specified in the Final Terms, interest following the Due for Payment Date will continue to accrue and be payable on the unpaid amount in accordance with Condition 5, at the applicable Rate of Interest, including, if applicable, as may be determined in accordance with Condition 5.03 (in the same manner as the Rate of Interest for Floating Rate Covered Bonds) even where the relevant Covered Bonds are Fixed Rate Covered Bonds.

Floating Rate Covered Bonds:	Floating Rate Covered Bonds will bear interest at a rate determined: (i) on the same basis as the floating rate under a schedule and confirmation and credit support annex, if applicable, for the relevant Tranche and/or Series of Covered Bonds in the relevant Specified Currency governed by the Covered Bond Swap Agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate; as set out in the applicable Final Terms. The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Tranche and Series of Floating Rate Covered Bonds as set out in the applicable Final Terms.
Instalment Covered Bonds:	Instalment Covered Bonds are redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.
Zero Coupon Covered Bonds:	Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment.
Rating Agency Condition:	Any issuance of new Covered Bonds will be conditional upon satisfying the Rating Agency Condition in respect of the ratings of the then outstanding Covered Bonds by the Rating Agencies.
Ratings:	Covered Bonds issued under the Programme are expected on issue to be assigned at least two of the following ratings: an "Aaa" by Moody's, an "AAA" by Fitch and an "AAA" by DBRS, unless otherwise specified in the applicable Final Terms.
Listing and admission to trading:	Application has been made to admit Covered Bonds (other than Exempt Covered Bonds) issued under the Programme for the period of 12 months from the date of this Prospectus to the Official List and to admit the Covered Bonds to trading on the Main Market. The Final Terms relating to each Tranche of the Covered Bonds will state whether the Covered Bonds (other than Exempt Covered Bonds) are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets. N Covered Bonds may not be listed and/or admitted to trading. The Programme provides that Exempt Covered Bonds may be unlisted or listed or admitted to trading, as the case may be, on such other or further stock exchange(s) in the UK or outside the UK as may be agreed between the Issuer, the Guarantor, the Bond Trustee and the relevant Dealer(s). All Covered Bonds will have the benefit of the Covered Bond Guarantee and the Security in respect of the Charged Property. For the avoidance of doubt, Covered Bonds listed on a stock exchange in the UK other than the Main Market or a stock exchange outside the United Kingdom and unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated market do not form part of the Base Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in respect of such Covered Bonds.
Redemption:	The applicable Final Terms relating to each Tranche of Covered Bonds will indicate either that the relevant Covered Bonds of such Tranche cannot be redeemed prior to their stated maturity (other than in the case of Instalment Covered Bonds or following an Issuer Event of Default or a Guarantor Event of Default or a Special Circumstance, or as indicated below) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the

holders of the Covered Bonds, on a date or dates specified prior to such stated maturity and at a price or prices set out in the applicable Final Terms.

Early redemption will be permitted for taxation reasons and illegality as mentioned in "*Terms and Conditions of the Covered Bonds — Early Redemption for Taxation Reasons*" and "*—Redemption due to Illegality*".

Extendable obligations under the Covered Bond Guarantee:	The applicable Final Terms may also provide that (if a Notice to Pay has been served on the Guarantor) the Guarantor's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts corresponding to the Final Redemption Amount of the applicable Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) may be deferred until the Extended Due for Payment Date. In such case, such deferral will occur automatically (i) if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and (ii) if the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds are not paid in full by the Guarantor by the Extension Determination Date (for example, because the Guarantor has insufficient moneys in accordance with the Priorities of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Priorities of Payments). To the extent a Notice to Pay has been served on the Guarantor and the Guarantor has sufficient time and sufficient moneys to pay in part the Final Redemption Amount, such partial payment will be made by the Guarantor on any Interest Payment Date up to and including the relevant Extended Due for Payment Date as described in Condition 6.01. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 5, at the applicable Rate of Interest, including, if applicable, as may be determined in accordance with Condition 5.03 (in the same manner as the Rate of Interest for Floating Rate Covered Bonds) even where the relevant Covered Bonds are Fixed Rate Covered Bonds. The Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date and any unpaid amounts in respect thereof shall be due and payable on the Extended Due for Payment Date.
Taxation:	Payments in respect of Covered Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada or any province or territory thereof, or, in the case of Covered Bonds issued by a branch of the Issuer located outside Canada, the country in which such branch is located, or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the holders of Covered Bonds or Coupons receiving such amounts as they would have received in respect of such Covered Bonds or Coupons had no such withholding or deduction been required (see "*Terms and Conditions of the Covered Bonds—Early Redemption for Taxation Reasons*"). Under the Covered Bond Guarantee, the Guarantor will not be liable to pay any such additional amounts as a consequence of any applicable tax withholding or deduction, including such additional amounts which may become payable by the Issuer under Condition 8.
Canadian Taxation	See the discussion under the heading "*Taxation-Canada*". If (i) any portion of interest payable on a Covered Bond is contingent or dependent on the use of, or production from, property in Canada or is computed by reference to revenue, profit,

	cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of a corporation; or (ii) the recipient of interest payable on a Covered Bond does not deal at arm's length with the Issuer for purposes of the *Income Tax Act* (Canada); or (iii) interest is payable in respect of a Covered Bond owned by a person with whom the Issuer is not dealing with at arm's length for purposes of the *Income Tax Act* (Canada), such interest may be subject to Canadian non-resident withholding tax.
U.S. Taxation:	See the discussion under the heading "*Taxation-United States Federal Income Taxation*".
U.K. Taxation:	See the discussion under the heading "*Taxation-United Kingdom Taxation*".
ERISA:	Subject to the limitations described under "ERISA and Certain Other U.S. Benefit Plan Considerations", a Covered Bond may be purchased by Benefit Plan Investors (as defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")). See "*ERISA and Certain Other U.S. Benefit Plan Considerations*".
Cross Default:	If an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, the Covered Bonds of all Series outstanding will, provided a Covered Bond Guarantee Activation Event has occurred, accelerate at the same time against the Issuer. If a Guarantor Acceleration Notice is served in respect of any one Series of Covered Bonds, then the obligation of the Guarantor to pay Guaranteed Amounts in respect of all Series of Covered Bonds outstanding will be accelerated.
Status of the Covered Bonds:	The Covered Bonds will constitute deposits for purposes of the Bank Act and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* with all deposit liabilities of the Issuer without any preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. The Covered Bonds will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada).
Governing Law and Jurisdiction:	The Covered Bonds issued pursuant to this Prospectus and all Transaction Documents (other than, as of the date of this Prospectus, certain provisions of the Security Agreement relating to real property located outside of the Province of Ontario, which are governed by the law of the jurisdiction in which such property is located, and certain documents entered into pursuant to the Security Agreement, which are governed by, and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein and any Australian deed poll forming part of Australian Documents) will be governed by, and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. It is anticipated that any Australian deed pool forming part of Australian Documents will be governed by the law of New South Wales. See "*Summary of the Principal Documents*". Ontario courts have non-exclusive jurisdiction in the event of litigation in respect of the contractual documentation and the Covered Bonds governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, and,

	subject to certain exceptions can enforce foreign judgements in respect of agreements governed by foreign laws.
Terms and Conditions:	Final Terms will be prepared in respect of each Tranche of Covered Bonds. A copy of each Final Terms will, in the case of Covered Bonds to be admitted to the Official List and to be admitted to trading on the Main Market, be delivered to Listing Applications at the FCA and to the London Stock Exchange on or before the closing date of such Covered Bonds. The terms and conditions applicable to each Tranche will be those set out herein under "*Terms and Conditions of the Covered Bonds*".
Clearing System:	DTC, CDS, Euroclear, Clearstream, Luxembourg and/or, in relation to any Covered Bonds, any other clearing system as may be specified in the applicable Final Terms.
Non-U.S. Selling Restrictions:	There will be specific restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of offering material in certain jurisdictions, including Canada, the United States, the EEA, including the United Kingdom, France, Belgium, Italy and the Netherlands, Hong Kong, Singapore, Japan, as well as such other restrictions as may be required in connection with a particular issue of Covered Bonds as set out in the applicable Final Terms. See "*Subscription and Sale and Transfer and Selling Restrictions*".
U.S. Selling Restrictions:	The Issuer is Category 2 for the purposes of Regulation S under the Securities Act. If specified in the applicable Final Terms, Covered Bonds may be sold in compliance with Rule 144A under the Securities Act. The Covered Bonds in bearer form will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") unless (i) the applicable Final Terms state that the Covered Bonds are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") or (ii) the Covered Bonds are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Covered Bonds will not constitute "registration required obligations" under the *United States Tax Equity and Fiscal Responsibility Act of 1982* ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms as a transfer to which TEFRA is not applicable.
Transfer Restrictions:	There are restrictions on the transfer of certain Registered Covered Bonds. See "*Subscription and Sale and Transfer and Selling Restrictions—United States of America-Transfer Restrictions*".
Covered Bond Guarantee:	Payment of interest and principal in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payment in respect of the Guaranteed Amounts when Due for Payment are subject to the condition that a Covered Bond Guarantee Activation Event has occurred. The obligations of the Guarantor under the Covered Bond Guarantee will accelerate against the Guarantor upon the service of a Guarantor Acceleration Notice. The obligations of the Guarantor under the Covered Bond

Guarantee constitute direct obligations of the Guarantor secured against the assets of the Guarantor, including the Covered Bond Portfolio.

Payments made by the Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the applicable Priorities of Payments.

Security: To secure its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party, the Guarantor has granted a first ranking security interest over its present and future acquired assets, including the Covered Bond Portfolio, in favour of the Bond Trustee (for itself and on behalf of the other Secured Creditors) pursuant to the terms of the Security Agreement.

Covered Bond Portfolio: The Covered Bond Portfolio consists solely of Loans originated by the Seller and Originators and secured by Canadian first lien residential Mortgages. Subject to satisfaction of the Rating Agency Condition, the Covered Bond Portfolio may also contain New Portfolio Asset Types. Covered Bond Portfolio static data and statistics relating to the Loans comprising the Covered Bond Portfolio from time to time will be disclosed in the Investor Reports. The Investor Reports will also disclose, among other things, the results of the Asset Coverage Test, the Valuation Calculation and the OC Valuation.

Intercompany Loan: Under the terms of the Intercompany Loan Agreement, prior to the issuance of the first Tranche of Covered Bonds, the Bank made available to the Guarantor an interest-bearing Intercompany Loan, comprised of a Guarantee Loan and a revolving Demand Loan, in an initial combined aggregate amount equal to the Total Credit Commitment, subject to increases and decreases as described below. The Intercompany Loan is denominated in Canadian dollars. The interest rate on the Intercompany Loan is a Canadian dollar floating rate determined by the Bank from time to time, which rate shall not exceed, as applicable: (i) prior to the Interest Rate Swap Effective Date, the aggregate yield on the (x) Covered Bond Portfolio, (y) the cash deposit amounts of the Guarantor and (z) the principal balance of Substitute Assets; and (ii) following the Interest Rate Swap Effective Date, the amount received by the Guarantor pursuant to the Interest Rate Swap Agreement, and in each case after taking into account the sum of a minimum spread and an amount for certain expenses of the Guarantor. The balance of the Guarantee Loan and Demand Loan will fluctuate with the issuances and redemptions of Covered Bonds and the requirements of the Asset Coverage Test.

Upon the occurrence of (x) a Contingent Collateral Trigger Event, (y) an event of default (other than an insolvency event of default) or an additional termination event in respect of which the relevant Swap Provider is the defaulting party or the affected party, as applicable, or (z) a Downgrade Trigger Event, in each case, in respect of the Interest Rate Swap Agreement or the Covered Bond Swap Agreement, the relevant Swap Provider, in its capacity as (and provided it is) the lender under the Intercompany Loan Agreement, may deliver a Contingent Collateral Notice to the Guarantor under which it elects to decrease the amount of the Demand Loan with a corresponding increase in the amount of the Guarantee Loan, in each case, in an amount equal to the related Contingent Collateral Amount(s).

To the extent the Covered Bond Portfolio increases or is required to be increased to meet the Asset Coverage Test, the Bank may increase the Total Credit Commitment to enable the Guarantor to purchase New Loans and their Related Security from the Seller. The balance of the Guarantee Loan and the Demand Loan from time to time will be disclosed in the Investor Report.

Guarantee Loan:	The Guarantee Loan is in an amount equal to the balance of outstanding Covered Bonds at any relevant time plus that portion of the Covered Bond Portfolio required in accordance with the Asset Coverage Test as overcollateralization for the Covered Bonds in excess of the amount of then outstanding Covered Bonds (see "*Summary of the Principal Documents—Guarantor Agreement—Asset Coverage Test*").
Demand Loan:	The Demand Loan is a revolving credit facility, the outstanding balance of which is equal to the difference between the balance of the Intercompany Loan and the balance of the Guarantee Loan at any relevant time. At any time prior to a Demand Loan Repayment Event (or following a Demand Loan Repayment Event if agreed to by the Bank and subject to satisfaction of the Rating Agency Condition), the Guarantor may re-borrow any amount repaid by the Guarantor under the Intercompany Loan for a permitted purpose provided, among other things, such drawing does not result in the Intercompany Loan exceeding the Total Credit Commitment.
The Proceeds of the Intercompany Loan:	The Guarantor used the initial advance of proceeds from the Intercompany Loan to purchase the Initial Covered Bond Portfolio consisting of Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement and may use additional advances (i) to purchase New Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitute Assets in an amount not exceeding the prescribed limit under the CMHC Guide; and/or (iii) subject to complying with the Asset Coverage Test to make Capital Distributions to the Limited Partner; and/or (iv) to make deposits of the proceeds in the Guarantor Accounts (including, without limitation, to fund the Reserve Fund and the Pre-Maturity Liquidity Ledger (in each case to an amount not exceeding the prescribed limit)).
Capital Contribution:	Each of the Managing GP and the Liquidation GP have contributed a nominal cash amount to the Guarantor and respectively hold 99 per cent. and 1 per cent. of the 0.05 per cent. general partner interest in the Guarantor. The Limited Partner holds the substantial economic interest in the Guarantor (approximately 99.95 per cent.) having made a Cash Capital Contribution to the Guarantor. The Limited Partner may from time to time make additional Capital Contributions.
Consideration:	Under the terms of the Mortgage Sale Agreement, the Seller sold the Initial Covered Bond Portfolio and may, from time to time, sell New Loans and their Related Security to the Guarantor on a fully-serviced basis in exchange for cash consideration. The Limited Partner may also make Capital Contributions of New Loans and their Related Security in exchange for an additional interest in the capital of the Guarantor.
Interest Rate Swap Agreement:	To provide a hedge against possible variances in the rates of interest payable on the Portfolio Assets (which may, for instance, include variable rates of interest or fixed rates of interest) following the Interest Rate Swap Effective Date, and the amount (if any) payable under the Intercompany Loan and, following the Covered Bond Swap Effective Date, the Covered Bond Swap Agreement, the Guarantor has entered into the Interest Rate Swap Agreement with the Interest Rate Swap Provider. See "*Summary of the Principal Documents—Interest Rate Swap Agreement*".
Covered Bond Swap Agreement:	To provide a hedge against currency and/or other risks arising, following the occurrence of the Covered Bond Swap Effective Date, in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable in respect of its obligations under the Covered Bond Guarantee, the

	Guarantor has entered into and will enter into a Covered Bond Swap Agreement (which may include a new ISDA Master Agreement, schedule and confirmation(s) and credit support annex, if applicable, for each Tranche and/or Series of Covered Bonds) with the Covered Bond Swap Provider in respect of each Series of Covered Bonds. See "*Summary of the Principal Documents—Covered Bond Swap Agreement*".
Risk Factors:	There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand. A description of the principal categories and sub-categories of such risks is set out under "*Risk Factors*".

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations in connection with any Covered Bonds. Most of these factors are contingencies which may or may not occur.

In addition, factors which the Issuer and the Guarantor believe are material for the purpose of assessing the market risk associated with Covered Bonds issued under the Programme are described below.

The Issuer and the Guarantor believe that the factors described below (and as may be set out further in the documents incorporated by reference) represent the principal categories and subcategories of risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer and the Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds or to perform any of its obligations may occur for other reasons which may or may not be considered significant by the Issuer or the Guarantor based on information currently available to it or which they may not be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and any applicable Final Terms (including information incorporated by reference herein or therein) to reach their own views prior to making any investment decisions.

THE PURCHASE OF COVERED BONDS MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE COVERED BONDS. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS.

1. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING RISKS RELATING TO THE ISSUER

Credit Risk

(a) *Changes to the Issuer's credit ratings may adversely affect the market value of the Covered Bonds*

There is no assurance that the Issuer's credit ratings, which are set out on page 163 of this Prospectus or the credit ratings of the Covered Bonds, which will be set out in the applicable Final Terms for each Series, will remain unchanged for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. In the event that a rating assigned to the Issuer or the Covered Bonds is subsequently suspended, lowered or withdrawn for any reason other than as specified herein, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds, the Issuer may be adversely affected, the market value of the Covered Bonds is likely to be adversely affected and the ability of the Issuer to make payments under the Covered Bonds may be adversely affected.

(b) *Borrower and Counterparty risk exposure*

The ability of the Issuer to make payments in connection with any Covered Bonds is subject to general credit risks, including credit risks of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

A number of the Issuer's counterparties are EU or UK credit institutions and investment firms, including the Dealers under the Programme (collectively, "**EU Firms**"), which are subject to Directive 2014/59/EU (as amended pursuant to Directive 2019/879/EU, the "**BRRD**"), which is intended to enable a range of actions to be taken in relation to EU Firms considered to be at risk of failing. A description of the Issuer's business relationship with the Dealers can be found in the section entitled "*Subscription and Sale and Transfer and Selling Restrictions*" on pages 267 to 76 of this Prospectus. In the UK, the UK Banking Act implements the BRRD. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing EU Firm so as to ensure the continuity of the institution's critical financial and economic functions, whilst minimising the impact of the institution's failure on the economy and financial system. The BRRD was applied in Member States and the UK from 1 January 2015 with the exception of the bail-in tool (referred to below) which was applicable from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) any of the Issuer's EU Firm counterparties is failing or likely to fail; (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest. Such resolution tools and powers are: (i) sale of business; (ii) bridge institution; (iii) asset separation; and (iv) bail-in. The bail-in tool gives the resolution authority the ability to write-down or convert certain unsecured debt instruments of any of the Issuer's EU Firm counterparties into shares (or other instruments of ownership), to reduce the outstanding amount due under such debt instruments (including reducing such amounts to zero) or to cancel, modify or vary the terms of such debt instruments (including varying the maturity of such instruments) and other contractual arrangements. The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the applicable state aid framework.

An EU Firm will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances).

In the normal course of business, the Issuer deals with EU Firms to whom the BRRD and its bail-in power applies. The powers set out in the BRRD will impact how such EU Firms are managed as well as, in certain circumstances, the rights of their creditors including the Issuer. For instance, the Issuer and its debtholders may be affected by disruptions due to an EU Firm counterparty not being able to fulfil its obligations as issuing and paying agent, European registrar, calculation agent or similar roles.

See the section entitled "*Credit Risk*" on pages 78 to 86 of the Bank's 2021 Annual Report, which is incorporated by reference in this Prospectus, for further discussion referencing credit risks applicable to the Bank. See also the section entitled "*Liquidity and Funding Risk*" on pages 94 to 103 of the Bank's 2021 Annual Report, which is incorporated by reference in this Prospectus.

Market Risk

(a) Changes in market rates and prices may adversely affect the value of financial products held by the Issuer

Market risk is the risk of losses arising from movements in market prices. The Issuer is exposed to market risk through its participation in trading, investment and asset/liability management activities. At its onset, the COVID-19 pandemic sent stock markets into sharp decline and rendered them more volatile, pushed interest rates downwards, triggered a rapid and sudden rise in unemployment, and prompted an economic slowdown. In spring 2020, governments, monetary authorities, and regulators intervened to support the economy and the financial system, notably by deploying fiscal and monetary measures designed to increase liquidity and support incomes. Although the global economy recovered during fiscal 2021, if the COVID-19 pandemic persists, in particular through subsequent waves, its impacts on the global economy could worsen, and the measures in place might not be sufficient over the long term to completely avoid recessionary conditions.

The Issuer's trading portfolios include positions in financial instruments and commodities held either with trading intent or to hedge other elements of the trading book. Positions held with trading intent are those held for short-term resale and/or with the intent of taking advantage of actual or expected short-term price movements or to lock in arbitrage profits. These portfolios target one of the following objectives: market making, liquidating positions for clients or selling financial products to clients.

The Issuer's non-trading portfolios include financial instruments intended to be held to maturity as well as those held for daily cash management or for the purpose of maintaining targeted returns or ensuring asset and liability management.

Further details on the Issuer's exposure to market risks in its trading and non-trading portfolios, including a breakdown of the Issuer's consolidated balance sheet into assets and liabilities by those that carry market risk and those that do not, can be found on pages 87 to 93 of the Issuer's 2021 Annual Report and on pages 28 to 31 of 2022 Third Quarter Report, which are incorporated by reference in this Prospectus. It is difficult to predict with accuracy changes in economic and market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance, which may adversely affect the value of financial products held by the Issuer and in turn could have an adverse effect on the Issuer's revenues.

(b) Movements of the Canadian dollar relative to other currencies, particularly the U.S. dollar and the currencies of other jurisdictions in which the Issuer conducts business, may affect the Issuer's revenues, expenses and earnings

Currency rate movements in Canada, the United States and other countries in which the Issuer does business could significantly impact the Issuer's financial position, as a result of foreign currency translation adjustments, and the Issuer's future earnings. For example, if the value of the Canadian dollar rises against the U.S. dollar, the Issuer's investments and earnings in the U.S. may be negatively affected. Changes in the value of the Canadian dollar relative to the U.S. dollar may also affect the earnings of the Issuer's small business, commercial and corporate clients in Canada. The Issuer's structural foreign exchange risk arises from investments in foreign operations denominated in currencies other than the Canadian dollar. This risk, predominantly in U.S. dollars, is measured by assessing the impact of currency fluctuations on retained earnings. The Issuer uses financial instruments (derivative and non-derivative) to hedge this risk. An adverse change in foreign exchange rates can also impact the Issuer's capital ratios due to the amount of risk-weighted assets denominated in a foreign currency. The structural foreign exchange risk is managed to ensure that the potential impacts on the capital ratios and net income are within tolerable limits set by risk policies. However, there is no guarantee that such policies will provide adequate protection in all instances and any fluctuation of the Canadian dollar has the potential to adversely affect the Issuer's investments and earnings and the earnings of the Issuer's small business, commercial and corporate clients, particularly if those clients are present in import/export-oriented sectors, which in turn may affect the Issuer's revenues, expenses and earnings.

See the Issuer's consolidated statement of comprehensive income on page 134 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus, for details on the Issuer's net foreign currency translation adjustments as at the year ended 31 October 2021, as compared to the same period in 2020.

(c) The Issuer's earnings are affected by the monetary policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States and other financial market developments

The monetary policies of the Bank of Canada and the United States Federal Reserve Board as well as other interventionist measures in capital markets have repercussions on the Issuer's revenues. Variations in the money supply and the general level of interest rates could impact the Issuer's profitability. A change in the level of interest rates can affect the interest spread between the Issuer's deposits and loans and as a result could impact the Issuer's net interest income. Changes in monetary policy and developments in the financial markets are beyond the Issuer's control and difficult to predict or anticipate and could have an adverse effect on the Issuer's earnings and its ability to fulfil its obligations under the Covered Bonds.

See the section entitled "*Economic Review and Outlook*" on page 26 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus, for further discussion referencing monetary policies and interest rates in relation to the global, Canadian and Quebec economies applicable to the Issuer.

(d) Elevated level of Canadian household debt and housing market imbalances

The elevated levels of household debt and property prices are still sources of risk for the Canadian economy. As at 31 October 2021, the Issuer's exposure to residential mortgage loans totalled $72.5 billion.[1] Further details on the Issuer's exposure to credit risk in relation to impaired loans, including residential mortgages and personal loans can be found in Note 7 to the Issuer's 2021 audited consolidated financial statements on page 172 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. The Issuer continues to monitor the evolution of the market and to remain vigilant in line with its risk tolerance policy. The credit quality of the portfolio remains solid, showing a low level of provisions for credit losses and a good business mix. However, some market segments continue to show signs of overheating, and a rapid normalisation of interest rates could lead to a correction in the housing market and adverse economic conditions which in turn could have a negative effect on the Issuer's portfolio.

See the section entitled "*Market Risk*" on pages 87 to 93 of the Bank's 2021 Annual Report, which is incorporated by reference in this Prospectus, for further discussion referencing market risks applicable to the Bank. See also the section entitled "*Liquidity and Funding Risk*" on pages 94 to 103 of the Bank's 2021 Annual Report.

Operational and Strategic Risk

(a) The Issuer is exposed to operational and infrastructure risks

The Issuer is exposed to many types of operational risk, including the risk of loss resulting from an inadequacy or a failure ascribable to human resources, equipment, processes, technology or external events. Operational risk exists in all of the Issuer's activities. Theft, fraud, cyberattacks, unauthorized transactions, system errors, human error, amendments to or misinterpretation of laws and regulations, litigation or disputes with clients, inappropriate sales practice behaviour or property damage are just a few examples of events likely to cause financial loss, harm the Issuer's reputation or lead to regulatory penalties or sanctions.

The Issuer's business segments use several operational risk management tools and methods to identify, assess, and manage their operational risk and control measures[2]. Given the high volume of transactions the Issuer processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures in the Issuer's internal processes, systems or people, including any of the Issuer's financial, accounting or other data processing systems, could lead to, among other consequences, financial loss and reputational damage.

In addition, despite any contingency plans the Issuer may have in place, the Issuer's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the Issuer's businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by the Issuer or by third parties with which the Issuer conducts business. The occurrence of any of the foregoing could have a material adverse effect on the Issuer's business, prospects, financial conditions, reputation and or results of operations.

Further details of the operational risks the Issuer faces and a description of its related risk management tools and methods can be found on page 103 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus.

[1] 2021 Annual Report, p 53.

[2] 2021 Annual Report, p 103.

(b) The Issuer's success in developing and introducing new products and services, expanding distribution channels, developing new distribution channels and realising revenue from these channels could affect the Issuer's revenues and earnings

The Issuer's ability to maintain or increase market share depends, in part, on the way in which it adapts its products and services to changes in industry standards and markets. Further details on the Issuer's products and services can be found under the section entitled "*Business Segment Analysis*" on pages 30 to 51 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. There is increasing pressure on financial institutions to provide products and services at lower prices, which may reduce the Issuer's net interest income and revenues from fee-based products and services. In addition, the implementation of, or changes to, new technologies to adapt them to the Issuer's products and services could require the Issuer to make substantial expenditures without being able to guarantee successful deployment of its new products or services or a client base for them. The Issuer may not be successful in adapting its products and services and this may adversely affect its revenues and earnings. See the risks in the sub-category entitled "*Risks associated with technological developments and cyber threats*" below for details on the technological risks facing the Issuer.

(c) The Issuer's ability to properly complete acquisitions and subsequent integration may affect the Issuer's results

The Issuer's ability to successfully complete an acquisition is often conditional on regulatory approval, and the Issuer cannot be certain when or under what conditions, if any, approval will be granted. Details on the Issuer's acquisitions during fiscal 2021 can be found under Note 31 to the Issuer's 2021 audited consolidated financial statements on pages 227 and 228 of the Issuer's 2021 Annual Report which is incorporated by reference in this Prospectus.

Acquisitions could affect future results should the Issuer experience difficulty integrating the acquired business. If the Issuer does encounter difficulty integrating an acquired business, maintaining an appropriate governance level over the acquired business, or retaining key officers within the acquired business, these factors could prevent the Issuer from realizing expected revenue growth, cost savings, market share gains, and other projected benefits of the acquisition.

(d) The Issuer's more limited ability to acquire intellectual property rights

The Issuer protects the intellectual property developed by its employees in connection with their duties. However, in some cases, it may have a more limited ability to acquire intellectual property rights. Moreover, the intellectual property rights acquired by the Issuer provide no guarantees that they will be effective in deterring or preventing a third party from misappropriating intellectual property or providing a defense against the misappropriation of intellectual property. For details on other risks the Issuer faces related to technology and third parties, see the risk factor entitled "*Reliance on technology and third parties may affect the Issuer's ability to serve and retain its clients*" below in this Prospectus. Moreover, the goods and services developed by the Issuer are provided in a competitive market where third parties could hold intellectual property rights prior to those held by the Issuer. In such circumstances, there is no guarantee that the Issuer will successfully provide a defense against an infringement claim, that it will be able to modify its goods and services to avoid infringing upon third party rights, or that it will obtain a licence with commercially acceptable conditions, which could have an adverse impact on the Issuer's business and results of operations. Further details on the Issuer's goods and services and their related competitive conditions can be found under the section entitled "*Business Segment Analysis*" on pages 30 to 51 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. See also the risk factor sub-category entitled "*Risks relating to the external political, economic and competitive environments of the Issuer*" below in this Prospectus for more details on risks facing the Issuer in connection with its competitive market.

(e) The Issuer's ability to attract and retain key resources may affect the Issuer's future performance

The Issuer's future performance depends greatly on its ability to recruit, develop, and retain key resources. Details of the Issuer's directors and executive officers as at 30 November 2021 can be found on pages 16 to 17 of the Issuer's 2021 Annual Information Form which is incorporated by reference in this Prospectus. There is strong competition in the financial services sector in terms of attracting and retaining the most qualified people, notably with the arrival of new players in certain sectors and the emergence of the global workforce concept. As a result, reports are periodically presented to the Board through the governance mechanisms of the Human Resources Committee, the aim being to deploy appropriate strategies to implement conditions favourable to the Issuer's competitiveness as an employer. There is no assurance that the Issuer or a business acquired by the Issuer will be able to continue recruiting or retaining talented people, which could affect the Issuer's ability to implement its strategic goals and impact its competitive position, which in turn could have a negative impact on its business, financial condition and results of operations.

(f) Failure to obtain accurate and complete information from or on behalf of the Issuer's clients and counterparties could adversely affect the Issuer's results

In decisions related to authorising credit or other transactions with clients and third parties, the Issuer may use information provided by them, particularly their financial statements and other financial information. The Issuer may also refer to statements made by clients and third parties regarding the accuracy and completeness of such information and independent auditor's reports on their financial statements. In the event the financial statements are misleading or do not present fairly, in all material respects, their financial position or operating results, the Issuer's results could be adversely affected. For more details on the risks the Issuer faces related to third parties, see the risk factor entitled "*Reliance on technology and third parties may affect the Issuer's ability to serve and retain its clients*" below in this Prospectus.

(g) The accounting policies and methods the Issuer utilises determine how it reports its financial condition and financial performance, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain, such estimates and assumptions may require revision, and changes to them could have a significant impact on the Issuer's operating results and financial position.

The accounting policies and methods used by the Issuer determine how the Issuer reports its financial position and operating results and require management to make estimates or rely on assumptions about matters that are inherently uncertain. Any changes to these estimates and assumptions may have a significant impact on the Issuer's operating results and financial position.

Management exercises judgment in selecting and applying the Issuer's accounting policies and methods to ensure that, while compliant with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board, they reflect the Issuer's best judgment of the most appropriate manner in which to record and report the Issuer's financial condition and financial performance. Significant accounting policies applicable to the consolidated financial statements of the Issuer are described in Note 1 thereto on pages 138 to 156 of the Issuer's 2021 Annual Report which is incorporated by reference in this Prospectus.

As detailed under "*Critical Accounting Policies and Estimates*", on pages 108 to 113 of the Issuer's 2021 Annual Report, which is incorporated herein by reference, certain accounting policies have been identified as being "critical" to understanding the financial performance and the financial condition of the Issuer as they (i) require management to make certain judgments and estimates, some of which may relate to matters that are uncertain and (ii) changes in these judgments and estimates could have a material impact on the Issuer's financial results and financial condition. These significant accounting policies and estimates relate to the fair value determination of financial instruments, the impairment of financial assets, the impairment of non-financial assets, pension plans and other post-employment benefits, income taxes, provisions, consolidation of structured entities and classification of debt instruments. Any changes to these estimates and assumptions may have a significant impact on the Issuer's operating results and financial position.

For a more complete overview of the Issuer's management of and exposure to operational and strategic risks, see the sections entitled "*Operational Risk*" and "*Strategic Risk*" on pages 103 and 107, respectively, of the Issuer's 2021 Annual Report.

Risks relating to the external political, economic and competitive environments of the Issuer

(a) The Issuer's revenues and earnings are substantially dependant on the general economic and business conditions in regions where it operates

Although the Issuer operates primarily in Canada, it also has business operations in the United States and other countries. See the section entitled "*Economic Review and Outlook*" on page 26 of the Issuer's 2021 Annual Report, "*Business Segment Analysis*" on pages 30 to 51 of the Issuer's 2021 Annual Report and "*Economic Review and Outlook*", on page 8 of the 2022 Third Quarter Report, each of which is incorporated by reference in this Prospectus, for a description of the global, Canadian and Quebec economies relevant to the Issuer and a detailed analysis of the Issuer's principal business segments. The Issuer is exposed to financial risks outside Canada and the United States primarily through its interbank transactions on international financial markets or through international trade finance activities. This geographic exposure represents a moderate proportion of the Issuer's total risk.

The Issuer's revenues could therefore be affected by the economic and business conditions prevailing in the countries in which it operates, including as a result of the strength of the economy and inflation, the credit conditions of businesses, financial market and exchange rate fluctuations, monetary policy trends and interest rates. All of these factors affect the business and economic conditions in a given geographic region and, consequently, affect the Issuer's level of business activity and resulting earnings in that region. Although some risks may seem remotely related to the Issuer's business context, strong global economic and financial integration requires a vigilant approach.

The global economic environment has deteriorated over the past few months. The optimism that accompanied the reopening of the Chinese economy after strict lockdowns has given way to concerns of an imminent recession triggered by high inflation and ongoing uncertainty in the geopolitical landscape. Despite difficult times expected in several European economies in the months ahead, the Issuer still believes the global economy can sidestep a worst-case scenario, so long as inflation can slow relatively quickly given the recent declines in the cost of several raw materials. This should help tame activity by central banks, for whom inflation has become enemy number one.

The latest economic data has convinced the Bank of Canada to accelerate interest rate normalization. Inflationary pressures have worsened, and the central bank's business and consumer surveys have revealed that inflation expectations are trending upward, an undesirable trend that it fears will not diminish. After the 100 basis-point interest rate hike announced last July, the Bank of Canada believes it still has work to do, and that is making observers nervous about the upcoming economic cycle. As the Issuer was expecting, the Canadian economy has demonstrated greater resilience than other economies since Russia's invasion of Ukraine. Consumers still have excess savings, helping them to absorb the higher cost of living, and the labour market sits comfortably at full employment, translating into solid wage growth. Despite a recent decline in the price of certain raw materials, the natural resources sector remains a strong pillar of the Canadian economy, helping it to partially offset the sharp drop in real estate activity. As for governments, which are seeing spectacular upturns in public finances, budgetary support will prove greater than anticipated in 2022.

(b) The COVID-19 pandemic has impacted the global economy, the financial markets and the Issuer, and the ultimate impact of the pandemic will depend on future events that are highly uncertain and cannot be predicted.

On 11 March 2020, the World Health Organization (WHO) declared that the COVID-19 outbreak constituted a pandemic, requiring important protective measures be taken to prevent overcrowding of health services and to strengthen preventive hygiene. This global pandemic prompted many countries, including Canada, to implement lockdown and social distancing measures designed to prevent new outbreaks. In many countries, those measures included the closing of aerial, maritime, and land borders.

During the summer of 2020, some of the restrictions imposed at the start of the pandemic were eased, but subsequent waves of COVID-19 in autumn 2020 forced authorities in a number of countries, including Canada, to reintroduce lockdown measures, effectively shutting down parts of the economy again. During the winter of 2021, a vaccination campaign began in Canada and picked up steam in the spring, leading to a reopening in early summer 2021. The authorities in many countries, including Canada, actively worked to ensure that widespread vaccination coverage was achieved as quickly as possible. However, uncertainty remains regarding the long-term effectiveness of the vaccines, the acceptance thereof by the public, and the anticipated reduction of infection rates, especially given a rise in cases linked to COVID-19 variants, which appear to be more contagious. Certain measures by the public health authorities in Canada are expected to remain in place to continue limiting the spread of COVID-19 and its variants.

In Canada, banking services are considered essential services and were therefore maintained despite the lockdown and social distancing measures. Given the current economic and social conditions, the Issuer is committed to supporting its employees, clients, and communities.

At its onset, the COVID-19 pandemic had disruptive and adverse effects in the countries where the Issuer operates and, more broadly, on the global economy. Among other disruptions, COVID-19 sent stock markets into sharp decline and rendered them more volatile, disrupted global supply chains, triggered a rapid and sudden rise in unemployment, and prompted an economic slowdown. In spring 2020, governments, monetary authorities, and regulators intervened to support the economy and the financial system, notably by deploying fiscal and monetary measures designed to increase liquidity and support incomes. They also eased the capital and liquidity requirements imposed on financial institutions. While a global economic rebound was seen during fiscal 2021, if the COVID-19 pandemic persists, in particular through subsequent waves, its impacts on the global economy could worsen and the measures in place might not be enough over the long term to completely avoid recessive conditions. Aside from its impacts on the global economy and in the countries where the Issuer operates, the COVID-19 pandemic has had, and may continue to have, impacts on the Issuer, on the way in which it operates, and on its clients.

Since much of the Bank's business involves granting loans or providing liquidity to clients (which include individuals, businesses, and governments), the impacts of the COVID-19 pandemic on these clients, including on Borrowers of underlying Loans in the Covered Bond Portfolio, could have a significant adverse effect on the Bank's business, results of operations, financial position, and reputation by, for example, causing an increase in credit losses. Further details on the Loans and the Covered Bond Portfolio can be found in the section of the Prospectus entitled "*The Covered Bond Portfolio*".

Given the measures taken by the Issuer to support telework, which could continue for some time, and given increased client use of digital tools, the Issuer, its clients, and its service providers are also exposed to a greater risk of cyberthreats, cyberattacks, breaches, and fraudulent activities as well as to operational risks. The Issuer is closely monitoring its operations to detect any indications of increased phishing, fraud, privacy breaches, and cyberattacks, and it raises awareness about information security threats among its clients, employees, and service providers. The Issuer is unaware of how the societal landscape (including changes in consumer behaviour, in policies, and in regulations) will evolve or how it will have changed after the COVID-19 pandemic.

Given these circumstances, the COVID-19 pandemic has put into perspective and may continue to put into perspective many of the top and emerging risks to which the Issuer is exposed, i.e., credit risk, market risk, operational and strategic risk, legal and regulatory risk, risks relating to the external political, economic and competitive environments of the Issuer, and the risks associated with technological developments and cyber threats. These risks are described in more detail in this Risk Factors section.

The Issuer is continuing to closely monitor the potential impacts of the COVID-19 pandemic. It is not possible to predict the full impacts that the pandemic will have on the global economy, on the countries in which the Issuer operates, on the Issuer's clients, and on the Issuer itself, including its business activities, results of operations, financial position, regulatory capital and liquidity ratios, reputation, and ability to satisfy regulatory requirements. The actual impacts will depend on future events that are highly uncertain, including the extent, severity, and duration of the COVID-19 pandemic, and on the effectiveness of actions and measures taken by governments, monetary authorities, and regulators over the long term.

(c) The Issuer faces intense competition in all aspects of its business from established competitors and new entrants in the financial services industry

The level of competition in the Issuer's markets has an impact on its performance. Retaining clients hinges on several factors, including the prices of products and services, quality of service, and changes to the products and services offered. Enhanced competition from established competitors and new entrants may impact the Issuer's pricing of products and services and may cause it to lose revenue and/or market share. Increased competition requires the Issuer to make additional short and long-term investments to remain competitive and continue delivering differentiated value to its customers, which may increase expenses. In addition, the Issuer operates in environments where laws and regulations that apply to it may not universally apply to its current and emerging competitors, which could include the domestic institutions in jurisdictions outside of Canada or the U.S., or non-traditional providers (such as Fintech, big technology competitors) of financial products and services. The nature of disruption is such that it can be difficult to anticipate and/or respond to adequately or quickly, representing inherent risks to certain Issuer businesses, including payments. As such, this type of competition could also adversely impact the Issuer's earnings.

On one hand, the Issuer's financial performance depends on its ability to develop and market new and innovative products and services, adopt and develop new technologies that help differentiate its products and services and generate cost savings, and market these new products and services at the right time and at competitive prices. On the other hand, failure to properly review critical changes within the business before and during the implementation and deployment of key technological systems or failure to align client expectations with the Issuer's client commitments and operating capabilities could adversely affect the Issuer's business, operating results, financial position and reputation.

A description of the Issuer's principal business segments, including their related competitive conditions can be found under the section entitled "*Business Segment Analysis*" on pages 30 to 51 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. The Issuer's additional short and long-term investments to remain competitive may increase its expenses and any inability to retain clients could have an adverse effect on its earnings.

(d) The Issuer is exposed to international risks which may affect future results

Through the operations of some of its units (mainly its New York and London offices) and subsidiaries in Canada and abroad (in particular, Credigy Ltd., NBC Global Finance Limited and Advanced Bank of Asia Limited), the Issuer is exposed to risks arising from its presence in international markets and foreign jurisdictions. While these risks do not affect a significant proportion of the Issuer's portfolios, their impact must not be overlooked, especially those that are of a legal or regulatory nature. Such risk can be particularly high when the exposure is in a territory where the enforceability of agreements signed by the Issuer is uncertain, in countries and regions facing political or socio-economic disturbances, or in countries that may be subject to international sanctions. Generally speaking, there are many ways in which the Issuer may be exposed to the risks posed by other countries, not the least of which being foreign laws and regulations. In all such situations, it is important to consider what is referred to as "country risk". Country risk affects not only the activities that the Issuer carries out abroad, but also the business that it conducts with non-resident clients as well as the services it provides to clients doing business abroad, such as electronic funds transfers, international products and transactions made from Canada in foreign currencies.

To control country risk, the Issuer sets credit concentration limits by country and reviews and submits them to the board of directors of the Issuer for approval upon renewal of the Credit Risk Management Policy. These limits are based on a percentage of the Issuer's regulatory capital, in line with the level of risk represented by each country, particularly emerging countries. The risk is rated using a classification mechanism similar to the one used for credit default risk. In addition to the country limits, authorization caps and limits are established, as a percentage of capital, for the world's high-risk regions, i.e., essentially all regions except for North America, Western European countries and the developed countries of Asia. See also the risk factors under the sub-category entitled "*Legal and Regulatory Risk*" below for further details on risks to the Issuer related to legal and regulatory compliance matters.

In addition, as part of its activities, the Issuer must adhere to anti-money laundering and anti-terrorist financing (AML/ATF) regulatory requirements in effect in each jurisdiction where it conducts business. It must also comply with the requirements pertaining to current international sanctions in these various jurisdictions. Money laundering and terrorist financing is a financial, regulatory and reputation risk. In order to meet these regulatory requirements, the Issuer has implemented a programme to combat AML/ATF in addition to a programme on international sanctions.

Despite the Issuer's programmes, it is not possible for the Issuer to prevent exposure entirely which could affect its future results. See also the section entitled "*Reputation Risk*" on page 106 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus.

(e) Environmental, social and governance (ESG) approach and climate change

Environmental and social risk is the possibility that environmental and social matters would result in a financial loss for the Issuer or affect its business activities. This risk encompasses many topics, in particular pollution and waste; the use of energy, water, and other resources; climate change; biodiversity; human rights; inclusion and diversity; labour standards; community health; occupational health and safety; the rights of Indigenous Peoples and consultation thereof; as well as cultural heritage. The impact of environmental and social risk could also increase exposure to strategic, reputation, and regulatory compliance risks if the Issuer's response is deemed inadequate or non-compliant with commitments. The Issuer is directly exposed to such risk through its own activities and indirectly exposed through the activities of its clients.

Assessing and mitigating environmental and social risk are integral parts of the Issuer's risk management framework. Environmental and social issues are now central to the Issuer's decision-making process and are becoming increasingly strategic matters for the Issuer. Taking these risks into consideration could even be viewed as a considerable asset in certain financing or investment transactions, and doing so also contributes to promoting exemplary practices to the Issuer's stakeholders.

The Issuer has adopted environmental, social and governance (ESG) principles that show the importance it attaches to sustainable development and to balancing the interests of societal stakeholders. These ESG principles have already been incorporated into the organization's priorities. ESG indicators have also been added to various monitoring dashboards and are gradually being integrated into the risk appetite framework. Reports on these indicators and on the Issuer's ESG commitments are periodically presented to several Board committees. Notwithstanding the Issuer's efforts, there can be no assurance that an ESG-related issue will not occur which could lead to a loss in financial or operating value or harm the Issuer's reputation or have an impact on its stakeholders.

The Issuer has also implemented an environmental policy that applies to all activities and decisions made across the Issuer. This policy clearly sets out the principles used to identify and limit environmental risk and climate risk as well as the impacts therefrom on the community and on the Issuer's business segments. To proactively ensure the strategic positioning of its entire portfolio, the Issuer continues to express its commitment to support the transition towards a low-carbon economy while continuing to closely monitor related developments and implications.

Accordingly, the Issuer supports a wide range of sustainable development initiatives and further demonstrates its commitment by deploying many initiatives that incorporate environmental and social topics into its business and operational decisions. These efforts also entail a continuous and stronger adaptation, as well as additional mitigation measures, in the event of an interruption or disruption of its activities due to major crises such as natural disasters or health crises.

ESG factors continue to be integrated into the Issuer's processes as part of the implementation of its strategy and guiding principles approved by the Board. This integration is being conducted with due diligence, specifically in the area of the credit-granting process, starting with the corporate credit portfolio. For this clientele, the ESG risk analysis framework calls for the collection of information on carbon emissions and includes a climate risk classification (transition and physical risks) based on industry as well as scores assigned by ESG rating agencies. The Issuer defines physical risks as the potential impacts of increased and intensified extreme weather events that could lead to, among other things, food, energy and resource supply problems, and potentially depreciate the Issuer's physical and financial assets. The Issuer defines transition risks as the impacts arising from moving toward a low-emission economy, such as technological changes or public policy directions that could lead to revaluations of the Issuer's assets, resulting in new costs or new opportunities. The Issuer also includes market risk and reputational risk within transition risks. Several other criteria are also taken into consideration, in particular the management of waste, labour standards, corporate governance, product liability as well as human rights policies.

The Issuer also works with various industry partners to identify and implement sound management practices that promote a transition to a low-carbon economy. Aware that it has a mobilizing role to play, the Issuer supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Moreover, it has continued to demonstrate its commitment to mitigating climate risk by becoming a signatory to the Partnership for Carbon Accounting Financials (PCAF) as well as by joining the United Nations' Net-Zero Banking Alliance (NZBA) in addition to setting GHG emission reduction targets for its own business activities. The Issuer is working on a plan, for the upcoming year, to define the actions to be undertaken to meet the above-mentioned commitments; at present time, it is impossible to determine the related amounts. The Issuer is also committed to communicating, in full transparency, the information recommended by these groups as well as to periodically publishing its own performance reports.

Further details on the ESG and climate change risks the Issuer faces and its approach to management of those risks can be found on page 107 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. See also sections entitled "*Reputation Risk*" and "*Environmental and Social Risk*" on pages 106 and 107, respectively, of the Issuer's 2021 Annual Report.

Risks associated with technological developments and cyber threats

(a) Information system disruptions and security breaches may adversely affect the Issuer's operating results

Technology, which is now omnipresent in our daily lives, is at the heart of banking services and has become the main driver of innovation in the financial sector. While this digital transformation meets the growing needs of customers while enhancing the operational efficiency of institutions, it nevertheless comes with information security and cybersecurity risks. The personal information and financial data of financial institution customers are prime targets for criminals. These criminals, who are increasingly well organized and employing ever more sophisticated schemes, try to use technology to steal information.

Faced with a resurgence of cyber-threats and the sophistication of cybercriminals, the Issuer is exposed to the risks associated with data breaches, malicious software, unauthorized access, hacking, phishing, identity theft, intellectual property theft, asset theft, industrial espionage, and possible denial of service due to activities causing network failures and service interruptions.

Cyberattacks, as with system breaches or interruptions that support the Issuer and its customers, could cause client attrition; financial loss; inability of clients to do their banking; non-compliance with privacy legislation or any other laws in effect; legal disputes; fines; penalties or regulatory action; reputational damage; compliance costs, corrective measures, investigative, or restoration costs; and cost hikes to maintain and upgrade technological infrastructures and systems, all of which could affect the Issuer's operating results or financial position, in addition to having an impact on its reputation.

It is also possible for the Issuer to be unable to prevent or implement effective preventive measures against every potential cyber-threat, as the tactics used are multiplying, change frequently, come from a wide range of sources and are increasingly sophisticated.

Within this context, the Issuer works to ensure the integrity and protection of its systems and the information they contain. The Issuer reaffirms its commitment to continuous improvement in the area of information security, the ultimate goal being to protect its customers and maintain their trust. Along with its partners in the financial sector and with the regulatory authorities, the Issuer is committed to making a sustained effort to mitigate technology risks. Measures specifically directed at anticipating this type of threat include the formation of multidisciplinary teams comprising cybersecurity and fraud prevention specialists. The Issuer is also pursuing initiatives under its own cybersecurity program aimed at adapting its protection, surveillance, detection and response capabilities in response to changing threats, the aim being to continue to reduce delays in detecting any anomalies or cybersecurity incidents and limiting the impact thereof as much as possible. A governance and accountability structure has also been established to support decision-making based on sound risk management, which includes a subcommittee that is regularly informed of cybersecurity trends and developments and of lessons learned from operational incidents that have occurred in other large organizations in order to gain a better understanding of potential risks, particularly risks related to cybersecurity and the protection of personal information.

The risks related to protecting personal information exist throughout the lifecycle of the data and arise, in particular, from inadequate control measures and weak processes. Such risks can translate into financial risk, reputation risk, technology risk, and even legal risk, among others. Innovations and proliferation in technologies that collect, use, and share personal information have led to substantial legislative changes in recent years.

These changes have come about swiftly in several jurisdictions, including Canada and Quebec. In September 2021, the Quebec government passed An Act to modernize legislative provisions as regards the protection of personal information, which will gradually come into effect over the next three years. The tabling of a new federal bill is expected soon. The Bank continues to monitor relevant legislative developments and has bolstered its governance structure by updating its policies and deploying a personal information privacy program that reflects its determination to maintain the trust of its clients.

Despite the Issuer's commitment to continuous improvement in the area of information security and to making a sustained effort to mitigate technology risks, there can be no assurance that the Issuer will be successful in all respects and it remains exposed to failures or disruptions which may adversely affect its operating results.

(b) Reliance on technology and third-party providers may affect the Issuer's ability to serve and retain its clients

The Issuer is reliant on technology, as clients are seeking greater access to products and services on a variety of platforms that must support substantial data volumes. The fast pace of technological change combined with both client and competitive pressures require significant and sustained technology investments. Inadequate implementation of technological improvements or new products or services could significantly affect the Issuer's ability to serve and retain clients.

Third parties provide essential components of the Issuer's technological infrastructure such as Internet connections and access to network and other communications services. The Issuer also relies on the services of third parties to support certain business processes and to handle certain IT activities. An interruption of these services or a breach of security could have an unfavourable impact on the Issuer's ability to provide products and services to its customers and to conduct business, not to mention the impact that such events would have on the Issuer's reputation. To mitigate this risk, the Issuer has a third-party risk management framework wherein information security, financial health, and performance are validated before any agreements are reached and throughout the life of the agreements. It also includes business continuity plans, which are tested periodically to ensure their effectiveness in times of crisis. A governance and accountability structure has also been established to support decision-making based on sound risk management.

Aware of the significance of third-party risk, the Issuer makes sure that its practices evolve in collaboration with its financial sector partners and with regulatory authorities. Despite these preventive measures and the efforts deployed by the Issuer's teams to manage third parties, there remains a possibility that certain risks will materialize. In such cases, the Issuer would then rely on mitigation mechanisms developed in collaboration with the various agreement owners and third parties concerned. If, despite its mitigation efforts, certain risks do materialize, it could adversely affect the Issuer's ability to serve and retain its clients, which in turn could have an adverse effect on its results.

(c) The failure to properly implement technological innovation may adversely affect the Issuer's operating results or financial position

On one hand, the Issuer's financial performance depends on its ability to develop and market new and innovative products and services, adopt and develop new technologies that help differentiate its products and services and generate cost savings, and market these new products and services at the right time and at competitive prices. Further details on the Issuer's products and services can be found under the section entitled "*Business Segment Analysis*" on pages 30 to 51 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. On the other hand, failure to properly review critical changes within the business before and during the implementation and deployment of key technological systems or failure to align client expectations with the Issuer's client commitments and operating capabilities could adversely affect the Issuer's business, operating results, financial position and reputation.

The transition towards new digital channels and solutions has accelerated greatly following the COVID-19 pandemic, where demand for digital banking services grew to the detriment of traditional banking services. The arrival of new, non-conventional players in the market has intensified competitive pressure, as they offer new technologies that enhance the client experience due to the development of new data analysis tools and customized solutions while meeting user expectations for simplicity, and doing so at a lower cost. These new digital businesses, which are not necessarily subject to the same regulatory requirements, have the ability to react quickly to new consumer trends through the deployment of new technologies. As such, to mitigate disintermediation risk and help make innovative technologies accessible to its clients, the Issuer continues to incorporate artificial intelligence into its business processes and it remains highly committed to innovation by making strategic investments in emerging technologies through its specialized venture capital arm NAventures. However, the nature of disruption is such that it can be difficult to anticipate and/or respond to adequately or quickly, representing inherent risks to certain Issuer businesses, including payments. As such, this type of competition could also adversely impact the Issuer's earnings.

Legal and Regulatory Risk

(a) The Issuer's results could be affected by legislative and regulatory developments in the jurisdictions where the Issuer conducts business.

The Issuer operates in a highly regulated industry. Regulatory compliance risk is present in all of the daily operations of each Issuer segment. A situation of regulatory non-compliance can adversely affect the Issuer's reputation and result in penalties and sanctions or increased oversight by regulators. Changes in regulatory and legal frameworks are a significant potential risk factor for the Issuer. Various laws, regulations and other guidelines have been introduced by governments and regulatory bodies to protect the interests of the general public as well as the Issuer's clients, employees and shareholders.

Like all Canadian financial institutions, the Issuer is facing regulatory changes that are being implemented at an increasing rate. As part of a coordinated effort by Government of Canada agencies, Office of the Superintendent of Financial Institutions (Canada) ("**OSFI**") and other regulatory authorities governing the Issuer's activities have taken a number of actions to reinforce the resilience of Canadian banks and improve the stability of the Canadian financial system and economy in response to challenges posed by COVID-19 and current market conditions. Regulatory authorities are also stepping up their oversight activities and focusing on the effects of the pandemic on the activities, capital strength, and liquidity of regulated entities.

Several regulatory changes came into effect in 2021, such as the *Code of Conduct for the Delivery of Banking Services to Seniors*. On June 30, 2022, the amendments set forth in the *Budget Implementation Act, 2018, No. 2* (Canada) ("**Bill C-86**") and the *Financial Consumer Protection Framework Regulations* also came into effect. Bill C-86 established a new federal financial consumer protection framework and created new consumer protection obligations on banks under the *Bank Act* (Canada). The purpose of these regulatory changes is to ensure that consumers are protected by way of enhanced disclosures, assessments of the appropriateness of products and services, employee training, and procedures related to the processing of complaints.

Given changing technologies and societal behaviours, privacy and the protection of personal information is a topical issue in Canada. Recent regulatory measures (such as the *General Data Protection Regulation* (GDPR) in Europe in 2018 and the *California Consumer Privacy Act* in the United States in 2020) reflect a desire to implement a stronger legislative framework in the areas of confidentiality and use of personal information. In Quebec, in September 2021, the government adopted Bill 64, *An Act to Modernize Legislative Provisions as Regards the Protection of Personal Information* ("**Bill 64**"), which has introduced substantial changes when it comes to the protection of personal information. Essentially, Bill 64 promotes transparency, raises the level of confidentiality of data, and provides a framework for the collection, use, and sharing of personal information. A new federal bill that will modernize the protection of personal information is expected soon. On 30 April 2022, separate coverage for registered education savings plans and registered disability savings plans took effect as part of changes to the *Canada Deposit Insurance Corporation Act*. New requirements were established for the coverage of deposits in trust, particularly nominee-brokered deposits and those of professional trustees.

Changes to these and other laws, regulations and other guidelines, including changes in their interpretation and application, could have a significant impact on the Issuer's results. In particular, such changes could limit its product and service offering or enhance its competitors' ability to rival the Issuer's offering with their own. Also, in spite of the precautions the Issuer takes to prevent such an eventuality, failure to comply with laws, regulations and other guidelines could give rise to penalties and fines likely to have an adverse impact on its financial results and reputation. Further details on the regulatory environment relevant to the Issuer's business and operations can be found in the section entitled "*Basel Accord and Regulatory Environment*" on pages 60 to 63 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. Additional information regarding the Issuer's exposure to risks related to legislative and regulatory developments can be found in the section entitled "*Regulatory Compliance Risk*" on pages 104 to 106 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus.

(b) Legal proceedings and judicial or regulatory orders, decisions or judgments against the Issuer may adversely affect the Issuer's results

The Issuer takes reasonable measures to comply with the laws and regulations in effect in the jurisdictions where it operates. Should these measures prove ineffective, the Issuer could be subject to judicial or regulatory decisions resulting in fines, damages, or other costs or to restrictions likely to adversely affect its operating results or its reputation. The Issuer may also be subject to litigation in the normal course of business. A description of the recent developments in the main legal proceedings involving the Issuer can be found in Note 26 to the Issuer's 2021 audited consolidated financial statements on pages 214 to 216 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. It is impossible to determine the outcome of the claims instituted or which may be instituted against the Issuer and its subsidiaries. The Issuer estimates, based on the information at its disposal, that while the amount of contingent liabilities pertaining to these claims, taken individually or in the aggregate, could have a material impact on the Issuer's consolidated results of operations for a particular period, it would not have a material adverse impact on the Issuer's consolidated financial position. Nevertheless, although the Issuer establishes provisions for the measures it is subject to under accounting requirements, actual losses resulting from such litigation could differ significantly from the recognized amounts, and unfavourable outcomes in such cases could have a significant adverse effect on the Issuer's operating results. The resulting reputational damage could also affect the Issuer's future business prospects. See also the section entitled "*Reputation Risk*" on page 106 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus.

2. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING RISKS RELATING TO THE GUARANTOR

The Guarantor has finite resources available to meet its obligations under the Covered Bond Guarantee

The Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on: (i) the realisable value of the assets of the Guarantor, including the Covered Bond Portfolio; (ii) the amount of Available Revenue Receipts and Available Principal Receipts generated by the Covered Bond Portfolio and the timing thereof; (iii) amounts received from the Swap Providers and the timing thereof; (iv) the realisable value of Substitute Assets held by it; and (v) the receipt by it of funds held for and on behalf of the Guarantor by its service providers and of credit balances and interest on credit balances from the Guarantor Accounts. The Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Guarantor Event of Default, discussed further in Condition 7.02 "Guarantor Events of Default" on page 124 of this Prospectus occurs and the Security created by or pursuant to the Security Agreement is enforced, the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the holders of the Covered Bonds.

If, following enforcement of the Security constituted by or pursuant to the Security Agreement, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, it is expected that they will have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall in whole or in part.

Holders of the Covered Bonds should note that the Asset Coverage Test has been structured to ensure that the Adjusted Aggregate Asset Amount is at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there ever being a shortfall (although there is no assurance of this result and the sale of New Loans and their Related Security by the Seller to the Guarantor, advances under the Intercompany Loan or additional Capital Contributions by the Limited Partner may be required to avoid or remedy a breach of the Asset Coverage Test). The Guarantor must ensure that following the occurrence and during the continuance of an Issuer Event of Default, the Amortization Test is met on each Calculation Date. A breach of the Amortization Test will constitute a Guarantor Event of Default and will entitle the Bond Trustee to serve a Guarantor Acceleration Notice on the Guarantor (see *"Summary of the*

Principal Documents—Guarantor Agreement—Asset Coverage Test" and "Credit Structure—Asset Coverage Test"). The Bank shall use all reasonable efforts to ensure that the Guarantor is in compliance with the Asset Coverage Test. This may include making advances under the Intercompany Loan, selling New Loans and their Related Security to the Guarantor or making a Capital Contribution on or before the next Calculation Date following delivery of an Asset Coverage Test Breach Notice in amounts sufficient to avoid such shortfall on future Calculation Dates.

Risks Resulting from the Guarantor's Reliance on Third Parties

The Guarantor has entered into agreements with a number of third parties pursuant to which such third parties have agreed to perform services for the Guarantor. In particular, but without limitation, the Servicer has been appointed to service Loans in the Covered Bond Portfolio sold to the Guarantor, the Cash Manager has been appointed to calculate and monitor compliance with the Asset Coverage Test and the Amortization Test, to conduct the Valuation Calculation and the OC Valuation, and to provide cash management services to the Guarantor and the GIC Account and Transaction Account (to the extent maintained) will be held with the Account Bank. Several of these roles, including, but not limited to, the roles of Servicer, Cash Manager and Account Bank, are initially performed by the Issuer. The Issuer may, and in some circumstances will be required to, be terminated as a service provider if its ratings by the Rating Agencies have been downgraded below a specified rating or there is an uncured breach of the relevant agreement. There can be no assurance that a suitable replacement will be found that is willing to and able to provide such services. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Covered Bond Portfolio or any part thereof or pending such realisation (if the Covered Bond Portfolio or any part thereof cannot be sold) the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed to administer adequately the Loans, this may lead to higher incidences of non-payment or default by Borrowers. See "*Default by Borrowers in paying amounts due on their Loans*".

Following the Interest Rate Swap Effective Date and a Covered Bond Swap Effective Date, the Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Intercompany Loan Agreement and the Covered Bond Guarantee, as described below. Following a Covered Bond Guarantee Activation Event, the Guarantor is also reliant on the ability of the Standby GIC Provider (or any successor Standby GIC Provider) to repay funds deposited with it into the Standby GIC Account in order for the Guarantor to pay amounts due under the Covered Bonds. In particular, in this circumstance, if a Notice to Pay has been served on the Guarantor, Available Revenue Receipts and Available Principal Receipts not required to pay certain higher ranking obligations of the Guarantor in accordance with the Guarantee Priority of Payments will be deposited in the Standby GIC Account and holders of Covered Bonds will be dependent on the credit of the Standby GIC Provider for the availability of these amounts.

If a Servicer Event of Default occurs pursuant to the terms of the Servicing Agreement, then the Guarantor and/or the Bond Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience in administering mortgages of residential properties in Canada would be found who would be willing and able to service the Loans and their Related Security and enter into a servicing agreement with the Guarantor. If found, a substitute servicer may not have ratings from the Rating Agencies on its unsecured, unguaranteed and unsubordinated debt obligations (or issuer default ratings, as applicable) above the level specified in the Servicing Agreement or may not be rated at all and the Rating Agency Condition may not be satisfied for such substitute servicer. A substitute servicer may charge higher servicing fees that it agrees to with the Guarantor, which servicing fees will be entitled to priority over payments to holders of the Covered Bonds.

If the Seller, as initial Servicer, becomes subject to insolvency proceedings, it could give rise to a stay of proceedings that would delay and may otherwise impair the Guarantor's or the Bond Trustee's exercise of rights and remedies in respect of the removal of the Seller as the initial Servicer.

The ability of a substitute servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the realizable value of the Covered Bond Portfolio or any part thereof, and/or the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee.

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion. Holders of the Covered Bonds will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

The Bond Trustee is not obligated to act as a servicer or to monitor the performance by the Servicer of its obligations in any circumstances.

Risks Resulting from the Guarantor's Reliance on Swap Providers

To provide a hedge against possible variances in the rates of interest payable on the Portfolio Assets (which may, for instance, include variable rates of interest or fixed rates of interest) following the Interest Rate Swap Effective Date, and the amount (if any) payable under the Intercompany Loan and, following the Covered Bond Swap Effective Date, the Covered Bond Swap Agreement, the Guarantor has entered into the Interest Rate Swap Agreement with the Interest Rate Swap Provider. See "*Summary of the Principal Documents – Interest Rate Swap Agreement*" on page 215 of this Prospectus. In addition, to provide a hedge against currency and/or other risks arising, following the Covered Bond Swap Effective Date, in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable in respect of its obligations under the Covered Bond Guarantee, the Guarantor has entered into the Covered Bond Swap Agreement with the Covered Bond Swap Provider. The Issuer serves initially as swap counterparty to the Swap Agreements. The Issuer may, and in certain circumstances will be required to, be replaced by a third party under the Swap Agreements if its ratings by the Rating Agencies have been downgraded below a specified rating, upon an event of default under the relevant Swap Agreement or upon an Issuer Event of Default. See "*Summary of the Principal Documents – Covered Bond Rate Swap Agreement*" on page 217 of this Prospectus.

If the Guarantor fails to make timely payments of amounts due under any Swap Agreement (except where such failure is caused by the assets available to the Guarantor being insufficient to make the required payment in full), then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated. Further, a Swap Provider is only obliged to make payments to the Guarantor as long as and to the extent that the Guarantor complies with its payment and delivery obligations. The Guarantor will not be in breach of its payment obligations where the Guarantor fails to pay a required payment in full, provided such non-payment is caused by the assets of the Guarantor being insufficient to make such payment in full under the relevant Swap Agreement. If a Swap Agreement terminates or the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts (including in the relevant currency, if applicable) to the Guarantor on the payment date under the relevant Swap Agreement, the Guarantor will be exposed to changes in the relevant currency exchange rates to Canadian dollars and to any changes in the relevant rates of interest. Unless a replacement Swap Agreement is entered into, the Guarantor may have insufficient funds to meet its obligations under the Covered Bond Guarantee.

If a Swap Agreement terminates, the Guarantor may be obliged to make a termination payment in an amount related to the mark to market value of such Swap Agreement to the relevant Swap Provider. There can be no assurance that the Guarantor will have sufficient funds available to make such termination payment under the relevant Swap Agreement, nor can there be any assurance that the Guarantor will be able to find a replacement swap counterparty which (i) agrees to enter into a replacement swap agreement on substantially the same terms as the terminated swap agreement, and (ii) has sufficiently high ratings to prevent a downgrade of the then current ratings of the Covered Bonds by any one of the Rating Agencies.

If the Guarantor is not Independently Controlled and Governed and is obliged to pay a termination payment under any Swap Agreement, such termination payment will rank *pari passu* with amounts due on the Covered Bonds, except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate, in which case, such termination payment is subordinated to the interest amounts due on the Covered Bonds. If the Guarantor is Independently Controlled and Governed, it has the discretion to afford the Interest Rate Swap Provider priority over payments due on the Covered Bonds in respect of amounts due and payable under the Interest Rate Swap Agreement, other than termination payments payable to the Interest Rate Swap Provider where the Interest Rate Swap Provider has caused the termination, in which case such termination payment is subordinated to the interest amounts due on the Covered Bonds. The obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee. Additionally, the failure of the Guarantor to receive a termination payment from the relevant Swap Provider may adversely affect the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee.

Risks Resulting from the differences in timings of obligations of the Guarantor and the Covered Bond Swap Provider under the Covered Bond Swap Agreement

With respect to the Covered Bond Swap Agreement, cashflows will be exchanged under the Covered Bond Swap Agreement following the Covered Bond Swap Effective Date. See "Glossary" for details on how the Covered Bond Swap Effective Date is determined. Following the Covered Bond Swap Effective Date, the Guarantor will make payments to the Covered Bond Swap Provider on each Guarantor Payment Date from the amounts received by the Guarantor under the Interest Rate Swap Agreement. The Covered Bond Swap Provider may not be obliged to make payments to the Guarantor under the Covered Bond Swap Agreement until amounts are Due for Payment on the Covered Bonds, which may be up to 12 months after payments have been made by the Guarantor to the Covered Bond Swap Provider under the Covered Bond Swap Agreement. If the Covered Bond Swap Provider does not meet its payment obligations to the Guarantor under the Covered Bond Swap Agreement and the Covered Bond Swap Provider does not make a termination payment that has become due from it to the Guarantor, the Guarantor may have a larger shortfall in funds with which to meet its obligations under the Covered Bond Guarantee than if the Covered Bond Swap Provider's payment obligations coincided with Guarantor's payment obligations under the Covered Bond Guarantee. As a result, the difference in timing between the obligations of the Guarantor under the Covered Bond Swap Agreement and the obligations of the Covered Bond Swap Provider under the Covered Bond Swap Agreement could adversely affect the Guarantor's ability to meet its obligations under the Covered Bond Guarantee.

Withholding on payments under the Covered Bond Guarantee

Subject to the qualifications and assumptions stated in "*Taxation – Canada*", interest paid or credited or deemed to be paid or credited on a Covered Bond by the Guarantor pursuant to the Covered Bond Guarantee will be exempt from Canadian withholding tax to the extent interest paid or credited by the Issuer on such Covered Bond would have been exempt (see "*Taxation—Canada*"). If such payments by the Guarantor pursuant to the Covered Bond Guarantee are not exempt, such payments will be made subject to any applicable withholding or deduction and the Guarantor will have no obligation to gross up in respect of any withholding or deduction which may be required in respect of any such payment, which would adversely affect the amount of payment on the Covered Bonds to be received by the applicable Covered Bondholders at the time of such payment.

3. FACTORS WHICH ARE MATERIAL FOR THE PURPOSES OF ASSESSING THE RISKS RELATING TO THE COVERED BOND PORTFOLIO

Risks related to the constitution and maintenance of the Covered Bond Portfolio changes from time to time

a) Changes to the constitution of the Covered Bond Portfolio

The Initial Covered Bond Portfolio consisted solely of Loans originated by the Seller and the Originators (which are subsidiaries of the Seller). It is expected that the constitution of the Covered Bond Portfolio will frequently change due to, for instance, repayments of Loans by Borrowers from time to time and the need to replace such Loans with New Loans in the Covered Bond Portfolio, or the Covered Bond Portfolio being increased to, among other things, permit the issuance of additional Covered Bonds and ensure that the Asset Coverage Test is met.

There is no assurance that the characteristics of New Loans assigned to the Guarantor in the future will be the same as those in the Initial Covered Bond Portfolio described above, which may result in a material change in the composition of the Covered Bond Portfolio held by the Guarantor in support of the Covered Bonds. The New Loans may perform in a materially different manner from the existing Loans in the Covered Bond Portfolio as it existed at the time that an investor first acquired Covered Bonds. However, each Loan will be required to meet the Eligibility Criteria and the Loan Representations and Warranties set out in the Mortgage Sale Agreement although the Eligibility Criteria and the Loan Representations and Warranties may change in certain circumstances as described herein, which may also result in a material change in the New Loans in the Covered Bond Portfolio and represent a material risk to the investors if such New Loans perform in a materially different manner from the existing Loans in the Covered Bond Portfolio. See "*Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Portfolio Assets*". In addition, the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Asset Amount is an amount equal to or in excess of the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the

Covered Bonds for so long as Covered Bonds remain outstanding. The Cash Manager will prepare Investor Reports that will set out certain information in relation to, among other things, the Covered Bond Portfolio, the Asset Coverage Test, the Valuation Calculation and the OC Valuation, and the Issuer will make such Investor Reports available to Covered Bondholders (See "*General Information*").

b) Risks related to maintenance of the Covered Bond Portfolio

The Asset Coverage Test and the Amortization Test are intended to ensure that the assets and cashflows of the Guarantor, including the Portfolio Assets and cashflows in respect thereof, will be adequate to enable the Guarantor to meet its obligations under the Covered Bond Guarantee following the occurrence of a Covered Bond Guarantee Activation Event. See "*Summary of the Principal Documents – Asset Coverage Test*" and "*- Amortization Test*" on pages 230 to 231 of this Prospectus for further details on these two tests. Accordingly, it is expected (but there is no assurance) that the Covered Bond Portfolio could be realized for sufficient values, together with the other assets of the Guarantor, to enable the Guarantor to meet its obligations under the Covered Bond Guarantee.

1) Risks to credit rating of the Covered Bonds due to insufficient credit enhancement

The Bank shall use all reasonable efforts to ensure that the Guarantor is in compliance with the Asset Coverage Test. This may include making advances under the Intercompany Loan, selling New Loans and their Related Security to the Guarantor or making a Capital Contribution in cash or in kind in amounts sufficient to avoid such shortfall on future Calculation Dates.

If a breach of the Asset Coverage Test occurs which is not cured as at the next Calculation Date, an Asset Coverage Test Breach Notice will be served on the Guarantor. An Asset Coverage Test Breach Notice that is not revoked on or before the Guarantor Payment Date immediately following the next Calculation Date after service of the Asset Coverage Test Breach Notice will result in an Issuer Event of Default. There is no specific recourse by the Guarantor to the Bank in respect of any failure of the Bank to make a Capital Contribution on or before the Guarantor Payment Date immediately following the next Calculation Date after service of an Asset Coverage Test Breach Notice, in sufficient amounts, rates or margins, as applicable.

The Asset Percentage is a component of the Asset Coverage Test which establishes the credit enhancement required for the then outstanding Covered Bonds in accordance with the terms of the Guarantor Agreement and in accordance with Rating Agency methodologies. Pursuant to the terms of the Asset Coverage Test, there is a limit to the degree to which the Asset Percentage may be decreased without the consent of the Issuer and as a result, there is a corresponding limit on the amount of credit enhancement required to be maintained to meet the Asset Coverage Test.

If the methodologies used to determine the Asset Percentage conclude that additional credit enhancement is required beyond the maximum provided for (by requiring a reduction in the Asset Percentage below the minimum Asset Percentage), and the Issuer does not agree to provide credit enhancement beyond the maximum provided for (by agreeing to a reduction in the Asset Percentage below the minimum Asset Percentage), any Rating Agency may reduce, remove, suspend or place on credit watch, its rating of the Covered Bonds and the assets of the Guarantor may be seen to be insufficient to ensure that, in the scenarios employed in the cashflow models, the assets and cashflows of the Guarantor will be adequate to enable it to meet its obligations under the Covered Bond Guarantee following a Covered Bond Guarantee Activation Event, notwithstanding that the Asset Coverage Test continues to be met.

2) Risks related to variance between market value of the Covered Bond Portfolio and market value of the obligations guaranteed under the Covered Bond Guarantee

The Guarantor is required to perform the Valuation Calculation to monitor exposure to interest rate and currency exchange rates by measuring the present value of the Covered Bond Portfolio relative to the market value of the obligations guaranteed under the Covered Bond Guarantee. As a result, the market value of the Covered Bond Portfolio may not be sufficient if sold to satisfy the obligations guaranteed under the Covered Bond Guarantee. However, there is no obligation on the part of the Bank or the Guarantor to take any action in respect of the Valuation Calculation to the extent it shows the market value of the Covered Bond Portfolio is less than the market value of the obligations guaranteed under the Covered Bond Guarantee. The Valuation Calculation does not take into account the Covered

Bond Swap Agreement, which is intended to provide a hedge against currency risks, interest rate risks and timing risk in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable in respect of its obligations under the Covered Bond Guarantee, except to the extent of any cash or securities transferred to the Guarantor by the Covered Bond Swap Provider as credit support for the obligations of the Covered Bond Swap Provider under the terms of the Covered Bond Swap Agreement. Such protection afforded by the Covered Bond Swap Agreement would only be applicable if the Covered Bond Swap Agreement is fully effective at the relevant time and the Covered Bond Swap Provider satisfies its obligations. If not, the mismatch identified by the Valuation Calculation may have an adverse effect on the investors in the Covered Bonds if the Covered Bond Portfolio is disposed of at that time.

3) Risks related to a failure to meet the Amortization Test

Pursuant to the Guarantor Agreement, following the occurrence and during the continuance of an Issuer Event of Default (but prior to service of a Guarantor Acceleration Notice) and, for so long as Covered Bonds remain outstanding, the Guarantor must ensure that, as at each Calculation Date following the occurrence and during the continuance of an Issuer Event of Default, the Guarantor is in compliance with the Amortization Test. The Amortization Test is met if the Amortization Test Aggregate Asset Amount is in an amount at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds. The Amortization Test is intended to ensure that the assets of the Guarantor do not fall below a certain threshold to ensure that the assets of the Guarantor are sufficient to meet its obligations under the Covered Bond Guarantee.

If the collateral value of the Covered Bond Portfolio has not been maintained in accordance with the terms of the Asset Coverage Test and/or the Amortization Test, that may affect the realizable value of the Covered Bond Portfolio or any part thereof (both before and after the occurrence of a Guarantor Event of Default) and/or the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee. Failure to satisfy the Amortization Test as at any Calculation Date following an Issuer Event of Default will constitute a Guarantor Event of Default, thereby entitling the Bond Trustee to accelerate the Covered Bonds against the Issuer (if the Covered Bonds have not already been accelerated) and the Guarantor's obligations under the Covered Bond Guarantee against the Guarantor subject to and in accordance with the Conditions.

Prior to the occurrence of an Issuer Event of Default, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, test the calculations performed by the Cash Manager in respect of the Asset Coverage Test, the Valuation Calculation and the OC Valuation once each year and more frequently in certain circumstances as required by the terms of the Asset Monitor Agreement. Following the occurrence of an Issuer Event of Default, the Asset Monitor will be required to test the calculations performed by the Cash Manager in respect of the Amortization Test. See further "*Summary of the Principal Documents—Asset Monitor Agreement*".

The Bond Trustee will not be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test, the Amortization Test, the Valuation Calculation, the OC Valuation or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

The Properties subject to the Related Security for Loans in the Covered Bond Portfolio do not undergo periodic valuations and prior to 1 July 2014 were not required to be indexed to account for subsequent market developments. Valuations are obtained when a Loan is originated, but generally not subsequent to origination. As a result, the realizable value on the Covered Bond Portfolio as of any date prior to 1 July 2014 could have been negatively affected by a significant decline in the values of properties across regions in which such Properties are located without such decline requiring the Bank to make capital contributions or otherwise resulting in a breach of the Asset Coverage Test prior to indexation being implemented as part of the Asset Coverage Test.

For reporting as of a date on or after 1 July 2014, the Guarantor employs an indexation methodology that meets the requirements provided for in the CMHC Guide to determine indexed valuations for Properties relating to the Loans in the Covered Bond Portfolio (which methodology may be updated from time to time and will, at any time, be disclosed in the then-current Investor Report, the "**Indexation Methodology**") for purposes of the Asset Coverage Test, the Amortization Test, the Valuation Calculation, the OC Valuation and for other purposes as may be required by the CMHC Guide from time to time. Further information about the Indexation Methodology can be found at any time in the then-current Investor Report. Changes to the Indexation Methodology may only be made (i) upon notice to CMHC and satisfaction of any other conditions specified by CMHC in relation thereto, (ii) if such change constitutes a material change, subject to satisfaction of the Rating Agency Condition, and (iii) if such change is materially prejudicial to the Covered Bondholders, subject to the consent of the Bond Trustee. The Indexation Methodology must at all times comply with the requirements of the CMHC Guide.

Neither the Issuer nor the Guarantor can give any assurance as to the accuracy or completeness of any data obtained from a third-party index for use in the Indexation Methodology and it is not expected that a sponsor of a third-party index will represent as to the accuracy or completeness of such data or accept any liability therefor.

4) Renewal risk related to Loans in the Covered Bond Portfolio with Short Maturities

Canadian mortgage loans generally provide for the renewal of the loans periodically (e.g., every five years), but the amortization period of the loans is generally much longer (e.g., 25 years). The borrower faces a change, perhaps a substantial change, in the applicable interest rate on the loan at the time of renewal and the prospect of seeking a replacement loan from another lender if the current lender does not renew the loan. In an adverse economic environment, obtaining a replacement loan may be difficult. Accordingly, if prevailing interest rates have risen significantly, an existing lender may need to renew the loan at below market rates in order to avoid a default on a loan up for renewal.

If the Guarantor is required to liquidate a large number of Loans that have interest rates significantly below prevailing interest rates, the Guarantor may not realize sufficient proceeds to pay the Covered Bonds in full.

5) Risks arising from the trigger of the Guarantor's obligation to sell randomly selected Loans following the breach of the Pre-Maturity Test, Asset Coverage Test Breach Notice or Notice to Pay

If, prior to maturity of Hard Bullet Covered Bonds, the Pre-Maturity Test is breached, the Guarantor may offer to sell Randomly Selected Loans to seek to generate sufficient cash to enable the Guarantor to pay the Final Redemption Amount on any Hard Bullet Covered Bonds should the Issuer fail to pay the Final Redemption Amount on the Final Maturity Date: see "*Summary of the Principal Documents—Guarantor Agreement—Sales of Randomly Selected Loans following a breach of the Pre-Maturity Test*".

If an Asset Coverage Test Breach Notice or a Notice to Pay is served on the Guarantor (and, in the case of an Asset Coverage Test Breach Notice, for as long as such notice has not been revoked), the Guarantor may be obliged to sell Randomly Selected Loans in order to remedy a breach of the Asset Coverage Test or to make payments to the Guarantor's creditors, including payments under the Covered Bond Guarantee, as appropriate: see "*Summary of the Principal Documents—Guarantor Agreement—Sale of Randomly Selected Loans at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor*".

There is no guarantee that a buyer will be found to acquire such Portfolio Assets at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may affect payments under the Covered Bond Guarantee. However, prior to the service of a Guarantor Acceleration Notice, the Portfolio Assets may not be sold by the Guarantor for less than an amount equal to the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds until six months prior to: (i) the Final Maturity Date in respect of such Covered Bonds; or (ii) (if the same is specified as applicable in the applicable Final Terms) the Extended Due for Payment Date under the Covered Bond Guarantee in respect of such Covered Bonds. In the six months prior to, as applicable, the Final Maturity Date or Extended Due for Payment Date, the Guarantor is obliged to sell Portfolio Assets for the best price reasonably available notwithstanding that such price may be less than the Adjusted Required Redemption Amount. The Seller that assigned the relevant Portfolio Assets to the Guarantor will have a right of pre-emption to purchase such Portfolio Assets in the event the Guarantor wishes to or is required to sell such Portfolio Assets (see "*Summary of the Principal Documents—Mortgage Sale Agreement—Right of pre-emption*"). The Guarantor may also use Portfolio Assets to repay the Demand Loan and will, following a Covered Bond Guarantee Activation Event, receive credit for such repayment equal to the True Balance on such Portfolio Assets or in certain circumstances, the fair market value thereof.

6) Risk of insufficient market for Charged Property upon realisation following the occurrence of a Guarantor Event of Default

If a Guarantor Event of Default occurs and a Guarantor Acceleration Notice is served on the Guarantor, then the Bond Trustee will be entitled to enforce the Security created under and pursuant to the Security Agreement and the proceeds from the realization of the Charged Property will be applied by the Bond Trustee towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments described in "*Cashflows*" below.

There is no guarantee that there will be a market for the Charged Property or that the proceeds of realization of the Charged Property will be in an amount sufficient to repay all amounts due to the Secured Creditors (including the holders of the Covered Bonds) under the Covered Bonds and the Transaction Documents.

If a Guarantor Acceleration Notice is served on the Guarantor, then the Covered Bonds may be repaid sooner or later than expected or not at all.

Risks related to the realizable value of the Covered Bond Portfolio

Following the occurrence of a Covered Bond Guarantee Activation Event, the realizable value of the Portfolio Assets may be reduced (which may affect the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee) by:

- representations or warranties not being given by the Guarantor or the Seller, as the case may be (unless otherwise agreed with the Seller), on the sale of the Portfolio Assets by the Guarantor;
- default by Borrowers of amounts due on the Loans (see "*Default by Borrowers in paying amounts due on their Loans*");
- the insolvency of the Seller (including as initial Servicer);
- changes to the lending criteria of the Seller (or the relevant Originator) assigning the Portfolio Assets, or changes to or non-compliance in the implementation thereof by any external broker used by the Seller (or the relevant Originator) in the origination of Loans;
- the Guarantor not being the registered creditor of the Loans in the Covered Bond Portfolio and notice of the sale, transfer and assignment of such Loans and their Related Security not having been given to Borrowers;
- risks in relation to some types of the Loans which may adversely affect the value of the Covered Bond Portfolio or any part thereof;
- recourse to the Seller being limited under the terms of the Mortgage Sale Agreement;
- possible regulatory changes by OSFI, CMHC and other regulatory authorities;
- law or regulations that could lead to some terms of the Loans being unenforceable; and
- general market conditions which may make the sale of Portfolio Assets at a price sufficient to repay all amounts due under the Covered Bonds and the Transaction Documents unattainable or difficult.

However, it should be noted that the Asset Coverage Test, the Amortization Test and the Eligibility Criteria are intended to ensure that the Guarantor will have adequate assets and cashflows to enable the Guarantor to meet its obligations under the Covered Bond Guarantee following the occurrence of a Covered Bond Guarantee Activation Event. Accordingly, it is expected (but there is no assurance) that the Covered Bond Portfolio could be realized for sufficient values, together with the other assets of the Guarantor, to enable the Guarantor to meet its obligations under the Covered Bond Guarantee.

In the event the Bank is required to assign some or all of its obligations to one or more third party service providers, as Servicer, Covered Bond Swap Provider, Interest Rate Swap Provider or Cash Manager, such third party service providers may require fees for such services in excess of the rates or amounts, if any, currently being paid to the Bank by the Guarantor. Any such increase in fees for the services currently provided by the Bank could have an adverse impact on the ability of the Guarantor to meet its obligations under the Covered Bonds. Additionally, there can be no assurance that any such third party service provider will (i) have the same level of operational experience as the Bank and operational issues may arise in connection with the appointment of a third party service provider, or (ii) not require more onerous terms in any relevant Transaction Document.

Risks resulting from no new Guarantor or Seller representations and warranties

Following the occurrence of a Covered Bond Guarantee Activation Event (including as a result of an Issuer Event of Default following a breach of the Pre-Maturity Test), and/or an Asset Coverage Test Breach Notice or a Notice to Pay is served on the Guarantor (and, in the case of an Asset Coverage Test Breach Notice, for so long as such notice has not been revoked), the Guarantor may be obliged to sell Portfolio Assets to third party purchasers, subject to a right of pre-emption of the Seller that assigned such Portfolio Assets to the Guarantor (see "*Summary of the Principal Documents—Guarantor Agreement—Method of sale of Portfolio Assets*"). In respect of any sale of Portfolio Assets to third parties, however, the Guarantor will not be permitted to give warranties or indemnities in respect of those Portfolio Assets (unless expressly permitted to do so by the Bond Trustee). There is no assurance that the Seller would give any warranties or representations in respect of the Portfolio Assets. Any Loan Representations and Warranties previously given by the Seller in respect of Loans in the Covered Bond Portfolio may not have value for a third party purchaser particularly if the Seller is then insolvent. Accordingly, there is a risk that the realizable value of the Portfolio Assets could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee.

Risks resulting from the default by Borrowers in paying amounts due on their Loans

Borrowers may default on their obligations due under the Loans. Defaults may occur for a variety of reasons. The Loans are affected by credit, market, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal. Examples of such factors include changes in the national or international economic climate, local, regional or national economic or housing conditions, changes in law, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors involving Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including general market conditions, the availability of buyers for that property, the value of that property and property values in general at the time. Non-Performing Loans in the Covered Bond Portfolio will be given no credit for the purposes of the Asset Coverage Test, Amortization Test, the Valuation Calculation and the OC Valuation. See "*Summary of the Principal Documents – Guarantor Agreement*" on page 202 of this Prospectus for additional information on those tests.

The application of Canadian federal bankruptcy and insolvency laws and related provincial laws to a Borrower could affect the ability to collect the Portfolio Assets if such laws result in any related Loan being charged off as uncollectible either in whole or in part.

Risks resulting from changes to the Lending Criteria which may result in increased Borrower Defaults

Each of the Loans originated by the Seller or the applicable Originator will have been originated in accordance with such Seller's or the applicable Originator's Lending Criteria at the time of origination. See "*Loan Origination and Lending Criteria*" on page 170 of this Prospectus for additional information. It is expected that the Seller's or the applicable Originator's Lending Criteria will generally consider type of property, term of loan, age of applicant, LTV ratio, status of applicants and credit history. In the event of the sale of any Loans and their Related Security to the Guarantor, the Seller will only warrant that such Loans and their Related Security meet the Eligibility Criteria and were originated in accordance with the Seller's or the applicable Originator's Lending Criteria applicable at the time of origination. The Seller and the Originators retain the right to revise their Lending Criteria from time to time. If (a) the Lending Criteria change, or (b) any external brokers used by the Seller or the Originators change the manner in which they apply such Lending Criteria or do not apply the Lending Criteria, in either case in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realizable value of the Covered Bond Portfolio, or part thereof, and the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee. As described above, however, Non-Performing Loans in the Covered Bond Portfolio will be given no credit for the purposes of the Asset Coverage Test, the Amortization Test, the Valuation Calculation and the OC Valuation.

Risks particular to the All-In-One Mortgage Segments

The Covered Bond Portfolio includes from time to time All-In-One Mortgage Segments. For a detailed description of the All-In-One Mortgage Segments, see "*Summary of the Principal Documents-Mortgage Sale Agreement-Multiproduct Accounts*" on page 189 of this Prospectus. Such All-In-One Mortgage Segments are subject to certain additional risks which include, without limitation, the following:

- the risk that All-In-One Mortgage Segments may be more difficult for the Guarantor to sell to third parties than other Loans due to the related servicing and priority arrangements governing the All-In-One Mortgage Segments and/or the continuing ownership interests of the Seller (or the applicable Originators) and/or Multiproduct Purchasers in the related Multiproduct Accounts and the related Multiproduct Mortgages;

- the risk that the Guarantor, or the Servicer on its behalf, is or will become subject to certain fiduciary and other rights, duties and obligations under applicable law or under any applicable agreements in regard to the Seller (or the applicable Originators) and/or any Multiproduct Purchasers having an interest in the related Multiproduct Mortgages which could delay or otherwise adversely affect its right to make certain servicing and/or enforcement decisions relating to such All-In-One Mortgage Segments or, with respect to such agreements, which may affect the respective priorities of the related All-In-One Mortgage Segments and Line of Credit Loans; and

- since the Seller (or the applicable Originators) or Multiproduct Purchasers will each be entitled to an interest in the related Multiproduct Mortgages in the Province of Québec to the extent of the outstanding indebtedness owing under any related Line of Credit Loan or All-In-One Mortgage Segment, the Guarantor will in respect of each Multiproduct Mortgage have to join the applicable Originator or the Multiproduct Purchaser in enforcement proceedings against the related Borrower.

Risks resulting from a lack of notice and registration of the sale, transfer and assignment of the Loans and their Related Security in the Covered Bond Portfolio on the relevant Transfer Dates

The sale, transfer and assignment by the Seller to the Guarantor of the Loans and their Related Security will be effected in accordance with the terms of the Mortgage Sale Agreement.

Other than (i) registrations in the appropriate land registry or land titles offices in respect of the sale, transfer and assignment of the Loans from the Seller to the Guarantor effected by the Mortgage Sale Agreement, and (ii) the provision to Borrowers under the related Loans or the obligors under their Related Security of actual notice of the sale, transfer and assignment thereof to the Guarantor, all material filings, recordings, notifications, registrations or other actions under all applicable laws will have been made or taken in each jurisdiction where necessary or appropriate (other than certain registrations in the Province of Québec which will be made when permitted by applicable law) to give legal effect to the sale, transfer and assignment of the Loans and their Related Security and the right to transfer servicing of such Loans as contemplated by the Mortgage Sale Agreement, and to validate, preserve, perfect and protect the Guarantor's ownership interest in and rights to collect any and all of the related Loans being purchased on the relevant Transfer Date, including the right to service and enforce such Loans and their Related Security. Since the Seller (or the applicable Originator) or Multiproduct Purchaser will be entitled to an interest in the related Multiproduct Mortgage to the extent of the outstanding indebtedness owing under any related Line of Credit Loan or All-In-One Mortgage Segment not owned by the Guarantor, the Guarantor will have to join the Seller (or such Originator) or Multiproduct Purchaser in enforcement proceedings against the related Borrower.

Notice of the sale, transfer and assignment of the Loans and, where appropriate, the registration or recording in the appropriate land registry or land title offices of the transfer of legal title to the Mortgages will not be given or made, as the case may be, except in the circumstances described in "*Summary of the Principal Documents—Mortgage Sale Agreement—Notice to Borrower of the Sale, assignment and transfer of the Loans and their Related Security and registration of transfer of title to the Mortgages*". Similarly, neither Borrowers nor obligors will be given notice of the interests of the Bond Trustee (for itself and on behalf of the other Secured Creditors) in the Loans and their Related Security, granted pursuant to the terms of the Security Agreement, nor will the interests of the Bond Trustee (for itself and on behalf of the other Secured Creditors) in the Mortgages be registered in the appropriate land registry or land titles offices, prior to notice of the Guarantor's interests in the Loans and their Related Security, and/or registration of the transfer of title to the Mortgages, having been given or made, as the case may be.

As long as the interests of the Guarantor in the Loans and their Related Security are not registered at the appropriate land registry or land titles offices, and notice has not been given to Borrowers, the following risks exist:

- *first*, if the Seller or the relevant Originator wrongly sells a Loan and its Related Security which has already been sold to the Guarantor, to another person and that person acted in good faith and did not have notice of the interests of the Guarantor in the Loan and its Related Security, then such person might obtain good title to the Loan and its Related Security, free from the interests of the Guarantor. If this occurred then the Guarantor would not have good title to the affected Loan and its Related Security and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the Guarantor would likely be limited to circumstances arising from a breach by the Seller or the relevant Originator of its contractual obligations or fraud, negligence or mistake on the part of the Seller, the relevant Originator or the Guarantor or their respective personnel or agents;

- *second*, the rights of the Guarantor may be subject to the rights of the Borrowers against the Seller or the relevant Originator, such as rights of set-off, which occur in relation to transactions or deposits made between Borrowers and the Seller, as applicable, and the rights of Borrowers to redeem their mortgages by repaying the Loans directly to the Seller, as applicable, however, the Canadian dollar deposits of Borrowers with the Bank are currently insured up to C$100,000, subject to certain exceptions, by Canada Deposit Insurance Corporation, a Canadian Crown corporation; and

- *third*, unless the Guarantor has registered the sale, transfer and assignment of the Loans and their Related Security (which it is only entitled to do in certain limited circumstances), the Guarantor may not, itself, be able to enforce any Borrower's obligations under a Loan or its Related Security but would have to join the Seller or the relevant Originator as a party to any legal proceedings.

The foregoing risks apply equally to the Bond Trustee (for itself and on behalf of the other Secured Creditors). If any of the risks described in the first two bullet points above were to occur then the realizable value of the Covered Bond Portfolio or any part thereof and/or the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee or the Bond Trustee (for itself and on behalf of the other Secured Creditors) to enforce its Security granted under the Security Agreement with respect to the Covered Bond Portfolio may be adversely affected.

While the exercise of set-off rights by Borrowers may adversely affect the realizable value of the Covered Bond Portfolio and/or the ability of the Guarantor to meet its obligations under the Covered Bond Guarantee or the Bond Trustee (for itself and on behalf of the other Secured Creditors) to realize on the Covered Bond Portfolio under the Security Agreement, all of the Loans in the Covered Bond Portfolio as at 31 July 2022 expressly prohibited the exercise of such rights by the related Borrower and the Canadian dollar deposits of Borrowers with the Bank are currently insured up to C$100,000, subject to certain exceptions, by Canada Deposit Insurance Corporation, a Canadian Crown corporation.

Once notice has been given to the Borrowers and any other obligors of the sale, transfer and assignment of the Loans and their Related Security to the Guarantor and of the interest of the Bond Trustee in the Loans and their Related Security (for itself and on behalf of the other Secured Creditors), legal set-off rights which a Borrower may have against the Seller or the relevant Originator, as applicable (such as, for example, set-off rights associated with Borrowers holding deposits with the Seller), will crystallise and further rights of legal set-off would cease to accrue from that date and no new rights of legal set-off could be asserted following that notice. Set-off rights arising out of a transaction connected with the Loan will not be affected by that notice and will continue to exist.

Further, for so long as notice of the sale, transfer and assignment of the Loans and their Related Security has not been given to the Borrowers and any other obligors and legal title to the Mortgages has not been registered in the appropriate land registry or land titles offices in the name of the Guarantor, the Seller will undertake for the benefit of the Guarantor and the Secured Creditors that it will lend its name to, and take such other steps as may be reasonably required by the Guarantor and/or the Bond Trustee in relation to, any legal proceedings in respect of the Loans and their Related Security.

Limitations on recourse to the Seller

The Guarantor and the Bond Trustee will not undertake any investigations, searches or other actions on any Portfolio Assets and will rely instead on the Loan Representations and Warranties given in the Mortgage Sale Agreement by the Seller in respect of the Portfolio Assets sold by it to the Guarantor.

If any Portfolio Asset assigned by the Seller to the Guarantor does not materially comply with any of the Loan Representations and Warranties made by the Seller as at the Transfer Date of that Portfolio Asset, then the Seller will be required to notify the Guarantor and the Bond Trustee as soon as reasonably practical after becoming aware of the fact and, upon receipt of a request to do the same from the Guarantor, remedy the breach within 30 calendar days of receipt by it of the request.

If the Seller fails to remedy the breach of a Representation and Warranty within 30 calendar days of such request, then the Seller will be required (but only prior to the occurrence of an Issuer Event of Default and after the service of a Portfolio Asset Repurchase Notice) to repurchase on or before the next following Calculation Date (or such other date that may be agreed between the Guarantor and the Seller) the relevant Portfolio Assets (and any other Loans of the relevant Borrower that are included in the Covered Bond Portfolio) at the purchase price paid by the Guarantor for the relevant Portfolio Assets plus expenses as at the relevant repurchase date, less any amounts received since the Transfer Date in respect of principal on such Portfolio Assets. There is no further recourse to the Seller in respect of a breach of a Loan Representation or Warranty.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase a Loan or Loans and its or their Related Security. Any failure by the Seller to do so when required could have a negative impact on the realizable value of the Covered Bond Portfolio.

4. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING RISKS RELATED TO THE COVERED BONDS GENERALLY

Sole Obligors of the Covered Bonds are the Issuer and, after a Covered Bond Guarantee Activation Event, the Guarantor

The Covered Bonds will not represent an obligation or be the responsibility of any of the Dealers, the Arrangers, the Bond Trustee, or any other person involved in or associated with the Programme, or their officers, directors, employees, security holders or incorporators, other than the Issuer and, after a Covered Bond Guarantee Activation Event, the Guarantor. The Issuer will be liable solely in its corporate capacity, the Managing GP and Liquidation GP will be liable solely as general partners of the Guarantor in their corporate capacity and the Limited Partner of the Guarantor will be liable in its corporate capacity solely to the extent of its interests in the Guarantor, for their respective obligations in respect of the Covered Bonds and the Covered Bond Guarantee, as applicable, and such obligations will not be the obligations of any of their respective officers, directors, employees, security holders or incorporators, as the case may be.

Issuer liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The Covered Bonds constitute deposit liabilities of the Issuer for purposes of the Bank Act, however will not be insured under the *Canada Deposit Insurance*

Corporation Act (Canada), and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* with all deposit liabilities of the Issuer without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (except as otherwise prescribed by law). As a result, Holders of the Covered Bonds are, subject to the paragraph below, solely exposed to the Issuer for payment on the Covered Bonds and may not be repaid on their investments in the Covered Bonds.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of a Covered Bond Guarantee Activation Event. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute a Guarantor Event of Default which would entitle the Bond Trustee to accelerate the obligations of the Issuer under the Covered Bonds (if the Covered Bonds have not already become due and payable) and the obligations of the Guarantor under the Covered Bond Guarantee and entitle the Bond Trustee to enforce the Security. Holders of the Covered Bonds can only look to the Guarantor for payment on the Covered Bonds for the Guaranteed Amounts and only in the circumstances stated above. To the extent that the Holders of the Covered Bonds do not recover the Guaranteed Amounts from the Guarantor, they may be materially adversely affected in respect of their investments in the Covered Bonds.

Guarantor only obliged to pay Guaranteed Amounts when the same are Due for Payment

Subsequent to a failure by the Issuer to make a payment in respect of one or more Series of Covered Bonds, the Bond Trustee may, but is not obliged to, serve an Issuer Acceleration Notice on the Issuer and Notice to Pay on the Guarantor (which would constitute a Covered Bond Guarantee Activation Event) (see Condition 4 on page 98 of this Prospectus) unless and until service of such Issuer Acceleration Notice is requested or directed, as applicable, by the Holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding as if they were a single Series or an Extraordinary Resolution of all the Holders of the Covered Bonds in accordance with Condition 7.01. As a result, a certain percentage of Holders of the Covered Bonds may be able to direct such action without obtaining the consent of the other Holders of the Covered Bonds.

Following a Covered Bond Guarantee Activation Event, the Guarantor will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. The Guarantor will not be obliged to pay Holders of the Covered Bonds any amounts which may be payable in respect of the Covered Bonds until a Covered Bond Guarantee Activation Event has occurred.

Payments by the Guarantor will be made subject to any applicable withholding or deduction and the Guarantor will not be obliged to pay any additional amounts as a consequence. Prior to service on the Guarantor of a Guarantor Acceleration Notice, the Guarantor will not be obliged to make any payments payable in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the Covered Bonds. In addition, the Guarantor will not be obliged at any time to make any payments in respect of additional amounts which may become payable by the Issuer under Condition 8.

Subject to any grace period, if the Guarantor fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other Guarantor Event of Default occurs, then the Bond Trustee may accelerate the obligations of the Guarantor under the Covered Bond Guarantee by service of a Guarantor Acceleration Notice, whereupon the Bond Trustee will have a claim under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds (other than additional amounts payable under Condition 8). In such circumstances, the Guarantor will not be obliged to gross up in respect of any withholding or deduction which may be required in respect of any payment. Following service of a Guarantor Acceleration Notice, the Bond Trustee may enforce the security granted under the Security Agreement over the Covered Bond Portfolio. The proceeds of enforcement of the Security will be applied by the Bond Trustee in accordance with the Post-Enforcement Priority of Payments in the Security Agreement, and holders of the Covered Bonds will receive amounts from the Guarantor (if any) on an accelerated basis.

Excess Proceeds received by the Bond Trustee

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. The Excess Proceeds will be paid by the Bond Trustee, as soon as practicable after receipt thereof by the Bond Trustee, on behalf of the Holders of the Covered Bonds of the relevant Series, to the Guarantor for the account of the Guarantor and will be held by the Guarantor in the Guarantor Accounts (as discussed further in Condition 7 on page 123 of this Prospectus). The Excess Proceeds will thereafter form part of the Security granted pursuant to the Security Agreement and will be used by the Guarantor in the same manner as all other moneys from time to time standing to the credit of the Guarantor Accounts. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons (subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Guarantor). However, the obligations of the Guarantor under the Covered Bond Guarantee are, following a Covered Bond Guarantee Activation Event, unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any such obligations.

By subscribing for Covered Bond(s), each holder of the Covered Bonds will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Guarantor in the manner as described above. As a result, the Holders of the Covered Bonds will not receive the Excess Proceeds directly from the Issuer or the Guarantor and will be limited on their recovery against the Guarantor only for the Guaranteed Amounts and only pursuant to the Covered Bond Guarantee.

All Covered Bonds issued under the Programme will accelerate at the same time if there is a Covered Bond Guarantee Activation Event

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms from an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share in the security granted by the Guarantor under the Security Agreement. If an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, the Covered Bonds of all Series outstanding will, provided a Covered Bond Guarantee Activation Event has occurred, accelerate at the same time against the Issuer and have the benefit of payments made by the Guarantor under the Covered Bond Guarantee. In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect holders of the existing Covered Bonds:

- the Asset Coverage Test will be required to be met both before and after any further issue of Covered Bonds; and
- on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to satisfy the Rating Agency Condition.

Based on the foregoing, the holders of a Series of Covered Bonds will not have full entitlement to amounts available from the Issuer for holders of Covered Bonds and will be limited to their applicable entitlement on as shared priority basis and will, on a similar basis, be limited in their access to the security granted by the Guarantor under the Security Agreement.

Bond Trustee's powers may affect the interests of the holders of the Covered Bonds

In the exercise of its powers, trusts, authorities and discretions, the Bond Trustee will only have regard to the interests of the holders of the Covered Bonds. In the exercise of its powers, trusts, authorities and discretions, the Bond Trustee may not act on behalf of the Issuer.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Bond Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Bond Trustee will not exercise such power, trust, authority or discretion without the approval by Extraordinary Resolution of such holders of the relevant Series of Covered Bonds then outstanding or by a direction in writing of such holders of the Covered Bonds representing at least 25 per cent of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding. See Condition 21 "*Indemnification of Bond Trustee and Bond Trustee contracting with the Issuer and/or the Guarantor*" on page 145 of this Prospectus. As a result, the rights of an individual holder of Covered Bonds may be adversely affected by decisions made by the Bond Trustee, by an Extraordinary Resolution of the applicable Series or a direction in writing by holders of Covered Bonds representing the requisite percentage of Covered Bonds of the relevant Series.

Extendable obligations under the Covered Bond Guarantee

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and, if following service of a Notice to Pay on the Guarantor (by no later than the date which falls one Canadian Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds are not paid in full, then the payment of such Guaranteed Amounts may be automatically deferred for payment until the applicable Extended Due for Payment Date (where the relevant Series of Covered Bonds are subject to an Extended Due for Payment Date) and interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 5, at the applicable Rate of Interest, including, if applicable, as may be determined in accordance with Condition 5.03 (in the same manner as the Rate of Interest for Floating Rate Covered Bonds) even where the relevant Covered Bonds are Fixed Rate Covered Bonds. To the extent that a Notice to Pay has been served on the Guarantor and the Guarantor has sufficient time and sufficient moneys to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of such Covered Bonds, the Guarantor will make such partial payment on any Interest Payment Date up to and including the relevant Extended Due for Payment Date in accordance with the Priorities of Payments and as described in Condition 6.01 and the Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date and any unpaid amounts in respect thereof shall be due and payable on the Extended Due for Payment Date. The Issuer is not required to notify Covered Bondholders of such deferral. This will occur (subject to no Guarantor Event of Default having occurred) if the Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Due for Payment Date.

The Extended Due for Payment Date will fall up to one year after the Final Maturity Date (as specified in the applicable Final Terms) and the Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date and any unpaid amounts in respect thereof shall be due and payable on the Extended Due for Payment Date. In these circumstances, except where the Guarantor has failed to apply money in accordance with the Priorities of Payments, failure by the Guarantor to meet its obligations in respect of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) will not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

Modification and Waivers; The Bond Trustee may agree to modifications to the Transaction Documents without, respectively, the holders of the Covered Bonds' or Secured Creditors' prior consent

The Conditions of the Covered Bonds contain provisions for calling meetings of Holders of the Covered Bonds to consider matters affecting their interest generally. These provisions permit defined majorities to bind all Holders of the Covered Bonds including Holders of Covered Bonds who do not attend and vote at the relevant meeting and Holders of the Covered Bonds who voted in a manner contrary to the majority. Pursuant to the amendment to the Trust Deed dated 7 April 2016, in connection with any meeting of the holders of Covered Bonds of more than one Series, the Covered Bonds of any Series not denominated in CAD shall be converted into CAD at the applicable Covered Bond Swap Rate.

Pursuant to the terms of the Trust Deed, the Bond Trustee may also, without the consent or sanction of any of the Holders of the Covered Bonds or any of the other Secured Creditors, concur with any person in making or sanctioning any modification to the Transaction Documents:

- provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interest of any of the Holders of the Covered Bonds of any Series; or

- which in the opinion of the Bond Trustee are made to correct a manifest error or are of a formal, minor or technical nature or are made to comply with mandatory provisions of law.

Pursuant to the terms of the Trust Deed, the Bond Trustee may, without the consent or sanction of any of the holders of the Covered Bonds or any of the other Secured Creditors grant any authorization or waiver of (on such terms and conditions (if any) as shall seem expedient to it) any proposed or actual breach of any of the covenants contained in the Trust Deed, the Security Agreement or any of the other Transaction Documents, provided that the Bond Trustee is of the opinion that such waiver or authorization will not be materially prejudicial to the interest of any of the holders of the Covered Bonds of any Series.

Pursuant to the terms of the Transaction Documents certain conditions, actions and steps under or with respect to the Transaction Documents require satisfaction of the Rating Agency Condition. Certain Rating Agencies have issued policies or commented that such Rating Agencies do not provide consent to or approval of changes or amendments to the transaction documents or structure and that such Rating Agencies are not bound by the provisions of transaction documents in programmes for which they provide ratings. As a result of such policies and comments, a formal written or published response from the Rating Agencies with respect to the satisfaction of the Rating Agency Condition or confirming that such Rating Agencies do not consider such confirmation or response necessary in the circumstances (which would also satisfy such requirement) may not be forthcoming despite such condition, action or step being in the best interest of Covered Bondholders. In these circumstances, the Issuer may in the future be restricted from taking such conditions, actions or steps in a timely manner.

Certain modifications to the Transaction Documents may be made in some cases without the consent of Covered Bondholders, and in other cases, Covered Bondholders will be deemed to have consented to such modifications unless holders of the Covered Bonds representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds have notified their objection to the Bond Trustee in writing

For the purpose of changing the Reference Rate to an Alternative Base Rate, the Bond Trustee shall, without any consent or sanction of any of the holders of the Covered Bonds or any of the other Secured Creditors (except for those party to the relevant Transaction Document being amended or whose ranking in any Priorities of Payments is affected), concur with the Issuer in making any modification (other than a Series Reserved Matter) to the Trust Deed, the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security, as further described in Condition 13.02(c)(i) for the relevant Series of Covered Bonds (and such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change to the extent there has been or there is reasonably expected to be a material disruption or cessation to EURIBOR or any other relevant benchmark (other than in respect of SOFR)), provided that, for greater certainty, such amendments will not constitute a Series Reserved Matter and, in each case subject to the satisfaction of certain requirements, including receipt by the Bond Trustee of a Base Rate Modification Certificate, certifying, among other things, that the modification is required for its stated purpose. The Bond Trustee also has the right to make certain modifications to the Transaction Documents without the consent of the holders of the Covered Bonds described under "*—Modifications and Waivers; The Bond Trustee may agree to modifications to the Transaction Documents without, respectively, the holders of the Covered Bonds' or Secured Creditors' prior consent*".

Further to the above paragraph, the Issuer must provide at least 30 days' notice to the holders of the Covered Bonds of the proposed modification in accordance with Condition 14 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds. If, within 30 days from the giving of such notice, holders of the Covered Bonds representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds have notified the Issuer or the Issuing and Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held) that such holders of the Covered Bonds do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series is passed in favour of the Base Rate Modification in accordance with Condition 13.02(c)(i). However, in the absence of such a notification, all Covered Bondholders will be deemed to have consented to such modification and the Bond Trustee shall, subject to the requirements of Condition 13.02(c)(i), without seeking further consent or sanction of any of the holders of the Covered Bonds and irrespective of whether such modification is or may be materially prejudicial to the interest of the holders of the Covered Bonds as a class, concur with the Issuer in making the proposed modification.

In respect of USD Benchmark-referenced Floating Rate Covered Bonds, if the Issuer or the Benchmark Transition Designee (as defined below in Condition 13.02(c)1)a)i)(1)(a)(ii)) determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, then the Bond Trustee shall be obliged, subject to the satisfaction of certain conditions but without the consent or sanction of the Covered Bondholders, to concur with the Issuer or the Benchmark Transition Designee, in making any modification to the Conditions or any of the Transaction Documents that the Issuer or the Benchmark Transition Designee decides may be appropriate to give effect to the provisions set forth in Condition 13.02 (ii) (*Meetings of Holders of Covered Bonds, Modification and Waiver - Modification and Waiver*) in relation only to all determinations of the rate of interest payable on any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to SOFR and any related Covered Bond Swap Agreements.

The Covered Bondholders and the other Secured Creditors shall be deemed to have instructed the Bond Trustee to concur with such amendments and shall be bound by them regardless of whether or not they are materially prejudicial to the interests of the Covered Bondholders or the other Secured Creditors.

Therefore, it is possible that a modification to the Reference Rate (and as otherwise described above) could be made without the vote of any holders of the relevant Series of Covered Bonds or even if holders of such Series of Covered Bonds holding less than 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds objected to it. In addition, holders of the Covered Bonds should be aware that, unless they have made arrangements to promptly receive notices sent to Covered Bondholders from any custodians or other intermediaries through which they hold their Covered Bonds and give the same their prompt attention, meetings may be convened or resolutions (including Extraordinary Resolutions) may be proposed and considered and passed or rejected or deemed to be passed or rejected without their involvement even if, were they to have been promptly informed by such custodians or other intermediaries as aforesaid, they would have voted in an affirmative manner to the holders of the Covered Bonds which passed or rejected the relevant proposal or resolution.

Issuer's potential conflict of interest in connection with the Covered Bond Programme

The Bank has a number of roles pursuant to the Programme including, but not limited to, the roles of Issuer, Seller, Servicer, Cash Manager, counterparty under the Swap Agreements and Limited Partner (as described in "*Summary of the Principal Documents*" on pages 179 to 227 of this Prospectus. In respect of the Programme, the Bank will act in its own interest subject to compliance with the Transaction Documents. Such actions by the Bank may not be in the best interests of and may adversely affect the holders of the Covered Bonds, including by negatively impacting the ability for the Issuer to pay to the holders of the Covered Bonds any principal and/or interest due on the Covered Bonds. Subject to compliance with the Transaction Documents, the Bank may act in its own interest without incurring any liability to the holders of any Series or Tranche of Covered Bonds.

Privacy Issues associated with the Covered Bond Programme

The Loans originated by the Seller or the relevant Originator have been originated at various times with the result that the underlying mortgage documentation may vary from Loan to Loan. See the section entitled "*Loan Origination and Lending Criteria*" on pages 170 to 173 of this Prospectus for further details on the Loans. Earlier Loan documentation may not have the same level of acknowledgements and consents from borrowers regarding the disclosure of information, and, in certain circumstances may not provide for an express right to share client information. As a result, limited information may be available to parties other than the Bank and its related entities (which would include the Guarantor), which may adversely affect the ability of the Guarantor to sell the Loans, in particular, at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor, (as described in the section entitled "*Guarantor Agreement – Sale of Randomly Selected Loans at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor*" in this Prospectus.

Certain decisions of Holders of the Covered Bonds taken at the Programme level

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default, to direct the Bond Trustee to serve a Guarantor Acceleration Notice following a Guarantor Event of Default and any direction to the Bond Trustee to take any enforcement action must be passed at a single meeting of the Holders of all Covered Bonds of all Series then outstanding. See Condition 13.01 "*Meetings of Holders of the Covered Bonds*" for additional information.

Change of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on the laws of Ontario and the laws of Canada applicable therein including federal banking, bankruptcy and income tax laws in effect as of the date of this Prospectus. No assurance can be given as to the impact of any possible change in law, including applicable laws, regulations and policies with respect to the issuance of Covered Bonds, the Covered Bonds themselves or the bankruptcy, insolvency, winding-up and receivership of the Issuer or the Guarantor after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to meet its obligations in respect of the Covered Bonds or the Guarantor to meet its obligations under the Covered Bond Guarantee. Any such change could adversely impact the value of the Covered Bonds.

It should also be noted that in November 2019, the European Parliament and the Council of the European Union finalised the European Union's legislative package on covered bond reforms, which were made up of a new covered bond directive (Directive (EU) 2019/2162) and a new regulation (Regulation (EU) 2019/2160), which came into force on 7 January 2020 and became applicable on 8 July 2022 (both texts have relevance for the EEA and are to be implemented in due course in the countries in the EEA). The new covered bond directive replaces current article 52(4) of the UCITS Directive, and establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when implementing the new directive through national laws). The new regulation has been directly applicable in the EU from 8 July 2022 and it amends article 129 of the Capital Requirements Regulation ("**CRR**") (and certain related provisions) and further strengthens the criteria for covered bonds that benefit from preferential capital treatment under the CRR regime. Given that the aspects of the new regime will require transposition through national laws, the final position is not yet known.

In the UK, the new covered bond directive and new regulation were incorporated into UK domestic law by virtue of the EUWA. The FCA confirmed that it intends to implement the EU covered bonds reform although no consultation on the proposed amendments has been published and it is unclear whether the FCA or UK government may take any steps to reform this legislative package. Therefore, no assurances or predications can be made as to the precise effects of the UK's covered bond regime on the Covered Bonds in the future.

In addition, the implementation of and/or changes to the Basel III framework may affect the capital requirements and/or liquidity associated with a holding of the Covered Bonds for certain investors. See the risk factor entitled "*Factors which are material for the purposes of assessing the risks relating to the Issuer's and the Guarantor's legal and regulatory situation — Basel Accord and Regulatory Environment*" below.

Change of Tax Law

Statements in this Prospectus concerning the taxation of investors (see section entitled "*Taxation*" on page 250 of this Prospectus) are of a general nature and are based upon current tax law and published practice in the jurisdictions stated. Such law and practice are, in principle, subject to change, possibly with retrospective or retroactive effect, and this could adversely affect holders.

In addition, any change in the Issuer's tax status or in taxation legislation or practice in a relevant jurisdiction could adversely impact the market value of the Covered Bonds.

Ratings of the Covered Bonds might not reflect all risks

The ratings assigned to the Covered Bonds address with respect to DBRS the risk that the Issuer will fail to satisfy its financial obligations thereunder in accordance with the terms under which the Covered Bonds are issued.

The ratings assigned to the Covered Bonds address, with respect to Fitch, an indication of the probability of default and of recovery given a default of the Covered Bonds.

With respect to Moody's, the ratings assigned to the Covered Bonds address the expected loss posed to investors.

The expected ratings of the Covered Bonds are set out in the relevant Final Terms for each Series of Covered Bonds. Any Rating Agency may lower its rating or withdraw its rating or place the rating on negative watch if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn or placed on negative watch, the market value of the Covered Bonds may be reduced. The rating assigned to the Covered Bonds may not reflect the potential of all risks related to structure, market, additional and other factors discussed herein and other factors that may affect the value of the Covered Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

(i) Credit ratings might not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The ratings might not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time based on a number of factors including the Issuer's financial strength, competitive position, and liquidity, as well as factors not entirely within the Issuer's control, including the methodologies used by rating agencies and conditions affecting the overall financial services industry.

In general, EEA and UK regulated investors are restricted under the applicable CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU (in the case of European regulated investors) or (in the case of UK regulated investors) the UK and registered under the applicable CRA Regulation (and such registration has not been withdrawn or suspended) subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. See "Credit Rating Agencies" on page 9 of this Prospectus for additional information. Such general restriction will also apply in the case of credit ratings issued by non-EEA and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a Registered CRA or the relevant non-EEA or non-UK rating agency is certified in accordance with the applicable CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Each of the list of registered and certified credit rating agencies published by ESMA on its website in accordance with the EU CRA Regulation and the list of registered and certified credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation, is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

If the regulated status of a rating agency under the applicable CRA Regulation changes, EEA and/or UK regulated investors may no longer be able to use the rating for regulatory purposes and the Covered Bonds may have a different regulatory treatment. This may result in EEA and/or UK regulated investors selling the Covered Bonds which may impact the value of the Covered Bonds on any Secondary Market. Certain information with respect to the credit rating agencies and ratings is disclosed in the "Credit Rating Agencies" section on page 9.

(ii) Rating Agency Condition in respect of Covered Bonds

The terms of certain of the Transaction Documents provide that, in certain circumstances, the Issuer and/or the Guarantor must, and the Bond Trustee may, obtain confirmation from each Rating Agency that any particular action proposed to be taken by the Issuer, the Guarantor, the Seller, the Servicer, the Cash Manager, the Bond Trustee or any other party to a Transaction Document will not result in a reduction or withdrawal of the rating of the Covered Bonds in effect immediately before the taking of such action. However, holders of the Covered Bonds should be aware that if a confirmation or some other response by a Rating Agency is a condition to any action or step or is otherwise required under any Transaction Document and a written request for confirmation of the satisfaction of the Rating Agency Condition is delivered to that Rating Agency by any of the Issuer, the Guarantor and/or the Bond Trustee, as applicable, and either (i) the Rating Agency indicates in its sole discretion that it does not consider such confirmation or response necessary in the circumstances or (ii) within 30 days (or, in the case of Moody's or Fitch, 10 Business Days) of actual receipt of such request by the Rating Agency, such request elicits no confirmation or response and/or such request elicits no statement by the Rating Agency that such confirmation or response could not be given, the Issuer, the Guarantor and/or the Bond Trustee, as applicable, will be entitled to disregard the requirement for satisfaction of the Rating Agency Condition or affirmation of rating or other response by the Rating Agency and proceed on the basis that such confirmation or affirmation of rating or other response by the Rating Agency is not required in the particular circumstances of the request. In such circumstances there can be no assurance that a Rating Agency would not downgrade or place on watch the then current rating of the Covered Bonds or cause such rating to be withdrawn or suspended.

The failure by a Rating Agency to respond to a written request for a confirmation or affirmation shall not be interpreted to mean that such Rating Agency has given any deemed confirmation of the satisfaction of the Rating Agency Condition or affirmation of rating or other response in respect of such action or step. No Rating Agency is a party to any of the Transaction Documents and no Rating Agency will at any time be under an obligation to confirm satisfaction of the Rating Agency Condition.

As discussed further in Condition 20 on page 144 of this Prospectus, by subscribing for or purchasing Covered Bond(s), each holder of Covered Bonds shall be deemed to have acknowledged and agreed that a credit rating of a Series of Covered Bonds by the Rating Agencies is an assessment of credit risk and does not address other matters that may be of relevance to holders of Covered Bonds, including, without limitation, in the case of a Rating Agency Condition in respect of an action proposed to be taken, whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the holders of Covered Bonds.

Further, as discussed in Condition 20 on page 144 of this Prospectus, by subscribing for or purchasing Covered Bond(s), each holder of Covered Bonds shall be deemed to have acknowledged and agreed that: (a) confirmation of the satisfaction of the Rating Agency Condition may or may not be given at the sole discretion of each Rating Agency; (b) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide confirmation of the satisfaction of the Rating Agency Condition in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof; (c) confirmation of the satisfaction of the Rating Agency Condition, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Covered Bonds forms a part; and (d) confirmation of the satisfaction of the Rating Agency Condition represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any holder of Covered Bonds or any other party.

5. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING RISKS RELATED TO A PARTICULAR ISSUE OF COVERED BONDS

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

(a) *Risks related to Floating Rate Covered Bonds*

The market continues to develop in relation to SONIA as a reference rate for Floating Rate Covered Bonds

Where the relevant Final Terms for a Series of Covered Bonds identifies that the Rate of Interest for such Covered Bonds will be determined by reference to SONIA, the Rate of Interest will be determined on the basis of Compounded

Daily SONIA (as defined in Condition 5.03). Compounded Daily SONIA differs from sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors should be aware that sterling LIBOR and SONIA may behave materially differently as interest reference rates for Covered Bonds. In addition, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA has already seen component inputs into swap rates or other composite rates transferring from sterling LIBOR or another reference rate to SONIA.

Accordingly, prospective investors in any Covered Bonds referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to sterling LIBOR. The use of SONIA as a reference rate for Eurobonds is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Covered Bonds that reference a SONIA rate issued under this Prospectus. Furthermore, the Issuer may in the future issue Covered Bonds referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Covered Bonds issued by it under the Programme. Equally in such circumstances, it may be difficult for the Guarantor to find any future required replacement Swap Provider to properly hedge its then interest rate exposure on such a Floating Rate Covered Bond should a Swap Provider need to be replaced and such Floating Rate Covered Bond at that time uses an application of SONIA that then differs from products then prepared to be hedged by such Swap Providers. The continued development of Compounded Daily SONIA as an interest reference rate for the capital markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Covered Bonds issued under the Programme from time to time.

As SONIA and the SONIA Compounded Index are published by the Bank of England based upon data from other sources, the Issuer has no control over their determination, calculation or publication. There can be no guarantee that SONIA and/or the SONIA Compounded Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in floating rate covered bonds that reference SONIA. If the manner in which SONIA and/or the SONIA Compounded Index is calculated is changed, then that change might result in a reduction of the amount of interest payable on the relevant Covered Bonds and the trading prices of investments in such Covered Bonds. Furthermore, to the extent SONIA and/or the SONIA Compounded Index is no longer published, the applicable rate to be used to calculate the Rate of Interest on floating rate Covered Bonds will be determined using the alternative methods described in Condition 5.03. Such alternative methods might result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on such Covered Bonds if SONIA and/or the SONIA Compounded Index had been provided by the Bank of England in its current form. In addition, the use of such alternative methods might also result in a fixed rate of interest being applied to the relevant Covered Bonds.

Furthermore, the Rate of Interest on Covered Bonds which reference Compounded Daily SONIA is only capable of being determined at the end of the relevant Interest Accrual Period and immediately or shortly prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference a Compounded Daily SONIA to reliably estimate the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their information technology systems, both of which factors could adversely impact the liquidity of such Covered Bonds. Further, in contrast to LIBOR-based Covered Bonds, if the Covered Bonds referencing Compounded Daily SONIA become due and payable under Condition 7, the Rate of Interest payable shall be determined for the final Interest Period on the date the Covered Bonds became due and payable and shall not be reset thereafter.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Covered Bonds referencing Compounded Daily SONIA.

Since SONIA is a relatively new market index, Covered Bonds linked to SONIA may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SONIA, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Covered Bonds may be lower than those of later-issued indexed debt securities as a result. Further, if SONIA does not prove to be widely used in securities like the Covered Bonds, the trading price of such Covered Bonds linked to SONIA may be lower than those of Covered Bonds linked to indices that are more widely used. Investors in such Covered Bonds may not be able to sell such Covered Bonds at all or may not be able to sell such Covered Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that SONIA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Covered Bonds referencing SONIA. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Covered Bonds and the trading prices of such Covered Bonds.

Accordingly, an investment in Floating Rate Covered Bonds that reference SONIA entails significant risks not associated with similar investments in conventional debt securities. Any investor should ensure that it understands the nature of the terms of such Floating Rate Covered Bonds and the extent of its exposure to risk, and that it considers the suitability of such Floating Rate Covered Bonds as an investment in the light of its own circumstances and financial condition. Investors should carefully consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds.

The market continues to develop in relation to SOFR as a reference rate for Covered Bonds

(i) The composition and characteristics of SOFR are not the same as those of U.S. dollar LIBOR, and SOFR is not expected to be a comparable replacement for U.S. dollar LIBOR.

Where the applicable Final Terms for a Series of Covered Bonds specifies that the interest rate for such Covered Bonds will be determined by reference to SOFR, interest will be determined on the basis of SOFR (as defined in the Terms and Conditions of the Covered Bonds). SOFR differs from U.S. dollar LIBOR in a number of material respects, including (without limitation) that SOFR is a backwards-looking, compounded, secured, risk-free overnight rate, whereas U.S. dollar LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors should be aware that U.S. dollar LIBOR and SOFR may behave materially differently as interest reference rates for Covered Bonds. The use of SOFR as a reference rate is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SOFR.

As a result, there can be no assurance that SOFR will perform in the same way as U.S. dollar LIBOR would have at any time, including, without limitation, with respect to changes in interest and yield rates in the market, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. For the same reasons, SOFR is not expected to be a comparable replacement for U.S. dollar LIBOR.

(ii) SOFR has a limited history, and the future performance of SOFR cannot be predicted based on historical performance.

The publication of SOFR began in April 2018, and, therefore, it has a limited history. The future performance of SOFR cannot be predicted based on the limited historical performance. Future levels of SOFR may bear little or no relation to the historical actual or historical indicative SOFR data. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. While some pre-publication historical data have been released by the FRBNY, such analysis inherently involves assumptions, estimates and approximations. The future performance of SOFR is impossible to predict and therefore no future performance of SOFR may be inferred from any of the historical actual or historical indicative data. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR. There can be no assurance that SOFR or Compounded SOFR (as defined below in Condition 5.03) will be positive. The unpredictability of the future performance of SOFR could adversely affect the price at which investors can sell SOFR-referenced Covered Bonds in the secondary market.

(iii) SOFR may be more volatile than other benchmark or market rates.

Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as three-month U.S. dollar LIBOR, during corresponding periods, and SOFR may bear little or no relation to the historical actual or historical indicative data. Although changes in Compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on value of and market for any SOFR-referenced Covered Bonds issued under the Programme from time to time may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The FRBNY has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the FRBNY will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain, could be materially adverse to investors in the Covered Bonds and could adversely affect the price at which investors can sell SOFR-referenced Covered Bonds.

(iv) Any failure of SOFR to gain market acceptance could adversely affect any SOFR-referenced Covered Bonds.

According to the New York Federal Reserve's Alternative Reference Rate Committee ("**ARRC**"), SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider SOFR a suitable replacement or successor for all of the purposes for which U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the return on and value of any SOFR-referenced Covered Bonds issued under the Programme from time to time and the price at which investors can sell such Covered Bonds in the secondary market.

(v) The Compounded SOFR rate is relatively new in the marketplace.

For any SOFR-referenced Covered Bonds issued under the Programme from time to time, in each Interest Period, the interest rate is based on Compounded SOFR, which is calculated using the specific formula described in Condition 5.03, not the SOFR rate published on or in respect of a particular date during such Interest Period or an arithmetic average of SOFR rates during such period. For this and other reasons, the interest rate on the SOFR-referenced Covered Bonds during any Interest Period will not be the same as the interest rate on other SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Further, if the SOFR rate in respect of a particular date during an Interest Period is negative, its contribution to Compounded SOFR will be less than one, resulting in a reduction to Compounded SOFR used to calculate the interest payable on the SOFR-referenced Covered Bonds on the Interest Payment Date for such Interest Period.

In addition, very limited market precedent exists for securities that use SOFR as the interest rate and the method for calculating an interest rate based upon SOFR in those precedents varies. Accordingly, the specific formula for the Compounded SOFR rate used in any SOFR-referenced Covered Bonds may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that could adversely affect the market value of such Covered Bonds.

(vi) Compounded SOFR with respect to a particular Interest Period will only be capable of being determined near the end of the relevant Interest Period.

For any SOFR-referenced Covered Bonds issued under the Programme from time to time, the level of Compounded SOFR applicable to a particular Interest Period and, therefore, the amount of interest payable with respect to such Interest Period will be determined on the Interest Determination Date for such Interest Period. Because each such date is near the end of such Interest Period, investors will not know the amount of interest payable with respect to a particular Interest Period until shortly prior to the related Interest Payment Date and it may be difficult for investors to reliably estimate the amount of interest that will be payable on each such Interest Payment Date. In addition, some investors may be unwilling or unable to trade such Covered Bonds without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of such Covered Bonds.

(vii) The secondary trading market for securities linked to SOFR may be limited.

If SOFR does not prove to be widely used as a benchmark in securities that are similar or comparable to any SOFR-referenced Covered Bonds issued under the Programme from time to time, the trading price of such Covered Bonds may be lower than those of securities that are linked to rates that are more widely used. Similarly, market terms for securities that are linked to SOFR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions, or manner of compounding the reference rate, may evolve over time, and as a result, trading prices of any SOFR-referenced Covered Bonds may be lower than those of later-issued securities that are based on SOFR. Investors in such Covered Bonds may not be able to sell the Covered Bonds at all or may not be able to sell the Covered Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

In addition, there currently is no uniform market convention with respect to the implementation of SOFR as a base rate for floating-rate covered bonds or other securities. The manner of calculation and related conventions with respect to the determination of interest rates based on SOFR in floating-rate covered bond markets may differ materially compared with the manner of calculation and related conventions with respect to the determination of interest rates based on SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any potential inconsistencies between the manner of calculation and related conventions with respect to the determination of interest rates based on SOFR across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposition of the SOFR-referenced Covered Bonds.

(viii) SOFR may be modified or discontinued and any SOFR-referenced Covered Bonds may bear interest by reference to a rate other than Compounded SOFR, which could adversely affect the value of such Covered Bonds.

SOFR is a relatively new rate, and the FRBNY (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. SOFR is published by the FRBNY based on data received by it from sources other than the Issuer and the Issuer does not have any control over its method of calculation, publication schedule, rate revision practices or availability of SOFR at any time. There can be no guarantee, particularly given its relatively recent introduction, that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in SOFR-referenced Covered Bonds. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on any SOFR-referenced Covered Bonds issued under the Programme from time to time, which may adversely affect the trading prices of such Covered Bonds. The administrator of SOFR may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SOFR in its sole discretion and without notice (in which case a fallback method of determining the interest rate on any SOFR-referenced Covered Bonds as further described under Condition 13.02(c)1)a)i)(1)(a)(ii) will apply) and has no obligation to consider the interests of holders of the Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. The interest rate for any Interest Period will not be adjusted for any modifications or amendments to SOFR or SOFR data that the FRBNY may publish after the interest rate for that Interest Period has been determined.

The market continues to develop in relation to €STR as a reference rate for Covered Bonds

The Rate of Interest in respect of Covered Bonds with €STR as a reference rate will be determined on the basis of Compounded Daily €STR (as defined in the Conditions), which is a backwards-looking, compounded near risk-free overnight rate.

€STR is published by the European Central Bank, as the administrator of €STR, and is intended to reflect the wholesale euro unsecured overnight borrowing costs of banks located in the euro area. The European Central Bank reports that €STR is published on each TARGET2 Business Day (as defined in the Conditions) based on transactions conducted and settled on the previous TARGET2 Business Day (the reporting date “T”) with a maturity date of T+1 which are deemed to have been executed at arm’s length and thus reflect market rates in an unbiased way.

The European Central Bank began to publish the €STR Reference Rate (as defined in the Conditions) on 2 October 2019, intending to reflect trading activity on 1 October 2019. The European Central Bank notes on its publication page for the €STR Reference Rate that use of the €STR Reference Rate is subject to important disclaimers. The European Central Bank also published pre-€STR up to 30 September 2019. The European Central Bank reports that, while €STR follows the same calculation methodology as the pre-€STR, the pre-€STR was based on final data and included all revisions in terms of cancellations, corrections and amendments submitted by reporting agents at the time of calculation. The European Central Bank reports that, by contrast, the €STR is published on each TARGET2 Business Day at 8:00 a.m., Central European Time, taking into account only the statistical information received by the submission deadline of 7:00 a.m. Central European Time, subject to the quality processing steps described in the €STR methodology and policies. Investors should not rely on any trends in the pre–€STR as an indicator of future changes in the €STR Reference Rate and/or the liquidity or market price of the Covered Bonds with €STR as a reference rate.

Investors should be aware that the market continues to develop in relation to €STR as a reference rate in the capital markets and its adoption as an alternative to EURIBOR. Furthermore, the market or a significant part thereof may adopt an application of €STR that differs significantly from that set out in the Conditions and the Issuer may in the future issue Covered Bonds referencing €STR that differ materially in terms of interest determination when compared with any previous €STR referenced Covered Bonds issued by it. The development of Compounded Daily €STR as an interest reference rate for bond markets, as well as continued development of €STR-based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Covered Bonds with €STR as a reference rate. Similarly, if €STR does not prove to be widely used in securities such as the Covered Bonds, investors may not be able to sell the Covered Bonds at all or the trading price of the Covered Bonds may be lower than those of securities linked to indices that are more widely used.

The Rate of Interest for Covered Bonds with €STR as a reference rate is only capable of being determined at the end of the relevant Interest Accrual Period (as defined in the Conditions) and immediately prior to the relevant Interest Payment Date (as set out in the Conditions). It may be difficult for investors in Covered Bonds with €STR as a reference rate to estimate reliably the amount of interest which will be payable on the Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which factors could adversely affect the liquidity of such Covered Bonds. Further, if such Covered Bonds become due and payable prior to their stated maturity, the final Rate of Interest payable in respect of such Covered Bonds shall only be determined immediately prior to the date on which the Covered Bonds become due and payable.

€STR is published by the European Central Bank based on data received from other sources, the Issuer has no control over its determination, calculation or publication and there can be no guarantee that €STR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interest of investors in Covered Bonds with €STR as a reference rate. If the manner in which €STR is calculated is changed, that change may result in a reduction of the amount of interest payable on the Covered Bonds and the trading prices of the Covered Bonds. Furthermore, the manner of adoption or application of €STR in the bond markets may differ materially compared with the application and adoption of €STR in other markets such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of €STR across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of such Covered Bonds.

To the extent the €STR Reference Rate is discontinued or is no longer published as described in the Conditions, the applicable rate to be used to calculate the Rate of Interest on such Covered Bonds will be determined using the alternative methods described in the Conditions ("**€STR Fallbacks**") or if these do not enable the rate of interest (or component thereof) to be determined or necessary conforming changes to be made, Condition 13.02 will apply (see "Fallback Arrangements under the Conditions" below). Any of these €STR Fallbacks may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Covered Bonds if the €STR Reference Rate had been provided by the European Central Bank in its form as at the Issue Date of the Covered Bonds. In addition, use of the €STR Fallbacks may result in a fixed rate of interest being applied to the Covered Bonds.

An investment in Covered Bonds with €STR as the reference rate may entail significant risks not associated with similar investments in conventional debt securities. Any investor should ensure it understands the nature of the terms of such Covered Bonds and the extent of its exposure to risk.

Changes or uncertainty in respect of interest rates and indices that are deemed "benchmarks" may adversely affect the value or payment of interest under the Covered Bonds, including where such benchmarks may not be available.

(i) IBOR Replacement

Various interest rates, indices and other published values or benchmarks which are deemed to be "benchmarks" (including EURIBOR) are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to such a benchmark.

The EU Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and has applied from 1 January 2018 (with exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). Subject to certain transitional provisions, the EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union and, as it forms part of UK domestic law by virtue of the EUWA, within the United Kingdom (the "**UK Benchmarks Regulation**"). Among other things and subject to similar regimes in the EU (with the register of benchmark administrators administered by ESMA) and the UK (with the register of benchmark administrators administered by the FCA), it: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based or non-UK based (as applicable), to be subject to an equivalent regime or otherwise recognised or endorsed by the relevant authority) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) prevent certain uses by EU-supervised entities and UK-supervised entities (as defined in the EU Benchmarks Regulation or UK Benchmarks Regulation (as applicable)) of benchmarks of administrators that are not authorised/registered by the relevant authority (or, if non-EU based or non-UK based (as applicable), not deemed equivalent or recognised or endorsed by the relevant authority). The EU Benchmarks Regulation and/or the UK Benchmarks Regulation could have a material impact on any Covered Bonds linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of such regulation(s). Such changes could (amongst other things) have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level, of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, might increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The EMMI, as the registered benchmark administrator of EURIBOR, shifted in 2019 from a quote-based methodology of calculating EURIBOR to a hybrid methodology that is based upon contributions of individual panel banks that submit transaction-based data. On 13 September 2018, the working group on euro risk-free rates recommended €STR as the new risk free rate. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulations, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

Investors should be aware that the euro risk-free rate working group for the euro area published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the working group published recommendations relating to fallback trigger events and fallback rates for contracts and financial instruments referencing EURIBOR which follow the guiding principles.

These reforms and other pressures may cause some benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or contribute to certain benchmarks or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to such a benchmark.

It is not possible to predict the further effect of any changes in the methodologies pursuant to which any relevant benchmark rates are determined, or any other reforms to or other proposals affecting any relevant benchmarks that will be enacted in the U.K., the EU, the U.S. and elsewhere, each of which may adversely affect the trading market for any relevant benchmark-based securities, including any Covered Bonds that bear interest at rates based on any other relevant benchmarks. In addition, any future changes in the method pursuant to which the relevant benchmarks are determined or the transition to a successor benchmark may result in, among other things, a sudden or prolonged increase or decrease in the reported benchmark rates, a delay in the publication of any such benchmark rates, trigger changes in the rules or methodologies in certain benchmarks discouraging market participants from continuing to administer or participate in certain benchmarks, and, in certain situations, could result in a benchmark rate no longer being determined and published. Accordingly, in respect of a Covered Bond referencing a relevant benchmark, this could result in: (i) the substitution of replacement rates for such benchmark and (ii) adjustments to the terms of the relevant Covered Bonds. Any such consequences could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing or otherwise dependent (in whole or in part) on a relevant benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulations, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Covered Bonds in making any investment decision with respect to the Covered Bonds.

(ii) Fallback arrangements under the Conditions

In the case of Covered Bonds (i) using a reference rate other than €STR to determine the rate of interest (or a component thereof) or (ii) using €STR as a reference rate where an €STR Index Cessation Event has occurred and the €STR Fallbacks (as defined above) do not enable the rate of interest (or a component thereof) to be determined, the Conditions provide for certain fallback arrangements in the event that a published benchmark is discontinued or otherwise becomes unavailable, including, the possibility under Condition 13.02 (and subject to the requirements thereof) that the rate of interest could be determined: (i) by the Issuer, (ii) by the Benchmark Transition Designee (as defined below), or (iii) set by reference to an Alternative Base Rate. In making such determinations and adjustments, the Issuer may be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

Based on the foregoing, investors should be aware that:

(a) any of the reforms or pressures described above or any other changes to a relevant benchmark could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(b) If any relevant benchmark is discontinued or is otherwise unavailable, then, to the extent that an amendment as described in paragraph (c) below has not been made at the relevant time, the rate of interest on the Covered Bonds will be determined by the fallback provisions provided for under Condition 5.03, although if such provisions are dependent in part upon the provision by reference banks of offered quotations to prime banks in the Eurozone interbank market (in the case of EURIBOR), they may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may result in the rate of interest for the last preceding Interest Period being used for any reference rate or, in the case of SONIA, the last published rate being used for all remaining calendar days in the relevant period for purposes of determining the applicable compounded daily rate in accordance with the applicable formula. This may result in the effective application of a fixed rate based on the rate which applied in the previous period when the applicable benchmark was available.

(c) while an amendment may be made (i) following the occurrence of an €STR Index Cessation Effective Date to change the base rate on the Floating Rate Covered Bonds from €STR or (ii) under Condition 13.02(c) to change the base rate on the Floating Rate Covered Bonds from EURIBOR, SONIA or SOFR or any other relevant benchmark to an Alternative Base Rate under certain circumstances broadly related to a discontinuation of such benchmark and subject to certain conditions being satisfied there can be no assurance that any such amendment will be made or, if made, that it (i) will, fully or effectively, mitigate all or any relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Covered Bonds, which could result in a material adverse effect on the value of and return on such Covered Bonds or (ii) will be made prior to any date on which any of the risks described in this risk factor may arise (see "*Certain modifications to the Transaction Documents may be made in some cases without the consent of Covered Bondholders, and in other cases, Covered Bondholders will be deemed to have consented to such modifications unless holders of the Covered Bonds representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds have notified their objection to the Bond Trustee in writing*" above);

(d) if a relevant interest rate benchmark is discontinued, and whether or not an amendment is made under Condition 13.02(c) to change the base rate with respect to the Floating Rate Covered Bonds as described in paragraph (c) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate so as to ensure that the benchmark used to determine payments under the Swap Agreements would be the same as that used to determine interest payments under the Intercompany Loan or under the Covered Bonds, or that the Swap Agreements would operate to allow the transactions under the Swap Agreements to effectively mitigate interest rate and currency risks in respect of the Guarantor's obligations under the Covered Bond Guarantee or the Intercompany Loan (subject to the Intercompany Loan Agreement's requirement that the applicable rate of interest thereunder will not exceed the amount received by the Guarantor pursuant to the Interest Rate Swap, less certain specified amounts); and

(e) due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of the Issuer, the relevant fallback provisions may not operate as intended at the relevant time; and

(f) it is possible that an amendment under Condition 13.02(c) to change the base rate of a Series of the Floating Rate Covered Bonds will be treated as a deemed exchange of old Covered Bonds for new Covered Bonds, which may be taxable to U.S. holders.

(iii) Additional risks related to benchmarks applicable to Covered Bonds

The use of an Alternative Base Rate, the replacement of the USD Benchmark by the Benchmark Replacement or effecting Benchmark Replacement Conforming Changes may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Covered Bonds if the relevant benchmark remained available in its current form.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Loans, the Covered Bonds and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer or the Guarantor to meet its payment obligations in respect of the Covered Bonds. As the Issuer has significant contractual rights and obligations referenced to IBOR benchmarks, discontinuance of, or changes to, benchmark rates could adversely affect its business and results of operations. The Issuer is evaluating the impact on its products, services, systems and processes with the intention of minimizing the impact through appropriate mitigating actions.

Moreover, any of the above matters (including an amendment to change the base rate as described in paragraph (ii)(c) above) or any other significant change to the setting or existence of any other relevant benchmark rate could affect the ability of the Issuer or the Guarantor to meet its obligations under the Covered Bonds and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds. No assurance can be provided that relevant changes will not occur with respect to any relevant benchmark rate and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Covered Bonds.

(b) ***The Issuer may issue Exempt Covered Bonds under the Programme, which rank pari passu with the Covered Bonds and are guaranteed by the Guarantor under the Covered Bond Guarantee***

Under the Programme, the Issuer may issue Exempt Covered Bonds and, in particular, covered bonds may be issued (i) in the form of German law governed *Namensschuldverschreibungen* ("**N Covered Bonds**"), represented by a certificate made out in the name of the relevant holder of the N Covered Bond with the terms and conditions attached (such terms and conditions as set out in the form attached to the Trust Deed and not in the form of the Terms and Conditions as set out in this Prospectus), and (ii) in other markets. The N Covered Bonds do not constitute transferable securities within the meaning of Art. 2 (a) of the Prospectus Regulation and will not be listed and/or admitted to trading on any stock exchange. Exempt Covered Bonds will rank *pari passu* with all other Covered Bonds and payments of principal and interest payable will be guaranteed by the Guarantor under and subject to the terms of the Covered Bond Guarantee. Accordingly, any potential investor in the Covered Bonds should be aware that the Programme may include Exempt Covered Bonds, the holders of which will have equivalent rights as against the Issuer and the Guarantor as the holders of Covered Bonds issued pursuant to this Prospectus, which may dilute the ability of the Issuer or the Guarantor to make payments on the Covered Bonds or the Covered Bond Guarantee, as applicable. Such Exempt Covered Bonds do not form part of this Prospectus approved by the FCA and the FCA has neither reviewed nor approved any information contained in this Prospectus in connection with such Exempt Covered Bonds.

(c) ***Covered Bonds where denominations involve integral multiples: definitive Covered Bonds***

In relation to any issue of Covered Bonds which has denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Covered Bonds may be traded in the clearing systems in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Covered Bond in respect of such holding (should definitive Covered Bonds be provided) and would need to purchase or sell a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination before definitive Covered Bonds are issued to such Holder. See "Form of the Covered Bonds – Bearer Covered Bonds" on page 87 of the Prospectus for additional information.

If definitive Covered Bonds are issued, Holders should be aware that definitive Covered Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

(d) ***Covered Bonds subject to optional redemption by the Issuer***

An optional redemption feature of Covered Bonds is likely to limit the market value and could reduce secondary market liquidity of the Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds, if the Issuer has a right of redemption in respect of the relevant Series of Covered Bonds, when its cost of borrowing is lower than the interest rate on the Covered Bonds. See Condition 6.03 "*Call Option or Early Redemption for Special Circumstance*" on page 119 of this Prospectus for additional information. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

(e) *Risks related to Fixed Rate Covered Bonds*

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates applying to fixed rate debt instruments issued in the same currency and having the same term to maturity as those Fixed Rate Covered Bonds may adversely affect the value of the Fixed Rate Covered Bonds, as an equivalent investment issued at the current market interest rate may be more attractive to investors. In such circumstances an investor may not be able to obtain the expected return on the sale of the relevant Covered Bonds.

(f) *Covered Bonds issued at a substantial discount or premium*

The issue price of Covered Bonds specified in the applicable Final Terms may be more than the market value of such Covered Bonds as of the issue date, and the price at which a Dealer or any other person willing to purchase the Covered Bonds in secondary market transactions may be lower than the issue price. In particular, the issue price may take into account amounts with respect to commissions relating to the hedging of the Issuer's obligations under such Covered Bonds, and secondary market prices are likely to exclude such amounts. In addition, pricing models of market participants may differ or produce a different result. See "*Market Discount*" and "*Acquisition Premium and Amortizable Bond Premium*" on page 257 and 258 of this Prospectus for additional information.

The market values of Covered Bonds issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Covered Bonds. Generally, the longer the remaining term of the Covered Bonds, the greater the price volatility as compared to conventional interest-bearing Covered Bonds with comparable maturities.

(g) *Canadian usury laws*

The *Criminal Code* (Canada) prohibits the receipt of "interest" at a "criminal rate" (namely, an effective annual rate of 60%). Accordingly, the provisions for the payment of interest or a redemption amount in excess of the aggregate principal amount of the Covered Bonds may not be enforceable if the provision provides for the payment of "interest" in excess of an effective annual rate of interest of 60%. See Condition 5 "*Interest*" on page 99 of this Prospectus for additional information on how interest is calculated.

(h) *Registered Global Covered Bonds*

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. See "*Form of the Covered Bonds – Transfer of Interests*" on page 90 of this Prospectus for additional information. Similarly, because certain clearing systems can only act on behalf of direct participants in such clearing systems who in turn act on behalf of indirect participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by such clearing systems to pledge such Covered Bonds to persons or entities that do not participate in such clearing systems or otherwise take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form.

(i) *Risks related to Covered Bonds issued by the Issuer's London branch*

The Issuer has operations in a number of countries outside of Canada, including in particular the UK. In accordance with the Financial Stability Board's "Key attributes of effective Resolution Regimes for Financial Institutions" dated 15 October 2014, resolution authorities should have resolution powers over local branches of foreign firms and the capacity to use their powers either to support a resolution carried out by a foreign home authority (for example, by ordering a transfer of property located in its jurisdiction to a bridge institution established by the foreign home authority) or, in exceptional cases, to take measures on its own initiative where the foreign home authority is not taking action or acts in a manner that does not take sufficient account of the need to preserve the local jurisdiction's financial stability or where other relevant conditions are met. It is therefore possible that resolution authorities in countries where the Issuer has branches or assets, including the UK, may adversely affect the rights of holders of the Covered Bonds.

Under the UK's Banking Act 2009 (as amended, the "**UK Banking Act**"), substantial powers are granted to HM Treasury, the Bank of England, the UK Financial Conduct Authority and the Prudential Regulation Authority (the "**PRA**") (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers can be exercised, as applicable, by the Authorities in respect of a third country incorporated credit institution (such as the Issuer) or a third country incorporated investment firm ("third country entity") either where that third country entity is subject to resolution in its jurisdiction of incorporation (a "third country resolution action") or where no third country resolution actions have been taken, but the Authorities consider that the commencement of resolution proceedings is in the public interest. The Authorities' powers (such as those pertaining to bail-in liabilities) are subject to additional conditions where they are used in respect of branches of third-country entities (such as the Issuer) as compared with their use in respect of UK banks.

Covered Bonds may be issued by the Issuer's London branch if the Branch of Account specified in the Final Terms is London. Where the Authorities choose to recognise a third country resolution action, in whole or in part, they must make a statutory instrument which may provide for the exercise of the stabilisation options in relation to the third country entity. This instrument may apply to: (i) assets of the third country entity or its group located in the UK or governed by UK law; and (ii) rights or liabilities of the third country entity that are booked by its London branch, governed by UK law, or where the claims in relation to such rights and liabilities are enforceable in the UK. Accordingly, exercise of these powers is possible where the relevant Authorities are acting to support or give full effect to a resolution carried out by the Canadian resolution authority. The Authorities' power to bail-in liabilities is not intended to apply to secured debt. Therefore, claims in relation to the Covered Bonds should not be subject to the bail-in tool to the extent that they are secured. However, the Authorities' actions may include actions such as transferring assets located in the UK to a purchaser under the Canadian equivalent of a sale of business tool, or to a bridge bank in Canada.

In addition, under the BRRD which has been implemented in the UK through the UK Banking Act, the UK has provided the Authorities with the necessary powers to resolve the London branch of a third country entity (such as the Issuer's London branch) that is not subject to third country resolution action (including resolution proceedings of the Canadian authorities), or where the Authorities have refused to recognise or enforce third country resolution action. The powers available to the Bank of England, when acting independently to resolve a London branch of a third country entity are: (i) powers to transfer some or all of the assets, rights and liabilities (the "business of the branch") to a private sector purchaser, bridge bank or asset management vehicle; and (ii) the power to bail-in liabilities (which should not include the Covered Bonds to the extend they are secured) in connection with the transfer to the private-sector purchaser, bridge bank or asset management vehicle (the "Independent Resolution of UK Branch Powers" or "IRUKBPs"). The powers could affect the Covered Bonds, to the extent that they are considered to be within the "business of the branch". As outlined above, the bail-in tool is not intended to apply to secured debt such as the Covered Bonds. However, Covered Bondholders may be subject to the relevant powers listed in clause (i) above, which may result in such Covered Bondholders losing some or all of their investment.

6. FACTORS WHICH ARE MATERIAL FOR THE PURPOSES OF ASSESSING THE RISKS RELATING TO THE ISSUER'S AND THE GUARANTOR'S LEGAL AND REGULATORY SITUATION

The principal risks related to the Issuer's and the Guarantor's legal and regulatory situation are described below. There can be no assurance that further regulations or guidance from CMHC, OSFI, Canada Deposit Insurance Corporation or any other regulatory authority, in addition to those referred to specifically below, will not arise with regard to the mortgage market in Canada generally, the Issuer's or Guarantor's particular sector in that market or specifically in relation to the Issuer or the Guarantor. Any such action or developments may have a material adverse effect on the Issuer, and/or the Guarantor and their respective businesses and operations. This may adversely affect the ability of the Guarantor to dispose of the Covered Bond Portfolio or any part thereof in a timely manner and/or the realizable value of the Covered Bond Portfolio or any part thereof and accordingly affect the ability of the Issuer and (following the occurrence of a Covered Bond Guarantee Activation Event) the Guarantor, respectively, to meet their obligations under the Covered Bonds in the case of the Issuer and the Covered Bond Guarantee in the case of the Guarantor.

Bankruptcy or Insolvency Risk

The assignments of the Portfolio Assets from the Seller to the Guarantor pursuant to the terms of the Mortgage Sale Agreement are intended by the Seller and the Guarantor to be and have been documented as sales for legal purposes. For a description of the principal terms of the Mortgage Sale Agreement see pages 182 to 192 of this Prospectus. As the subject of a legal sale, the Portfolio Assets would not form part of the assets of the Issuer and would not be available to the creditors of the Issuer. However, if the Seller or the Guarantor were to become bankrupt or otherwise subject to insolvency, winding-up and/or restructuring proceedings, the Superintendent of Financial Institutions (the "**Superintendent**"), appointed pursuant to the *Office of the Superintendent of Financial Institutions Act* (Canada), any liquidator or other stakeholder of the Seller, could attempt to re-characterize the sale of the Portfolio Assets as a loan from the Guarantor to the Seller secured by the Portfolio Assets, to challenge the sale under the fraudulent transfer or similar provisions of the *Winding-up and Restructuring Act* ("**WURA**") or other applicable laws or to consolidate the assets of the Seller with the assets of the Guarantor. In this regard, the Transaction Documents contain restrictions on the Seller and the Guarantor intended to reduce the possibility that a Canadian court would order consolidation of the assets and liabilities of the Seller and the Guarantor given, among other things, current jurisprudence on the matter. Further, the Covered Bond Legislative Framework contains provisions that will limit the application of the laws of Canada and the provinces and territories relating to bankruptcy, insolvency and fraudulent conveyance to the assignments of the Portfolio Assets from the Seller to the Guarantor. Nonetheless, any attempt to challenge the transaction or to consolidate the assets of the Seller with the assets of the Guarantor, even if unsuccessful, could result in a delay or reduction of collections on the Portfolio Assets available to the Guarantor to meet its obligations under the Covered Bond Guarantee, which could prevent timely or ultimate payment of amounts due to the Guarantor, and consequently, the holders of the Covered Bonds.

The interests of the Guarantor may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the Seller arising prior to the time that the Portfolio Assets are transferred to the Guarantor, which may reduce the amounts that may be available to the Guarantor and, consequently, the holders of the Covered Bonds. The Guarantor will not, at the time of sale, give notice to Borrowers of the transfer to the Guarantor of the Portfolio Assets or the grant of a security interest therein to the Bond Trustee. However, under the Mortgage Sale Agreement, the Seller will warrant that the Portfolio Assets have been or will be transferred to the Guarantor free and clear of the security interest or lien of any third party claiming an interest therein, through or under the Seller, other than certain permitted security interests. The Guarantor will warrant and covenant that it has not taken and will not take any action to encumber or create any security interests or other liens in any of the property of the Guarantor, except for the security interest granted to the Bond Trustee and except as permitted under the Transaction Documents.

Amounts that are on deposit from time to time in the Guarantor Accounts may be invested in certain permitted investments pursuant to the Transaction Documents. In the event of the liquidation, insolvency, receivership or administration of any entity with which an investment of the Guarantor is made (such as pursuant to the Guaranteed Investment Contract or the Standby Guaranteed Investment Contract) or which is an issuer, obligor or guarantor of any investment, the ability of the Guarantor to enforce its rights to any such investments and the ability of the Guarantor to make payments to holders of the Covered Bonds in a timely manner may be adversely affected and may result in a loss on some or all of the Covered Bonds. In order to reduce this risk, these investments must satisfy certain criteria, including those provided for in the Covered Bond Legislative Framework.

Payments of interest and principal on the Covered Bonds are subordinate to certain payments (including payments for services provided to the Guarantor), taxes and the reimbursement of all costs, charges and expenses of and incidental to the enforcement of the Trust Deed and the other Transaction Documents to which the Bond Trustee is a party, including the appointment of a receiver in respect of the Portfolio Assets (including legal fees and disbursements) and the exercise by the receiver or the Bond Trustee of all or any of the powers granted to them under the Trust Deed and the other Transaction Documents to which the Bond Trustee is a party, and the reasonable remuneration of such receiver or any agent or employee of such receiver or any agent of the Bond Trustee and all reasonable costs, charges and expenses properly incurred by such receiver or the Bond Trustee in exercising their power. These amounts could increase, especially in adverse circumstances such as the occurrence of a Guarantor Event of Default, the insolvency of the Issuer or the Guarantor or a Servicer Termination Event. If such expenses or the costs of a receiver or the Bond Trustee become too great, payments of interest on and principal of the Covered Bonds may be reduced or delayed.

The ability of the Bond Trustee (for itself and on behalf of the other Secured Creditors) to enforce the security granted to it pursuant to the terms of the Security Agreement is subject to the bankruptcy and insolvency laws of Canada. The *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") both provide regimes pursuant to which debtor companies are entitled to seek temporary relief from their creditors. The BIA applies to limited partnerships. In addition, Canadian jurisprudence makes it clear that both the BIA and the CCAA can apply to limited partnerships. Further, it is a possibility that the Seller, a liquidator of the Seller, another creditor of the Guarantor or the Superintendent could seek the court appointment of a receiver of the Guarantor or a winding-up of the Guarantor, or might commence involuntary insolvency proceedings against the Guarantor under the BIA or the CCAA.

If the Guarantor or Issuer, including as Seller and initial Servicer, voluntarily or involuntarily becomes subject to insolvency or winding-up proceedings including pursuant to the BIA, the CCAA or the WURA or if a receiver is appointed over the Issuer or the Guarantor, notwithstanding the protective provisions of the Covered Bond Legislative Framework, this may delay or otherwise impair the exercise of rights or any realization by the Bond Trustee (for itself and on behalf of the other Secured Creditors) under the Covered Bond Guarantee and/or the Security Agreement and/or impair the ability of the Guarantor or Bond Trustee to trace and recover any funds which the Servicer has commingled with any other funds held by it prior to such funds being paid into the GIC Account. In the event of a Servicer Termination Event as a result of the insolvency of the Issuer, the right of the Guarantor to appoint a successor Servicer may be stayed or prevented.

CMHC has the right under the Covered Bond Legislative Framework and the CMHC Guide to suspend a registered issuer from issuing further covered bonds under a registered program if the issuer has breached certain requirements of its registered program or the CMHC Guide. A suspended issuer is not permitted to issue any covered bonds during a period of suspension.

Remedial Powers of the Superintendent under the Bank Act

The Superintendent, under Section 645(1) of the Bank Act, has the power, where in the opinion of the Superintendent a person, a bank, or a person with respect to a bank, like the Issuer, is committing, or is about to commit, an act that is an unsafe or unsound practice in conducting the business of the bank, or is pursuing or is about to pursue any course of conduct that is an unsafe or unsound practice in conducting the business of the bank, to direct the person or bank, as the case may be, to cease or refrain from committing the act or pursuing the course of conduct and to perform such acts as in the opinion of the Superintendent are necessary to remedy the situation.

Although the above remedial power exists, following an initial review of potential regulatory and policy concerns associated with the issuance of covered bonds by Canadian deposit taking institutions, including the Issuer (during which it requested that financial institutions refrain from issuing covered bonds), OSFI confirmed by letter dated 27 June 2007 that Canadian deposit taking institutions, including the Issuer, may issue covered bonds, provided certain conditions are met. That letter from OSFI was first updated in a letter dated 19 December 2014 from OSFI to Canadian deposit taking institutions issuing covered bonds (the "**December 2014 letter**") and further updated in a second letter dated 23 May 2019 from OSFI to Canadian deposit taking institutions issuing covered bonds (the "**May 2019 letter**") and a third letter dated 27 March 2020 from OSFI to federally regulated deposit taking institutions (the "**March 2020 letter**") and a fourth letter dated 6 April 2021 from OSFI to Canadian regulated deposit taking institutions issuing covered bonds (the "**April 2021 letter**"). The conditions set out in the 27 June 2007 letter, as modified by the December 2014 letter are as follows: (i) at the time of issuance, the covered bonds must not make up more than 4 per cent. of the Total Assets (defined using a select number of data points from the 2015 Leverage Requirements Return and 2015 Basel Capital Adequacy Return filed with OSFI) of the relevant deposit taking institution; (ii) if at any time after issuance the 4 per cent. limit is exceeded, the relevant deposit taking institution must immediately notify OSFI; and (iii) excesses (above the 4 per cent. limit) due to factors not under the control of the issuing institution, such as foreign exchange fluctuations, will not require the relevant deposit taking institution to take action to reduce the amount outstanding, however, for other excesses, the relevant deposit taking institution must provide a plan showing how it proposes to eliminate the excess quickly.

As a result of the May 2019 letter, as of 1 August 2019, OSFI required that the total assets pledged by the deposit-taking institution for covered bonds (calculated as the Canadian dollar equivalent of the deposit-taking institution's covered bonds outstanding multiplied by the level of overcollateralization, as calculated in accordance with the CMHC

Guide and reported in the monthly investors' reports), must not, at any time, exceed 5.5 per cent. of the deposit-taking institution's on-balance sheet assets (as reported on the regulatory balance sheet return of the deposit-taking institution). As of the date of this Prospectus, the applicable limit is 5.5 per cent and the Issuer is in compliance with the OSFI covered bond limits.

The May 2019 letter also confirms that relevant deposit taking institutions will continue to be expected to amend the pledging policies they are required to maintain under the Bank Act or other applicable federal law to take into account the issuance of covered bonds consistent with the above limits. In respect of the limits in the 27 June 2007 letter and the December 2014 letter, the Bank received approval from the risk committee of its board of directors for, and implemented, amendments to its pledging policies which took into account the issuance of Covered Bonds under the Programme.

Basel Accord and Regulatory Environment

The Basel Accord proposes a range of approaches of varying complexity, the choice of which determines the sensitivity of capital to risks. A less complex approach, such as the Standardized Approach, uses regulatory weightings, while a more complex approach uses the Issuer's internal estimates of risk components to establish risk-weighted assets and calculate regulatory capital.

OSFI is responsible for applying the Basel Accord in Canada. As required under the Basel Accord, OSFI requires that regulatory capital instruments other than common equity have a non-viability contingent capital clause to ensure that investors bear losses before taxpayers should the government determine that it is in the public interest to rescue a non-viable financial institution.

The Issuer and all other major Canadian banks have to maintain minimum capital ratios established by OSFI: a CET1 capital ratio of at least 10.5%, a Tier 1 capital ratio of at least 12.0%, and a Total capital ratio of at least 14.0%. For additional information on the ratio calculations, see page 60 of the 2021 Annual Report. All of these ratios include a capital conservation buffer of 2.5% established by the Basel Committee on Banking Supervision (the "**BCBS**") and OSFI as well as a 1.0% surcharge applicable solely to Domestic Systemically Important Banks (the "**D-SIBs**") and a 2.5% domestic stability buffer established by OSFI. The domestic stability buffer, which can vary from 0% to 2.5% of risk-weighted assets, consists exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement will not be subject to automatic constraints to reduce capital distributions but will have to provide a remediation plan to OSFI. The banks also have to meet the capital floor that sets the regulatory capital level according to the Basel II standardized approach. If the capital requirement under Basel III is less than 70% of the capital requirement as calculated under Basel II, the difference is added to risk-weighted assets. OSFI requires Canadian banks to meet a Basel III leverage ratio of at least 3.0%. The leverage ratio is a measure independent of risk that is calculated by dividing the amount of Tier 1 capital by total exposure. Total exposure is defined as the sum of on balance-sheet assets (including derivative exposures and securities financing transaction exposures) and off-balance-sheet items. The assets deducted from Tier 1 capital are also deducted from total exposure.

In addition to those measures, OSFI is requiring that regulatory capital instruments other than common equity have a non-viability contingent capital ("**NVCC**") clause to ensure that investors bear losses before taxpayers should the government determine that it is in the public interest to rescue a non-viable financial institution. Instruments issued before 1 January 2013 that would be Basel-III-compliant if not for the absence of the NVCC clause were grandfathered and phased out over a ten-year period. As at 31 July 2022, the Issuer has one remaining non-NVCC Tier 2 subordinated debt capital instrument, which has now been completely phased out of regulatory capital.

The Issuer cannot predict the precise effects of the potential changes that might result from implementation of the Basel III framework on both its own financial performance or the impact on the pricing of the Covered Bonds issued under this Programme. Prospective investors should consult their own advisers as to the potential consequences for them and for the Issuer of the potential application of the Basel III framework.

Impact of Regulatory Guidelines on Residential Mortgage Underwriting Practices and Procedures

Guideline B-20 – Residential Mortgage Underwriting Practices and Procedures ("**Guideline B-20**"), published by OSFI in June 2012 and as amended in November 2014 and July 2017, sets out OSFI's expectations for prudent residential mortgage underwriting by federally-regulated financial institutions, which includes the Seller in respect of Loans originated by it. Guideline B-20 calls for the establishment of a Residential Mortgage Underwriting Policy by federally regulated financial institutions, such as the Issuer in its role as the Seller, and sets out expectations with respect to borrower due diligence, collateral management and appraisal processes and credit and counterparty risk management practices and procedures by the Seller. OSFI indicates in Guideline B-20 that it expects federally-regulated financial institutions, such as the Seller, to limit the non-amortizing home equity line of credit component of a residential mortgage to a maximum authorized loan-to-value ratio of less than or equal to 65 per cent, and has further clarified by way of an advisory published on 28 June 2022 that on combined loan plans any and all lending above the 65 percent loan-to-value limit should be both amortizing and non-re-advanceable. Principal payments applied to the portion above 65 percent loan-to-value should be matched by a reduction in the overall authorized limit, until this overall combined loan plan limit reduces to the 65 percent loan-to-value limit for all segments on a combined basis. The implementation of the advisory released on 28 June 2022 for federally-regulated lenders with an October 31st fiscal year end, such as the Seller, will be after the Seller's fiscal year end on 31 October 2023. See the section entitled "*Loan Origination and Lending Criteria*" on pages 170 to 173 of this Prospectus for further details regarding the loan-to-value ratio requirements as related to the Covered Bond Portfolio. The Issuer is compliant with Guideline B-20 with respect to its Covered Bond Programme.

Loans that may be sold to the Guarantor in the future may have characteristics differing from current Loans generated before the implementation of Guideline B-20, including in respect of loss experience, delinquencies, revenue experience and monthly payment rates. Compliance with Guideline B-20 may impact the Seller's ability to generate new Loans for sale to the Guarantor under the Programme at the same rate as the Seller originated Loans prior to Guideline B-20 coming into effect.

Guideline B-20 also provides that where a federally-regulated financial institution such as the Issuer acquires a residential mortgage loan, including a home equity line of credit, that has been originated by a third party, such federally-regulated financial institution should ensure that the underwriting standards of that third party are consistent with those set out in the Residential Mortgage Underwriting Policy of the federally-regulated financial institution and compliant with Guideline B-20. OSFI published the final version of the Guideline B-20 on 17 October 2017, which went into effect on 1 January 2018.

On 1 January 2018, OSFI also implemented changes to clarify or strengthen expectations in a number of specific areas, including:

- requiring a qualifying stress test for all uninsured mortgages;
- requiring that loan-to-value (LTV) measurements remain dynamic and adjust for local market conditions where they are used as a risk control, such as for qualifying borrowers; and
- expressly prohibiting co-lending arrangements that are, or appear to be designed to circumvent regulatory requirements.

Additionally, as of 1 June 2021, OSFI has increased the minimum qualifying rate for uninsured mortgages.

Regulatory Reforms

The banking industry is facing an increasing number of regulatory changes, the scope and intensity of which are unprecedented. These changes include, among others, mortgage underwriting activities and changes that are likely to arise from the federal government's review of certain components of Canada's payment system, including governance, mobile payment, debit and credit cards and the regulatory framework. In addition, commercial practices and the revenues of Canadian financial institutions, including the Issuer, may be adversely affected by court decisions, particularly the Supreme Court of Canada's 2014 decision that certain provincial legislation, including the Québec Consumer Protection Act, may apply to the practices of financial institutions. Achieving compliance with some of these changes and reforms may require significant effort and could affect the way the Issuer operates in its domestic market and abroad. The Issuer monitors regulatory developments and achieves compliance in a proactive fashion while seeking to mitigate any adverse effects on its activities and profitability.

Financial Regulatory Reforms in the U.S. and Canada Could Have a Significant Impact on the Issuer or the Guarantor

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in 2010 (the "**Dodd-Frank Act**") significantly increased the regulation of the financial services industry. This legislation, among other things: (a) established a Financial Stability Oversight Council (the "**FSOC**") to oversee systemic risk, and provides regulators with the power to require companies deemed "systemically important" to sell or transfer assets and terminate activities if the regulators determine that the size or scope of activities of the company pose a threat to the safety and soundness of the company or the financial stability of the United States; and (b) required covered entities to provide a credible plan for resolution under the U.S. Bankruptcy Code, and provides sanctions that include divestiture of assets or restructuring in the event the plan is deemed insufficient; (c) required U.S. federal regulators to adopt significant regulations regarding clearing, margin posting and reporting for derivatives transactions, (d) required U.S. federal regulators to adopt regulations requiring securitizers or originators to retain at least 5% of the credit risk of securitized exposures unless the underlying exposures meet certain underwriting standards to be determined by regulations, (e) increased oversight of credit rating agencies, and (f) required the SEC to promulgate rules generally prohibiting firms from underwriting or sponsoring a securitization that would result in a material conflict of interest with respect to investors in that securitization.

In the U.S., since the passage of the Dodd-Frank Act, the Department of the Treasury, SEC, the FSOC, the Commodity Futures Trading Commission (the "**CFTC**"), the Federal Reserve Board, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau and the Federal Deposit Insurance Corporation engaged in extensive rule-making mandated by the Dodd-Frank Act. While many regulations under Dodd-Frank have been adopted, much of the certain rule-making remains to be done. As a result, the complete scope of the Dodd-Frank Act remains uncertain. The change in administrations add to the uncertainty about the complete scope of that Act. While these rules are generally not directly applicable to the Issuer, they have or may have indirect implications on the Issuer's business and operations. It is not clear what form some of these regulations will ultimately take, or how the Issuer or the Guarantor will be affected.

In particular, in addition to the regulations referred to above affecting the financial services industry generally, Title VII of the Dodd-Frank Act ("**Title VII**") imposed a new regulatory framework on swap transactions, including interest rate and currency swaps of the type entered into by the Guarantor. Many of the key regulations implementing Title VII's regulation of swap transactions, which include interest rate and currency swaps of the type entered into by the Guarantor, are effective. However, in some instances, the interpretation and potential impact of these swaps regulations is not yet entirely clear. Additionally, not all of the regulations, in particular with respect to security-based swaps, have been finalized and are effective. For example, certain of the new swap regulations could make it more difficult, or even impracticable, for the Guarantor to replace, novate or amend the terms of the Swap Agreements should that become necessary in the future. These include regulations that would require certain swap transactions to be cleared through a derivatives clearing organization and regulations that require swap dealers to collect initial and variation margin for uncleared swap transactions. These new regulations could adversely affect the value, availability and performance of certain derivatives instruments and may result in additional costs and restrictions with respect to the use of those instruments.

Such requirements may disrupt the Guarantor's ability to hedge its exposure to various transactions (see "*Summary of the Principal Documents - Covered Bond Swap Agreement*" on pages 217 to 220 of this Prospectus), including any obligations it may owe to investors under the Covered Bonds, and may materially and adversely impact a transaction's value or the value of the Covered Bonds. The Guarantor cannot be certain as to how these regulatory developments will impact the treatment of the Covered Bonds. In particular, any amendments to existing swap transactions or new swap transactions entered into by the Guarantor may be subject to clearing, execution, capital, margin posting, reporting and recordkeeping requirements under the Dodd-Frank Act that could result in additional regulatory burdens, costs and expenses (including extraordinary, non-recurring expenses of the Guarantor)

In Canada, a regulatory framework for swap transactions similar to the regulatory framework under Title VII is proposed by the regulators. Such regulatory framework may have similar consequences for the Issuer and the Guarantor. In addition, it is possible that compliance with other emerging regulations could result in the imposition of higher administration expenses on the Guarantor.

No assurance can be given that the Dodd-Frank Act and related regulations, the proposed similar regulatory framework in Canada, or any other new legislative changes enacted will not have a significant impact on the Issuer or the Guarantor, including on the amount of Covered Bonds that may be issued in the future or the Guarantor's ability to maintain or enter into swap transactions.

A Bank Recapitalisation "Bail-in" Regime

On 20 April 2016, the Government of Canada ("**GOC**") introduced legislation to amend the *Bank Act*, the *Canadian Deposit Insurance Corporation Act* (the "**CDIC Act**") and certain other federal statutes pertaining to banks to create a bank recapitalization or bail-in regime for domestic systemically important banks ("**D-SIBs**"), which include the Issuer. On 22 June 2016, the proposed legislation was approved by Parliament and received Royal Assent and such amendments are now in force. Under the legislation, if the Superintendent of Financial Institutions is of the opinion that a D-SIB, such as the Issuer, has ceased or is about to cease to be viable and its viability cannot be restored through the exercise of the Superintendent's powers, the Governor in Council can, among other things and upon recommendation of the Minister of Finance that he or she is of the opinion that it is in the public interest to do so, grant an order directing the Canada Deposit Insurance Corporation ("**CDIC**") to convert all or a portion of certain shares and liabilities of the Issuer into common shares of the Issuer or any of its affiliates (a "**Bail-in Conversion**").

The GOC has published regulations under the CDIC Act and the Bank Act providing the final details of conversion, issuance and compensation regimes for bail-in instruments issued by D-SIBs, including the Issuer, namely the Bank Recapitalization (Bail-in) Conversion Regulations, the Bank Recapitalization (Bail-in) Issuance Regulations and the Compensation Regulations (collectively, the "**Bail-in Regulations**").

The Bank Recapitalization (Bail-in) Conversion Regulations provide that in general, any senior debt with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and has been assigned a CUSIP or ISIN or similar identification number would be subject to a Bail-in Conversion. Shares, other than common shares, and subordinated debt would also be subject to a Bail-in Conversion, unless they are non-viability contingent capital. Other debt obligations of the Issuer such as covered bonds, including the Covered Bonds, structured notes (as defined in the Bank Recapitalization (Bail-in) Conversion Regulations) and certain derivatives would not be subject to a Bail-in Conversion.

The Bank Recapitalization (Bail-in) Conversion Regulations and the Bank Recapitalization (Bail-in) Issuance Regulations came into force on 23 September 2018, and the Compensation Regulations came into force on 27 March 2018.

On 18 April 2018, OSFI published the final Total Loss Absorbing Capacity Guideline ("**TLAC Guideline**") (which came into effect on 23 September 2018) which requires D-SIBs to maintain sufficient loss absorbing capacity to support their recapitalization in the unlikely event of a failure. D-SIBs must fully meet their minimum TLAC requirements by 1 November 2021 and public disclosure and regulatory reporting relating to TLAC commenced in the fiscal quarter commencing on 1 November 2018. During the quarter ended 30 April 2019, the Issuer had started to issue qualifying bail-in debt such that its TLAC ratios would improve through the normal refinancing of its maturing unsecured term debt. The Issuer was in compliance with the TLAC requirements as of 1 November 2021.

Further information on the bail-in regime and TLAC Guideline can be found in the section entitled "*Basel Accord and Regulatory Environment*" on pages 60 to 63 of the Issuer's 2021 Annual Report, which is incorporated by reference in this Prospectus. The bail-in regime and TLAC Guideline could adversely affect the Issuer's cost of funding.

Over-the-Counter Derivatives Reform

Over-the-counter ("**OTC**") derivatives markets globally are facing profound changes in the capital regimes, national regulatory frameworks and market infrastructures in which they operate. One of the changes is that the Issuer is required to clear certain OTC derivatives through a central counterparty. Similar to the other Canadian banks' wholesale banking businesses, the impact of these changes on the Issuer's client and trading-related derivatives revenues is uncertain.

The Issuer is monitoring international and Canadian developments and proposed reforms, and will take action to mitigate the impact on its business, where possible. The changes may result in significant systems changes, less flexible trading options, higher capital requirements, more stringent regulatory requirements along with some potential benefits as a result of reduced risk through central counterparty clearing.

7. OTHER FACTORS WHICH ARE MATERIAL FOR THE PURPOSES OF ASSESSING THE MARKET RISKS INVOLVED IN AN INVESTMENT IN THE COVERED BONDS

United Kingdom Political and Regulatory Uncertainty

Following the end of the Brexit transition period on 30 December 2020, aspects of the relationship between the UK and the EU have been governed by the EU-UK Trade and Cooperation Agreement (the "TCA"). The TCA came into effect on 1 May 2021, following its provisional application. The TCA sets out a number of preferential arrangements in areas such as trade in goods and in services, digital trade and intellectual property, but many matters pertaining to the provision of financial services remain uncertain.

Although direct operations of the Issuer in the UK are limited, given that the Issuer is operating in the financial markets and that the Covered Bonds, when issued, may be listed and admitted to trading in London, any significant new uncertainties and instability in the financial markets may affect the Issuer and the trading price of the Covered Bonds. Uncertainties remain relating to certain aspects of the UK's future economic, trading and legal relationships with the EU and with other countries.

Until these aspects are better understood, it is not possible to determine the impact any related matters may have on the Issuer or any of the Issuer's Covered Bonds as a result of, amongst other items, their listing and admission to trading in London, including the market value or the liquidity thereof in the secondary market, or on the other parties to the transaction documents. See "*Subscription and Sale and Transfer and Selling Restrictions*" on pages 267 to 76 of this Prospectus for additional information on the UK and EU selling restrictions applicable to this Programme.

Risks related to the secondary market

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed liquid secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, credit, currency or market risks or are not admitted for trading on the Main Market or another established securities exchange. See also the risk factors under sub-category "*Factors which are material for the purpose of assessing risks related to a particular issue of covered bonds*" above. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

The Covered Bonds issued pursuant to this Prospectus have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under the section entitled "*Subscription and Sale and Transfer and Selling Restrictions*" on pages 267 to 76 of this Prospectus. If a secondary market does develop, it may not continue for the life of the Covered Bonds or it may not provide holders of the Covered Bonds with liquidity of investment with the result that a holder of the Covered Bonds may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the holder of the

Covered Bonds to realize a desired yield. There can be no expectation or assurance that the Issuer or any of its affiliates will create or maintain a market in the Covered Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency (see Condition 9 "*Payments*" and Condition 5 *"Interest*" for additional information). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "*Investor's Currency*") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal or receive payments in a significantly devalued Specified Currency.

No obligation to maintain listing

The Issuer is not under any obligation to Holders of the Covered Bonds to maintain any listing of Covered Bonds and may in good faith determine that it is impractical or unduly burdensome to maintain such listing and seek to terminate the listing of such Covered Bonds provided it uses all reasonable efforts to seek an alternative admission to listing, trading and/or quotation of such Covered Bonds by another listing authority, securities exchange and/or quotation system (including a market which is not a regulated market for the purposes of UK MiFIR or a market outside the United Kingdom) that it may reasonably determine, provided however that any such listing authority, securities exchange and/or quotation system is commonly used for the listing and trading of debt securities in the international debt markets (see "*Overview of the Programme*" on page 22 of this Prospectus for further details regarding listing). Although there is no assurance as to the liquidity of any Covered Bonds as a result of the admission to trading on a regulated market for the purposes of UK MiFIR or any other market, delisting of such Covered Bonds may have a material effect on the ability of investors to (i) continue to hold such Covered Bonds, (ii) resell the Covered Bonds in the secondary market, or (iii) use the Covered Bonds as eligible collateral.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been previously published, filed with the Financial Conduct Authority and is available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism, will be deemed to be incorporated in, and form part of, this Prospectus:

(a) the Bank's Annual Information Form dated 30 November 2021 (the "**2021 Annual Information Form**");

(b) the following sections of the Bank's Annual Report for the year ended 31 October 2021 (the "**2021 Annual Report**") which are incorporated by reference in the 2021 Annual Information Form:

- (i) Management's Discussion and Analysis of the Bank for the fiscal year ended 31 October 2021 on pages 15 to 126 of the 2021 Annual Report;
- (ii) a discussion of economic review and outlook on page 26 of the 2021 Annual Report;
- (iii) a business segment analysis on pages 30 to 51 of the 2021 Annual Report;

(iv) a discussion of securitization and off-balance sheet arrangements on pages 57 to 58 of the 2021 Annual Report;

(v) information concerning risk management on pages 69 to 107 of the 2021 Annual Report;

(vi) a discussion of critical accounting estimates on pages 108 to 113 of the 2021 Annual Report;

(vii) a description of the Bank's share capital on pages 199 to 202 of the 2021 Annual Report;

(viii) information concerning principal subsidiaries of the Bank on page 221 of the 2021 Annual Report; and

(ix) the Bank's audited consolidated financial statements for the years ended 31 October 2021 and 2020, together with the notes thereto and the independent auditor's report thereon dated 30 November 2021 on pages 127 to 228 of the 2021 Annual Report, included therein,

the remainder of the 2021 Annual Report is either not relevant for prospective investors or is covered elsewhere in the Prospectus and is not incorporated by reference;

(c) the following sections of the Bank's Report to Shareholders for the quarter ended 31 July 2022 (the "**2022 Third Quarter Report**"):

(i) management's discussion and analysis on pages 3 to 48; and

(ii) the unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended 31 July 2022, with comparative unaudited interim condensed consolidated financial statements for three-month and nine-month periods ended 31 July 2021, presented in accordance with IFRS, set out on pages 49 to 87,

the remainder of the 2022 Third Quarter Report is either not relevant for prospective investors or is covered elsewhere in the Prospectus and is not incorporated by reference;

(d) NBC's May, June and July 2022 monthly (unaudited) Investor Reports containing information on the Covered Bond Portfolio as at the respective Calculation Dates falling on 31 May, 30 June and 29 July;

(e) the section entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 62 to 99 of NBC's prospectus in connection with the Programme dated 17 December 2014, comprising the terms and conditions applicable to the Covered Bonds issued pursuant to such prospectus; the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference;

(f) the section entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 62 to 99 of NBC's prospectus in connection with the Programme dated 7 April 2016 comprising the terms and conditions applicable to the Covered Bonds issued pursuant to such prospectus: the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference;

(g) the section entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 67 to 104 of NBC's prospectus in connection with the Programme dated 12 September 2017 comprising the terms and conditions applicable to the Covered Bonds issued pursuant to such prospectus: the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference;

(h) the section entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 73 through 116 of NBC's prospectus in connection with the Programme dated 27 September 2018, comprising the terms and conditions applicable to Covered Bonds issued pursuant to such prospectus; the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference;

(i) the section entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 75 through 117 of NBC's prospectus in connection with the Programme dated 9 July 2019, comprising the terms and conditions applicable to Covered Bonds issued pursuant to such prospectus; the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference;

(j) the section entitled "*Terms and Conditions of the Covered Bonds*" set out on pages 82 through 124 of NBC's prospectus in connection with the Programme dated 9 September 2020, comprising the terms and conditions applicable to Covered Bonds issued pursuant to such prospectus; the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference; and

(k) the section entitled "Terms and Conditions of the Covered Bonds" set out on pages 77 through 132 of NBC's prospectus in connection with the Programme dated 2 September 2021, comprising the terms and conditions applicable to Covered Bonds issued pursuant to such prospectus; the remainder of such prospectus is not relevant for prospective investors or is covered elsewhere in this document and is not incorporated by reference.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus will not form part of this Prospectus. Any non-incorporated parts of a document referred to herein are either (i) not considered by the Issuer to be relevant for prospective investors in the Covered Bonds to be issued under the Programme, or (ii) is covered elsewhere in this Prospectus.

Following the publication of this Prospectus, one or more supplements to this Prospectus may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of this Prospectus and the documents incorporated by reference in this Prospectus and any supplement hereto approved by the FCA can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name of the Issuer and the headline "Publication of Prospectus"; (ii) obtained on written request and without charge from the specified offices of the Issuer and each Paying Agent, as set out at the end of this Prospectus; and (iii) on the Issuer's website maintained in respect of the Programme at http://www.nbc.ca/coveredbonds/legislative. The Issuer's disclosure documents may also be accessed through the Internet (A) on the Canadian System for Electronic Document Analysis and Retrieval at http://www.SEDAR.com (an internet-based securities regulatory filing system), and (B) at the U.S. Securities and Exchange Commission's web site at http://www.sec.gov. Any websites included in the Prospectus other than in respect of the information incorporated by reference are for information purposes only and do not form part of the Prospectus and the FCA has neither scrutinized or approved the information contained therein.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of any Covered Bonds, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Covered Bonds issued in circumstances requiring publication of a prospectus under the UK Prospectus Regulation. The Issuer will also prepare supplements to this Prospectus from time to time for the purpose of incorporating by reference Investor Reports into this Prospectus. The Issuer has undertaken to the Dealers in the Dealership Agreement that it will comply with Article 23 of the UK Prospectus Regulation.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without receipts, interest coupons and/or talons attached, or registered form, without receipts, interest coupons and/or talons attached. Bearer Covered Bonds will be issued outside the United States to persons that are not US persons in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Covered Bonds will be issued both outside the United States to persons that are not US persons in reliance on the exemption from registration provided by Regulation S and within the United States or to, or for the benefit of U.S. persons in reliance on Rule 144A or another exemption from registration under the Securities Act.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without receipts or interest coupons attached (a "**Temporary Global Covered Bond**") or, if so specified in the applicable Final Terms (the "**applicable Final Terms**"), a permanent global covered bond without receipts or interest coupons attached (a "**Permanent Global Covered Bond**" and, together with the Temporary Global Covered Bonds, the "**Bearer Global Covered Bonds**" and each a "**Bearer Global Covered Bond**") which, in either case, will:

(a) if the Bearer Global Covered Bonds are intended to be issued in new global Covered Bond ("**NGCB**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to one of the international central securities depositories as common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"); and

(b) if the Bearer Global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

Clearing Systems will be notified whether or not any NGCB issuance is intended to be held in a manner which would allow Eurosystem eligibility. If the Bearer Covered Bonds are stated in the applicable Final Terms to be issued in NGCB form, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer as to whether or not the Covered Bonds are intended to be recognized as eligible collateral for European monetary policy of the central banking system for the euro (the "**Eurosystem**"), notwithstanding that such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Covered Bonds meet such Eurosystem eligibility criteria

While any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not intended to be issued in NGCB form) only to the extent that certification to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons for U.S. federal income tax purposes or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for: (i) interests in a Permanent Global Covered Bond of the same Series; or (ii) Bearer Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Covered Bond if the Permanent Global Covered Bond is not intended to be issued in NGCB form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, receipts, interest coupons and talons attached upon either: (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) to the Issuing and Paying Agent as described therein; or (ii) upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Covered Bonds represented by the Permanent Global Covered Bond in definitive form. The Issuer will promptly give notice to holders of the Covered Bonds of each Series of Bearer Global Covered Bonds in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Issuing and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Issuing and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent.

If the applicable Final Terms indicate that a Bearer Global Covered Bond is exchangeable for Bearer Definitive Covered Bonds at the option of a Holder, the Covered Bonds shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) set out in the applicable Final Terms and integral multiples thereof.

Bearer Global Covered Bonds and Bearer Definitive Covered Bonds will be issued pursuant to the Agency Agreement.

The following legend will appear on all Permanent Global Covered Bonds and all Bearer Definitive Covered Bonds which have an original maturity of more than one year and on all receipts and interest coupons relating to such Bearer Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Covered Bonds, receipts or interest coupons.

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global covered bond in registered form (a "**Regulation S Global Covered Bond**"). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer.

The Registered Covered Bonds of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions exempt from registration under the Securities Act to "**qualified institutional buyers**" within the meaning of Rule 144A under the Securities Act ("**QIBs**").

The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global covered bond in registered form (a "**Rule 144A Global Covered Bond**" and, together with a Regulation S Global Covered Bond, the "**Registered Global Covered Bonds**").

Registered Global Covered Bonds will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC or CDS for the accounts of its participants or Euroclear and Clearstream, Luxembourg; (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg; or (iii) if held under the NSS, be registered in the name of a nominee of, and delivered to, a common safekeeper for Euroclear and/or Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form. Clearing Systems will be notified whether or not any NSS issuance is intended to be held in a manner which would allow Eurosystem eligibility. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Covered Bonds meet such Eurosystem eligibility criteria.

Rule 144A Global Covered Bonds will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions described under "*Subscription and Sale and Transfer and Selling Restrictions*".

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Guarantor, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) in the case of Covered Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the *Exchange Act*; (ii) in the case of Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; (iii) in the case of Covered Bonds registered in the name of CDS or its nominee, CDS has notified the Issuer that it is unwilling or unable to continue to act as a depositary for the Covered Bonds and a successor depositary is not appointed by the Issuer within 90 days after receiving such notice, or has ceased to be a recognized clearing agency under the *Securities Act* (Ontario) or a self-regulatory organization under the *Securities Act* (Québec) or other applicable Canadian securities legislation and a successor is not appointed by the Issuer within 90 days after the Issuer becoming aware that CDS is no longer so authorized; or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Registered Global Covered Bond in definitive form. The Issuer will promptly give notice to holders of the Covered Bonds of each Series of Registered Global Covered Bonds in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, CDS, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an

Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, CDS, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see "*Subscription and Sale and Transfer and Selling Restrictions*")**.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Covered Bonds*"), the Issuing and Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

Any reference herein to DTC, CDS, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Issuing and Paying Agent and the Bond Trustee.

No holder of the Covered Bonds, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Bond Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the terms and conditions of the Covered Bonds (the "**Terms and Conditions**") which will, as completed by the applicable Final Terms in relation to a Tranche of Covered Bonds, apply to each Global Covered Bond and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by National Bank of Canada (the "**Bank**", the "**Issuer**" or "**NBC**") as part of the Issuer's CAD 20 billion legislative global Covered Bond programme (the "**Programme**") and constituted by a Trust Deed dated the Programme Date, as amended and restated on 27 September 2018, as further amended and restated on 2 September 2021 and as further amended and restated on 2 September 2022 (such trust deed as further amended, supplemented or replaced, the "**Trust Deed**") made between the Issuer, NBC Covered Bond (Legislative) Guarantor Limited Partnership, as guarantor (the "**Guarantor**") and Computershare Trust Company of Canada, as bond trustee (in such capacity, the "**Bond Trustee**" which expression shall include any successor as bond trustee).

The Covered Bonds have the benefit of an agency agreement dated the Programme Date (as amended, supplemented or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Guarantor, the Bond Trustee, The Bank of New York Mellon, in its capacities as U.S. registrar (the "**U.S. Registrar**", which expression shall include any successor in this capacity), transfer agent and exchange agent (the "**U.S. Exchange Agent**", which expression shall include any successor in this capacity), The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.), in its capacities as European registrar (the "**European Registrar**", which expression shall include any successor in such capacity, and the "**Registrar**" or "**Registrars**" for a Tranche (as defined below)) shall be as specified in the applicable Final Terms (as defined below) and transfer agent, and The Bank of New York Mellon, London Branch, in its capacities as issuing and principal paying agent (the "**Issuing and Paying Agent**", and which expression shall include any successor in such capacity), as exchange agent (the "**European Exchange Agent**", and collectively with the U.S. Exchange Agent, the "**Exchange Agent**", which expression shall include any successor in such capacity), as calculation agent (the "**Calculation Agent**", which expression shall include any successor in such capacity and any substitute calculation agent appointed in accordance with the Agency Agreement either with respect to the Programme or with respect to a particular Series) and as transfer agent and the other transfer agents named therein (collectively, the "**Transfer Agent**" which expression shall include any Registrar and any additional or successor transfer agents), and the paying agents named therein (the "**Paying Agents**", which expression shall include the Issuing and Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement either with respect to the Programme or with respect to a particular Series). As used herein, "**Agents**" shall mean the Paying Agents, the Registrar or Registrars, the Exchange Agent and the Transfer Agents.

Save as provided in Conditions 7 and 13, references in these Terms and Conditions to "**Covered Bonds**" are to Covered Bonds of this Series and shall mean:

(a) in relation to any Covered Bonds represented by a global covered bond (a "**Global Covered Bond**"), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Covered Bond;

(c) any definitive Covered Bonds in bearer form ("**Bearer Definitive Covered Bonds**") issued in exchange for a Global Covered Bond in bearer form; and

(d) any definitive Covered Bonds in registered form ("**Registered Definitive Covered Bonds**") (whether or not issued in exchange for a Global Covered Bond in registered form).

Save as provided in Conditions 7 and 13, any references to "**Coupons**" (as defined in Condition 1.06), "**Receipts**" (as defined in Condition 1.07) or "**Talons**" (as defined in Condition 1.06) are to Coupons, Receipts and Talons relating to Covered Bonds of this Series.

References in these Terms and Conditions to the Final Terms are to Part A of the Final Terms(s) prepared in relation to the Covered Bonds of the relevant Tranche or Series.

In respect of any Covered Bonds, references herein to these "Terms and Conditions" are to these terms and conditions and any reference herein to a "**Condition**" is a reference to the relevant Condition of the Terms and Conditions of the relevant Covered Bonds.

The Covered Bonds are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Covered Bonds. Each Tranche will be the subject of Final Terms (each, "**Final Terms**"), a copy of which will be available free of charge during normal business hours at the specified office of the Issuing and Paying Agent and/or, as the case may be, the applicable Registrar and each other Paying Agent. In the case of a Tranche of Exempt Covered Bonds that is not admitted to trading on a regulated market in any the EEA or the UK in circumstances requiring publication of a prospectus in accordance with Regulation (EU) 2017/1129 and any relevant implementing measure, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, a Relevant Account Holder (each as defined herein) in respect of, such Covered Bonds.

The Bond Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the "holders of the Covered Bonds", which expression shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons (as defined in Condition 1.06 below)), and for holders of each other series of Covered Bonds in accordance with the provisions of the Trust Deed.

The Guarantor has, in the Trust Deed, irrevocably and unconditionally guaranteed the due and punctual payment of the Guaranteed Amounts in respect of the Covered Bonds as and when the same shall become due for payment on certain dates and in accordance with the Trust Deed ("**Due for Payment**"), but only after the occurrence of a Covered Bond Guarantee Activation Event.

The security for the obligations of the Guarantor under the Covered Bond Guarantee and the other Transaction Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a security agreement (such security agreement as may be amended, supplemented or restated from time to time, the "**Security Agreement**") dated the Programme Date and made between the Guarantor, the Bond Trustee and certain other Secured Creditors.

These Terms and Conditions include summaries of and are subject to, the provisions of the Trust Deed, the Security Agreement, the Agency Agreement and the other Transaction Documents.

Copies of the Trust Deed, the Security Agreement, the Master Definitions and Construction Agreement (as defined below), the Agency Agreement and each of the other Transaction Documents (other than the Dealership Agreement and any subscription agreements) are available for inspection during normal business hours at the registered office for the time being of the Bond Trustee being at the date of this Prospectus at 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec, Canada, H3A 3S8 and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms of all Covered Bonds of each Series (including in relation to Exempt Covered Bonds of any Series) are obtainable during normal business hours of the specified office of each of the Paying Agents, and any holder of the Covered Bonds must produce evidence satisfactory to the Issuer and the Bond Trustee or, as the case may be, relevant Paying Agent as to its holding of Covered Bonds and identity. The holders of the Covered Bonds, the Receiptholders and Couponholders are deemed to have notice of, or are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Security Agreement, the Master Definitions and Construction Agreement, the Agency Agreement, each of the other Transaction Documents (other than the Dealership Agreement and any subscription agreements) and the applicable Final Terms which are applicable to them and to have notice of each set of Final Terms relating to each other Series.

Except where the context otherwise requires, capitalized terms used or otherwise defined in these Terms and Conditions shall bear the meanings given to them in the Master Definitions and Construction Agreement made between certain parties to the Transaction Documents on the Programme Date, as amended and restated on 27 September 2018, and as further amended and restated on 2 September 2022 (such master definitions and construction agreement as may be further amended, supplemented or replaced, the "**Master Definitions and Construction Agreement**"), a copy of each of which may be obtained as described above.

1. Form and Denomination

1.01 Covered Bonds are issued in bearer form ("**Bearer Covered Bonds**") or in registered form ("**Registered Covered Bonds**"), as specified in the Final Terms and are serially numbered. Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and vice versa.

The Covered Bond is a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a Zero Coupon Covered Bond or any appropriate combination thereof, depending on the Interest Basis specified in the applicable Final Terms. The Covered Bond may also be an Instalment Covered Bond depending upon the Redemption/Payment Basis specified in the applicable Final Terms.

1.02 For so long as any of the Covered Bonds is represented by a Temporary Global Covered Bond and/or Permanent Global Covered Bond held on behalf of Euroclear and/or Clearstream, Luxembourg or so long as The Depository Trust Company ("**DTC**") or its nominee or CDS or its nominee is the registered holder of a Registered Global Covered Bond, each person (other than Euroclear or Clearstream, Luxembourg, DTC or CDS) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg, DTC or CDS as the holder of a particular principal amount of such Covered Bonds (a "**Relevant Account Holder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, DTC or CDS as to the principal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Bond Trustee, the Issuing and Paying Agent, the Registrar and any other Agent as the holder of such principal amount of such Covered Bonds for all purposes, in accordance with and subject to the Terms and Conditions of the relevant Global Covered Bond and the Trust Deed, other than with respect to the payment of principal or interest on the Covered Bonds, and, in the case of DTC or its nominee or CDS or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Temporary Global Covered Bond and/or Permanent Global Covered Bond or registered holder of a Registered Global Covered Bond (or in either case, the Bond Trustee in accordance with the Trust Deed) shall be treated by the Issuer, the Guarantor, the Bond Trustee, the Issuing and Paying Agent and any Agent and any Registrar as the holder of such principal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expression "Holder" and related expressions shall be construed accordingly. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the then current rules and procedures of Euroclear or of Clearstream, Luxembourg, DTC or CDS or any other relevant clearing system, as the case may be.

References to DTC, CDS, Euroclear or Clearstream, Luxembourg shall, whenever the context so permits (but not in the case of any NGCB), be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms as may otherwise be approved by the Issuer, the Issuing and Paying Agent and the Bond Trustee.

Bearer Covered Bonds

1.03 The Final Terms shall, if applicable, specify whether U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") or U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") shall apply. Each Tranche of Bearer Covered Bonds with an original maturity of more than one year is represented upon issue by a Temporary Global Covered Bond, unless the Final Terms specify otherwise, in particular, when the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Covered Bonds so specify or where a Tranche of Bearer Covered Bonds has an original maturity of one year or less, such Tranche is (unless otherwise specified in the Final Terms) represented upon issue by a Permanent Global Covered Bond.

Interests in the Temporary Global Covered Bond may be exchanged for:

(a) interests in a Permanent Global Covered Bond; or

(b) if so specified in the Final Terms, Bearer Definitive Covered Bonds.

Exchanges of interests in a Temporary Global Covered Bond for Bearer Definitive Covered Bonds or, as the case may be, a Permanent Global Covered Bond will be made only on or after the Exchange Date (as specified in the Final Terms) and (unless the Final Terms specify that the TEFRA C Rules are applicable to the Covered Bonds) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations has been received in accordance with the terms of the Temporary Global Covered Bond (each certification in substantially the form set out in the Temporary Global Covered Bond or in such other form as is customarily issued in such circumstances by the relevant clearing system).

1.04 The bearer of any Temporary Global Covered Bond shall not (unless, upon due presentation of such Temporary Global Covered Bond for exchange (in whole but not in part only) for a Permanent Global Covered Bond or for delivery of Bearer Definitive Covered Bonds, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to collect any payment in respect of the Covered Bonds represented by such Temporary Global Covered Bond which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date specified in the applicable Final Terms.

1.05 Unless the Final Terms specify that the TEFRA C Rules are applicable to the Covered Bonds and subject to Condition 1.04 above, if any date on which a payment of interest is due on the Covered Bonds of a Tranche occurs while any of the Covered Bonds of that Tranche are represented by a Temporary Global Covered Bond, the related interest payment will be made on the Temporary Global Covered Bond only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Covered Bond or in such other form as is customarily issued in such circumstances by the relevant clearing system), has been received by Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other relevant clearing system in accordance with the terms of the Temporary Global Covered Bond. Payments of amounts due in respect of a Permanent Global Covered Bond or (subject to Condition 1.04 above) a Temporary Global Covered Bond will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for further certification. Any reference herein to Euroclear or Clearstream, Luxembourg shall be deemed to include a reference to any other relevant clearing system.

1.06 Bearer Definitive Covered Bonds that are not Zero Coupon Covered Bonds have attached thereto, at the time of their initial delivery, coupons ("**Coupons**"), the presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Definitive Covered Bonds that are not Zero Coupon Covered Bonds, if so specified in the Final Terms, have attached thereto, at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "Coupons" shall, where the context so requires, include Talons.

1.07 Bearer Definitive Covered Bonds, the principal amount of which is repayable by instalments ("**Instalment Covered Bonds**") in such amounts as may be specified in, or determined in accordance with, the provisions of the Final Terms (each an "**Instalment Amount**"), have endorsed thereon a grid for recording the repayment of Instalment Amounts or, if so specified in the Final Terms, have attached thereto, at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the Instalment Amounts repaid.

Denomination

Denomination of Bearer Covered Bonds

1.08 Bearer Covered Bonds are in the Specified Denomination(s) specified in the Final Terms. Bearer Covered Bonds of one denomination may not be exchanged for Bearer Covered Bonds of any other denomination.

Denomination of Registered Covered Bonds

1.09 Registered Covered Bonds are in the Specified Denominations specified in the Final Terms.

Currency of Covered Bonds

1.10 The Covered Bonds are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

2. Title and Transfer

2.01 Title to Bearer Covered Bonds, Receipts and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Covered Bonds or of Receipts or Coupons are to the bearers of such Bearer Covered Bonds or such Receipts or Coupons.

2.02 Title to Registered Covered Bonds passes by due endorsement in the relevant register. The Issuer shall procure that the Registrar keep a register or registers in which shall be entered the names and addresses of the Holders of Registered Covered Bonds and particulars of the Registered Covered Bonds held by them. Such registration shall be noted on the Registered Covered Bonds by the Registrar. References herein to the "**Holders**" of Registered Covered Bonds are to the persons in whose names such Registered Covered Bonds are so registered in the relevant register.

2.03 The Holder of any Bearer Covered Bond, Coupon, Receipt or Registered Covered Bond will for all purposes of the Trust Deed, Security Agreement and Agency Agreement (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof and no person shall be liable for so treating such Holder.

Transfer of Registered Covered Bonds

2.04 A Registered Covered Bond may, upon the terms and subject to the terms and conditions set forth in the Agency Agreement and as required by law, be transferred in whole or in part only (provided that such part is a Specified Denomination specified in the Final Terms) upon the surrender of the Registered Covered Bond to be transferred, together with a form of transfer duly completed and executed, at the specified office of the Registrar. A new Registered Covered Bond will be issued to the transferee and, in the case of a transfer of part only of a Registered Covered Bond, a new Registered Covered Bond in respect of the balance not transferred will be issued to the transferor.

2.05 Each new Registered Covered Bond to be issued upon the registration of the transfer of a Registered Covered Bond will, within three Relevant Banking Days of the transfer date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such transfer, be mailed (by uninsured mail at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar or the Issuing and Paying Agent after the Record Date in respect of any payment due in respect of Registered Covered Bonds shall be deemed not to be effectively received by the Registrar or the Issuing and Paying Agent until the day following the due date for such payment.

2.06 Transfers of beneficial interests in Rule 144A Global Covered Bonds (as defined below) and Regulation S Global Covered Bonds (as defined below) (together, the "**Registered Global Covered Bonds**") will be effected by DTC, CDS, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. The laws of some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Definitive Covered Bonds or for a beneficial interest in another Registered Global Covered Bond only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, CDS, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC or CDS shall be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or CDS, as applicable, or to a successor of DTC or CDS, as applicable, or such successor's nominee.

2.07 Subject as provided in Conditions 2.09, 2.10, 2.11 and 2.12, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Definitive Covered Bond may be transferred in whole or in part in the authorised denominations set out in the applicable Final Terms. In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their, attorney or attorneys duly authorised in writing, and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer, the Bond Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in the Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with, any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Definitive Covered Bond of a like aggregate nominal amount to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) transferred.

In the case of the transfer of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the balance of the Registered Definitive Covered Bond not transferred will (in addition to the new Registered Definitive Covered Bond in respect of the nominal amount transferred) be so authenticated and delivered or (at the risk of the transferor) so sent by uninsured mail to the address specified by the transferor.

2.08 For the purposes of these Terms and Conditions:

(a) "**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of the relevant Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue);

(b) "**Legended Covered Bonds**" means Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

(c) "**NGCB**" means a Temporary Global Covered Bond or a Permanent Global Covered Bond, in either case in respect of which the applicable Final Terms specify that it is a new global covered bond;

(d) "**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A;

(e) "**Regulation S**" means Regulation S under the Securities Act;

(f) "**Regulation S Global Covered Bond**" means a Registered Global Covered Bond representing Covered Bonds sold outside the United States in reliance on Regulation S;

(g) "**Relevant Banking Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Covered Bond for a Registered Covered Bond, where such request for exchange is made to the Issuing and Paying Agent, in the place where the specified office of the Issuing and Paying Agent is located;

(h) "**Rule 144A**" means Rule 144A under the Securities Act;

(i) "**Rule 144A Global Covered Bond**" means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs in reliance on Rule 144A;

(j) "**Securities Act**" means the United States Securities Act of 1933, as amended; and

(k) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Covered Bond shall have been surrendered for transfer in accordance with Condition 2.04.

2.09 The issue of new Registered Covered Bonds on transfer will be effected without charge by or on behalf of the Issuer, the Issuing and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Issuing and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.10 In the event of a partial redemption of Covered Bonds under Condition 6, the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond called for partial redemption.

2.11 Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made:

(a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A;

(b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of United States counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (a) above, such transferee may take delivery through a Legended Covered Bond in global or definitive form. Prior to the end of the applicable Distribution Compliance Period, beneficial interests in Regulation S Covered Bonds registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period: (A) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC or indirectly through a participant in DTC; and (B) such certification requirements will no longer apply to such transfers.

2.12 Transfers of Legended Covered Bonds or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through CDS, Euroclear and/or Clearstream, Luxembourg; or

(b) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of United States counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the legend therein, the Registrar shall deliver only Legended Covered Bonds or refuse to remove the legend therein, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of United States counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

3. Status of the Covered Bonds

The Covered Bonds constitute deposit liabilities of the Issuer for purposes of the Bank Act, however the Covered Bonds will not be insured under the *Canada Deposit Insurance Corporation Act* (Canada), and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* with all deposit liabilities of the Issuer without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (except as otherwise prescribed by law). Unless otherwise specified in the Final Terms, the deposits to be evidenced by the Covered Bonds will be taken by the head office of the Issuer in Montréal, but without prejudice to the provisions of Condition 9.

4. Guarantee

Payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed by the Guarantor (the "**Covered Bond Guarantee**") in favour of the Bond Trustee (for and on behalf of the Covered Bondholders) following a Covered Bond Guarantee Activation Event pursuant to the terms of the Trust Deed. The Guarantor shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until a Covered Bond Guarantee Activation Event (as defined below) has occurred. The obligations of the Guarantor under the Covered Bond Guarantee are direct and, following the occurrence of a Covered Bond Guarantee Activation Event, unconditional and, except as provided in the Guarantee Priorities of

Payments, unsubordinated obligations of the Guarantor, which are secured as provided in the Security Agreement. For the purposes of these Terms and Conditions, a "**Covered Bond Guarantee Activation Event**" means the earlier to occur of (i) an Issuer Event of Default together with the service of an Issuer Acceleration Notice on the Issuer and the service of a Notice to Pay on the Guarantor; and (ii) a Guarantor Event of Default together with the service of a Guarantor Acceleration Notice on the Issuer and the Guarantor. If a Notice to Pay is served on the Guarantor, the Guarantor shall pay Guaranteed Amounts in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

Any payment made by the Guarantor under the Covered Bond Guarantee shall (unless such obligation shall have been discharged as a result of the payment of Excess Proceeds to the Bond Trustee pursuant to Condition 7) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds, Receipts and Coupons except where such payment has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the holders of the Covered Bonds.

5. Interest

Interest

5.01 Covered Bonds may be interest-bearing or non interest-bearing. The Interest Basis is specified in the applicable Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein shall have the meanings given to them in Condition 5.09.

Interest on Fixed Rate Covered Bonds

5.02 Each Fixed Rate Covered Bond bears interest on its Outstanding Principal Amount from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to and including the Final Maturity Date if that does not fall on an Interest Payment Date.

Unless otherwise provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on, but excluding, such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount(s) so specified.

As used in these Terms and Conditions, "**Fixed Interest Period**" means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date.

Interest will be calculated on the Calculation Amount of the Fixed Rate Covered Bonds and will be paid to the Holders of the Covered Bonds (in the case of a Global Covered Bond, interest will be paid to Clearstream, Luxembourg and/or Euroclear and/or DTC and/or CDS for distribution by them to Relevant Account Holders in accordance with their usual rules and operating procedures). If interest is required to be calculated for a period ending other than on an Interest Payment Date, or if no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated in accordance with Condition 5.08.

Notwithstanding anything else in this Condition 5.02, if an Extended Due for Payment Date is specified in the Final Terms, interest following the Due for Payment Date will continue to accrue and be payable on any unpaid amount in accordance with Condition 5 at a Rate of Interest specified in the applicable Final Terms which may provide that such Series of fixed rate Covered Bonds will continue to bear interest at a fixed rate or at a floating rate determined in accordance with Condition 5.03 despite the fact that interest accrued and was payable on such Covered Bonds prior to the Final Maturity Date at a fixed rate.

Interest on Floating Rate Covered Bonds

5.03 Interest Payment Dates

Each Floating Rate Covered Bond bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

(a) the Specified Interest Payment Date(s) (each an "**Interest Payment Date**") in each year specified in the applicable Final Terms; or

(b) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. Interest will be calculated on the Calculation Amount of the Floating Rate Covered Bonds and will be paid to the Holders of the Covered Bonds (in the case of a Global Covered Bond, interest will be paid to Clearstream, Luxembourg and/or Euroclear and/or DTC and/or CDS for distribution by them to Relevant Account Holders in accordance with their usual rules and operating procedures).

Rate of Interest – Other than SONIA, SOFR or €STR

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms as being a rate other than SONIA, SOFR or €STR, the Rate of Interest for each Interest Period will, subject to the provisions of Condition 13.02, be determined by the Calculation Agent on the following basis:

(a) the Calculation Agent will determine the Reference Rate (if there is only one quotation for the Reference Rate on the Relevant Screen Page) or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the quotations for the Reference Rate in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(b) if, on any Interest Determination Date, no rate so appears or, as the case may be, if fewer than two quotations for the Reference Rate so appear on the Relevant Screen Page or if the Relevant Screen Page is unavailable, the Issuer will request appropriate quotations of the Reference Rate be provided to the Calculation Agent and the Calculation Agent will determine the arithmetic mean (rounded as described above) of the rates at which deposits in the relevant currency are offered by the Reference Banks at approximately the Relevant Time on the Interest Determination Date to prime banks in the Euro-zone (as defined herein) interbank market in the case of EURIBOR for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

(c) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as described above) of the rates so quoted; or

(d) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as described above) of the rates quoted by major banks in the Financial Centre as selected by the Calculation Agent, at approximately 11.00 a.m. (Financial Centre time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period for the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, and the Rate of Interest applicable to such Covered Bonds during each Interest Period will be the sum of the Margin specified in the Final Terms and the Reference Rate or, as the case may be, the arithmetic mean (rounded as described above) of the rates so determined, provided however that if the Calculation Agent is unable to determine a Reference Rate or, as the case may be, an arithmetic mean of rates in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Covered Bonds during such Interest Period will be the sum of the Margin and the rate or, as the case may be, the arithmetic mean (rounded as described above) of the rates determined in relation to such Covered Bonds in respect of the last preceding Interest Period.

Rate of Interest - SONIA

Compounded Daily SONIA

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily Rate", for the Interest Accrual Period for such Interest Period, then the Rate of Interest for each Interest Period will, subject as provided below and subject to the provisions of Condition 13.02, be Compounded Daily SONIA for the Interest Accrual Period for such Interest Period plus or minus the Margin (as indicated in the applicable Final Terms) as determined by the Calculation Agent. Compounded Daily SONIA will be calculated in accordance with either the lag observation method or the shift observation method.

"**Compounded Daily SONIA**" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily SONIA reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{Relevant\ \ SONIA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" is the number of calendar days in:

(a) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(b) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"**d_o**" is the number of London Banking Days in:

(a) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(b) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

(a) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(b) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"**Interest Accrual Period**" means (a) any given Interest Period or (b) in the event the Covered Bonds become due and payable on a date other than an Interest Payment Date, the period beginning on and including the last Interest Payment Date and ending on but excluding the date on which the interest and principal on the Covered Bonds are due to be paid;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, United Kingdom ("**UK**");

"$\mathbf{n_i}$", for any London Banking Day "i" in the Interest Accrual Period, means the number of calendar days from and including such London Banking Day "i" to, but excluding, the following London Banking Day.

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period.

"**Observation Look-Back Period**" is as specified in the applicable Final Terms;

"**p**" is the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

"**Relevant** $\mathbf{SONIA_i}$" means, in respect of any London Banking Date "i":

(a) where Lag is specified as the Observation Method in the applicable Final terms, $SONIA_{i\text{-}pLBD}$; or

(b) where Shift is specified as the Observation Method in the applicable Final Terms, $SONIA_{iLBD;}$

"$\mathbf{SONIA_{iLBD}}$" means, in respect of any London Banking Day "i" falling in the relevant Observation Period the SONIA reference rate for such London Banking Day "i";

"$\mathbf{SONIA_{i\text{-}pLBD}}$" means, in respect of any London Banking Day "i" falling in the relevant Interest Accrual Period, the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

"**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day; and

If, in respect of any London Banking Day, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then, subject to Condition 13.02, the SONIA reference rate in respect of such London Banking Day shall be: (a) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5:00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or (b) if the Bank Rate is not available on the relevant London Banking Day, the most recent SONIA reference rate in respect of a London Banking Day.

Notwithstanding the paragraph above and without prejudice to Condition 13.02, above, in the event the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA rate for any London Banking Day "i" for the purpose of the relevant Series of Covered Bonds for so long as the SONIA rate is not available and has not been published by the authorised distributors.

Compounded Daily SONIA rate (Index)

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Benchmark is specified in the applicable Final Terms as being "SONIA" and the Calculation Method is specified in the applicable Final Terms as being "Compounded Index Rate", the Rate of Interest for each Interest Accrual Period will, as provided below and subject to Condition 13.02(c) be Compounded Daily SONIA for the Interest Accrual Period determined by reference to the screen rate or index for Compounded Daily SONIA administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the relevant Index Determination Dates specified below, as further specified in the applicable Final Terms (the "**SONIA Compounded Index**") and in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards, plus or minus the Margin (as indicated in the applicable Final Terms) as determined by the Calculation Agent:

$$\left(\frac{SONIA\ Compounded\ Index_{y}}{SONIA\ Compounded\ Index_{x}}-1\right)x\frac{365}{d}$$

where:

"**x**" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Accrual Period;

"**y**" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the Interest Payment Date for such Interest Accrual Period, or such other date as when the relevant payment of interest falls to be due (but which by definition or the operation of the relevant provisions is excluded from such Interest Accrual Period);

A day on which the SONIA Compounded Index is determined pursuant to paragraph "**x**" or "**y**" above is referred to as an "**Index Determination Date**";

"**d**" is the number of calendar days from (and including) the day in relation to which x is determined to (but excluding) the day in relation to which y is determined.

"**Interest Accrual Period**" means (a) any given Interest Period or (b) in the event the Covered Bonds become due and payable on a date other than an Interest Payment Date, the period beginning on and including the last Interest Payment Date and ending on but excluding the date on which the interest and principal on the Covered Bonds are due to be paid;

"**Relevant Number**" is as specified in the applicable Final Terms;

If the SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service at the relevant time on any relevant Index Interest Determination Date, the Compounded Daily SONIA rate (Index) for the applicable Interest Accrual Period for which SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 5.03 above as if Compounded Index Rate is not specified as being applicable in the applicable Final Terms. For these purposes, the

"Calculation Method" shall be deemed to be "Compounded Daily Rate" and the Relevant Number specified in the applicable Final Terms shall be the "Observation Look-Back Period" and "Observation Method" shall be deemed to be "Shift" as if Compounded Index Rate is not specified as being applicable and these alternative elections had been made.

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds become due and payable, and the Rate of Interest of such Covered Bonds shall, for so long as such Covered Bonds remain outstanding, be that determined on such date.

Rate of Interest – SOFR

SOFR is published by the SOFR Administrator and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities.

The SOFR Administrator notes on its publication page for SOFR that use of SOFR is subject to important limitations, indemnification obligations and disclaimers, including that the SOFR Administrator may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice.

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the applicable Final Terms as being SOFR, then the Rate of Interest for each Interest Period will, subject as provided below and subject to the provisions of Condition 13.02, be Compounded SOFR plus or minus the Margin (as indicated in the applicable Final Terms) as determined by the Calculation Agent. Compounded SOFR will be determined in accordance with either the observation shift method (an "**Observation Shift Convention**") or the index method (a "**SOFR Index Convention**", each a "**Compounded SOFR Convention**"), in accordance with the terms and provisions applicable to either such convention as set forth below. The applicable Final Terms will specify the applicable Compounded SOFR Convention.

Observation Shift Convention

Where the Compounded SOFR Convention is specified in the applicable Final Terms as Observation Shift Convention, "Compounded SOFR" means, in relation to any Interest Period, the rate of return of a daily compound interest investment (with SOFR as the reference rate for the calculation of interest) as calculated by the Calculation Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right] \times \frac{360}{d}$$

where:

"**d**" is the number of calendar days in the relevant Observation Shift Period;

"**d_o**" for any Observation Shift Period, is the number of U.S. Government Securities Business Days in the relevant Observation Shift Period;

"**i**" is a series of whole numbers from one to do, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Shift Period; and

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Observation Shift Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the earlier of (i) the following U.S. Government Securities Business Day "i+1", and (ii) the last day of the relevant Interest Period or, in respect of the final Interest Period, the Final Maturity Date.

"**Observation Shift Period**" means in respect of each Interest Period, the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period, or such other period as may be specified in the Final Terms.

"**p**", for any Observation Shift Period, is the number of U.S. Government Securities Business Days specified in the applicable Final Terms.

SOFR Index Convention

Where the Compounded SOFR Convention is specified in the applicable Final Terms as SOFR Index Convention, "Compounded SOFR" means, in relation to any Interest Period, the rate of return of a daily compound interest investment (with SOFR as the reference rate for the calculation of interest) as calculated by the Calculation Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one millionth of a percentage point, with 0.0000005 being rounded upwards):

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d}\right)$$

where:

"**SOFR Index**$_{Start}$" is the SOFR Index value for the day which is "*p*" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period;

"**SOFR Index**$_{End}$" is the SOFR Index value for the day which is "*p*" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period;

"**d**" is the number of calendar days from, and including, the SOFR Index$_{Start}$ to, but excluding, the SOFR Index$_{End}$;

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Index**" means, with respect to any U.S. Government Securities Business Day:

(a) the SOFR Index value as published by the SOFR Administrator as such index appears on the Federal Reserve Bank of New York's Website at 3:00 p.m. (New York time) on such U.S. Government Securities Business Day; provided that:

(b) if a SOFR Index value does not so appear as specified in (1) above at the specified time, unless both a Benchmark Transition Event (as defined in Condition 13.02(c)1)a)i)(1)(a)(ii)) and its related Benchmark Replacement Date (as defined in Condition 13.02(c)1)a)i)(1)(a)(ii)) have occurred, then Compounded SOFR shall be the rate determined pursuant to the "SOFR Index Unavailable" provisions (defined below).

(c) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, then Compounded SOFR shall be the rate determined pursuant to Condition 13.02(c)1)a)i)(1)(a)(ii).

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds become due and payable, and the Rate of Interest on such Covered Bonds shall, for so long as such Covered Bonds remain outstanding, be that determined on such date.

For the purposes of this section "*Rate of Interest – SOFR*", the following expressions have the following meaning:

"**Secured Overnight Financing Rate**" or "**SOFR**" means, with respect to any U.S. Government Securities Business Day:

(1) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the Federal Reserve Bank of New York's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day; or

(2) if the rate specified in (1) above does not so appear, unless both a Benchmark Transition Event (as defined in Condition 13.02(c)1)a)i)(1)(a)(ii)) and its related Benchmark Replacement Date (as defined in Condition 13.02(c)1)a)i)(1)(a)(ii)) have occurred, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the Federal Reserve Bank of New York's Website.

(3) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, then SOFR shall be determined to be the rate determined in accordance with Condition 13.02(c)1)a)i)(1)(a)(ii).

"**$SOFR_i$**" for any U.S. Government Securities Business Day "i" in the relevant Observation Shift Period, is equal to SOFR in respect of that day "i";

"SOFR Index Unavailable" means if the SOFR Index is not published for a SOFR $Index_{Start}$ or SOFR $Index_{End}$, on the associated Interest Determination Date, "Compounded SOFR" means, for an Interest Determination Date for the applicable Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated by the Calculation Agent on the relevant Interest Determination Date in accordance with the formula for SOFR Averages, and the definitions required for such formula, published on the SOFR Administrator's Website at https://www.newyorkfed.org/markets/treasury-repo-reference-rates-information. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "SOFR Index Observation Period", "SOFR" and "$SOFR_i$" shall mean as defined in this Condition and the words "that is, 30-, 90-, or 180- calendar days" shall be removed.

"**Federal Reserve Bank of New York's Website**" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source.

"**SOFR Index Observation Period**" means in respect of each Interest Period, the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period, or such other period as may be specified in the Final Terms.

"**p**", for any SOFR Index Observation Period, is the number of U.S. Government Securities Business Days specified in the applicable Final Terms.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Rate of Interest – €STR

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the applicable Final Terms as being €STR, then the Rate of Interest for each Interest Period will, subject as provided below and subject to the provisions of

Condition 13.02, be Compounded Daily €STR plus or minus the Margin (as indicated in the applicable Final Terms) as determined by the Calculation Agent.

"**Compounded Daily €STR**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with each 0.00005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{(\text{€STR}_{i-pTBD}\times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"***d_o***", for any Interest Period, is the number of TARGET2 Business Days (as defined below) in the relevant Interest Period;

"**$€STR_{i\text{-}pTBD}$**" means, in respect of any TARGET2 Business Day "*i*" falling in the relevant Interest Period, the €STR Reference Rate for the TARGET2 Business Day falling "p" TARGET2 Business Days prior to that TARGET2 Business Day "*i*";

"***i***" is a series of whole numbers from one to d_o, each representing the relevant TARGET2 Business Day in chronological order from, and including, the first TARGET2 Business Day in the relevant Interest Period;

"**n_i**" for any TARGET2 Business Day "*i*" is the number of calendar days from, and including, such TARGET2 Business Day "*i*" up to, but excluding, the earlier of (i) the following TARGET2 Business Day, and (ii) the last day of the relevant Interest Period or, in respect of the final Interest Period, the Final Maturity Date;

"**p**", for any Interest Period, is the number of TARGET2 Business Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

"**ECB Recommended Rate Index Cessation Effective Date**" means, in respect of an ECB Recommended Rate Index Cessation Event, the first date on which the ECB Recommended Rate would ordinarily have been provided and is no longer provided;

"**ECB Recommended Rate Index Cessation Event**" means the occurrence of one or more of the following events:

(a) a public statement or publication of information by or on behalf of the administrator of the ECB Recommended Rate announcing that it has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the ECB Recommended Rate; or

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the ECB Recommended Rate, the central bank for the currency of the ECB Recommended Rate, an insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the ECB Recommended Rate;

"**€STR Index Cessation Event**" means the occurrence of one or more of the following events:

(a) a public statement or publication of information by or on behalf of the administrator of €STR announcing that it has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide €STR; or

(b) a public statement or publication of information by the regulatory supervisor for the administrator of €STR, the central bank for the currency of €STR, an insolvency official with jurisdiction over the administrator of €STR, a resolution authority with jurisdiction over the administrator of €STR or a court or an entity with similar insolvency or resolution authority over the administrator of €STR, which states that the administrator of €STR has ceased or will cease to provide €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to publish or provide €STR;

"**€STR Index Cessation Effective Date**" means, in respect of €STR and an €STR Index Cessation Event, the first date on which €STR would ordinarily have been provided and is no longer provided;

"**€STR Reference Rate**" means in respect of any TARGET2 Business Day, a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET2 Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank, currently at http://www.ecb.europa.eu, or any successor website officially designated by the European Central Bank (the "**ECB's Website")** (in each case, on or before 9:00 a.m. Frankfurt Time on the TARGET2 Business Day immediately following such TARGET2 Business Day, or any amended publication time for €STR as specified by the administrator of €STR in the €STR benchmark methodology);

"**Observation Look-Back Period**" is as specified in the applicable Final Terms;

"**TARGET2 Business Day**" or "**TBD**" means a day on which the TARGET2 System is open;

If the €STR Reference Rate does not appear on a TARGET2 Business Day as specified above, unless both an €STR Index Cessation Event and an €STR Index Cessation Effective Date (each as defined above) have occurred, the €STR Reference Rate shall be a rate equal to €STR in respect of the last TARGET2 Business Day for which such rate was published on the ECB's Website.

If the €STR Reference Rate does not appear on a TARGET2 Business Day as specified above, and both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the rate for each TARGET2 Business Day occurring on or after such €STR Index Cessation Effective Date will be determined as if references to "€STR" were references to the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for €STR by the European Central Bank (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by (i) the European Central Bank (or any successor administrator of €STR) and/or (ii) the European Securities and Markets Authority, in each case for the purpose of recommending a replacement for €STR (which rate may be produced by the European Central Bank or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorized distributor (the "**ECB Recommended Rate**"), provided that, if no such rate has been recommended before the end of the first TARGET2 Business Day following the €STR Index Cessation Effective Date, then the rate for each TARGET2 Business Day occurring on or after such €STR Index Cessation Effective Date will be determined as if references to €STR were references to the Eurosystem Deposit Facility Rate, the rate on the deposit facility that banks may use to make overnight deposits with the Eurosystem, as published on the ECB's Website (the "**EDFR**") on such TARGET2 Business Day plus the arithmetic mean of the daily difference between the €STR Reference Rate and the EDFR over an observation period of 30 TARGET2 Business Days starting 30 TARGET2 Business Days prior to the date on which the €STR Index Cessation Event occurs and ending on the TARGET2

Business Day immediately preceding the day on which the €STR Index Cessation Event occurs (the "**EDFR Spread**"); provided further that, if both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date subsequently occur, then the rate for each TARGET2 Business Day occurring on or after that ECB Recommended Rate Index Cessation Effective Date will be determined as if references to "€STR" were references to the EDFR on such TARGET2 Business Day plus the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR over an observation period of 30 TARGET2 Business Days starting 30 TARGET2 Business Days prior to the date on which the ECB Recommended Rate Index Cessation Event occurs and ending on the TARGET2 Business Day immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurs.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, (i) the Rate of Interest shall be that determined at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the Rate of Interest shall be determined as if references to €STR for each TARGET2 Business Day in the relevant Interest Period occurring on or after the €STR Index Cessation Effective Date were references to the latest published ECB Recommended Rate or, if the EDFR is published on a later date than the latest published ECB Recommended Rate, the latest published EDFR plus the EDFR Spread.

If a €STR Index Cessation Event and an €STR Index Cessation Effective Date occur, the Issuer will promptly notify the Covered Bondholders in accordance with Condition 14 and the Calculation Agent thereof and of the action taken according to the foregoing provisions.

If the Covered Bonds become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which the Covered Bonds became due and payable with corresponding adjustments being deemed to be made to the Compounded Daily €STR formula and the Rate of Interest on the Covered Bonds shall, for so long as any such Covered Bonds remain outstanding, be the Rate of Interest determined on such date.

ISDA Rate Covered Bonds

5.04 Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin, if any. For purposes of this Condition 5.04, "**ISDA Rate**" for an Interest Period means a rate equal to the Fixed Rates, Fixed Amounts, Floating Rates or Floating Amounts, as the case may be, as set out in the applicable Final Terms, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into a schedule and confirmation and credit support annex, if applicable, in respect of the relevant Tranche or Series of Covered Bonds, as applicable, with the Holder of such Covered Bond under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Fixed Rate Payer, Fixed Amount Payer, Floating Rate Payer or, as the case may be, Floating Amount Payer is the Issuer (as specified in the Final Terms);
- the Effective Date is the Interest Commencement Date;
- the Floating Rate Option (which may refer to a Rate Option or a Price Option, specified in the ISDA Definitions) is as specified in the applicable Final Terms;
- the Designated Maturity, if applicable, is the period specified in the applicable Final Terms;
- the Agent is the Calculation Agent;
- the Calculation Periods are the Interest Periods;
- the Payment Dates are the Interest Payment Dates;
- the relevant Reset Date is the day specified in the applicable Final Terms;

- if applicable, the Applicable Benchmark, Fixing Day, Fixing Time and/or any other items specified in the Final Terms as relating to ISDA Determination are as specified in the Final Terms;

- the Calculation Amount is the principal amount of such Covered Bond;

- the Day Count Fraction applicable to the calculation of any amount is that specified in the Final Terms (which may be Actual/Actual, Actual/365 (Sterling), Actual/Actual (ISDA), Actual/365 (Fixed), Actual/360, 30E/360, Eurobond Basis, 30/360, 360/360, Bond Basis, 30E/360 (ISDA), Actual/Actual (ICMA) or Act/Act (ICMA)), or if none is so specified, as may be determined in accordance with the ISDA Definitions; and

- the Business Day Convention applicable to any date is that specified in the Final Terms (which may be Following Business Day Convention, Modified Following Business Day Convention, Modified Business Day Convention, Preceding Business Day Convention, FRN Convention or Eurodollar Convention), or if none is so specified, as may be determined in accordance with the ISDA Definitions.

For the purposes of this Condition 5.04, "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**", "**Applicable Benchmark**", "**Fixing Day**" and "**Fixing Time**" have the meanings given to those terms in the ISDA Definitions.

Maximum or Minimum Interest Rate

5.05 If any Maximum or Minimum Interest Rate is specified in the Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest after the due date

5.06 Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Covered Bond, in respect of each Instalment Amount, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Final Redemption Amount or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof. In such event, interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Rate of Interest then applicable or such other rate as may be specified for this purpose in the Final Terms if permitted by applicable law ("**Default Rate**") until the date on which, upon due presentation or surrender of the relevant Covered Bond (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Covered Bond is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Covered Bonds in accordance with Condition 14 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

5.07 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Final Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation) will determine the Rate of Interest and calculate the amount(s) of interest payable (the "**Interest Amount(s)**") in the manner specified in Condition 5.08 below, calculate the Final Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Final Redemption Amount or any Instalment Amount to be notified to the Issuing and Paying Agent, the Registrar (in the case of Registered Covered Bonds), the Issuer, the Holders in accordance with Condition 14 and, if the Covered Bonds are listed on a stock exchange or admitted to listing by any other authority and the rules of such exchange or other relevant authority so require, such exchange or listing authority as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter (or, in the case of

Covered Bonds where the applicable Final Terms specify the Reference Rate as being SONIA, no later than the second London Banking Day thereafter) or, if earlier in the case of notification to the stock exchange or other relevant authority, the time required by the relevant stock exchange or listing authority. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Covered Bonds become due and payable under Condition 7, the Rate of Interest and the accrued interest payable in respect of the Covered Bonds shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Rate of Interest applicable to the Covered Bonds and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or any other requirements, the Bond Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having regard as it shall think fit to the foregoing provision of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all circumstances or, as the case may be, the Bond Trustee shall calculate (or appoint an agent to calculate) the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent. The Calculation Agent may not resign its duties without a successor having been appointed as described above.

Calculations and Adjustments

5.08 The amount of interest payable in respect of any Covered Bond for any period shall be calculated by applying the Rate of Interest to the Calculation Amount, and, in each case, multiplying such sum by the Day Count Fraction, save that if the Final Terms specifies a specific amount in respect of such period, the amount of interest payable in respect of such Covered Bond for such period will be equal to such specified amount.

For the purposes of any calculations referred to in these Terms and Conditions, (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

Where the Covered Bonds are represented by a Global Covered Bond or where the Specified Denomination of a Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Outstanding Principal Amount of the Global Covered Bond or the Specified Denomination of a Covered Bond in definitive form, without any further rounding.

Definitions

5.09 In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Banking Day**" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that city.

"**Business Day**" means (i) in relation to Covered Bonds payable in other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) and settle payments in the relevant currency in the Financial Centre(s) specified in the Final Terms and on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (ii) if TARGET 2 is specified in the Final Terms, a TARGET 2 Business Day or (iii) in relation to Covered Bonds payable in euro, a day (other than a Saturday or Sunday) which is a TARGET2 Business Day (as defined below) and on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Financial Centre(s) specified in the Final Terms.

"**Business Day Convention**" means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Covered Bonds, shall have the following meanings:

(a) "**Following Business Day Convention**" means that such date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that such date shall be brought forward to the first preceding day that is a Business Day; and

(d) "**FRN Convention**" or "**Eurodollar Convention**" means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding such date occurred, provided that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

"**Calculation Agent**" means the Issuing and Paying Agent or such other agent as may be specified in the Final Terms as the Calculation Agent.

"**Canadian Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Toronto and Montréal.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (each such period an "**Accrual Period**"), such day count fraction as may be specified in the Final Terms and:

(a) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Accrual Period divided by 365 (or, if any portion of the Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365);

(b) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Accrual Period divided by 365 or, in the case where the last day of the Accrual Period falls in a leap year, 366;

(c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Accrual Period divided by 365;

(d) if "**Actual/360**" is so specified, means the actual number of days in the Accrual Period divided by 360;

(e) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2, will be 30.

(f) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

(g) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Accrual Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included the Accrual Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

"D_1" is the first calendar day, expressed as a number, of the Accrual Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(h) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified in the applicable Final Terms, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non U.S. dollar denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Interest Period.

"Designated Maturity" means, in relation to Screen Rate Determination, the period of time designated on the Reference Rate.

"**Determination Date**" means such dates as specified in the applicable Final Terms.

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**Euro-zone**” means the region comprised of those member states of the European Union participating in the European Monetary Union from time to time.

“**Financial Centre**” means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of “Business Day” in the ISDA Definitions or indicated in the Final Terms or, in the case of Covered Bonds denominated in euro, such financial centre or centres as the Calculation Agent may select.

“**Interest Commencement Date**” means the date of issue (the “**Issue Date**”) of the Covered Bonds (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms.

“**Interest Determination Date**” means, in respect of any Interest Period or, as the case may be, Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified:

(a) in the case of Covered Bonds denominated in U.S. Dollars (and the Reference Rate is other than SOFR) or in euro (and the Reference Rate is other than €STR) or in another currency if so specified in the applicable Final Terms, the first day of such Interest Period; or

(b) in the case of Covered Bonds denominated in Pounds Sterling where the Reference Rate is SONIA the fifth London Banking Day prior to the end of each Interest Accrual Period; or

(c) in the case of Covered Bonds denominated in U.S. Dollars where the Reference Rate is SOFR, five U.S. Government Securities Business Days prior to each Interest Payment Date;

(d) in the case of Covered Bonds denominated in euro where the Reference Rate is €STR, the fifth TARGET2 Business Day prior to the end of each Interest Period; or

(e) in any other case, the date falling two London Banking Days (or, in the case of EURIBOR, two TARGET2 Business Days) prior to the first day of such Interest Period.

“**Interest Payment Date**” means the date or dates specified as such in the Final Terms and, as the same may be adjusted in accordance with the Business Day Convention, if any, specified in the Final Terms or if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Issue Date of the Covered Bonds (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“**Interest Period**” means (i) each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date, provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the Final Maturity Date, or the Extended Due for Payment Date, as applicable; or (ii) such other period (if any) in respect of which interest is to be calculated being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which in the case of the scheduled final or early redemption of any Covered Bonds, shall be such redemption date and in other cases where the relevant Covered Bonds become due and payable in accordance with Condition 7, shall be the date on which such Covered Bonds become due and payable).

“**ISDA Definitions**” means, in relation to any Series of Covered Bonds:

(a) unless “2021 ISDA Definitions” are specified as being applicable in the relevant Final Terms, the 2006 ISDA Definitions (as amended and supplemented as at the date of issue of the first Tranche of the Covered Bonds of such Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc. (or any successor) (“**ISDA**”); or

(b) if “2021 ISDA Definitions” are specified as being applicable in the relevant Final Terms, the latest version of the ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), each as published by ISDA at the date of issue of the first Tranche of the Covered Bonds of such Series.

"**Outstanding Principal Amount**" means, in respect of a Covered Bond, its principal amount less, in respect of any Instalment Covered Bond, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.06 or otherwise as indicated in the Final Terms.

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Covered Bonds specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

"**Reference Banks**" means such banks as may be specified in the Final Terms as the Reference Banks, or, if none are specified or "Not Applicable" is specified in the Final Terms, "Reference Banks" has the meaning given in the ISDA Definitions, *mutatis mutandis*.

"**Reference Rate**" means the relevant EURIBOR, SONIA, SOFR, €STR or such other benchmark rate specified in the applicable Final Terms.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the "Relevant Screen Page" in the applicable Final Terms, or such other page, section or other part as may replace it in that information service (or any successor page thereto or any page of any successor information service, as applicable), in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" means the time as of which any rate is to be determined as specified in the Final Terms (which in the case of SONIA means London time or in the case of EURIBOR means Central European Time) or, if none is specified, at which it is customary to determine such rate.

"**Reuters Screen Page**" means, when used in connection with a designated page and any designated information, the display page so designated on the Reuters Market 3000 (or such other page as may replace that page on that service for the purpose of displaying such information).

"**TARGET2 Business Day**" means, a day in which the TARGET2 System is open.

Linear Interpolation

5.10 Where "**Linear Interpolation**" is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Issuing and Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuing and Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

Zero Coupon Covered Bonds

5.11 If any Final Redemption Amount in respect of any Zero Coupon Covered Bond is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortization Yield defined in the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Covered Bond (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Covered Bond is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Covered Bonds in accordance with Condition 14 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.08 as if the Rate of Interest was the Amortization Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.09).

6. Redemption and Purchase

6.01 Unless previously redeemed, or purchased and cancelled or unless such Covered Bond is stated in the Final Terms as having no fixed maturity date**,** this Covered Bond shall be redeemed at its Final Redemption Amount specified in the applicable Final Terms in the Specified Currency on the Final Maturity Date.

Without prejudice to Condition 7, if an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms (or after expiry of the grace period set out in Condition 7.01(a)) and, following service of a Notice to Pay on the Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Guarantor has insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds on the date falling on the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 7.02) under the terms of the Covered Bond Guarantee or (b) the Extension Determination Date, then (subject as provided below) payment of the unpaid amount by the Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Due for Payment Date, provided that in respect of any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above, the Guarantor will apply any moneys available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) to pay the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds on any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date.

The Issuer shall confirm to the Issuing and Paying Agent as soon as reasonably practicable and in any event at least 4 Business Days prior to the Final Maturity Date of a Series of Covered Bonds whether payment will be made in full of the Final Redemption Amount in respect of such Series of Covered Bonds on that Final Maturity Date. Any failure by the Issuer to notify the Issuing and Paying Agent shall not affect the validity or effectiveness of the extension of maturity.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 14), the Rating Agencies, the Bond Trustee, the Issuing and Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in (a) and (b) of the second paragraph of this Condition 6.01 of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on the earlier of (a) the date falling two Business Days after the service of a Notice to Pay on the Guarantor or if later the Final Maturity Date (or, in each case, after the expiry of the applicable grace period set out in Condition 7.02) and (b) the Extension Determination Date, under the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the Guarantor shall not constitute a Guarantor Event of Default.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee shall be disregarded for the purposes of determining the amounts to be paid by the Guarantor under the Covered Bond Guarantee in connection with this Condition 6.01.

For the purposes of these Terms and Conditions:

"**Extended Due for Payment Date**" means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date.

"**Extension Determination Date**" means, in respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Covered Bonds.

"**Guarantee Priority of Payments**" means the priority of payments relating to moneys received by the Cash Manager for and on behalf of the Guarantor and moneys standing to the credit of the Guarantor Accounts, to be paid on each Guarantor Payment Date in accordance with the Guarantor Agreement.

"**Rating Agency**" means any one of Moody's Investors Service, Inc., Fitch Ratings, Inc. and DBRS Limited, to the extent that at the relevant time they provide ratings in respect of the then outstanding Covered Bonds, or their successors and "**Rating Agencies**" means more than one Rating Agency.

Early Redemption for Taxation Reasons

6.02 If, in relation to any Series of Covered Bonds (i) as a result of any amendment to, clarification of, or change including any announced proposed change in the laws or regulations, or the application or interpretation thereof of Canada or the United Kingdom or any political subdivision thereof or any authority or agency therein or thereof having power to tax or, in the case of Covered Bonds issued by a branch of the Issuer outside Canada, of the country in which such branch is located or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date of such Covered Bonds or any other date specified in the Final Terms, (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an "administrative action"); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of issue of the Covered Bonds, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) the Issuer would be required to pay additional amounts as provided in Condition 8, and such circumstances are evidenced by the delivery by the Issuer to the Issuing and Paying Agent and Bond Trustee of (x) a certificate signed by two senior officers of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, and (y) an opinion of independent legal advisers of recognised standing to the effect that the circumstances set forth in (i), (ii) or (iii) above prevail, the Issuer may, at its option and having given no less than 30 nor more than 60 days' notice (ending, in the case of Floating Rate Covered Bonds, on an Interest Payment Date) to the Holders of the Covered Bonds in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Covered Bonds at their Outstanding Principal Amount or, in the case of Zero Coupon Covered Bonds, their Amortized Face Amount (as defined in Condition 6.10) or such Early Redemption Amount as may be specified in, or determined in accordance with the provisions of, the Final Terms, together with accrued interest (if any) thereon, provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Floating Rate Covered Bonds a number of days which is equal to the aggregate of the number of days falling within the then current Interest Period plus

60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

The Issuer may not exercise such option in respect of any Covered Bond which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Covered Bond under Condition 6.06.

Call Option or Early Redemption for Special Circumstance

6.03 Call Option or Early Redemption for Special Circumstance:

(a) If a Call Option is specified in the Final Terms as being applicable, then the Issuer may, having given the appropriate notice to the Holders in accordance with Condition 14, which Notice shall be irrevocable, and shall specify the date fixed for redemption, redeem all, or if so specified in the applicable Final Terms, some only of the Covered Bonds of this Series outstanding on any Optional Redemption Date at the Optional Redemption Amount(s) specified in, or determined in the manner specified in the applicable Final Terms together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Covered Bond which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Covered Bond under Condition 6.06.

(b) Where Early Redemption for Special Circumstance is specified as being applicable in the applicable Final Terms, in the event of a Special Circumstance, the Issuer having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to Holders in accordance with Condition 14 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Covered Bonds, each Covered Bond being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

As used in this Condition 6.03:

"**Special Circumstance**" means

(i) an event where, in the opinion of the Issuer acting reasonably and in good faith, an amendment or a change is made (or, in the case of a taxation statute or regulation, is proposed to be made) to a taxation act or regulation, to taxation practices, policies or administration, to the interpretation of a taxation act or regulation or taxation practice, policy or administration by any court, tribunal or other governmental authority, or an event occurs, now or in the future, caused by circumstances beyond the control of the Issuer making (or, in the case of a taxation statute or regulation, which would, if enacted or implemented, make) it illegal or disadvantageous, from a legislative or regulatory point-of-view, or disadvantageous, from a financial point-of-view, for the Issuer to allow the Covered Bonds to remain outstanding; or

(ii) the Issuer provides to the Guarantor and the Bond Trustee a notice under the Programme indicating that:

a) the Issuer will not issue any further Covered Bonds under the Programme; and

b) the Issuer will wind down the Programme following the repayment (including, for greater certainty, in respect of an applicable series, pursuant to an early redemption by the Issuer under this Condition 6.03) of the then outstanding Series of Covered Bonds;

provided that such notice shall not be given unless, at the time of giving the notice, the only existing Series of Covered Bonds are those that when originally issued had a term of 10 year or more.

For the avoidance of doubt, a "Special Circumstance" shall not include any event or circumstance covered by Condition 6.02 and Condition 8, for which Condition 6.02 and Condition 8 shall continue to apply accordingly.

6.04 The appropriate notice referred to in Condition 6.03 is a notice given by the Issuer to the Holders of the Covered Bonds of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

- the Series of Covered Bonds subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Global Covered Bond) the serial numbers of the Covered Bonds of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than 30 days nor more than 60 days after the date on which such notice is given and which shall be such date or the next of such dates ("**Call or Redemption Option Date(s)**") or a day falling within such period ("**Call or Redemption Option Period**"), as may be specified in the Final Terms and which is, in the case of Covered Bonds which bear interest at a floating rate, a date upon which interest is payable; and
- the Optional Redemption Amount or Early Redemption Amount, as applicable, at which such Covered Bonds are to be redeemed.

Partial Redemption

6.05 If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 6.03:

- such redemption must be for an amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms;
- in the case of a partial redemption of Bearer Definitive Covered Bonds, the Covered Bonds to be redeemed shall be drawn by lot in such European city as the Issuing and Paying Agent may specify, or identified in such other manner or in such other place as the Issuing and Paying Agent may approve and deem appropriate and fair;
- in the case of a Global Covered Bond, the Covered Bonds to be redeemed shall be selected in accordance with the then rules of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or CDS and/or any other relevant clearing system (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or CDS or such other relevant clearing system as either a pool factor or a reduction in principal amount, at their discretion); and
- in the case of Registered Definitive Covered Bonds, the Covered Bonds shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Covered Bond shall be equal to a Specified Denomination,

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Covered Bonds may be listed.

In the case of the redemption of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.08, which shall apply as in the case of a transfer of Registered Definitive Covered Bonds as if such new Registered Definitive Covered Bond were in respect of the untransferred balance.

Put Option

6.06 If a Put Option is specified in the Final Terms as being applicable, upon the Holder of any Covered Bond of this Series giving the required notice to the Issuer specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon expiry of such notice, redeem such Covered Bond subject to and in accordance with the terms specified in the applicable Final Terms in whole (but not in part only) on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in accordance with the provisions of, the applicable Final Terms, together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than 45 days before the Optional Redemption Date where the Covered Bond is a Covered Bond in definitive form held outside Euroclear, Clearstream, Luxembourg, DTC and/or CDS deposit the relevant Covered Bond (together, in the case of a Bearer Definitive Covered Bond that is not a Zero Coupon Covered Bond, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the Optional Redemption Date (failing which the provisions of Condition 9.06 apply)) during normal business hours at the specified office of, in the case of a Bearer Covered Bond, any Paying Agent or, in the case of a Registered Covered Bond, the Registrar together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar specifying, in the case of a Global Covered Bond, the aggregate principal amount in respect of which such option is exercised (which must be a Specified Denomination specified in the Final Terms). Notwithstanding the foregoing, Covered Bonds represented by a Permanent Global Covered Bond or Registered Global Covered Bond shall be deemed to be deposited with the Paying Agent or the Registrar, as the case may be, for purposes of this Condition 6.06 at the time a Put Notice has been received by the Paying Agent or Registrar, as the case may be, in respect of such Covered Bonds. No Covered Bond so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement).

In the case of the redemption of part only of a Registered Covered Bond, a new Registered Definitive Covered Bond in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.08 which shall apply as in the case of a transfer of Registered Definitive Covered Bonds as if such new Registered Definitive Covered Bond were in respect of the untransferred balance.

The Holder of a Covered Bond may not exercise such Put Option (i) in respect of any Covered Bond which is the subject of an exercise by the Issuer of its option to redeem such Covered Bond under either Condition 6.02 or 6.03, or (ii) following an Issuer Event of Default.

Purchase of Covered Bonds

6.07 The Issuer or any of its subsidiaries may at any time, but will at no time be obligated to, purchase Covered Bonds in the open market or otherwise and at any price provided that all unmatured Receipts and Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of the relevant Covered Bonds alike.

Cancellation of Redeemed and Purchased Covered Bonds

6.08 All unmatured Covered Bonds and Coupons redeemed in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold. All unmatured Covered Bonds and Coupons purchased in accordance with Condition 6.07 may be cancelled or may be reissued or resold.

Further Provisions applicable to Redemption Amount and Instalment Amount

6.09 The provisions of Condition 5.07 and the last paragraph of Condition 5.08 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Calculation Agent (as defined in Condition 5.09).

References herein to "**Redemption Amount**" shall mean, as appropriate, the Final Redemption Amount, final Instalment Amount, the Optional Redemption Amount, the Early Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with, the provisions of the applicable Final Terms.

6.10 In the case of any Zero Coupon Covered Bond, the "**Amortized Face Amount**" shall be an amount equal to the sum of:

(a) the Issue Price specified in the Final Terms; and

(b) the product of the Amortization Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.09) specified in the Final Terms.

6.11 If any Redemption Amount (other than the Final Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortized Face Amount shall be calculated as provided in Condition 6.10 but as if references in subparagraph (b) to the date fixed for redemption or the date upon which such Zero Coupon Covered Bond becomes due and repayable were replaced by references to the earlier of:

(a) the date on which, upon due presentation or surrender of the relevant Covered Bond (if required), the relevant payment is made; and

(b) (except where presentation or surrender of the relevant Covered Bond is not required as a precondition of payment), the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Covered Bonds in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

Instalment Covered Bonds

6.12 Any Instalment Covered Bond will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.

Redemption due to Illegality

6.13 The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 14, all holders of the Covered Bonds (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make, fund or allow to remain outstanding any advance made by it to the Guarantor pursuant to the Intercompany Loan Agreement, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 6.13 will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 6.13, the Issuer shall deliver to the Issuing and Paying Agent and Bond Trustee a certificate signed by two senior officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Issuing and Paying Agent and Bond Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all holders of the Covered Bonds, Receiptholders and Couponholders.

7. Events of Default

Issuer Events of Default

7.01 The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution (as defined in the Trust Deed) referred to in this Condition 7.01 means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Trust Deed) then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in CAD converted into CAD at the applicable Covered Bond Swap Rate) or if so directed by an Extraordinary Resolution of all the holders of the Covered Bonds shall, (but in the case of the happening of any of the events mentioned in sub-paragraphs (b) to (f) below, only if the Bond Trustee shall have certified in writing to the Issuer and the Guarantor, that such event is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series) (subject in each case to being indemnified and/or secured to its satisfaction), give notice (an "**Issuer Acceleration Notice**") in writing to the Issuer that as against the Issuer (but, for the avoidance of doubt, not against the Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each, an "**Issuer Event of Default**") shall occur and be continuing:

(a) the Issuer fails to pay any principal or interest in respect of the Covered Bonds within 10 Business Days in the case of principal and 30 days in the case of interest, in each case of the respective due date; or

(b) the Issuer fails to perform or observe any obligations under the Covered Bonds, Receipts or Coupons of any Series, the Trust Deed or any other Transaction Document (other than the Dealership Agreement and any subscription agreement for the Covered Bonds) to which the Issuer is a party (other than any obligation of the Issuer to comply with the Asset Coverage Test and any other obligation of the Issuer specifically provided for in this Condition 7.01) and such failure continues for a period of 30 days (or such longer period as the Bond Trustee may permit) next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied (except in circumstances where the Bond Trustee considers such failure to be incapable of remedy in which case no period of continuation will apply and no notice by the Bond Trustee will be required); or

(c) an Insolvency Event in respect of the Issuer; or

(d) an Asset Coverage Test Breach Notice has been served and not revoked (in accordance with the terms of the Transaction Documents) on or before the Guarantor Payment Date immediately following the next Calculation Date after service of such Asset Coverage Test Breach Notice; or

(e) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached less than six months prior to the Final Maturity Date of that Series of Hard Bullet Covered Bonds, and the Guarantor has not cured the breach before the earlier to occur of: (i) ten Canadian Business Days from the date that the Seller is notified of the breach of the Pre-Maturity Test and (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds; or

(f) if a ratings trigger prescribed by the Conditions or the Transaction Documents (and not otherwise specifically provided for in this Condition 7.01) is breached and the prescribed remedial action is not taken within the specified time period, unless, in respect of any ratings trigger other than the Account Bank Threshold Ratings, the Standby Account Bank Threshold Ratings, the Cash Management Deposit Ratings and the Servicer Deposit Threshold Ratings, such breach occurs at a time that the Guarantor is Independently Controlled and Governed.

For the purposes of these Terms and Conditions "**Calculation Date**" means the last Canadian Business Day of each month.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 7.01, the Bond Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the Guarantor pursuant to the Covered Bond Guarantee and the Guarantor shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 7.03.

The Trust Deed provides that all moneys (the "**Excess Proceeds**") received by the Bond Trustee from the Issuer or any receiver, liquidator, administrator or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, shall be paid by the Bond Trustee, as soon as practicable after receipt thereof by the Bond Trustee, on behalf of the holders of the Covered Bonds of the relevant Series to the Guarantor (or the Cash Manager on its behalf) for the account of the Guarantor and shall be held in the Guarantor Accounts and the Excess Proceeds shall thereafter form part of the Security granted pursuant to the Security Agreement and shall be used by the Guarantor (or the Cash Manager on its behalf) in the same manner as all other moneys from time to time held by the Cash Manager and/or standing to the credit of the Guarantor in the Guarantor Accounts. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds, Receipts and Coupons. However, the obligations of the Guarantor under the Covered Bond Guarantee are, following a Covered Bond Guarantee Activation Event, unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bonds, each holder of the Covered Bonds shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Guarantor in the manner as described above.

Guarantor Events of Default

7.02 The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 7.02 means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Trust Deed) then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in CAD converted into CAD at the applicable Covered Bond Swap Rate) or if so directed by an Extraordinary Resolution of all the holders of the Covered Bonds shall (but in the case of the happening of any of the events described in paragraphs (b) to (f) below, only if the Bond Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series) (subject in each case to being indemnified and/or secured to its satisfaction) give notice (the "**Guarantor Acceleration Notice**") in writing to the Issuer and the Guarantor, that (x) each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default), thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and (y) all amounts payable by the Guarantor under the Covered Bond Guarantee shall thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case as provided in the Trust Deed and thereafter the Security shall become enforceable if any of the following events (each, a "**Guarantor Event of Default**") shall occur and be continuing:

(a) default is made by the Guarantor for a period of seven days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series, except in the case of the payment of a Guaranteed Amount when Due for Payment under Condition 6.01 where the Guarantor shall be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein; or

(b) if default is made by the Guarantor in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series and any other obligation specifically provided for in this Condition 7.02) under the Trust Deed, the Security Agreement or any other Transaction Document (other than the obligation of the Guarantor to (i) repay the Demand Loan pursuant to the terms of the Intercompany Loan Agreement, or (ii) make a payment under a Swap Agreement if it has insufficient funds therefor) to which the Guarantor is a party and, except where such default is or the effects of such default are, in the opinion of the Bond Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Guarantor requiring the same to be remedied; or

(c) an Insolvency Event in respect of the Guarantor; or

(d) a failure to satisfy the Amortization Test on any Calculation Date following the occurrence and during the continuance of an Issuer Event of Default; or

(e) the Covered Bond Guarantee is not, or is claimed by the Guarantor not to be, in full force and effect; or

(f) if a ratings trigger prescribed by the Conditions or the Transaction Documents (and not otherwise specifically provided for in this Condition 7.02) is breached and the prescribed remedial action is not taken within the specified time period, unless, in respect of any ratings trigger other than the Account Bank Threshold Ratings, the Standby Account Bank Threshold Ratings, the Cash Management Deposit Ratings and the Servicer Deposit Threshold Ratings, such breach occurs at a time that the Guarantor is Independently Controlled and Governed.

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Acceleration Notice on the Guarantor, the Bond Trustee may or shall take such proceedings or steps in accordance with the first and second paragraphs, respectively, of Condition 7.03 and the holders of the Covered Bonds shall have a claim against the Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount together with accrued but unpaid interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 8) as provided in the Trust Deed in respect of each Covered Bond.

Enforcement

7.03 The Bond Trustee may at any time, at its discretion and without further notice, take such proceedings against the Issuer and/or the Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Trust Deed, the Covered Bonds, the Receipts, the Coupons and any other Transaction Document, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds, the Receipts or the Coupons or any other Transaction Document unless (i) it shall have been so directed by an Extraordinary Resolution of all the holders of the Covered Bonds of all Series (with the Covered Bonds of all Series taken together as a single Series as described above) or so requested in writing by the holders of not less than 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together and converted into CAD at the applicable Covered Bond Swap Rate) and (ii) it shall have been indemnified and/or secured to its satisfaction.

The Bond Trustee may at any time, at its discretion and without further notice, take such proceedings against the Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Agreement and may, at any time after the Security has become enforceable, take such steps as it may think fit to enforce the Security, but it shall not be bound to take any such steps unless (i) it shall have been so directed by an Extraordinary Resolution of all the holders of the Covered Bonds of all Series (with the Covered Bonds of all Series taken together as a single Series as described above) or a request in writing by the holders of not less than 25 per cent of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together and converted into CAD at the applicable Covered Bond Swap Rate); and (ii) it shall have been indemnified and/or secured to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee shall, subject to applicable law, only have regard to the interests of the holders of the Covered Bonds of all Series and shall not have regard to the interests of any other Secured Creditors.

No holder of the Covered Bonds, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor or to take any action with respect to the Trust Deed, the Covered Bonds, the Receipts, the Coupons, or the Security unless the Bond Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure shall be continuing.

8. Taxation

8.01 All payments (whether in respect of principal, interest or otherwise) in respect of the Covered Bonds, Receipts and Coupons by or on behalf of the Issuer will be paid free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax or, in the case of Covered Bonds, Receipts or Coupons issued by a branch of the Issuer located outside Canada, the country in which such branch is located or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or the interpretation or administration thereof. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Holder after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Covered Bonds, Receipts or Coupons (as the case may be), in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Covered Bond, Receipt or Coupon:

(a) to, or to a third party on behalf of, a Holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bond, Receipt or Coupon by reason of his having some connection with Canada or the country in which such branch is located (for these purposes "connection" includes but is not limited to any present or former connection between such holder (or between a fiduciary, seller, beneficiary, member or shareholder of, or possessor of power over such holder if such holder is an estate, trust, partnership, limited liability company or corporation) and such jurisdiction) otherwise than the mere holding of (but not the enforcement of) such Covered Bond, Receipt or Coupon; or

(b) to, or to a third party on behalf of, a Holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the Holder or any other person entitled to payments under the Covered Bonds being a person with whom the Issuer is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)), or being a person who is, or does not deal at arm's length with any person who is, a "specified shareholder" of the Issuer for purposes of the thin capitalization rules in the *Income Tax Act* (Canada), or being an entity that is a "specified entity" (as defined in proposed subsection 18.4(1) of the *Income Tax Act* (Canada) set out in proposals to amend such Act released on April 29, 2022) in respect of the Holder or recipient of the payment; or

(c) presented for payment by or on behalf of a Holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a member state of the European Union; or

(d) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or

(e) to, or to a third party on behalf of, a Holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such Holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Canada or the country in which such branch is located of such Holder, if (i) compliance is required by law as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (ii) the Issuer has given Holders at least 30 days' notice that Holders will be required to provide such certification, identification, documentation or other requirement; or

(f) in respect of any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or governmental charge; or

(g) for or on account of any withholding tax or deduction imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (or any amended or successor version), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, whether currently in effect or as published and amended from time to time (the "**FATCA Withholding Tax Rules**"); or

(h) where any combination of items (a) - (g) applies;

nor will such additional amounts be payable with respect to any payment in respect of the Covered Bonds, Receipts and Coupons to a holder that is a fiduciary or partnership to the extent that the beneficiary or seller with respect to such fiduciary, or member of such partnership would not have been entitled to receive a payment of such additional amounts had such beneficiary, seller or member received directly its beneficial or distributive share of such payment.

For the purposes of this Condition 8.01, the term "**Holder**" shall be deemed to refer to the beneficial holder for the time being of the Covered Bonds.

8.02 For the purposes of these Terms and Conditions, the "**Relevant Date**" means, in respect of any Covered Bond, Receipt or Coupon, the date on which payment thereof first become due and payable, or, if the full amount of the moneys payable has not been received by the Issuing and Paying Agent, or as the case may be, the Registrar on or prior to such due date, the date on which, the full amount of such moneys shall have been so received and notice to that effect shall have been duly given to the Holders in accordance with Condition 14.

8.03 If the Issuer and/or the Guarantor become subject generally at any time to any taxing jurisdiction other than or in addition to Canada or the country in which the relevant branch of the Issuer is located, references in Condition 6.02, Condition 8.01 and Condition 8.05, as applicable, to Canada or the country in which the relevant branch is located shall be read and construed as references to Canada or the country in which such branch is located and/or to such other jurisdiction(s), provided, for the avoidance of doubt, that the Issuer shall not be considered to be subject generally to the taxing jurisdiction of the United States for purposes of this Condition 8.03 solely because payments in respect of the Covered Bonds, Receipts and Coupons are subject to a U.S. federal withholding Tax imposed under sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

8.04 Any reference in these Terms and Conditions to any payment due in respect of the Covered Bonds, Receipts or Coupons shall be deemed to include any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Covered Bond, any Instalment Amount or Final Redemption Amount, any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

8.05 Should any payments made by the Guarantor under the Covered Bond Guarantee be made subject to any withholding or deduction for or on account of taxes or duties of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or by any authority or agency therein or thereof having power to tax, or, in the case of payments made by the Guarantor under the Covered Bond Guarantee in respect of Covered Bonds, Receipts or Coupons issued by a branch of the Issuer located outside of Canada, the country in which such branch is located or any political subdivision thereof or by any authority or agency therein or thereof having the power to tax, the Guarantor will not be obliged to pay any additional amounts as a consequence.

9. Payments

Payments—Bearer Covered Bonds

9.01 Conditions 9.02 to 9.07 are applicable in relation to Bearer Covered Bonds.

9.02 Payment of amounts (other than interest) due in respect of Bearer Covered Bonds will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount other than the final Instalment Amount) surrender of the relevant Bearer Covered Bonds at the specified office of any of the Paying Agents.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Covered Bond which is a Bearer Definitive Covered Bond with Receipts will be made against presentation of the Covered Bond together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Covered Bond to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Covered Bond without the relevant Receipt or the presentation of a Receipt without the Covered Bond to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

9.03 Payment of amounts in respect of interest on Bearer Covered Bonds will be made:

(a) in the case of a Temporary Global Covered Bond or Permanent Global Covered Bond, against presentation of the relevant Temporary Global Covered Bond or Permanent Global Covered Bond at the specified office of any of the Paying Agents outside (unless Condition 9.04 applies) the United States and, in the case of a Temporary Global Covered Bond, upon due certification as required therein;

(b) in the case of Bearer Definitive Covered Bonds without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Bearer Definitive Covered Bonds at the specified office of any of the Paying Agents outside (unless Condition 9.04 applies) the United States; and

(c) in the case of Bearer Definitive Covered Bonds delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on an Interest Payment Date, against presentation of the relevant Bearer Definitive Covered Bonds, in either case at the specified office of any of the Paying Agents outside (unless Condition 9.04 applies) the United States.

9.04 Notwithstanding the foregoing (and in relation to payments in U.S. dollars only), payments of amounts due in respect of interest on the Bearer Covered Bonds and exchanges of Talons for Coupon sheets in accordance with Condition 9.07 will not be made at the specified office of any Paying Agent in the United States (as defined in the Code and regulations promulgated thereunder) unless (i) payment in full of amounts due in respect of interest on such Covered Bonds when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (ii) such payment or exchange is permitted by applicable United States law. If clauses (i) and (ii) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

9.05 If the due date for payment of any amount due in respect of any Bearer Covered Bond is not a Payment Day (as defined in Condition 9.12), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Payment Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.06 or, if appropriate, Condition 5.11.

9.06 Each Bearer Definitive Covered Bond initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

(a) the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the Redemption Amount due) relating to Bearer Definitive Covered Bonds that are Fixed Rate Covered Bonds or bear interest in fixed amounts will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within two years of the Relevant Date applicable to payment of such Redemption Amount (whether or not the Issuer's obligation to make payment in respect of such Coupon would otherwise have ceased under Condition 10);

(b) all unmatured Coupons relating to such Bearer Definitive Covered Bonds that are Floating Rate Covered Bonds or that bear interest in variable amounts (whether or not such Coupons are surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;

(c) in the case of Bearer Definitive Covered Bonds initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and

(d) in the case of Bearer Definitive Covered Bonds initially delivered with Receipts attached thereto, all Receipts relating to such Covered Bonds in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (a) of this Condition 9.06 notwithstanding, if any Bearer Definitive Covered Bonds should be issued with a Final Maturity Date and Rate or Rates of Interest such that, on the presentation for payment of any such Bearer Definitive Covered Bond without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (a) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Bearer Definitive Covered Bond, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (a) in respect of such Coupons as have not so become void, the amount required by paragraph (a) to be deducted would not be greater than the Redemption Amount otherwise due for payment.

Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Bearer Definitive Covered Bond to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

9.07 In relation to Bearer Definitive Covered Bonds initially delivered with Talons attached thereto, on or after the Interest Payment Date of the final Coupon comprised in any Coupon sheet, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9.04 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.

Payments—Registered Covered Bonds

9.08 Condition 9.09 is applicable in relation to Registered Covered Bonds.

9.09 Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register (the "**Register**") of holders of the Registered Covered Bonds maintained by the Registrar at the close of business on the third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a "**Designated Account**" or (ii) the principal amount of the Covered Bonds held by a holder is less than CAD 250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "Designated Account" means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a "Designated Bank" and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located on the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register at the close of business on (i) the first Clearing System Business Day (in relation to Global Covered Bonds), where "Clearing System Business Day" means (x) Monday to Friday inclusive except 25 December and 1 January in the case of Global Covered Bonds held in Euroclear and/or Clearstream, Luxembourg and (y) "Business Day" as defined in Condition 5.09 in the case of Global Covered Bonds held in any other Clearing System; and (ii) the fifteenth day (in relation to Registered Definitive Covered Bonds), whether or not such fifteenth day is a Business Day, before the relevant due date (the "**Record Date**") at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than three Business Days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by electronic transfer on the due date in the manner provided in the preceding paragraph. Any such application for electronic transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by electronic transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered

Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

If the due date for payment of any amount due in respect of any Registered Covered Bond is not a Payment Day (as defined in Condition 9.12), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Payment Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.06 or, if appropriate, Condition 5.11.

Payments – General Provisions

9.10 Save as otherwise specified in these Terms and Conditions, Conditions 9.11 to 9.13 are applicable in relation to Bearer Covered Bonds and Registered Covered Bonds.

9.11 Payments of amounts due (whether principal, interest or otherwise) in respect of Covered Bonds will be made in the currency in which such amount is due (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency (or in the case of USD, an account to which USD may be credited or transferred) specified by the payee. In the case of Bearer Covered Bonds, if payments are made by transfer, such payments will only be made by transfer to an account maintained by the payee outside of the United States. In no event will payment of amounts due in respect of Bearer Covered Bonds be made by a cheque mailed to an address in the United States. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to (i) any applicable fiscal or other laws and regulations and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 8), any law implementing an intergovernmental approach thereto.

9.12 For the purposes of these Terms and Conditions:

(a) "**local banking day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Covered Bond or, as the case may be, Coupon; and

(b) "**Payment Day**" means (a) in the case of any currency other than euro, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in the Financial Centre(s) specified in the Final Terms and on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency, (b) if TARGET2 is specified in the Final Terms, a TARGET2 Business Day or (c) in the case of payment in euro, a day which is a TARGET2 Business Day and on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Financial Centre(s) specified in the Final Terms.

9.13 No commissions or expenses shall be charged to the Holders of Covered Bonds or Coupons in respect of such payments.

10. Prescription

10.01 Subject to applicable law, the Issuer's obligation to pay an amount of principal and interest in respect of Covered Bonds will cease if the Covered Bonds or Coupons, as the case may be, are not presented within two years after the Relevant Date (as defined in Condition 8.02) for payment thereof.

10.02 In relation to Bearer Definitive Covered Bonds initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void pursuant to Condition 9.06 or this Condition 10 or the maturity date or due date for the payment of which would fall after the due date for the redemption of the relevant Covered Bond, or any Talon the maturity date of which would fall after the due date for the redemption of the relevant Covered Bond.

11. The Paying Agents, the Registrar, Transfer Agents, the Calculation Agent and the Exchange Agent

11.01 The initial Paying Agents, the Registrar, the Transfer Agents and the Exchange Agent and their respective initial specified offices are specified herein. Each of the Issuer and the Guarantor (in respect of itself only) reserves the right, without approval of the Bond Trustee, at any time to vary or terminate the appointment of any Paying Agent (including the Issuing and Paying Agent), any Transfer Agent(s), the Registrar, the Exchange Agent or the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents or another Registrar, Exchange Agent or Calculation Agent provided that the Issuer and the Guarantor will at all times maintain (i) an Issuing and Paying Agent, (ii) in the case of Registered Covered Bonds, a Registrar, (iii) a Paying Agent (which may be the Issuing and Paying Agent) with a specified office in a city in Europe (which is deemed, for greater certainty, to include London), (iv) so long as the Covered Bonds are admitted to the Official List and to trading on the London Stock Exchange and/or admitted to listing or trading on any other stock exchange or relevant authority, a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds), which may in either case be the Issuing and Paying Agent, each with a specified office in London and/or in such other place as may be required by the rules of such other stock exchange or other relevant authority, (v) in the circumstances described in Condition 9.04, a Paying Agent with a specified office in New York City, (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Covered Bonds, and (vii) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in the United States (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same metropolitan area. Notice of all changes in the identities or specified offices of any Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer or the Guarantor to the Holders in accordance with Condition 14.

11.02 The Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and the Guarantor, and, in certain circumstances of the Bond Trustee, and save as provided in the Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Covered Bond, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11.03 Notwithstanding the foregoing, the Issuing and Paying Agent, on behalf of itself and the other Paying Agents, shall have the right to decline to act as the Paying Agent with respect of any Covered Bonds issued pursuant to the Programme that are payable and/or dischargeable by the Issuer by the payment or delivery of securities and/or other property or any combination of cash, securities and/or property whereupon the Issuer or an affiliate thereof shall either (i) act as Paying Agent or (ii) engage another financial institution to act as Paying Agent in respect of such Covered Bonds. The Final Terms relating to such Covered Bonds shall include the relevant details regarding the applicable Paying Agent.

12. Replacement of Covered Bonds

If any Covered Bond, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent or any Paying Agent (in the case of Bearer Covered Bonds and Coupons) or of the Registrar or any Transfer Agent (in the case of Registered Covered Bonds) (the "**Replacement Agent**"), subject to all applicable laws and the requirements of any stock exchange on which the Covered Bonds are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Covered Bonds, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

13. Meetings of Holders of the Covered Bonds, Modification and Waiver

13.01 *Meetings of Holders of the Covered Bonds*

The Trust Deed contains provisions for convening meetings of the holders of the Covered Bonds (including at a physical location or by means of an electronic platform (such as a conference call or videoconference) or a combination thereof) to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting in respect of any Covered Bonds of any Series for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of the Covered Bonds whatever the nominal amount of the Covered Bonds of such Series so held or represented, except that at any meeting the business of which includes the modification of any Series Reserved Matter (as defined below), the quorum shall be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of the Covered Bonds of a Series shall, subject as provided below, be binding on all the holders of the Covered Bonds of such Series, whether or not they are present at the meeting signed a written resolution or provided an electronic consent, and on all Receiptholders and Couponholders in respect of such Series of Covered Bonds. Pursuant to the Trust Deed, the Bond Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Bond Trustee there is no conflict between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto mutatis mutandis.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 7 or to direct the Bond Trustee to take any enforcement action (a "**Programme Resolution**") shall only be capable of being passed at a single meeting of the holders of the Covered Bonds of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the Guarantor or the Bond Trustee or by holders of the Covered Bonds of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the nominal amount of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not they are present at the meeting, and on all related Receiptholders and Couponholders in respect of such Series of Covered Bonds.

In connection with any meeting of the holders of Covered Bonds of more than one Series the Covered Bonds of any Series not denominated in CAD shall be converted into CAD at the applicable Covered Bond Swap Rate.

13.02 *Modification and Waiver*

The Bond Trustee, the Guarantor and the Issuer may also agree, without the consent of the holders of the Covered Bonds, Receiptholders or Couponholders of any Series and without the consent of the other Secured Creditors (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter), to:

(a) any modification of the Covered Bonds of one or more Series, the related Receipts and/or Coupons or any Transaction Document provided that in the opinion of the Bond Trustee such modification is not materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series; or

(b) any modification of the Covered Bonds of any one or more Series, the related Receipts and/or Coupons or any Transaction Document which is of a formal, minor or technical nature or is in the opinion of the Bond Trustee made to correct a manifest error or to comply with mandatory provisions of law; or

(c) (i) any modification (other than in respect of a Series Reserved Matter, provided that a Base Rate Modification (as defined below) will not constitute a Series Reserved Matter) to the Conditions and/or any Transaction Document (including, for the avoidance of doubt but without limitation, the Covered Bond Swap Agreement in relation to the relevant Series of Covered Bonds and subject to the consent only of the Secured Creditors (i) party to the relevant Transaction Document being amended or (ii) whose ranking in any Priorities of Payments) is affected that the Issuer considers necessary following the occurrence of an €STR Index Cessation Effective Date or otherwise for the purpose of changing the base rate in respect of the Covered Bonds from a Reference Rate to an alternative base rate (any such rate, an "**Alternative Base Rate"**) (other than in respect of a USD Benchmark) and making such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**Base Rate Modification"**), provided that:

(A) the Issuer certifies to the Bond Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:

(1) such Base Rate Modification is being undertaken due to:

(I) a material disruption to the relevant Reference Rate, an adverse change in the methodology of calculating the relevant Reference Rate or the relevant Reference Rate ceasing to exist or be published;

(II) the insolvency or cessation of business of the administrator of the Reference Rate (in circumstances where no successor administrator has been appointed);

(III) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator for the Reference Rate has been appointed that will continue publication of the relevant Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable;

(IV) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable;

(V) a public statement by the supervisor of the administrator of the relevant Reference Rate that means such Reference Rate may no longer be used or that its use is or will be subject to restrictions or adverse consequences; or

(VI) the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (I), (II), (III), (IV) or (V) will occur or exist within six months of the proposed effective date of such Base Rate Modification,

(2) the modifications proposed are required solely for the purpose of applying the Alternative Base Rate and making consequential modifications to the Conditions and/or any Transaction Document which are, as reasonably determined by the Issuer as necessary or advisable in its reasonable judgement, and the modifications have been drafted solely to such effect; and

(3) the consent of each Secured Creditor (x) which is party to the relevant Transaction Document being amended, or (y) whose ranking in any Priorities of Payments is affected has been obtained (evidence of which shall be provided by the Issuer to the Bond Trustee

with the Base Rate Modification Certificate) and, subject to Condition 13.02(c) , no other consents are required to be obtained in relation to the Base Rate Modification; and

(B) such Alternative Base Rate is:

(1) a base rate published, endorsed, approved or recognised by the Bank of England, the Federal Reserve, the European Commission or the European Central Bank, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Covered Bonds are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or

(2) a base rate utilised in a material number of publicly-listed new issues of floating rate covered bonds or floating rate senior unsecured notes prior to the effective date of such Base Rate Modification (for these purposes, five such issues shall be considered material); or

(3) a base rate utilised in a publicly-listed new issue of floating rate covered bonds where the issuer (or, in the case of asset backed securities, the originator of the relevant assets) is the Issuer or a Subsidiary of the Issuer,

(C) at least 30 days' prior written notice of any Base Rate Modification has been given to the Bond Trustee;

(D) the Base Rate Modification Certificate is provided to the Bond Trustee at the time the Bond Trustee is notified of the Base Rate Modification and on the effective date of such Base Rate Modification;

(E) with respect to each Rating Agency, the Rating Agency Condition (as specified in Condition 20) has been satisfied;

(F) the Issuer pays (or arranges for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Bond Trustee in connection with such Base Rate Modification;

(G) the Issuer has provided at least 30 days' notice to the Covered Bondholders of the relevant Series of Covered Bonds of the Base Rate Modification in accordance with Condition 14 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds (in each case specifying the date and time by which Covered Bondholders must respond), and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have not notified the Issuer or the Issuing and Paying Agent in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification.

If Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Issuer or the Issuing and Paying Agent in accordance with the then current practice of any applicable Clearing System through which the Covered Bonds may be held or in the manner specified in the next following paragraph of this Condition 13.02(c) where there is no applicable Clearing System by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification, then the Base Rate Modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with this Condition 13.02(c).

Where there is no applicable Clearing System, Covered Bondholders may object in writing to a Base Rate Modification by notifying the Issuer or the Issuing and Paying Agent but any such objection in writing must be accompanied by evidence to the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

For the avoidance of doubt, the Issuer may give effect to an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 13.02(c) are satisfied.

(ii) *Effect of Benchmark Transition Event on USD Benchmark-referenced Floating Rate Covered Bonds*

If the Issuer or the Benchmark Transition Designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below) have occurred with respect to a USD Benchmark, then the Bond Trustee shall, without the consent or sanction of the Covered Bondholders being required (including without the requirement to provide Covered Bondholders being required (including without the requirement to provide Covered Bondholders an opportunity to object) and subject only to the consent of the Secured Creditors (i) party to the relevant Transaction Document being amended or (ii) whose ranking in any Priorities of Payments is affected, subject to the satisfaction of Condition 13.02(c)(ii)(D) (the "**Benchmark Transition Event Conditions**"), concur with the Issuer or the Benchmark Transition Designee in making any modification (other than in respect of a Series Reserved Matter, provided that neither replacing the then-current USD Benchmark with the Benchmark Replacement nor any Benchmark Replacement Conforming Changes (each as defined below) shall constitute a Series Reserved Matter) of these Conditions or any of the Transaction Documents solely with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to the USD Benchmark that the Issuer or the Benchmark Transition Designee decides may be appropriate to give effect to the provisions set forth under this Condition 13.02(c)(ii) in relation only to all determinations of the rate of interest payable on any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark and any related Covered Bond Swap Agreements, provided that:

A) *Benchmark Replacement*. If the Issuer or the Benchmark Transition Designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Relevant Time in respect of any determination of the USD Benchmark on any date applicable to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark, subject to satisfaction of the Benchmark Transition Event Conditions, the Benchmark Replacement will replace the then-current USD Benchmark for all purposes relating to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark in respect of such determination on such date and all determinations on all subsequent dates.

B) *Benchmark Replacement Conforming Changes*. In connection with the implementation of a Benchmark Replacement with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark, the Issuer or the Benchmark Transition Designee will have the right, subject to satisfaction of the Benchmark Transition Event Conditions, to make Benchmark Replacement Conforming Changes with respect to any U.S. dollar denominated Floating Rate Covered Bonds from time to time.

C) *Decisions and Determinations*. Any determination, decision or election that may be made by the Issuer or the Benchmark Transition Designee pursuant to this Condition 13.02(c)(ii), including any determination with respect to tenor, rate or adjustment or of the occurrence or non- occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, in each case, solely with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark:

(i) will be conclusive and binding absent manifest error;

(ii) if made by the Issuer, will be made in the Issuer's sole discretion;

(iii) if made by the Benchmark Transition Designee, will be made after consultation with the Issuer, and the Benchmark Transition Designee will not make any such determination, decision or election to which the Issuer objects; and

(iv) shall become effective without consent from any other party (including Covered Bondholders), except with respect to Secured Creditors as otherwise provided in this Condition 13.02(c)(ii).

Any determination, decision or election pursuant to the benchmark replacement provisions not made by the Benchmark Transition Designee will be made by the Issuer on the basis as described above. The Benchmark Transition Designee shall have no liability for not making any such determination, decision or election absent bad faith or fraud.

D) *Other Conditions.*

(i) The Issuer shall certify in writing to the Bond Trustee (such certificate, a ÜSD Benchmark Base Rate Modification Certificate") that (I) a Benchmark Transition Event and its related Benchmark Replacement Date have occurred specifying the Benchmark Replacement; and (II) that the Benchmark Replacement Conforming Changes have been made in accordance with this Condition 13.02(c)(ii);

(ii) The Issuer shall have obtained the consent of each Secured Creditor (x) which is party to the relevant Transaction Document being amended, or (y) whose ranking in any Priorities of Payments is affected (evidence of which shall be provided by the Issuer to the Bond Trustee with the Base Rate Modification Certificate);

(iii) with respect to each Rating Agency, the Rating Agency Condition (as specified in Condition 20) has been satisfied; and

(iv) the Issuer pays (or arranges for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Bond Trustee in connection with such Base Rate Modification.

The following definitions shall apply with respect to this Condition 13.02(c)(ii):

"**USD Benchmark**" means, initially, Compounded SOFR, as such term is defined in Condition 5.03; provided that if the Issuer or the Benchmark Transition Designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or the Benchmark Transition Designee as of the Benchmark Replacement Date:

(i) the sum of: (a) an alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current USD Benchmark and (b) the Benchmark Replacement Adjustment;

(ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

(iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or the Benchmark Transition Designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current USD

Benchmark for U.S. dollar denominated floating rate covered bonds at such time and (b) the Benchmark Replacement Adjustment.

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or the Benchmark Transition Designee as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or the Benchmark Transition Designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current USD Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate covered bonds at such time.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark (including changes to the definitions or interpretations of Interest Period, the timing and frequency of determining rates and making payments of interest, the rounding of amounts, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period and other administrative matters) and any related Covered Bond Swap Agreements that the Issuer or the Benchmark Transition Designee decides may be appropriate to reflect the adoption of such Benchmark Replacement with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark in a manner substantially consistent with market practice (or, if the Issuer or the Benchmark Transition Designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or the Benchmark Transition Designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or the Benchmark Transition Designee determines is reasonably practicable).

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the USD Benchmark permanently or indefinitely ceases to provide the USD Benchmark; or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"**Benchmark Transition Designee**" means, with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark and a particular obligation to be performed in connection with the transition to a Benchmark Replacement, such investment bank of national standing in the United States as the Issuer may appoint, from time to time, to assist with any benchmark replacement determinations, including for greater certainty, an affiliate of the Issuer.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current USD Benchmark (including the daily published component used in the calculation thereof, in each case, as applicable):

(i) a public statement or publication of information by or on behalf of the administrator of the USD Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the USD Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the USD Benchmark (or such component);

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the USD Benchmark (or such component), the central bank for the currency of the USD Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the USD Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the USD Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the USD Benchmark (or such component), which states that the administrator of the USD Benchmark has ceased or will cease to provide the USD Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the USD Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the USD Benchmark announcing that the USD Benchmark is no longer representative.

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current USD Benchmark.

"**Relevant ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"**ISDA Fallback Adjustment**" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the Relevant ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the Relevant ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the USD Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"**Reference Time**" with respect to any determination of the USD Benchmark means (1) if the USD Benchmark is Compounded SOFR, 3:00 p.m. (New York time) on the U.S. Government Securities Business Day the relevant rate is in respect of (where the Compounded SOFR Convention is SOFR Index Convention) or immediately following the date the relevant rate is in respect of (where the Compounded SOFR Convention is

Observation Shift Convention) and (2) if the USD Benchmark is not Compounded SOFR, the time determined by the Issuer or the Benchmark Transition Designee after giving effect to the Benchmark Replacement Conforming Changes.

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

To the extent that there is any inconsistency between the conditions set out in this Condition 13.02(c)(ii) and any other Condition, the statements in this section shall prevail with respect to any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark.

Nothing in this Condition 13.02(c)(ii) affects the rights of the Covered Bondholders of Covered Bonds other than any U.S. dollar denominated Floating Rate Covered Bonds calculated by reference to a USD Benchmark.

(iii) For the avoidance of doubt, the Issuer may give effect to an Alternative Base Rate or Benchmark Replacement on more than one occasion provided that the conditions set out in this Condition 13.02(c) are satisfied.

Without prejudice to the obligations of the Issuer under this Condition 13.02(c), any Reference Rate (including in respect of a USD Benchmark) and the fallback provisions provided for in Condition 5.03 will continue to apply unless and until the Bond Trustee has received the USD Benchmark Base Rate Modification Certificate or Base Rate Modification Certificate, as applicable in accordance with this Condition 13.02(c). For the avoidance of doubt, this paragraph -15- shall apply to the determination of the Interest Rate on the relevant Interest Determination Date, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the operation of, and to adjustment as provided in, this Condition 13.02(c).

(d) When implementing any modification pursuant to Condition 13.02(c):

(A) the Bond Trustee shall not consider the interests of the Covered Bondholders, any other Secured Creditor or any other person and shall act and rely solely and without investigation or liability on any Base Rate Modification Certificate or USD Benchmark Base Rate Modification Certificate or other certificate or evidence provided to it by the Issuer and shall not be liable to the Covered Bondholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

(B) the Bond Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Bond Trustee in the Transaction Documents and/or these Conditions.

The Bond Trustee may also agree, without the consent of the holders of the Covered Bonds of any Series, the related Receiptholders and/or Couponholders, to the waiver or authorization of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series, or determine, without any such consent as described above, that any Issuer Event of Default or Guarantor Event of Default or Potential Issuer Event of Default or Potential Guarantor

Event of Default shall not be treated as such, provided that, in any such case, it is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of any of the holders of the Covered Bonds of any Series.

Any such modification, waiver, authorization or determination shall be binding on all holders of the Covered Bonds of all Series of Covered Bonds for the time being outstanding, the related Receiptholders and the Couponholders and the other Secured Creditors, and unless the Bond Trustee otherwise agrees, any such modification shall be notified by the Issuer to the holders of the Covered Bonds of all Series of Covered Bonds for the time being outstanding and the other Secured Creditors in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorization or determination), the Bond Trustee shall have regard to the general interests of the holders of the Covered Bonds of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual holders of the Covered Bonds, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual holders of the Covered Bonds, the related Receiptholders, Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Bond Trustee shall not be entitled to require, nor shall any holder of the Covered Bonds, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Bond Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual holders of the Covered Bonds, Receiptholders and/or Couponholders, except to the extent already provided for in Condition 8 and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

For the purposes of these Terms and Conditions:

"**Potential Issuer Event of Default**" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

"**Potential Guarantor Event of Default**" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Guarantor Event of Default; and

"**Series Reserved Matter**" in relation to Covered Bonds of a Series means (other than, for the avoidance of doubt, a Base Rate Modification, the replacement of the USD Benchmark to the Benchmark Replacement or effecting Benchmark Replacement Conforming Changes): (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made; (iii) alteration of the majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Security Agreement (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the holders of the Covered Bonds of any Series); (v) except in accordance with Condition 13, the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as described above and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the holders of the Covered Bonds to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and (vi) alteration of specific sections of the Trust Deed relating to the quorum and procedure required for meetings of holders of Covered Bonds.

14. Notices

To Holders of Bearer Definitive Covered Bonds

14.01 Notices to Holders of Bearer Definitive Covered Bonds will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Covered Bonds are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Covered Bonds in accordance with this Condition.

To Holders of Registered Definitive Covered Bonds

14.02 Notices to Holders of Registered Definitive Covered Bonds, save where another means of effective communication has been specified herein, will be deemed to be validly given if sent by first class mail (or equivalent) or, if posted to an overseas address, by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Covered Bonds are listed.

To Issuer

14.03 Notices to be given by any holder of Covered Bonds to the Issuer shall be in writing and given by lodging the same, together with the relevant Covered Bond or Covered Bonds, with the Issuing and Paying Agent or the Registrar, as the case may be. While any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any accountholder to the Issuing and Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issuing and Paying Agent or the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Global Covered Bonds

14.04 So long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of DTC and/or CDS and/or Euroclear and/or Clearstream, Luxembourg, there may be substituted for publication in newspaper(s) (in accordance with Condition 14.01) the delivery of the relevant notice to DTC and/or CDS and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Covered Bonds and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of the stock exchange, or as the case may be, other relevant authority so require, such notice will be published in a manner which complies with the rules and regulations of that stock exchange, as the case may be, or any other relevant authority. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the day on which the said notice was given to DTC and/or CDS and/or Euroclear and/or Clearstream, Luxembourg.

15. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Covered Bonds or Coupons, create and issue further Covered Bonds having the same terms and conditions as such Covered Bonds in all respects (or in all respects except for the first payment of interest, if any, on them and/or the Specified Denomination thereof) so as to form a single series with the Covered Bonds of any particular Series.

16. Currency Indemnity

The currency in which the Covered Bonds are denominated or, if different, payable, as specified in the Final Terms (the "**Contractual Currency**"), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Covered Bonds, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction or otherwise) by any Holder of a Covered Bond or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first day on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Covered Bond or Coupon in respect of such Covered Bond or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Covered Bond or Coupon and shall continue in full force and effect despite any judgement, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Covered Bonds or any judgement or order. Any such loss shall be deemed to constitute a loss suffered by the relevant Holder of a Covered Bond or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

17. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Covered Bond, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

18. Branch of Account

18.01 For the purposes of the Bank Act, the branch of the Bank set out in a Covered Bond or the related Final Terms shall be the branch of account (the "**Branch of Account**") for the deposits evidenced by such Covered Bond.

18.02 Each Covered Bond will be paid without the necessity of first being presented for payment at the Branch of Account.

18.03 If the Branch of Account is not in Canada, the Bank may change the Branch of Account for the deposits evidenced by any Covered Bond, upon not less than seven days' prior notice to its Holder given in accordance with Condition 14 and upon and subject to the following terms and conditions:

(a) if such Covered Bond is denominated in Yen, the Branch of Account shall not be in Japan;

(b) the Issuer shall indemnify and hold harmless the Holders of such Covered Bonds and Coupons relating thereto against any tax, duty, assessment or governmental charge which is imposed or levied upon such Holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Issuing and Paying Agent in connection with such change; and

(c) notwithstanding (b) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (i) no Issuer Event of Default, Guarantor Event of Default, Potential Issuer Event of Default or Potential Guarantor Event of Default shall have occurred and be continuing and (ii) payments of principal and interest on Covered Bonds of such Series and Coupons relating thereto to Holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to the Issuer, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an "**Excluded Holder**" means a Holder of a Covered Bond of such Series or Coupon relating thereto who is subject to taxes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of a Covered Bond of such Series or Coupon as a non-resident of such Relevant Jurisdiction. "**Relevant Jurisdiction**" means and includes Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and "**taxes**" means and includes any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Covered Bonds of such Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

19. Substitution

Subject as provided in the Trust Deed, the Bond Trustee, if it is satisfied that to do so would not be materially prejudicial to the interests of the holders of the Covered Bonds, may agree, without the consent of the holders of the Covered Bonds, Receiptholders or Couponholders, to the substitution of a Subsidiary of the Issuer in place of the Issuer as principal debtor under the Covered Bonds and the Trust Deed, provided that the obligations of such Subsidiary in respect of the Covered Bonds and the Trust Deed shall be guaranteed by the Issuer in such form as the Bond Trustee may require.

Any substitution pursuant to this Condition 19 shall be binding on the holders of the Covered Bonds, the Receiptholders and the Couponholders and, unless the Bond Trustee agrees otherwise, shall be notified to the holders of the Covered Bonds as soon as practicable thereafter in accordance with Condition 14.

It shall be a condition of any substitution pursuant to this Condition 19 that (i) the Covered Bond Guarantee shall remain in place or be modified to apply mutatis mutandis and continue in full force and effect in relation to any Subsidiary of the Issuer which is proposed to be substituted for the Issuer as principal debtor under the Covered Bonds and the Trust Deed; and (ii) any Subsidiary of the Issuer which is proposed to be substituted for the Issuer is included in the Registry as a registered issuer and that all other provisions of the Covered Bond Legislative Framework and the CMHC Guide are satisfied prior to the substitution of the Issuer.

20. Rating Agency Condition

20.01 By subscribing for or purchasing Covered Bond(s), each holder of Covered Bonds shall be deemed to have acknowledged and agreed that a credit rating of a Series of Covered Bonds by the Rating Agencies is an assessment of credit risk and does not address other matters that may be of relevance to holders of Covered Bonds, including, without limitation, in the case of a confirmation by each Rating Agency that any action proposed to be taken by the Issuer, the Guarantor, the Seller, the Servicer, the Cash Manager, the Bond Trustee or any other party to a Transaction Document will not result in a reduction or withdrawal of the rating of the Covered Bonds in effect immediately before the taking of such action (a "**Rating Agency Condition**"), whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the holders of Covered Bonds.

20.02 In being entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the relevant Series of Covered Bonds would not be reduced or withdrawn, each of the Issuer, the Guarantor, the Bond Trustee, and the Secured Creditors (including the holders of Covered Bonds) is deemed to have acknowledged and agreed that confirmation of the satisfaction of the Rating Agency Condition does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the Guarantor, the Bond Trustee, the Secured Creditors (including the holders of Covered Bonds) or any other person or create any legal relations between the Rating Agencies and the Issuer, the Guarantor, the Bond Trustee, the Secured Creditors (including the holders of Covered Bonds) or any other person whether by way of contract or otherwise.

20.03 By subscribing for or purchasing Covered Bond(s), each holder of Covered Bonds shall be deemed to have acknowledged and agreed that:

(a) a confirmation of the satisfaction of the Rating Agency Condition may or may not be given at the sole discretion of each Rating Agency;

(b) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot confirm the satisfaction of the Rating Agency Condition in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;

(c) a confirmation of the satisfaction of the Rating Agency Condition, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Covered Bonds forms a part; and

(d) a confirmation of the satisfaction of the Rating Agency Condition represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any holder of Covered Bonds or any other party.

20.04 If a confirmation of the satisfaction of the Rating Agency Condition or some other response by a Rating Agency is a condition to any action or step or is otherwise required under any Transaction Document and a written request for such confirmation of the satisfaction of the Rating Agency Condition or response is delivered to that Rating Agency by any of the Issuer, the Guarantor and/or the Bond Trustee, as applicable (each a "**Requesting Party**"), and either (i) the Rating Agency indicates that it does not consider such confirmation or response necessary in the circumstances or (ii) within 30 days (or, in the case of Moody's or Fitch, 10 Business Days) of actual receipt of such request by the Rating Agency, such request elicits no confirmation or response and/or such request elicits no statement by the Rating Agency that such confirmation or response could not be given, the Requesting Party will be entitled to disregard the requirement for satisfaction of the Rating Agency Condition or affirmation of rating or other response by the Rating Agency and proceed on the basis that such confirmation or affirmation of rating or other response by the Rating Agency is not required in the particular circumstances of the request. The failure by a Rating Agency to respond to a written request for a confirmation or affirmation shall not be interpreted to mean that such Rating Agency has given any deemed confirmation of the satisfaction of the Rating Agency Condition or affirmation of rating or other response in respect of such action or step.

21. Indemnification of Bond Trustee and Bond Trustee contracting with the Issuer and/or the Guarantor

If, in connection with the exercise of its powers, trusts, authorities or discretions the Bond Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Bond Trustee shall not exercise such power, trust, authority or discretion without the approval by Extraordinary Resolution of such holders of the relevant Series of Covered Bonds then outstanding or by a direction in writing of such holders of the Covered Bonds of at least 25 per cent of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

The Trust Deed and the Security Agreement contain provisions for the indemnification of the Bond Trustee and for relief from responsibility, including provisions relieving the Bond Trustee from taking any action unless indemnified and/or secured to the satisfaction of the Bond Trustee.

The Trust Deed and the Security Agreement also contain provisions pursuant to which the Bond Trustee is entitled, among other things: (i) to enter into business transactions with the Issuer, the Guarantor and/or any of their respective Subsidiaries and affiliates and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their respective Subsidiaries and affiliates; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the holders of the Covered Bonds, Receiptholders or Couponholders or the other Secured Creditors; and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Bond Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Portfolio Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organizations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee. The Bond Trustee will not be responsible for: (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Bond Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (iii) monitoring the Covered Bond Portfolio, including, without limitation, whether the Covered Bond Portfolio is in compliance with the Asset Coverage Test and/or the Amortization Test; or (iv) monitoring whether the Portfolio Assets satisfy the Eligibility Criteria. The Bond Trustee will not be liable to any holder of the Covered Bonds or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by reasonable and prudent institutional mortgage lenders in the Seller's market in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

22. Law and Jurisdiction

The Trust Deed, Agency Agreement, the Covered Bonds and Receipts, Coupons and Talons related thereto and the other Transaction Documents (other than certain provisions of the Security Agreement relating to real property located outside of the Province of Ontario, which are governed by the law of the jurisdiction in which such property is located, and certain documents entered into pursuant to the Security Agreement, which are governed by, and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein) are governed by and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

EXPENSES

Except as otherwise set out in the applicable Final Terms, expenses related to the issue and distribution of each Tranche of Covered Bonds will be paid as agreed in the Dealership Agreement.

USE OF PROCEEDS

Except as otherwise set out in the applicable Final Terms, the net proceeds of the issue of each Tranche of Covered Bonds will be added to the general funds of the Issuer.

FORM OF THE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under this Base Prospectus.

Final Terms dated [ ]

NATIONAL BANK OF CANADA

(a Canadian chartered bank)

Legal Entity Identifier (LEI): BSGEFEIOM18Y80CKCV46

Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]
under the

CAD 20,000,000,000

Legislative Global Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments by
NBC COVERED BOND (LEGISLATIVE) GUARANTOR
LIMITED PARTNERSHIP
(a limited partnership formed under the laws of Ontario)

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION ("CMHC") NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THESE FINAL TERMS. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

THE COVERED BONDS DESCRIBED OR DELIVERED IN THESE FINAL TERMS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THE COVERED BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS [EXCEPT THAT THE COVERED BONDS MAY BE OFFERED SOLD OR DELIVERED TO [QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE UPON RULE 144A UNDER THE SECURITIES ACT]].

The Guarantor is not now, and immediately following the issuance of the Covered Bonds pursuant to the Trust Deed will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule." In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended, and under the Volcker Rule and its related regulations may be available, the Guarantor has relied on the exemption from registration set forth in Section 3(c)(5) of the Investment Company Act of 1940, as amended. See "*Certain Investment Company Act Considerations*" in the Prospectus dated 2 September 2022.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

"[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** - Solely for the purposes of [each/the] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [MiFID II][Directive 2014/65/EU (as amended, "**MiFID II**");] and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [each/the] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018] [EUWA] ("**UK MiFIR**"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**UK distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]"

[[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS AMENDED FROM TIME TO TIME** (the "**SFA**") – [To insert notice if product classification is other than "capital markets products other than prescribed capital markets products" pursuant to Section 309B of the SFA or "Specified Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][3]"[4]

PART A–CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated 2 September 2022 [and the supplemental Prospectus[es] dated [date]] which [together] constitute[s] [a base prospectus (the "**Prospectus**") for the purposes of [Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended] (the "**UK Prospectus Regulation**")]/[the UK Prospectus Regulation]]. This document constitutes the Final Terms of the Covered Bonds described herein [for the purposes of Article 8 of the UK Prospectus Regulation] and must be read in conjunction with such Prospectus in order to obtain all relevant information. [The Prospectus [and the supplemental Prospectus[es]]], together with these Final Terms and all documents incorporated by reference therein, [is] [are] available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name National Bank of Canada and the headline "Publication of Prospectus", on the website of the Issuer at https://www.nbc.ca/en/about-us/investors/investor-relations/capital-debt-information/debt/legislative-covered-bonds-program/legislative-covered-bonds.html and copies may be obtained from the specified offices of the Issuer and the Issuing and Paying Agent, as set out at the end of this Prospectus.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Prospectus dated [17 December 2014]/[7 April 2016]/[12 September 2017]/[27 September 2018]/[9 July 2019]/[9 September 2020]/[2 September 2021] [and the Prospectus supplement[s] to it dated []] which are incorporated by reference in the Prospectus dated 2 September 2022. These Final Terms contain the final terms of the Covered Bonds described herein and must be read in conjunction with the Prospectus dated 2 September 2022 [and the Prospectus supplement[s] dated [ ]] in order to obtain all relevant information, save in respect of the Conditions which are set forth in the prospectus dated [17 December 2014]/[7 April 2016]/[12 September 2017]/[27 September 2018]/[9 July 2019]/[9 September 2020]/[2 September 2021] [and the supplement[s] to it dated []] and are incorporated by reference in the Prospectus. This document constitutes the Final Terms relating to the issue of Covered Bonds described herein for the purposes of Article 8 of the UK Prospectus Regulation.]

1.	(i)	Issuer:	National Bank of Canada
		Branch:	[Head office of the Bank in Montréal] [London branch]
	(ii)	Guarantor:	NBC Covered Bond (Legislative) Guarantor Limited Partnership
2.	(i)	[Series Number:]	[ ]
	(ii)	[Tranche Number:]	[ ]
	(iii)	Date on which the Covered Bonds become fungible:	[Not Applicable/The Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with [ ] on [[ ]/[the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bonds, as referred to in paragraph [ ] below], which is expected to occur on or about [ ]].

[3] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

[4] Legend to be included on front of the Final Terms if the Covered Bonds: (a) are being sold into Singapore; and (b) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

3.	Specified Currency or Currencies:		[]
	(Condition 1.10)		
4.	Aggregate Principal Amount:		[ ]
	(i)	[Series:]	[ ]
	(ii)	[Tranche:]	[ ]
5.	Issue Price:		[ ]% of the Aggregate Principal Amount [plus accrued interest from [insert date] (if applicable)]
6.	(i)	Specified Denominations:	[[ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Covered Bonds in definitive form will be issued with a denomination above [ ].]
	(Condition 1.08 or 1.09)		
	(ii)	Calculation Amount:	[ ]
7.	(i)	Trade Date:	[ ]
	(ii)	Issue Date:	[ ]
	(iii)	Interest Commencement Date:	[ ]/[*Issue Date]* [Not Applicable]
8.	(i)	Final Maturity Date:	[ ]/*[Interest Payment Date falling in or nearest to [ ]*
	(ii)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	*[]/Interest Payment Date falling in or nearest to[]*
9.	Interest Basis:		[ ]] per cent. Fixed Rate] [[SONIA]/SOFR]/[€STR]]/[[ ][[EURIBOR]/[[+/–] [ ] per cent.] Floating Rate] (further particulars specified in item 15 below) [Zero Coupon]
10.	Redemption/Payment Basis:		[Redemption at par] [Hard Bullet Covered Bond] [Instalment]
11.	Change of Interest Basis:		[ ]/[Applicable if and only to the extent that item 15 below applies to the Covered Bonds.]
12.	Put/Call Options:		[Investor Put] [Issuer Call]

		[Not Applicable] [(further particulars specified in items 17 and 18 below)]
13.	[Date of [Board] approval for issuance of Covered Bonds obtained:	[ ] [and [ ], respectively]]/[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Covered Bond Provisions: (Condition 5.02)	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/[ ]] in arrears on each Interest Payment Date [commencing [ ]]
	(ii) Interest Payment Date(s):	[ ] in each year [adjusted in accordance with *the Business Day Convention*/not adjusted] up to and including the [Final Maturity Date] [Extended Due for Payment Date, if applicable] (provided however that after the Extension Determination Date, the Interest Payment Date shall be monthly)
	(iii) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention]/[Not Applicable]
	(iv) Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount
	(v) Broken Amount(s)	[ ] per Calculation Amount, payable on the Interest Payment Date falling [on/or] [ ]/[Not Applicable]
	(vi) Day Count Fraction:	[Actual/Actual *or* Actual/Actual (ISDA) Actual/365 (Sterling) Actual/365 (Fixed) Actual/360 30E/360 *or* Eurobond Basis 30/360 *or* 360/360 *or* Bond Basis 30E/360 (ISDA) Actual/Actual (ICMA) *or* Act/Act (ICMA)]
	(vii) Determination Dates:	[[ ] in each year]/[Not Applicable]
15.	Floating Rate Covered Bond Provisions: (Condition 5.03)	[Applicable [from and including the Final Maturity Date to but excluding the Extended Due for Payment Date]/Not Applicable]
	(i) Interest Period(s):	[[ ] [subject to adjustment in accordance with the Business Day Convention specified in (iii) below] [not subject to any adjustment as the Business Day Convention specified in (iii) below is specified to be Not Applicable]]/[Not Applicable]

(ii)	Specified Interest Payment Dates:	[[ ] [subject to adjustment in accordance with the Business Day Convention specified in (iii) below] [not subject to any adjustment as the Business Day Convention specified in (iii) below is specified to be Not Applicable] [(provided however that after the Extension Determination Date, the Specified Interest Payment Date shall be monthly)]]/[Not Applicable]
(iii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention]/[Not Applicable]
(iv)	Financial Centre(s):	[London]/[Toronto]/[Montréal]/[New York]/[Sydney]/[Auckland]/[Not Applicable]
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[ ]
(vii)	Screen Rate Determination:	[Applicable]/[Not Applicable]
	– Reference Rate:	[SONIA/SOFR/€STR]/[[ ] -month] [EURIBOR]
	– Compounded SOFR Convention:	[Observation Shift Convention][SOFR Index Convention][Not Applicable]
	– Calculation Method:	[Compounded Daily Rate/Compounded Index Rate]/[Not Applicable]
	– Observation Method:	[Lag][Shift] *(in respect of SONIA Compounded Daily Rate)*
	– Observation Look-Back Period:	[[] [London Banking Day prior to the end of each Interest Period]/[TARGET2 Business Days]] [Not Applicable]
	– Observation Shift Period:	[[] U.S. Government Securities Business Days]
	– SOFR Index Observation Period:	[[] U.S. Government Securities Business Days]
	– Relevant Number:	[ ]/[Not Applicable] *(in respect of SONIA Compounded Index Rate)*
	– Interest Determination Date(s):	[Second London Banking Day prior to the start of each Interest Period] [first day/first London Banking Day of each Interest Period] [[ ] [TARGET2/[ ]] Business Days [in [ ]] prior to the [ ] day in each Interest Period/each Interest Payment Date][[ ] London Banking Day prior to the end of each Interest Period] [ ] [[] U.S. Government Securities Business Days prior to each Interest Payment Date][[] TARGET2 Business Days prior to the end of each Interest Period]

	– Relevant Screen Page:	[ ]
	– SONIA Compounded Index:	[ ]/[Not Applicable] *(If applicable, repeat the definition of SONIA Compounded Index specifying any relevant Screen Page and its time of publication and including definition of Screen Page where necessary)* *(Only relevant to Floating Rate Covered Bonds that reference SONIA and specify "Compounded Index Rate" as the calculation method)*
	– Relevant Time:	[ ]
	– Reference Banks:	[ ]/[Not Applicable]
	– Financial Centre(s):	[Euro-zone]/[Not Applicable]
(viii)	ISDA Determination:	[Issuer is [Fixed Rate/Fixed Amount/Floating Rate/Floating Amount] Payer]/[Not Applicable]
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ]
	– 2021 ISDA Definitions:	[Not Applicable][Applicable]
	– Applicable Benchmark	[ ][Not Applicable]
	– Fixing Day:	[ ][Not Applicable]
	– Fixing Time:	[ ][Not Applicable]
	– Any other terms relating to the 2021 ISDA Definitions:	[ ][Not Applicable]
(ix)	Margin(s):	[+/-][ ] per cent. per annum
(x)	Linear Interpolation (Condition 5.10)	[Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi)	Minimum Interest Rate:	
	(Condition 5.05)	[ ] per cent. per annum/[Not Applicable]
(xii)	Maximum Interest Rate:	
	(Condition 5.05)	[ ] per cent. per annum/[Not Applicable]
(xiii)	Day Count Fraction:	[Actual/Actual *or* Actual/Actual (ISDA) Actual/365 (Sterling) Actual/365 (Fixed) Actual/360

		30E/360 *or* Eurobond Basis 30/360 *or* 360/360 *or* Bond Basis 30E/360 (ISDA) Actual/Actual (ICMA) *or* Act/Act (ICMA)]
16.	Zero Coupon Covered Bond Provisions: (Condition 5.11)	[Applicable/Not Applicable]
	(i) Amortization Yield:	[ ] per cent. per annum]
	(ii) Reference Price:	[ ]
	(iii) Day Count Fraction:	[30/360 Actual/360 Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Call Option	[Applicable/Not Applicable]
	(Condition 6.03)	
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ] per Calculation Amount
	(b) Maximum Redemption Amount:	[ ] per Calculation Amount
	(iv) Notice Period	[ ]
18.	Put Option	[Applicable/Not Applicable]
	(Condition 6.06)	
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
	(iii) Notice period	[ ]
19.	Final Redemption Amount of each Covered Bond	[ ] per Calculation Amount]
20.	Early Redemption Amount:	

	Early Redemption Amount(s) payable on redemption for taxation reasons or illegality or upon acceleration following an Issuer Event of Default or Guarantor Event of Default or Special Circumstance and/or the method of calculating the same: (Conditions 6.02, 6.03, 6.13 or 7)	[ ] per Calculation Amount
21.	Early Redemption for Special Circumstance	[Applicable] [Not Applicable]
	[(i) Minimum Period:	[ ] days
	(ii) Maximum Period:	[ ] days]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	Form of the Covered Bonds:	[Bearer Covered Bonds:] [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds only on not less than 60 days' notice/after an Exchange Event] [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds [and/or Registered Definitive Covered Bonds] on [ ] days' notice] [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds only on not less than 60 days' notice/after an Exchange Event] [Registered Covered Bonds:] [Regulation S Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/CDS/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)] and exchangeable on [ ] days' notice/at any time/only after an Exchange Event/Rule 144A Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/CDS/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)] and exchangeable on [ ] days' notice/at any time/only after an Exchange Event.]
23.	New Global Covered Bond:	[Yes] [No]
24.	Financial Centre(s) or other special provisions relating to payment dates:	A15, 4.8(b) Cat. B Applicable]

25.	Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): (Condition 1.06)	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
26.	Details relating to Instalment Covered Bonds: amount of each instalment, date on which each payment is to be made: (Condition 6.12)	(i) Instalment Amount(s): [Not Applicable]/[ ] (ii) Instalment Date(s): [Not Applicable]/[ ]

THIRD PARTY INFORMATION

[ ] has been extracted from [ ]. The Issuer and the Guarantor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

Signed on behalf of the Issuer:	Signed on behalf of the Managing GP for and on behalf of the Guarantor:
By: ______________________ Duly authorized	By: ______________________ Duly authorized
By: ______________________ Duly authorized	By: ______________________ Duly authorized

PART B–OTHER INFORMATION

1. **LISTING**

(i) Listing/Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to the Official List of the FCA and to trading on the London Stock Exchange's Main Market with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to the Official List of the FCA and to trading on the London Stock Exchange's Main Market with effect from [ ].]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

The Covered Bonds to be issued are expected to be rated:

Ratings: [Moody's: Aaa]

[Fitch: AAA]

[DBRS: AAA]

[Brief explanation of the meaning of the ratings if this has been published previously by the rating provider]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[[Save as discussed in ["*Subscription and Sale and Transfer and Selling Restrictions*"], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.] [The [Managers/Dealers] and their affiliates have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer [and the Guarantor] and [its/their] affiliates.]/[Not Applicable]

4. **[FIXED RATE COVERED BONDS ONLY – YIELD**

Indication of yield based on the Issue Price: [ ]

5. **DISTRIBUTION**

(i) US Selling Restrictions:	[Regulation S compliance Category 2;] [TEFRA C rules apply] [TEFRA D rules apply] [TEFRA rules not applicable] [[Not] Rule 144A eligible]
(ii) Additional Selling Restrictions:	[Not Applicable]/[The Covered Bonds may not be offered, sold or distributed, directly or indirectly, in Canada or to or for the benefit of, any resident in Canada]/[Covered Bonds may only be offered, sold or distributed by the Managers on such basis and in such provinces of Canada as, in each case, are agreed with the Issuer and in compliance with any applicable securities laws of Canada or any province, to the extent applicable]

(iii) Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]
(iv) Prohibition of Sales to UK Retail Investors	[Applicable/Not Applicable]

6. **OPERATIONAL INFORMATION**

(i) ISIN Code:	[ ]
(ii) Common Code:	[ ]
(iii) CFI:	[[] [as set out on the website of the Association of National Numbering Agencies (ANNA)] [Not Applicable]]
(iv) FISN:	[[] [as set out on the website of the Association of National Numbering Agencies (ANNA)] [Not Applicable]]
(v) [insert here any other relevant codes such as CUSIP and CINS codes)]	[ ]
(vi) Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking Société Anonyme or DTC or CDS, their addresses and the relevant identification number(s):	[Not Applicable]/[ ]
(vii) Delivery:	Delivery [against/free of] payment
(viii) Name(s) and address(es) of initial Paying Agent(s), Registrars, Exchange Agent and Transfer Agents:	[ ]
(ix) Name(s) and address(es) of additional or substitute Paying Agent(s) or Transfer Agent(s):	[ ]
(x) Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for Registered Covered Bonds] and does not necessarily mean that the Covered Bonds will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if "yes" selected, in which case Bearer Covered Bonds must be issued in NGCB form]*

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for Registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6 **PROCEEDS**

(i)	Use of Proceeds:	[As specified in the Prospectus/[]]
(ii)	Estimated net proceeds:	[]

7. **UNITED STATES TAX CONSIDERATIONS**

[Not applicable]/[[*For Covered Bonds issued in compliance with Rule 144A:*][For U.S. federal income tax purposes, the Issuer intends to treat the Covered Bonds as [original issue discount Covered Bonds/fixed-rate debt/fixed-rate debt issued with original issue discount/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Covered Bonds will be [●] per cent. compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Covered Bond consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt instruments/variable rate debt instruments issued with original issue discount/foreign currency Covered Bonds/foreign currency Covered Bonds issued with original issue discount/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Covered Bonds will be [●] per cent. compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Covered Bond consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Covered Bonds.]]

[*For a Qualified Reopening of Covered Bonds issued in compliance with Rule 144A:*][Qualified Reopening. The issuance of the Covered Bonds should be treated as a "qualified reopening" of the Covered Bonds issued on [●] within the meaning of the Treasury regulations governing original issue discount on debt instruments (the "OID Regulations"). Therefore, for purposes of the OID Regulations, the Covered Bonds issued in this offering should be treated as having the same issue date and the same issue price as the Covered Bonds issued on [●] and should [not] be considered to have been issued with original issue discount for U.S. federal income tax purposes.]

NATIONAL BANK OF CANADA

The information appearing below is supplemented by the more detailed information contained in the documents incorporated by reference. See Paragraphs (a) – (c) of the section entitled "Documents Incorporated by Reference".

Introduction

The Bank's roots date back to 1859 with the founding of Banque Nationale in Québec City, Québec, Canada. The Bank is a chartered bank governed by the Bank Act and is named in Schedule I of the Bank Act. The head office of the Bank is located at 4th Floor, 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2. The telephone number of the Bank is 1-514-394-5000.

A list of the Bank's principal subsidiaries is provided on page 221 of the 2021 Annual Report, incorporated herein by reference.

The Bank had total assets of $387 billion as at 31 July 2022. It is one of the six systemically important banks in Canada and has branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships.

Board of Directors

The names of the Directors of the Bank (together with details of their principal outside activities), as of the date of this Prospectus, are set out below. The business address of each of the directors is 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2.

Name and Location	Principal Occupation
Maryse Bertrand Québec, Canada	Corporate Director
Pierre Blouin Québec, Canada	Corporate Director
Pierre Boivin Québec, Canada	President and Chief Executive Officer, Claridge Inc.
Lynn Loewen Québec, Canada	Corporate Director
Yvon Charest Québec, Canada	Corporate Director
Patricia Curadeau-Grou Québec, Canada	Corporate Director
Jean Houde Québec, Canada	Chairman of the Board of Directors, National Bank of Canada
Karen Kinsley Ontario, Canada	Corporate Director
Rebecca McKillican Ontario, Canada	Chief Executive Officer, McKesson Corporation Canada

Robert Paré Québec, Canada	Strategic Advisor, Fasken Martineau DuMoulin LLP
Lino A. Saputo Québec, Canada	President and Chief Executive Officer of Saputo Inc.
Andrée Savoie New Brunswick, Canada	President and Chair of the Board of Directors of Acadian Properties Ltd.
Macky Tall	Partner and Chair of the Infrastructure Groupe of The Carlyle Group
Pierre Thabet Québec, Canada	President, Boa-Franc Inc.
Laurent Ferreira Québec, Canada	President and Chief Executive Officer, National Bank of Canada

As of the date of this Prospectus, there are no potential conflicts of interest between any duties owed to the Bank by the Directors and their private interests and/or external duties owed by these individuals. If a Director were to have a material interest in a matter being considered by the Board or any of its Committees, such Director would not participate in any discussions relating to, or any vote on, such matter.

Business

The Bank is the parent company of its group subsidiaries and, together, is an integrated provider of financial services to retail, commercial, corporate and institutional clients. As set out in the Bank Act, its corporate purpose is to act as a financial institution throughout Canada and can carry on business, conduct its affairs and exercise its powers in any jurisdiction outside Canada to the extent and in the manner that the laws of that jurisdiction permit. It operates in four business segments, Personal and Commercial, Wealth Management, Financial Markets, and U.S. Specialty Finance and International ("**USSF&I**") and offers a complete range of services: banking and investment solutions, insurance, wealth management, corporate and investment banking, mutual fund and pension fund management, and securities brokerage. Please refer to pages 30 to 52 of the 2021 Annual Report incorporated by reference in this Prospectus for a detailed description of the other four business segments.

Major Shareholders

The Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. The following is a summary of such restrictions.

Subject to certain exceptions specified in the Bank Act, no person may be a major shareholder of a bank if the bank has equity of $12 billion or more. In the event the equity of the Bank is less than $12 billion and the Bank Act would otherwise permit a person to own up to 65% of any class of shares of the Bank, the Bank is deemed to be a bank to which the ownership restrictions for banks with equity of $12 billion or more apply until the Minister of Finance (Canada) specifies, on application by the Bank, that these restrictions no longer apply to the Bank.

A person is a major shareholder of a bank where a) the aggregate of shares of any class of voting shares of a bank beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person is more than 20% of all of the outstanding shares of that class of shares; or b) the aggregate of shares of any class of non-voting shares of a bank beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person is more than 30% of all of the outstanding shares of that class of shares.

Furthermore, no person may have a significant interest in any class of shares of a bank, without approval under the Bank Act. A person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

Subject to certain exceptions, the Bank Act also prohibits the registration of a transfer or issue of any shares of the Bank to Her Majesty in right of Canada or of a province or any agent or agency of Her Majesty, in either of those rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them.

There are no measures in place to ensure that control of the Bank is not abused as the Bank has no major shareholders.

Material Contracts

Neither the Bank nor the Guarantor has entered into any contracts outside the ordinary course of the Bank's business which could materially affect the Bank's obligations in respect of any Covered Bonds to be issued by the Bank pursuant to this Prospectus other than, with respect to any Covered Bonds, the contracts described in "*Subscription and Sale and Transfer and Selling Restrictions*" and in "*Terms and Conditions of the Covered Bonds*" and "*Summary of the Principal Documents*".

Ratings

As of the date of this Prospectus, the Issuer has been assigned the following long-term credit ratings in respect of its senior unsecured debt[5]:

- BBB+ by Standard & Poor's Financial Services LLC (and long term non bail-inable senior debt credit rating of A[6] by Standard & Poor's Financial Services LLC);

- A3 by Moody's Canada Inc. (and the counterparty risk assessment rating of Aa3/P-1 and long term non bail-inable senior debt credit rating of Aa3[6] by Moody's Canada Inc.);

- A+ by Fitch (and long term non bail-inable senior debt credit rating AA- by Fitch); and

- AA (low) by DBRS (and long term non bail-inable senior debt credit rating of AA[6] by DBRS).

As of the date of this Prospectus, the Issuer has also been assigned the following short-term credit ratings:

- A-1 by Standard & Poor's Financial Services LLC;

- P-1 by Moody's Canada Inc. (and the credit risk assessment rating of Aa3/P-1 by Moody's Canada Inc.);

- F1+ by Fitch (and the short term issuer default rating of F1 by Fitch); and

- R-1 (high) by DBRS.

As of the date of this Prospectus, each of S&P Financial Services LLC, Moody's, Fitch and DBRS, is established outside of the European Union or the UK but its respective Registered CRA affiliate: (i) is established in the European Union or the UK; (ii) is registered under the applicable CRA Regulation; and (iii) is permitted to endorse the credit ratings of Standard & Poor's Financial Services LLC, Moody's, Fitch or DBRS, as applicable used in specified third countries, including the United States and Canada, for use in the European Union or the United Kingdom, as applicable, by relevant market participants. See also "Credit Rating Agencies" on page 9.

[5] Subject to conversion under the bank recapitalization "bail-in" regime.

[6] Includes Senior Debt issued prior to September 23, 2018 and Senior Debt issued on or after September 23, 2018 which is excluded from the bank recapitalization (bail-in) regime.

In accordance with Article 4.1 of the CRA Regulation, please note that the following documents (as defined in the section entitled "*Documents Incorporated by Reference*") incorporated by reference in this Prospectus contain references to credit ratings from the same rating agencies:

(a) the 2021 Annual Information Form (pages 13 and 22 to 24); and

(b) each of the Investor Reports (pages 1 and 2 of each such report).

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning agency. Each rating should be evaluated independently of any other rating.

PRESENTATION OF FINANCIAL RESULTS

The information in the tables appearing under "Financial Summary" below was derived from consolidated financial statements of the Bank and prepared in accordance with IFRS.

FINANCIAL SUMMARY

The information in the tables below at 31 July 2022, 31 July 2021 and 31 October 2021 has been extracted from the report to shareholders for the quarter ended 31 July 2022 and the audited consolidated financial statements of the Bank for the year ended 31 October 2021 contained in the Bank's 2021 Annual Report, which statements are incorporated by reference in this Prospectus together with the accompanying notes and the report of the independent auditor as it relates to their opinion on the consolidated financial statements as further described on page 85.

An audit comprises audit tests and procedures deemed necessary for the purpose of expressing an opinion on consolidated financial statements taken as a whole. An audit opinion has not been expressed on individual balances of accounts or summaries of selected transactions in the table below.

Condensed Consolidated Balance Sheet

	As at 31 July 2022	**As at 31 July 2021**
	(in millions of Canadian dollars)	
Loans and acceptances, net of allowance	200,924	178,946
Total assets	387,051	354,040
Deposits	257,190	236,544
Other liabilities	107,254	98,148
Subordinated debentures/debt	1,510	769
Non-controlling interests	2	N/A
Shareholders' equity	21,095	18,579

Condensed Consolidated Income Statements

	Quarter ended 31 July 2022	**Year ended 31 October 2021**	**Quarter ended 31 July 2021**
	(in millions of Canadian dollars, except per share amounts)		
Net interest income	1,419	4,783	1,230
Non-interest income	994	4,144	1,024
Total revenues	2,413	8,927	2,254
Provisions for credit losses	57	2	(43)
Non-interest expenses	1,306	4,853	1,216
Net income	826	3,177	839
Non-controlling interests	N/A	N/A	N/A

Earnings per Share			
—basic	2.38	9.06	2.39
—diluted	2.35	8.96	2.36
Dividends per common share	0.92	2.84	0.71

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP

General

NBC Covered Bond (Legislative) Guarantor Limited Partnership (the "**Guarantor**") is a limited partnership formed on 13 August 2013 and existing under the *Limited Partnerships Act* (Ontario). The registered office of the Guarantor is 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, Ontario, M5K 1E6 and the telephone contact number is 416-362-1812. The Guarantor is governed by the Guarantor Agreement (see "*Summary of the Principal Documents – Guarantor Agreement*").

Description of Limited Partnership

Pursuant to the terms of the *Limited Partnerships Act* (Ontario), a limited partner in a limited partnership is liable for the liabilities, debts and obligations of the partnership, but only to the extent of the amount contributed by it or agreed to be contributed by it to the partnership, unless, in addition to exercising rights and powers as a limited partner, the limited partner takes part in the control of the business of the partnership. Subject to applicable law, limited partners will otherwise have no liability in respect of the liabilities, debts and obligations of the partnership. Each general partner will have unlimited liability for an obligation of the partnership unless the holder of such obligation agrees otherwise.

Business of the Guarantor

The Guarantor is a structured entity whose only business is to provide services to the Bank in respect of the Programme by (a) entering into the Intercompany Loan Agreement and accepting Capital Contributions from its partners; (b) using the proceeds from the Intercompany Loan and Capital Contributions (i) to purchase the Covered Bond Portfolio consisting of Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement and New Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitute Assets in an amount not exceeding the prescribed limit under the CMHC Guide; and/or (iii) subject to complying with the Asset Coverage Test (as described below) to make Capital Distributions to the Limited Partner; and/or (iv) to make deposits of the proceeds in the Guarantor Accounts (including, without limitation, to fund the Reserve Fund and the Pre-Maturity Liquidity Ledger (in each case to an amount not exceeding the prescribed limit)); (c) arranging for the servicing of the Loans and their Related Security by the Servicer; (d) entering into the Trust Deed, giving the Covered Bond Guarantee and entering into the Security Agreement; (e) entering into the Transaction Documents to which it is a party; and (f) performing its obligations thereunder and in respect thereof and doing all things incidental or ancillary thereto.

The Guarantor has not, since its formation, engaged in, and will not, while there are Covered Bonds outstanding, engage in any material activities other than activities relating to the business of the Guarantor described above and/or incidental or ancillary thereto. The Guarantor and its general partners are not required by applicable Canadian law (including the *Limited Partnerships Act* (Ontario)) to publish any financial statements.

The Guarantor has no employees.

Financial Disclosure and Alternative Performance Measures (APMs)

In accordance with the laws of the Province of Ontario and the federal laws of Canada, as a limited partnership, the Guarantor is not required to produce financial statements (audited or unaudited). Instead, (unaudited) Investor Reports are prepared by the Cash Manager on a pro forma basis under Section 9.4(a) of the Cash Management Agreement and provide (as at the relevant Calculation Date) information and data in relation to the Covered Bond Portfolio, including the calculation of the Asset Coverage Test, the Valuation Calculation, the OC Valuation, the Intercompany Loan balance and statistical information about the Loans in the Portfolio. Such Investor Reports are, when necessary in accordance with the prospectus rules made under FSMA, incorporated by reference into the Prospectus. For the purposes of the ESMA guidelines on APMs of 5 October 2015 (ESMA Guidelines), such Investor Reports constitute APMs.

The Investor Reports incorporated herein by reference are not derived from the Guarantor's financial statements, since the Guarantor is not required to produce financial statements. Therefore, it is impracticable to provide comparative figures or to have such Investor Reports reconciled to financial statements of the Guarantor. From 1 July 2014, the indexation methodology used for the purposes of preparing such Investor Reports (in order to determine indexed valuations for Properties relating to the Loans in the Covered Bond Portfolio) meets the requirements provided for in the CMHC Guide (in this regard, please also refer to the "Risk Factors" section of this Prospectus and the Appendix "Indexation Methodology" set out at the end of each Investor Report that is incorporated by reference herein). Please see "The Covered Bond Portfolio" and "Documents Incorporated by Reference" herein for more information. The Investor Reports and the information included in the Investor Reports are required to be produced to meet the requirements in the CMHC Guide.

Partners of the Guarantor

As of the date of this Prospectus, the partners (the "**Partners**") of the Guarantor are:

- NBC Covered Bond (Legislative) GP Inc., as the managing general partner (the "**Managing GP**"), a wholly owned subsidiary corporation of the Bank incorporated on 9 August 2013 under the laws of Canada as a special purpose entity to be the managing general partner of the Guarantor, with its registered office at 600 De La Gauchetière Street West, Suite 1200, Montréal, Québec, Canada H3B 4L2;

- 8603413 Canada Inc., as the liquidation general partner (the "**Liquidation GP**"), a corporation incorporated on 9 August 2013 under the laws of Canada as a special purpose entity to be the liquidation general partner of the Guarantor, with its registered office at 66 Wellington Street West, Suite 5300, Toronto, Ontario, Canada M5J 2Y1; and

- The Bank, as the sole limited partner.

The Capital Contribution Balance of each of the Partners will be recorded in the Capital Account Ledger. As of the date of this Prospectus, the Bank holds substantially all of the capital in the Guarantor with the Managing GP and the Liquidation GP each holding a nominal interest in the Guarantor.

Each of the Partners has covenanted in the Guarantor Agreement that, except as provided in the Transaction Documents, it will not sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in or otherwise dispose of its interest in the Guarantor without the prior written consent of the Guarantor and, while there are Covered Bonds outstanding, the Bond Trustee.

Directors of the Partners of the Guarantor

The following table sets out the directors of the Managing GP and the Liquidation GP (and their respective business addresses and occupations). For the directors of the Bank see "*National Bank of Canada – Directors*", above.

Directors of the Managing GP

Name	Business Address	Business Occupation
Jean Dagenais.................................	600 de la Gauchetière St. West, 7th Floor Montréal, Québec H3B 4L2	Senior Vice-President, Finance, National Bank of Canada
Jean-Sébastien Gagné.....................	1155 Metcalfe St. 1st Floor Montréal, Québec, H3B 5G2	Treasurer, National Bank of Canada

Tarek Naguib..................................	600 de la Gauchetière St. West, 19th Floor Montréal, Québec H3B 4L2	Vice-President, Personal Banking Financial Solutions, National Bank of Canada

Each of the directors of the Managing GP is an officer and/or employee of the Bank.

Directors of the Liquidation GP

Name	Business Address	Business Occupation
Toni De Luca..................................	1500 Robert-Bourassa Blvd., 7th floor, Montréal, Québec H3A 3S8	Senior Vice President, Corporate Trust Services Computershare Trust Company of Canada
Charles Eric Gauthier	1500 Robert-Bourassa Blvd., 7th floor, Montréal, Québec H3A 3S8	Director, Risk, Compliance and Special Projects- Corporate Trust Computershare Trust Company of Canada

Each of the directors of the Liquidation GP is independent of the Bank.

Governance of the Guarantor

Pursuant to the terms of the Guarantor Agreement, the Managing GP will manage the business and affairs of the Guarantor, act on behalf of the Guarantor, make decisions regarding the business of the Guarantor and have the authority to bind the Guarantor in respect of any such decision. The Managing GP will be required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Guarantor, and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. The authority and power vested in the Managing GP to manage the business and affairs of the Guarantor includes all authority necessary or incidental to carry out the objects, purposes and business of the Guarantor, including the ability to engage agents to assist the Managing GP to carry out its management obligations and administrative functions in respect of the Guarantor and its business.

Except in certain limited circumstances (described below under “Withdrawal or Removal of the General Partners”), the Liquidation GP will not generally take part in managing the affairs and business of the Guarantor. However, the Liquidation GP’s consent will be required for a voluntary wind up or dissolution of the Guarantor.

Each of the Partners has agreed that it will not, for so long as there are Covered Bonds outstanding, terminate or purport to terminate the Guarantor or institute any winding-up, administration, insolvency or other similar proceedings against the Guarantor. Furthermore, the Partners have agreed, among other things, except as specifically otherwise provided in the Transaction Documents, not to demand or receive payment of any amounts payable by the Guarantor (or the Cash Manager on its behalf) or the Bond Trustee unless all amounts then due and payable by the Guarantor to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full.

Potential Conflict of Interest

All of the directors of the Managing GP are officers or employees of the Issuer. As of the date of this Prospectus, there are no potential conflicts of interest between the duties owed to the Guarantor by any of the directors of the Managing GP or by any of the directors of the Liquidation GP and their private interests and other duties.

Reimbursement of General Partners

The Guarantor will be obliged to reimburse the Managing GP and Liquidation GP for all out-of-pocket costs and expenses incurred on behalf of the Guarantor by the Managing GP or Liquidation GP in the performance of their duties under the Guarantor Agreement.

Liability of the Limited Partners of the Guarantor

The Guarantor is required to operate in a manner so as to ensure, to the greatest extent possible, the limited liability of the limited partner(s). Limited partner(s) may lose their limited liability in certain circumstances. If limited liability is lost by reason of the negligence of the Managing GP or Liquidation GP, as the case may be, in performing its duties and obligations under the Guarantor Agreement, in each case, as determined by a court of competent jurisdiction in a final non-appealable decision, the Managing GP or the Liquidation GP, as applicable, shall indemnify the limited partner(s) against all claims arising from assertions that their respective liabilities are not limited as intended by the Guarantor Agreement. However, since the Managing GP and the Liquidation GP have no significant assets or financial resources, any indemnity from them may have nominal value.

Withdrawal or Removal of the General Partners

The Managing GP or Liquidation GP may resign as managing general partner or liquidation general partner, as the case may be, on not less than 180 days' prior written notice to the Partners and the Bond Trustee, provided that neither the Managing GP nor Liquidation GP will resign if the effect would be to dissolve the Guarantor. In the event that the Liquidation GP resigns as liquidation general partner, the Managing GP shall use its best commercially reasonable efforts to, without delay, find a replacement liquidation general partner acceptable to the limited partner(s) of the Guarantor and the Bond Trustee, to accept the role of liquidation general partner formerly held by the Liquidation GP and acquire a general partner interest in the Guarantor.

In the event the Managing GP resigns, an Issuer Event of Default occurs, or a winding-up or insolvency of the Managing GP occurs, the Managing GP shall forthwith, or in the case of resignation at the expiry of the notice period described above, cease to be the managing general partner of the Guarantor and the Liquidation GP shall assume the role and responsibilities (but not the interest in the Guarantor) of the Managing GP and continue the business of the Guarantor as Managing GP.

If at any time the Liquidation GP becomes the Managing GP pursuant to the foregoing, it may appoint a replacement Managing GP acceptable to the limited partner(s) of the Guarantor and the Bond Trustee to act as Managing GP and acquire a general partner interest in the Guarantor. Following the appointment of the replacement Managing GP pursuant to the foregoing, the replacement Managing GP shall have the powers, duties and responsibilities of the Managing GP of the Guarantor and the Liquidation GP shall resume its role, as it was, prior to assuming the role and responsibility of the Managing GP.

LOAN ORIGINATION AND LENDING CRITERIA

The description of the Bank's Lending Criteria and procedures herein are as of the date of this Prospectus. There is no requirement for the Bank to maintain the Lending Criteria or procedures described below and the Bank reserves the right to change its Lending Criteria and procedures at any time (See "*Risk Factors – Factors which are material for the purposes of assessing the risks relating to the Covered Bond Portfolio – Risks resulting from changes to the Lending Criteria which may result in increased Borrower Defaults*").

The majority of the Bank's residential mortgages are originated by employees of the Bank. As a strategy, the Bank also acquired mortgages from external broker channels. Many of the Bank's mortgage clients have multiple products and services with the Bank. As of 1 December 2016, the Bank phased out the broad use of external broker channels for the mortgages originated by the Bank. Instead, the Bank entered into an agreement with Paradigm Quest Inc., a leading Canadian mortgage underwriting and servicing business process outsourcing provider whereby Paradigm Quest Inc. is originating mortgages in the broker channel under the MERIX Financial brand, with funding provided by the Bank. Paradigm Quest Inc. also underwrites and services such loans on behalf of the Bank. The Covered Bond Portfolio does not currently include mortgages originated by Paradigm Quest Inc. in the broker channel.

On 23 January 2019, the Bank announced its partnership with M3 Group, a leading Canadian mortgage brokerage firm, operating in Québec primarily under the Multi-Prêts Mortgages, Mortgage Intelligence and Verico banners. Under the terms of this partnership, the M3 Group's network of brokers has the option of offering the Bank's products to clients in Québec starting in Spring 2019. In 2022, the Bank expanded the offering to M3 Brokers located in Ontario. The Covered Bond Portfolio does not currently include mortgages originated by the Bank as a result of this partnership, but the Bank expects that such mortgages will be included in the Covered Bond Portfolio through normal course mortgage loan sales to the Guarantor.

The *Bank Act* generally requires that residential mortgage loans that have a loan to value ("**LTV**") ratio greater than 80 per cent. at origination be insured against default by a Canadian mortgage insurer, such as CMHC. In addition, from time to time, the Bank may, subject to certain limitations, obtain insurance against default from a Canadian mortgage insurer on a portfolio of mortgage loans where the portfolio includes mortgage loans with an LTV of 80% or less. Mortgage loans with an LTV ratio that exceeds 80 per cent. or that are otherwise insured by a Prohibited Insurer are prohibited by the Covered Bond Legislative Framework from forming part of the Covered Bond Portfolio. No insured mortgage loans form part of the Covered Bond Portfolio.

Mortgage Origination and Renewal

The Personal and Commercial Banking unit of the Bank uses four channels for origination and renewal of residential mortgages: Mortgage Development Managers (a Bank proprietary sales force), the Bank's Canadian branch network employees, the Brokers channel and the Partnership unit.

(i) **Mortgage Development Managers** Mortgage Development Managers (MDMs) are a mobile sales force not involved in mortgage renewals or servicing. Also, residential new construction origination is done by Mortgage Development Managers specialized in new construction financing. The Mortgage Development Managers' activities and performance is monitored by their sales managers, who are expected to follow and manage the performance of loans originated in their market.

(ii) **Canadian Branch Network** The branch origination channel primarily focuses upon the renewal and refinancing needs of existing clients. In addition to refinancing and renewals of existing mortgages, the Bank's branch network is also responsible for mortgage origination.

(iii) **Brokers channel** Bank-approved external brokers were the source of the majority of mortgage origination for the Bank outside of the province of Québec until 1 December 2016, the date on which the Bank phased out the use of external broker channels for mortgages it originated. Mortgages originated by the Bank through the external broker channels before 1 December 2016 are currently included in the Covered Bond Portfolio. Following its announcement of January 23, 2019, the Bank expects that mortgages originated as a result of its partnership with M3 Group will be included in the Covered Bond Portfolio through normal course mortgage loan sales to the Guarantor. All external brokers with whom the Bank dealt with or will deal with are subject to systematic screening and accreditation processes, in line with credit industry standards. External brokers were not previously and are not currently involved in mortgage renewals.

(iv) Partnership The Partnership unit is in charge of mortgage origination coming from investment firms' referrals through two models, a Referral model and a Distribution model. Advisor Banking Services operate under the Referral model in a fashion where partners' advisors refer clients to National Bank mobile sales force members. Banking Solutions team under the Distribution model operates in a fashion where the Partnerships' advisors meet clients and submit a credit application via the POS system. The Bank approves (with or without condition) or rejects the request. The Partnership unit is also involved with renewals and refinancing.

The four channels described above have no credit authority and thus all mortgage applications derived by these channels are first reviewed electronically to determine whether they are eligible for automatic approval, declined, or whether they must be redirected to the Bank's credit adjudication specialists for review and approval.

Valuations and Appraisals

The *Bank Act* requires that all residential mortgage loans that have a LTV greater than 80 per cent, at origination be default insured by a mortgage insurer. The LTV ratio for prospective loans cannot exceed 95 per cent. Prior to April 2007, the threshold for requiring default insurance was 75 per cent. The new threshold of 80 per cent, is reflected in the Bank's current mortgage portfolio. The LTV is calculated based on the outstanding amount of all loans under the same loan agreement and the lower of the purchase price or property appraisal. The value of all Properties securing the Loans in the Covered Bond Portfolio are adjusted at least quarterly to account for subsequent price adjustments using the Indexation Methodology.

For all residential mortgage loans that have a LTV ratio of 80 per cent, or less, the Bank's mortgage approval policy requires an acceptable property valuation type. To determine the value of a property, the Bank can use different methods, including automated valuation tools and comprehensive on-site inspections. Drive by and Desktop evaluation may also be used on an exception basis. The type of value assessment used depends on the risk associated with the transaction, i.e., the borrower risk, the loan to value, the area (urban vs rural) and the property risk. An appraisal prepared by an accredited appraiser is compulsory if a Bank-approved appraisal system cannot determine a proxy value. In connection with third-party automated risking tools with respect to value, the Bank may also obtain property valuation guarantee certification, which is a guarantee offered by an independent third party that guarantees the property value at time of origination as a result of the low ratio assessment. Any property valuation guarantee certification or indemnity insurance on a property securing one or more Loans forming part of the Covered Bond Portfolio would be considered Related Security for each such Loan and the Guarantor would have the benefit thereof as assignee of such Loan and the Related Security, subject to the contractual terms and conditions of such guarantee certification or indemnity insurance. Any amounts received by the Servicer in respect of any such property valuation guarantee certification or indemnity insurance on a property securing one or more Loans forming part of the Covered Bond Portfolio shall constitute collections in respect of such Loans and shall be held in trust by the Servicer on behalf of the Guarantor in accordance with the Servicing Agreement.

Underwriting

The Bank's underwriting policies and procedures require each prospective borrower to submit a mortgage loan application that discloses the applicant's credit history, assets, liabilities, income and employment history, and includes consent to the Bank obtaining a credit report in respect of such applicant.

Credit reports are obtained by the Bank from either Equifax Information Services LLC or TransUnion LLC, which are nationally recognized credit reporting bureaus, as a means of assessing the creditworthiness of the borrowers. Each of these credit reports contains a standardized credit score (each a "**Bureau Score**") that is designed to assess a borrower's credit history at a single point in time, using data currently on file for the borrower at the particular credit reporting bureau. Bureau Scores range from approximately 300 to approximately 900, with higher scores indicating an individual with a more favourable credit history (i.e. statistically expected to be less likely to default) compared to an individual with a lower score. Information used to create a Bureau Score may include, among other things, the borrower's payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit and bankruptcy experience. A Bureau Score, however, only assesses a borrower's past credit history and provides an indicator of the relative degree of potential risk that a borrower represents to a lender on a specified date. In addition, Bureau Scores were developed to indicate levels of default probability over a limited period of time and were not developed specifically for use with mortgage loans, but for consumer loans in general. Accordingly, Bureau Scores are not necessarily accurate indicators of levels of default probability over the entire terms of the mortgage loans. Furthermore, Bureau Scores do not take into account the differences between mortgage loans and consumer loans, including the particular LTV ratios of the mortgage loans, the quality or value of the real estate collateral, or the borrower's debt to income ratio. There can be no assurance that a borrower's Bureau Score will be an accurate predictor of the likelihood of such borrower's mortgage loan being repaid, or that a borrower's Bureau Score has or will remain unchanged after origination.

In addition to the Bureau Score, the Bank utilizes internally-developed credit score models: a score based on elements provided by the credit bureaus and a customer-level behaviour score that evaluates existing Bank clients' historical loan, credit and deposit performance. The performance of each model is validated on a quarterly basis to ensure their continuing functionality and market relevance.

Based on the data provided in the prospective borrower's application and supporting documents, the Bank determines whether the applicant's income will be sufficient to meet the obligations under the proposed mortgage loan and to pay the other expenses relating to the mortgaged property, including taxes, heating coast and condo fees if applicable. In general, the Bank requires that expenses related to the mortgage loan and the property, must not exceed a specified percentage of the applicant's gross income ("**GDS**"). Moreover, these expenses and all other scheduled payments due under the borrower's other debt obligations must not exceed a specified percentage of the applicant's gross income ("TDS"). If the proof of income amount is within 5% of the income amount submitted to credit origination and the impact on the GDS and TDS variation is 2% or less and they are still in line with the product's standards, resubmission is not required.

Credit Adjudication and the Risk Management Group

The Bank's credit adjudication centers process mortgage loan applications originated from the Bank's four channels for origination of residential mortgages: MDM's, the Bank's Canadian branch network, the Brokers channel and the Partnership unit. Applications are first reviewed electronically to determine whether they are eligible for automatic approval, declined or whether they must be redirected to the Bank's credit adjudication centers for further review. Applications that contain any element that is outside of the Bank's policies and/or risk strategy, regardless of the Borrower's risk, are sent to the Bank's credit adjudication centers to be reviewed by an analyst with the appropriate level of credit authority. For example, applications for amounts greater than a specific threshold and those with total debt servicing ratios that trigger the Bank's credit risk policies are sent to the Bank's credit adjudication centers. Approximately 40% of the Bank's mortgage applications are reviewed by the Bank's credit adjudication centers. The remaining applications are either approved or declined at the initial electronic review stage.

Suspicious or potentially fraudulent activity from any of the Bank's four channels for origination and renewal is monitored throughout the process. Suspicious applications are referred to the Bank's Corporate Investigation Services group for investigation.

Credit Effectiveness Review, Audit Process, Quality Control Process

The Bank has various quality control assurance processes which aim to minimize the risk of default in the mortgage portfolio.

A quality control review of the file documentation is conducted internally on a sample of files prior to mortgage funding by an independent centralized team within the operations department. Each mortgage loan sampled is verified for compliance of supporting documents against the approved credit adjudication file.

In addition, an independent team within Credit Risk Management conducts quality assurance reviews on mortgage credit applications after disbursement. This review is performed on a monthly basis and focuses on riskier mortgage applications in compliance with applicable mortgage credit policies and program guidelines and authorized within the Bank’s risk appetite. In order to improve the portfolio’s quality, results and guidelines are shared with various stakeholders involved in the process.

The internal audit department also conducts a review of the mortgage adjudication process on a periodic basis. This review ensures the Bank’s credit policies and procedures are applied in a complete and coherent manner during both the approval and funding processes.

Finally, all credit originations (as well as the portfolio as a whole) are monitored continuously and reported monthly through several key risk indicators including the ongoing compliance of the portfolio credit quality with the tolerances defined in the Banks risk appetite framework. Deep dive analyses are also conducted regularly to address specific or emerging portfolio trends which may impact portfolio credit quality.

THE SERVICER

General

The Bank is the servicer (the "**Servicer**") of the Loans and Related Security pursuant to a servicing agreement (the "**Servicing Agreement**") between National Bank of Canada, in its capacity as the Servicer, Seller and Cash Manager, the Guarantor, as owner of the Loans and Related Security, and Computershare Trust Company of Canada, as the Bond Trustee. The Servicer will have no obligation or liability with respect to the Loans or Related Security in accordance with the terms and conditions of the Servicing Agreement save in respect of the negligence or willful default of the Servicer in carrying out its functions.

Servicing Activities

The Servicer services its own portfolio of mortgage loans and generally retains the servicing rights with respect to any mortgage loans it sells or securitizes. As at 31 July 2022, the Servicer acted as primary servicer and owned the corresponding servicing rights on 399,546 residential mortgage loans having an aggregate unpaid balance of approximately $73 billion.

Mortgage loans originated by third parties are serviced by such third parties. These mortgage loans are not currently included in the Covered Bond Portfolio.

Servicing Procedures with respect to Loans and Related Security

Following the sale of a mortgage loan to the Guarantor, the Servicer keeps and maintains records in relation to the Loans and Related Security sold to the Guarantor on a loan by loan basis, for the purposes of identifying amounts paid by each borrower, any amount due from a borrower and the principal balance (and, if different, the total balance) from time to time outstanding on a borrower's account and such other records as would be customarily kept by a reasonable and prudent mortgage lender. The Servicer also identifies the Loan and Related Security as belonging to the Guarantor and maintains a computer record of the location and identification of the Loans and Related Security by reference to an account number and pool identifier so as to be able to distinguish them from other mortgage loans and security serviced by the Servicer for retrieval purposes.

The Servicer provides customary servicing functions with respect to the Loans and Related Security. The Servicer makes reasonable efforts to collect all payments called for under the loan documents and follows such collection procedures as are customary with respect to loans. The Servicer collects and remits mortgage loan payments, responds to borrower inquiries, accounts for principal and interest, holds escrow account information and, if applicable, funds for payment of property taxes, monitors property insurance and in the case of lapses notifies borrowers and obtains lender-placed insurance at the borrower's expense as necessary, counsels or otherwise works with delinquent borrowers, supervises power of sale, judicial sales or foreclosures, and property dispositions and generally administers the Loans and is required to take all reasonable steps to recover all sums due to the Guarantor in respect of the Loans and Related Security, in each case in accordance with the Lending Criteria and related policies and procedures of the Bank. The Bank's Lending Criteria requires that the Mortgagor presents satisfactory evidence of property insurance for examination prior to completion of the loan but does not require the Bank to retain a copy of such evidence of property insurance. In such circumstances, the notary verifies that there is insurance. The Bank self-insures against the risk represented by a borrower's failure to obtain such insurance. The Bank will administer the Loans and the Related Security in the same way it administers mortgage loans for its own account. The Servicing Agreement requires that the Loans and the Related Security are to be serviced as if the Loans had not been sold to the Guarantor but remained with the Bank.

The Servicer may act as collection agent for the Guarantor under a scheme for either the manual or automated debiting of bank accounts (the "**Direct Debiting System**") provided such Direct Debiting System is operated in accordance with policies and procedures which would be acceptable to a reasonable and prudent mortgage lender. Borrowers provide authorization for regular payments (made monthly or on a greater frequency) to be deducted automatically from bank accounts on the date each scheduled payment is due.

The Servicer has the power to exercise the rights, powers and discretions and to perform the duties of the Guarantor in relation to the Loans and their Related Security and to do anything which it reasonably considers necessary or convenient or incidental to the administration of the Loans and their Related Security. This includes the authority to accept applications for product switches or advances in respect of the Loans in its sole discretion. The Bank, as seller of the Loans and Related Security to the Guarantor is required to provide the funding for any product switches or advances approved by the Servicer. The Servicer is not restricted from, in its discretion, (i) waiving any assumption fee, late payment or other charge in connection with a Loan; or (ii) waiving, varying or modifying any term of any Loan or consenting to the postponement of strict compliance with any such term or in any matter grant indulgence to any borrower.

With respect to collections, the Guarantor may institute proceedings and enforce any relevant Loan which is in default in accordance with the Bank's enforcement procedures and the usual procedures undertaken by a reasonable and prudent institutional mortgage lender.

The Servicer's collections policy is designed to identify payment problems sufficiently early to permit the Servicer to address such delinquency problems and, when necessary, to act to preserve the lender's equity in the property. A Loan is considered delinquent if a scheduled payment remains unpaid 1 day or more after the due date. If timely payment is not received, the Servicer's automated loan servicing system automatically places the Loan in the assigned collection queue. The account remains in the queue unless and until a payment is received, at which point the Servicer's automated loan servicing system automatically removes the Loan from that collection queue.

When a Loan appears in a collection queue, various collection techniques are employed to remind the borrower that a payment is due. Such techniques include subsequent automated attempts to contact the borrower, interactive voice calling system, SMS, emails, as well as automated letters, as well as telephone calls by a collector. Follow-up telephone contacts with the borrower are attempted until the account is current or other payment arrangements have been made. When contact is made with a delinquent borrower, collectors present the borrower with alternative payment methods, in order to expedite payments. Standard form letters are utilized when attempts to reach the borrower by telephone fail and/or in some circumstances, to supplement the phone contacts. Collectors have computer access to telephone numbers, payment histories, loan information, and all past collection notes. The Servicer supplements the collectors' efforts with advanced technology such as predictive dialers. Additionally, collectors may attempt to mitigate losses through the use of behavioral or other models that are designed to assist in identifying workout options in the early stages of delinquency. For those Loans in which collection efforts have been exhausted without success, the Servicer determines whether mortgage enforcement proceedings are appropriate. The course of action elected with respect to a delinquent Loan generally will be guided by a number of factors, including the related borrower's payment history, ability and willingness to pay, the condition and occupancy of the Related Security, the amount of borrower equity in the Related Security, and whether there are any tax arrears, condominium or strata arrears, or construction liens.

Once the Servicer is in possession of the Related Security, it obtains an appraisal from a Bank approved appraiser. The Servicer then hires a property manager to secure the property and a real-estate agent to sell the property. The property manager ensures security, general maintenance, appropriate repairs, tax payments and rent collection. The real-estate agent performs a current market analysis prior to the property listing. The Servicer representative monitors the recovery milestones which includes: (i) a current valuation of the Related Security (to be listed and sold); (ii) an evaluation of the amount owed, if any, for real estate taxes; and (iii) estimated carrying costs, brokers' fees, repair costs, and other related costs associated with real estate owned properties. The Servicer representative bases the sale price at the foreclosure process or power of sale on this analysis and its own appraisal.

The foreclosure process and power of sale process vary by jurisdiction across Canada and there are two different ways that the Servicer can acquire the right to sell the Related Security. If the Servicer acquires title to a property at a foreclosure process or a Certificate of Power of Sale at a power of sale process, it obtains an estimate of the sale price of the property and then hires one or more real estate agents to begin marketing the property. If the Related Security is not vacant when acquired, the lawyers that have been hired to facilitate the mortgage enforcement commence eviction proceedings and/or negotiations are held with occupants in an attempt to get them to vacate without incurring the additional time and cost of eviction. Repairs are performed for safety reasons if it is determined that they will increase the net liquidation proceeds, taking into consideration the cost of repairs, the carrying costs during the repair period and the marketability of the property both before and after the repairs.

Any loss, if any, on a Loan is determined based on the aggregate amount due on the Loan less the aggregate proceeds of sale of the mortgaged property minus related expenses.

THE COVERED BOND PORTFOLIO

The Covered Bond Portfolio consists of Loans and their Related Security, and in some cases Substitute Assets up to the threshold amount specified by the Covered Bond Legislative Framework. For details on the eligibility criteria and representations and warranties provided with respect to the Loans in the Covered Bond Portfolio, see "*Summary of the Principal Documents – Mortgage Sale Agreement – Eligibility Criteria*" and "*Summary of the Principal Documents – Mortgage Sale Agreement – Loan Representations and Warranties*". The Asset Coverage Test and the Amortization Test performed by the Cash Manager are intended to ensure that the assets and cashflows of the Guarantor, including the Loans and their Related Security in the Covered Bond Portfolio and cashflows in respect thereof, will be adequate to enable the Guarantor to meet its obligations under the Covered Bond Guarantee following the occurrence of a Covered Bond Guarantee Activation Event and the Valuation Calculation performed by the Cash Manager is intended to monitor exposure to interest rate and currency exchange rate risks.

Because the Covered Bond Portfolio is not a static pool of assets, the Cash Manager will prepare and provide monthly Investor Reports to the Bank, the Guarantor, the Bond Trustee and the Rating Agencies that will set out certain information in relation to the Covered Bond Portfolio, the calculation of the Asset Coverage Test, the Valuation Calculation, the OC Valuation, if applicable the Amortization Test, statistical information about the Loans in the Covered Bond Portfolio, performance information about the Loans, information on proceeds received on assets in the Covered Bond Portfolio and the application of such proceeds and other information prescribed by the requirements of the Guide. Investor Reports will be made available to covered bondholders at the Bank's website at http://www.nbc.ca/coveredbonds/legislative.

Characteristics of the Loans

Mortgage loans originated by the Bank are secured by a first mortgage on the residential property to which they relate and are full recourse against the borrower (subject to exceptions in Alberta and Saskatchewan, as described below) and if guaranteed to the guarantor and against the property securing the mortgage loan.

Interest is calculated using either a fixed or variable rate. Fixed rate mortgage loans provide for interest based on a fixed annual rate agreed to at the time the mortgage loan is advanced with interest calculated semi-annually, not in advance. Variable rate mortgage loans provide for interest based on the Bank's annual rate of interest announced from time to time as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada (the "Bank's Prime Rate") plus or minus a set percentage, calculated on the outstanding balance when each regular payment is due. In the case of variable rate mortgage loans, the interest rate varies automatically with changes in the Bank's Prime Rate on a pre-determined schedule as agreed between the Bank and Borrower. If the Bank's Prime Rate changes between scheduled payment dates, the revised rate becomes effective from the next pre-determined revision date and is reflected on the next payment date after such revision date. The total monthly payment amount due will fluctuate with the interest rate to maintain a static amortization period, unless the Borrower has agreed to a fixed payment, in which case only the split between interest and principal is adjusted. In some circumstances the interest rate on a variable rate mortgage loan may be capped at a maximum rate.

Mortgage loans can either be open or closed to pre-payment at any time without pre-payment charges and can be for terms up to 10 years (with a typical term of 5 years) with original amortization periods that do not exceed 30 years (25 years for a loan insured by a Canadian mortgage insurer). They provide for regular payments (e.g. weekly, bi-weekly or monthly) and early and/or increased payment options subject to pre-payment charges in certain circumstances. Payments are applied first to premiums for insurance obtained by the borrower in connection with the loan, then to property taxes, if paid by the Bank on behalf of the Borrower (such tax management option is no longer available for new clients and is gradually removed for existing clients with a new self-service solution being offered to clients), then interest, then to principal and lastly, to any fees or other charges payable pursuant to the Related Security. In the case of variable rate mortgage loans, in the event that the Borrower's regular payment is insufficient to pay all interest when due, the mortgage loan terms and conditions allow the Bank to increase the regular payment amount payable by the Borrower to cover interests costs. Interest which is not paid when due is subject to interest.

The Bank may make more than one mortgage loan and provide home equity lines of credit to a Borrower under a single loan agreement. In such circumstances, each mortgage loan and home equity line of credit is subject to cross-default in the event payments on any loan are not made in accordance with their terms and prior to default the Bank is entitled to allocate payments received from the relevant Borrower among amounts owing by such Borrower under the loan agreement.

Where a mortgage loan is in default all amounts owing in respect of the mortgage loan will become due and payable and the Bank is allowed to require immediate payment of all amounts owing under all mortgage loans. The Covered Bond Portfolio is not permitted to include mortgage loans that are insured mortgage loans or mortgage loans secured by the same mortgage as an insured mortgage loan (See "*Description of the Canadian Regulated Covered Bond Regime - Eligible Covered Bond Collateral and Coverage Tests*"). In Alberta and Saskatchewan the law restricts a lender's recourse against a borrower where the proceeds from enforcement of the mortgage by way of a foreclosure action are insufficient to repay the amounts owing on a mortgage loan.

SUMMARY OF THE PRINCIPAL DOCUMENTS

Trust Deed

The Trust Deed is the principal agreement governing the Covered Bonds. The Trust Deed contains provisions relating to, among other things:

- the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under "*Terms and Conditions of the Covered Bonds*" above);
- the covenants of the Issuer and the Guarantor;
- the terms of the Covered Bond Guarantee (as described below);
- the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and
- the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign, retire or be removed (as described below).

Covered Bond Guarantee

Under the terms of the Covered Bond Guarantee (contained in the Trust Deed) the Guarantor has agreed to, following the occurrence of a Covered Bond Guarantee Activation Event, unconditionally and irrevocably pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of the holders of the Covered Bonds), an amount equal to that portion of the Guaranteed Amounts which shall become Due for Payment but would otherwise be unpaid, as of any Original Due for Payment Date, or, if applicable, Extended Due for Payment Date, by the Issuer. Under the Covered Bond Guarantee, the Guaranteed Amounts will become due and payable on any date on which a Guarantor Acceleration Notice is served.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee will serve a Notice to Pay on the Guarantor. Payment by the Guarantor of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the later of: (i) the day which is two Canadian Business Days after service of a Notice to Pay on the Guarantor; or (ii) the day on which the Guaranteed Amounts are otherwise Due for Payment.

All payments of Guaranteed Amounts by or on behalf of the Guarantor will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, imposed or levied by or on behalf of Canada or any province or territory thereof, or in the case of Covered Bonds issued by a branch of the Issuer located outside Canada, the country in which such branch is located, or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Guarantor will not pay any additional amounts to the Bond Trustee or any holder of Covered Bonds, Receipts and/or Coupons in respect of the amount of such withholding or deduction.

Under the terms of the Covered Bond Guarantee, the Guarantor agrees that its obligations under the Covered Bond Guarantee will be as guarantor and will be absolute and unconditional, irrespective of, and unaffected by, any invalidity, irregularity or unenforceability of, or defect in, any provisions of the Trust Deed or the Covered Bonds or Receipts or Coupons or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee or any of the holders of the Covered Bonds, Receiptholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

As consideration for providing the Covered Bond Guarantee, the Guarantor will be entitled to receive guarantee fees from the Issuer in accordance with the terms of the Covered Bond Guarantee. Any failure on the part of the Issuer to pay all or any part of the guarantee fees will not affect the obligations of the Guarantor under the Covered Bond Guarantee.

Subject to the grace period specified in Condition 7.02(a) of the Conditions, failure by the Guarantor to pay the Guaranteed Amounts when Due for Payment will result in a Guarantor Event of Default.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. The Trust Deed provides that all Excess Proceeds received by the Bond Trustee, will, as soon as practicable after receipt thereof by the Bond Trustee, be paid on behalf of the Holders of the Covered Bonds of the relevant Series to the Guarantor (or the Cash Manager on its behalf) for the account of the Guarantor. Such Excess Proceeds will be held in the Guarantor Accounts and will thereafter form part of the Security granted pursuant to the Security Agreement and be used by the Guarantor (or the Cash Manager on its behalf) in the same manner as all other moneys from time to time held by the Cash Manager and/or standing to the credit of the Guarantor in the Guarantor Accounts. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons (subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Guarantor). However, the obligations of the Guarantor under the Covered Bond Guarantee are, following a Covered Bond Guarantee Activation Event, unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each holder of the Covered Bonds will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Guarantor in the manner as described above.

Retirement, Removal and Replacement of the Bond Trustee

The Bond Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, the Guarantor and the Rating Agencies. The Bond Trustee may be removed (i) by the Covered Bondholders in accordance with the terms of an Extraordinary Resolution, or (ii) by the Guarantor in the event that there is a breach by the Bond Trustee of certain representations and warranties or a failure by the Bond Trustee to perform certain covenants made by it under the Trust Deed. No retirement or removal of the Bond Trustee shall be effective until a replacement bond trustee that meets the requirements provided for in the Trust Deed and in the CMHC Guide has been appointed. In the event that a replacement bond trustee has not been appointed within 60 days of notice of retirement from the Bond Trustee or the Extraordinary Resolution of the Covered Bondholders, as applicable, the Bond Trustee shall be entitled to appoint a replacement bond trustee that meets the requirements provided for in the Trust Deed and in the CMHC Guide, which appointment must be approved by an Extraordinary Resolution of the Covered Bondholders prior to taking effect.

Intercompany Loan Agreement

The Intercompany Loan Agreement is the governing agreement with respect to the Intercompany Loan.

Under the Intercompany Loan Agreement, the Guarantor represents and warrants to the Issuer that it is, and covenants that it will at all times remain, a person that is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

Under the terms of the Intercompany Loan Agreement, prior to the issuance of the first Series of Covered Bonds, the Bank loaned to the Guarantor an interest-bearing intercompany loan (the "**Intercompany Loan**"), comprised of a guarantee loan (the "**Guarantee Loan**") and a revolving demand loan (the "**Demand Loan**"), in an initial combined aggregate amount equal to the Total Credit Commitment, subject to increases and decreases as described below. The initial advance on the loan was an amount sufficient to acquire the Initial Covered Bond Portfolio. The Intercompany Loan is denominated in Canadian dollars. The interest rate on the Intercompany Loan is a Canadian dollar floating rate determined by the Bank from time to time, which rate shall not exceed, as applicable: (i) prior to the Interest Rate Swap Effective Date, the aggregate yield on the (x) Covered Bond Portfolio, (y) the cash deposit amounts of the Guarantor and (z) the principal balance of Substitute Assets; and (ii) following the Interest Rate Swap Effective Date, the amount received by the Guarantor pursuant to the Interest Rate Swap Agreement, and in each case after taking into account the sum of a minimum spread and an amount for certain expenses of the Guarantor.

The Guarantee Loan is in an amount equal to the balance of outstanding Covered Bonds at any relevant time plus that portion of the Covered Bond Portfolio required to collateralize the Covered Bonds to ensure that the Asset Coverage

Test is met (see "*Summary of the Principal Documents—Guarantor Agreement—Asset Coverage Test*"). The Demand Loan is a revolving credit facility, the outstanding balance of which will be equal to the difference between the balance of the Intercompany Loan and the balance of the Guarantee Loan at any relevant time. The balance of the Guarantee Loan and Demand Loan will fluctuate with the issuances and redemptions of Covered Bonds and the requirements of the Asset Coverage Test. Upon the occurrence of (x) a Contingent Collateral Trigger Event, (y) an event of default (other than an insolvency event of default) or an additional termination event in respect of which the relevant Swap Provider is the defaulting party or the affected party, as applicable, or (z) a Downgrade Trigger Event, in each case, in respect of the Interest Rate Swap Agreement or the Covered Bond Swap Agreement, the relevant Swap Provider, in its capacity as (and provided it is) the lender under the Intercompany Loan Agreement, may deliver a Contingent Collateral Notice to the Guarantor under which it elects to decrease the amount of the Demand Loan with a corresponding increase in the amount of the Guarantee Loan, in each case, in an amount equal to the related Contingent Collateral Amount(s).

At any time prior to a Demand Loan Repayment Event, the Guarantor may re-borrow any amount repaid by the Guarantor under the Intercompany Loan for a permitted purpose provided, among other things: (i) such drawing does not result in the Intercompany Loan exceeding the Total Credit Commitment; and (ii) no Issuer Event of Default or Guarantor Event of Default has occurred and is continuing. Unless otherwise agreed by the Bank and subject to satisfaction of the Rating Agency Condition, no further advances will be made to the Guarantor under the Intercompany Loan following the occurrence of a Demand Loan Repayment Event.

To the extent the Covered Bond Portfolio increases or is required to be increased to meet the Asset Coverage Test, the Bank may increase the Total Credit Commitment to enable the Guarantor to acquire New Loans and their Related Security from the Seller.

The Demand Loan or any portion thereof is repayable no later than the first Canadian Business Day following 60 days after a demand therefor is served on the Guarantor, subject to a Demand Loan Repayment Event having occurred (see below in respect of the repayment of the Demand Loan in such circumstance) and the Asset Coverage Test being met on the date of repayment after giving effect to such repayment. At any time the Guarantor makes a repayment on the Demand Loan, in whole or in part, the Cash Manager will calculate the Asset Coverage Test, as of the date of repayment, to confirm the then outstanding balance on the Demand Loan and that the Asset Coverage Test will be met on the date of repayment after giving effect to such repayment.

The Demand Loan shall not have a positive balance at any time following the occurrence of a Demand Loan Repayment Event and the repayment in full of the then outstanding Demand Loan by the Guarantor.

If (i) the Bank is required to assign the Interest Rate Swap Agreement to a third party (due to a failure by the Issuer to meet the ratings levels specified in the Interest Rate Swap Agreement or otherwise); (ii) a Notice to Pay has been served on the Guarantor; (iii) the Intercompany Loan Agreement is terminated or the revolving commitment thereunder is not renewed; or (iv) to the extent Fitch is a Rating Agency, if the Issuer is assigned (x) a short-term issuer default rating by Fitch of less than F2, or (y) a long-term issuer default rating by Fitch of less than BBB+ (each of (i), (ii), (iii) and (iv) above, a "**Demand Loan Repayment Event**"), the Guarantor will be required to repay any amount of the Demand Loan that exceeds the Demand Loan Contingent Amount on the first Guarantor Payment Date following 60 days after the occurrence of such Demand Loan Repayment Event. Following such Demand Loan Repayment Event, the Guarantor will be required to repay the full amount of the then outstanding Demand Loan on the date on which the Asset Percentage is calculated (whether or not such calculation is a scheduled calculation or a calculation made at the request of the Bank); provided that the Asset Coverage Test will be met on the date of repayment after giving effect to such repayment. For greater certainty, following an Issuer Event of Default, the Asset Coverage Test will be conducted and the Asset Percentage calculated, solely for the purpose of determining the amount of the Demand Loan repayable on the relevant repayment date and that the Asset Coverage Test will be met after giving effect to any such repayment. In calculating the Asset Coverage Test following an Issuer Event of Default, the amount of any Excess Proceeds received by the Guarantor from the Bond Trustee will be deducted from the Adjusted Aggregate Asset Amount. For the purposes of the foregoing, the "**Demand Loan Contingent Amount**" will be equal to the lesser of:

(a) the aggregate amount of the Intercompany Loan then outstanding, minus the aggregate amount of the Guarantee Loan then outstanding (as determined by an Asset Coverage Test run on the relevant repayment date); and

(b) 1 per cent of the amount of the Guarantee Loan then outstanding (as determined by an Asset Coverage Test calculated on the relevant repayment date),

provided, for greater certainty, that in calculating the amount of the Guarantee Loan and the Demand Loan for purposes of determining the Demand Loan Contingent Amount, no credit shall be given to the Guarantor in the Asset Coverage Test for any Excess Proceeds received by the Guarantor from the Bond Trustee.

The Guarantor may repay the principal on the Demand Loan in accordance with the Priorities of Payments and the terms of the Intercompany Loan Agreement (a) using (i) funds being held for the account of the Guarantor by its service providers and/or funds in the Guarantor Accounts (other than any amount in the Pre-Maturity Liquidity Ledger); and/or, (ii) proceeds from the sale of Substitute Assets; and/or (iii) proceeds from the sale, pursuant to the Guarantor Agreement, of Portfolio Assets to the Seller or to another person subject to a right of pre-emption on the part of the Seller; and/or (b) by selling, transferring and assigning to the Seller all of the Guarantor's right, title and interest in and to Portfolio Assets (a "**Payment in Kind**").

The Guarantor is restricted from paying the Demand Loan in the manner described in clause (a)(iii) if the proceeds of such sale are less than the True Balance of the Portfolio Assets sold. Upon a Payment in Kind, the outstanding amount of the Demand Loan will be reduced by the Fair Market Value of the Portfolio Assets sold, transferred and assigned to the Seller for such purpose. In addition, if a Payment in Kind occurs on or after a Covered Bond Guarantee Activation Event and the Seller is the Limited Partner, the Limited Partner shall be deemed to have made a Capital Contribution in an amount equal to the excess, if any, of the True Balance of the Portfolio Assets applied towards the Payment in Kind over the aggregate Fair Market Value of such Portfolio Assets, and such Capital Contribution shall be deemed to have been applied by the Guarantor against the Demand Loan, such that the outstanding amount of the Demand Loan will be reduced by the greater of (i) the True Balance of such Portfolio Assets, and (ii) the Fair Market Value of such Portfolio Assets. See "*Cashflows*".

The Guarantor will be entitled to set off amounts paid by the Guarantor under the Covered Bond Guarantee first against any amounts (other than interest and principal) owing by the Guarantor to the Bank in respect of the Intercompany Loan Agreement, then against interest due under the Intercompany Loan and then against the outstanding principal balance owing on the Intercompany Loan.

The Guarantor used the initial advance of proceeds from the Intercompany Loan to purchase the Initial Covered Bond Portfolio consisting of Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement and may use additional advances (i) to purchase New Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitute Assets in an amount not exceeding the prescribed limit under the CMHC Guide; and/or (iii) subject to complying with the Asset Coverage Test, to make Capital Distributions to the Limited Partner; and/or (iv) to make deposits of the proceeds in the Guarantor Accounts (including, without limitation, to fund the Reserve Fund and the Pre-Maturity Liquidity Ledger (in each case to an amount not exceeding the prescribed limit)).

Mortgage Sale Agreement

The Seller

Loans and their Related Security were sold by the Seller to the Guarantor on a fully-serviced basis prior to the issuance of the first Series of Covered Bonds, and from time to time thereafter, New Loans and their Related Security may be sold by the Seller to the Guarantor on a fully-serviced basis pursuant to the terms of the Mortgage Sale Agreement by and among the Seller, the Guarantor and the Bond Trustee, and such terms will apply, with necessary modification to a Capital Contribution in Kind by the Seller in its capacity as Limited Partner.

Sale by the Seller of Portfolio Assets

The Covered Bond Portfolio will consist of Loans and their Related Security sold for cash by the Seller to the Guarantor as part of the Initial Covered Bond Portfolio and New Loans and their Related Security, sold for cash or contributed by way of Capital Contributions in Kind from time to time following the sale of the Initial Covered Bond

Portfolio by the Seller to the Guarantor on the First Transfer Date. The Covered Bond Portfolio may, at any time, include Loans originated by Originators on behalf of the Seller, which are subsidiaries of the Seller. With respect to Loans originated by Originators on behalf of the Seller, prior to the sale of such Loans by the Seller to the Guarantor, the Seller will beneficially own such Loans and the applicable Originator will hold registered title to the related Mortgages and any applicable Related Security on behalf of the Seller. Following such sale, the Originators will hold registered title to such Mortgages and any applicable Related Security on behalf of the Guarantor.

The Guarantor may from time to time acquire Loans and their Related Security from the Seller as described below:

(a) first, the Guarantor will use the proceeds of a drawing under the Intercompany Loan (which may be applied in whole or in part by the Guarantor) and/or Available Principal Receipts to acquire Loans and their Related Security from the Seller. As consideration for the sale of the Loans and their Related Security to the Guarantor, the Seller will receive a cash payment or deemed cash payment equal to the fair market value of those Loans sold by it as at the relevant Transfer Date; and

(b) second, the Guarantor may receive Capital Contributions in Kind in accordance with the Guarantor Agreement. As consideration for the sale by way of Capital Contributions of the Loans and their Related Security to the Guarantor, the Seller will receive an additional interest in the capital of the Guarantor equal to the fair market value of those Loans sold by it as at the relevant Transfer Date minus any cash considerations received by the Seller described in paragraph (a) above.

If Loans and their Related Security are sold by or on behalf of the Guarantor as described below, or upon a breach of the Pre-Maturity Test under "*Guarantor Agreement—Sale of Randomly Selected Loans at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor*", the obligations of the Seller insofar as they relate to such Loans and their Related Security will cease to apply.

The Seller will also be required to repurchase Portfolio Assets sold to the Guarantor in the circumstances described below under "*Repurchase of Portfolio Assets—Representations and Warranties*".

Portfolio Assets

The Initial Covered Bond Portfolio consisted solely of Loans originated by the Seller and subsidiaries of the Seller (each such subsidiary, an "**Originator**") that are secured by Canadian first lien residential mortgages ("**Mortgages**"). The Loans originated by the Originators have been originated on behalf of the Seller and the applicable Originator holds registered title to the related Mortgages and any applicable Related Security on behalf of the Seller. Covered Bond Portfolio static data and statistics relating to the Loans comprising the Covered Bond Portfolio from time to time will be disclosed in the Investor Reports.

Eligibility Criteria

The sale of Portfolio Assets to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") (which are all subject to amendment and replacement from time to time provided the Rating Agency Condition is satisfied), being satisfied on the relevant Transfer Date, including:

(a) no Loan has the benefit of, or is secured by a Mortgage that also secures one or more other loans that has the benefit of, insurance from any Prohibited Insurer;

(b) no Loan has a Current Balance of more than C$3,000,000 as at the relevant Cut-off Date;

(c) no Loan relates to a Property which is not a residential Property;

(d) each Loan is payable in Canada only and is denominated in Canadian dollars;

(e) the first payment due in respect of each Loan has been paid by the relevant Borrower;

(f) each Loan was originated or otherwise complies with the Seller's or the applicable Originator's underwriting policy as in effect or otherwise applicable at the time the Loan was originated. For greater certainty, a loan is deemed to otherwise comply with an underwriting policy to the extent that an independent third-party prudent lender conducting a credit assessment of the Loan would be able to apply all aspects of the applicable underwriting policy, based on available documentation, and arrive at the same credit decision;

(g) no payment of principal or interest under any Loan is in arrears;

(h) the Related Security for each Loan constitutes a valid and enforceable first charge or mortgage in favour of the lender against the related property, subject only to customary permitted security interests;

(i) as at the Transfer Date, the Guarantor will acquire each Loan and the Related Security from the Seller free and clear of any security interests, subject only to (i) customary permitted security interests, and (ii) interests or encumbrances that are reflected in the Security Sharing Agreement and the subject of a release in favour of the Guarantor, substantially in the form attached to the Security Sharing Agreement;

(j) as at the Transfer Date, immediately prior to the transfer by the Seller to the Guarantor of any Loan and the Related Security, each such Loan and the Related Security and each other loan secured by the same Mortgage, if any, are owned by the Seller;

(k) the Mortgage Conditions for each Loan and those of any other loan secured by the same Mortgage (each a "related loan"), including another Loan, include cross-default provisions such that a default under either the Loan or any other such related loan shall constitute a default under all such Loans and other related loans, or if no such cross-default provisions exist but the Loan or related loan is repayable on demand, the owner of such Loan or related loan has covenanted in writing to demand repayment (in a manner and in circumstances customary for a prudent lender) of such Loan or related loan upon a default under such Loan or related loan, as the case may be;

(l) as at the Transfer Date, no Loan is subject to any dispute proceeding, set-off, counterclaim or defence;

(m) neither the Mortgage Conditions for any Loan nor the provisions of any other documentation applicable to any such Loan and enforceable by the Borrower expressly afford the Borrower a right of set-off; and

(n) to the extent any Loan or Additional Loan Advance under a Loan is extended, advanced or renewed on or after 1 July 2014, the Mortgage Conditions for the Loan or the provisions of any other documentation applicable to the Loan and enforceable against the Borrower, together with those of any other loan secured by the same Mortgage, contain an express waiver of set-off rights on the part of the Borrower.

In addition to the satisfaction of the Eligibility Criteria, on the relevant Transfer Date, the Loan Representations and Warranties (described below in "*Loan Representations and Warranties*") will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Guarantor.

If the Seller accepts an application from or makes an offer (which is accepted) to a Borrower for a Product Switch or Additional Loan Advance, then if certain Eligibility Criteria, including the Eligibility Criteria referred to in paragraphs (b) and (c) above relating to the Loan subject to that Product Switch or Additional Loan Advance are not satisfied on the next following Calculation Date, the Guarantor will be entitled to rectify such breach of the Eligibility Criteria by requiring the Seller to repurchase such Loan.

Notice to Borrower of the sale, assignment and transfer of the Loans and their Related Security and registration of transfer of title to the Mortgages

Loans sold, transferred and assigned by the Seller to the Guarantor pursuant to the terms of the Mortgage Sale Agreement, will have legal title to the related Mortgages remain registered in the name of the Seller or the applicable Originator and notice of the sale, transfer and assignment will not be given to the Borrowers or, in respect of the Related Security, any relevant guarantor of any Borrower. Such notice and, where appropriate, the registration or recording in the appropriate land registry or land titles offices of the transfer by the Seller or the applicable Originator to the Guarantor of legal title to the Mortgages will be deferred and will only take place in the circumstances described below.

The Seller (directly or through the applicable Originator) will agree to (a) hold registered title to the Loans and their Related Security as agent and nominee for the Guarantor (and also, in the case of any All-In-One Mortgage Segment, for a Multiproduct Purchaser having an interest therein as described below under "-*Multiproduct Accounts*") and (b) deliver such agreements and take all actions with respect to the Loans and Related Security as the Guarantor (or its Managing GP) may direct in accordance with the Mortgage Sale Agreement (or an applicable nominee agreement).

Upon the occurrence of a Registered Title Event (as defined below), the Bank will be required to deliver to the Custodian (i) for safekeeping, updated details (as prescribed by the CMHC Guide) in respect of all Portfolio Assets and Substitute Assets held by the Guarantor, and (ii) to the extent not previously delivered to the Custodian, each of the powers of attorney required by the Mortgage Sale Agreement, together with documentary evidence of chain of title to the Portfolio Assets and Substitute Assets held by the Guarantor and duly executed copies of any other registrable forms of assignment that may be required by the Purchaser in order to perfect the sale, assignment and transfer of the Portfolio Assets from the Seller to the Guarantor.

Subject to the following paragraph, notice of the sale, assignment and transfer of the Loans and their Related Security and a direction to make all future repayments of the Loans to the Standby Account Bank for the account of the Guarantor will be sent by the Seller or the applicable Originator, or, as necessary, by the Guarantor (or the Servicer on behalf of the Guarantor) on behalf of the Seller or the applicable Originator (under applicable powers of attorney granted to the Guarantor) and where required, registration of the transfer of title to the Mortgages (including, for All-In-One Mortgage Segments in Québec, to record an assignment of the related Mortgage to the extent of the Guarantor's interest therein) will be made in the appropriate land registry or land titles offices, as soon as practicable and in any event on or before the 60th day following the earliest to occur of:

(a) a Servicer Event of Default that has not been remedied within 30 days or such shorter period permitted by the Servicing Agreement;

(b) an Issuer Event of Default (other than an Insolvency Event with respect to the Issuer) that has not been remedied within 30 days or such shorter period permitted by Condition 7.01;

(c) an Insolvency Event (without regard to the parenthetical language in clause (a) of such definition) with respect to the Seller;

(d) the acceptance by an applicable Purchaser of any offer by the Guarantor to sell Loans and their Related Security (only in respect of the Loans being sold and their Related Security) to any such Purchaser who is not the Seller or the relevant Originator, unless otherwise agreed by such Purchaser and the Guarantor, with the consent of the Bond Trustee, which consent will not be unreasonably withheld;

(e) the Seller, the Originators and/or the Guarantor being required: (i) by law; (ii) by an order of a court of competent jurisdiction; or (iii) by a regulatory authority which has jurisdiction over the Seller, the Originators or the Guarantor, to effect such notice and registration; and

(f) the date on which the Bank incurs a downgrade in the ratings of its unsecured, unsubordinated and unguaranteed debt obligations below Baa1 by Moody's, or BBB (low) by DBRS, or in its long-term issuer default rating below BBB- by Fitch.

Notwithstanding the occurrence of any event or circumstance described in clauses (a) through (f) immediately above (each such event or circumstance, a "**Registered Title Event**"), none of the steps described in the preceding paragraph are required to be taken if (x) satisfactory assurances are provided by OSFI or such other supervisory authority having jurisdiction over the Seller, and (y) confirmation of the satisfaction of the Rating Agency Condition has been obtained permitting registered title to the Mortgages to remain with the Seller (or the applicable Originator) until such time as (i) the Loans and their Related Security are to be sold or otherwise disposed of by the Guarantor or the Bond Trustee in the performance of their respective obligations under the Transaction Documents, or (ii) the Guarantor or the Bond Trustee is required to take actions to enforce or otherwise deal with the Loans and their Related Security.

Except where lodged with the relevant registry in relation to any registration or recording which may be pending, the Loan, the Related Security and the Loan Files relating to the Loans in the Covered Bond Portfolio will be held by, under the control of, or to the order of, the Seller or the Servicer, as the case may be, or by solicitors, service providers or licensed conveyancers acting for the Seller and/or the Originators in connection with the creation of the Loans and their Related Security. The Seller or the Servicer, as the case may be, will undertake that all the Loan Files relating to the Loans in the Covered Bond Portfolio which are at any time in their possession or under their control or held to their order will be held to the order of the Bond Trustee or as the Bond Trustee may direct. The right, interest and title of the Guarantor to the Loans and their Related Security will be secured by irrevocable powers of attorney granted by the Seller and the relevant Originator, as of the Transfer Date such Loans are transferred, in favour of the Guarantor (or the Managing GP) and the Bond Trustee in respect of registered title to the Loans and their Related Security.

Seller and Guarantor Representations and Warranties

Under the Mortgage Sale Agreement, the Seller makes the following representations and warranties (in addition to the Loan Representations and Warranties described below) in favour of the Guarantor on the Programme Date and on each Transfer Date: (i) it is a bank listed in Schedule I to the Bank Act and duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, (ii) it is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada), (iii) the execution, delivery and performance by it of the Mortgage Sale Agreement and related documents to which it is a party (x) are within its corporate powers, (y) have been duly authorized by all necessary corporate action, and (z) do not contravene or result in a material default under or material conflict with (A) its charter or by-laws, (B) any law, rule or regulation applicable to it, or (C) any order, writ, judgment, award, injunction, decree or contractual obligation binding on or affecting it or its property, (iv) no authorization, approval, licenses, consent or other action by, and no notice to or filing with, any governmental authority or other person is required for the due execution, delivery and performance by it of the Mortgage Sale Agreement and each related document to which it is a party or to make such document legal, valid, binding and admissible into evidence in a court of competent jurisdiction, other than those that have been obtained or made, (v) each of the Mortgage Sale Agreement and the related documents to which it is a party has been duly executed and delivered and constitutes the legal, valid and binding obligation of, and is enforceable in accordance with its terms against, the Seller, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity, and (vi) there are no actions, suits or proceedings pending or, to its knowledge, threatened against or affecting it at law, in equity or before any arbitrator or governmental authority having jurisdiction which, if adversely determined, would have a material adverse effect on its ability to perform its obligations under the Transaction Documents.

Under the Mortgage Sale Agreement, the Guarantor makes the following representations and warranties in favour of the Seller on the Programme Date and on each Transfer Date: (i) it is a limited partnership formed under the laws of the Province of Ontario and is duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, (ii) the execution, delivery and performance by it of the Mortgage Sale Agreement and related documents to which it is a party (x) are within its corporate or other powers, (y) have been duly authorized by all necessary corporate or other action, and (z) do not contravene or result in a default under or conflict with (A) the Guarantor Agreement, (B) any law, rule or regulation applicable to it, or (C) any order, writ, judgment, award, injunction, decree or contractual obligation binding on or affecting it or its property, (iii) there are no actions, suits or proceedings pending or, to its knowledge, threatened against or affecting it at law, in equity or before any arbitrator or governmental authority having jurisdiction which, if adversely determined, would reasonably be expected to materially adversely affect its financial condition or operations or its property or its ability to perform its obligations under the Mortgage Sale Agreement, or which purports to affect the legality, validity or enforceability of the Mortgage Sale Agreement, (iv) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or other person is required for the due execution, delivery and performance by it of the Mortgage Sale Agreement and each related document to which it is a party, other than those that have been obtained or made, and (v) each of the Mortgage Sale Agreement and the related documents to which it is a party has been duly executed and delivered and constitutes the legal, valid and binding obligation of, and is enforceable in accordance with its terms against, the Guarantor, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

Loan Representations and Warranties

Neither the Guarantor nor the Bond Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Loans and their Related Security sold or to be sold to the Guarantor. Instead, each is relying entirely on the Loan Representations and Warranties by the Seller contained in the Mortgage Sale Agreement. The parties to the Mortgage Sale Agreement may, with the prior written consent of the Bond Trustee (which shall be given if the Rating Agency Condition has been satisfied) amend the Loan Representations and Warranties in the Mortgage Sale Agreement.

The material Loan Representations and Warranties are as follows and are given: (i) in respect of Loans and their Related Security, on the Transfer Date of such Loans and their Related Security; and (ii) in respect of a Loan and its Related Security to which a Further Advance or Product Switch has been made, on the Calculation Date following the making of such Further Advance or Product Switch:

- each Loan being sold on a Transfer Date satisfies the Eligibility Criteria as at such Transfer Date;
- the Seller is the legal and beneficial owner of the Loans to be sold to the Guarantor (excluding registered or recorded title to Loans which may continue to be held by an applicable Originator, if any), free and clear of any encumbrances, other than certain permitted encumbrances and upon each purchase, the Guarantor shall acquire a valid and enforceable first priority perfected beneficial ownership interest in the applicable Loans free and clear of any encumbrances, other than certain permitted encumbrances;
- each Loan was originated by the Seller or the applicable Originator in the ordinary course of business and kept on its books for a minimum of one month prior to the Cut-off Date;
- each Loan has a remaining amortization period of less than 50 years as at the relevant Cut-off Date;
- prior to the making of each advance under a Loan, the Lending Criteria and all preconditions to the making of any Loan were satisfied in all material respects subject only to such exceptions as would be acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or the applicable Originator's market;
- all of the Borrowers are individuals or have guarantees from individuals for the Loans (which guarantees and any security related to such guarantees are assignable and will be sold, transferred and assigned to the Guarantor as Related Security for the Loans in accordance with the terms of the Mortgage Sale Agreement);
- the whole of the Current Balance on each Loan is secured by a Mortgage over residential property in Canada consisting of not more than four units;
- each Mortgage constitutes a valid first mortgage lien over the related Property, or is insured as a first priority lien, in each case subject to certain permitted encumbrances;
- the True Balance on each Loan (other than any agreement for Additional Loan Advances (if any)) constitutes a legal, valid, binding and enforceable debt due to the Seller or the applicable Originator from the relevant Borrower and the terms of each Loan and its related Mortgage constitute valid and binding obligations of the Borrower enforceable in accordance with their terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity;
- other than (i) registrations in the appropriate land registry or land titles offices in respect of the sale, transfer and assignment of the relevant Loans from the Seller to the Guarantor effected by the Mortgage Sale Agreement (and any applicable registration in respect of registered title to the relevant Loans), (ii) the provision to Borrowers under the related Loans or the obligors under their Related Security of actual notice of the sale, transfer and assignment thereof to the Guarantor, and (iii) certain registrations provided in the Civil Code of Québec for Properties located in the Province of Québec, all material filings, recordings, notifications, registrations or other actions under all applicable laws have been made or taken in each jurisdiction where necessary or appropriate

(and where permitted by applicable law) to give legal effect to the sale, transfer and assignment of the Loans and their Related Security and the right to transfer servicing of such Loans as contemplated by the Mortgage Sale Agreement, and to validate, preserve, perfect and protect the Guarantor's ownership interest in and rights to collect any and all of the related Loans being purchased on the relevant Transfer Date, including the right to service and enforce such Loans and their Related Security, in each case, in accordance with the terms of the Transaction Documents;

- there is no requirement in order for a sale, transfer and assignment of the Loans and their Related Security to be effective to obtain the consent of the Borrower to such sale, transfer or assignment and such sale, transfer and assignment shall not give rise to any claim by the Borrower against the Guarantor, the Bond Trustee or any of their successors in title or assigns;

- all of the Properties are in Canada;

- not more than 12 months (or a longer period as may be acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or the applicable Originator's market) prior to the granting of each Loan, the Seller or the applicable Originator obtained information on the relevant Property from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or the applicable Originator's market, or received a valuation report on the relevant Property, which would be, and the contents or confirmation, as applicable, of which, were such as would be, acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or the applicable Originator's market or obtained such other form of valuation of the relevant Property which has satisfied the Rating Agency Condition;

- prior to the taking of Related Security (other than a re-mortgage) in respect of each Loan, the Seller or the applicable Originator instructed lawyers or service providers to conduct a search of title to the relevant Property and to undertake such other searches, investigations, enquiries and actions on behalf of the Seller or the applicable Originator as would be acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or the applicable Originator's market or the Borrower was required to obtain either (i) a solicitor's opinion on title or (ii) lender's title insurance in respect of the Loan from an insurer acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or the applicable Originator's market;

- each Loan contains a requirement that the relevant Property be covered by building insurance maintained by the Borrower or in the case of a leasehold property under a policy arranged by a relevant landlord or property management company;

- the Seller or the applicable Originator has, since the making of each Loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such Loans;

- there are no governmental authorizations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to make the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible into evidence in a court of competent jurisdiction, other than authorizations, approvals, licenses, consents, actions, notices, filings or polling that have been obtained, made or taken;

- if the Loan is an All-In-One Mortgage Segment and if there has been a disposition of the related Line of Credit Loan or a related All-In-One Mortgage Segment to a Multiproduct Purchaser, the related Multiproduct Purchaser has agreed to become bound by the Security Sharing Agreement and has provided a release in favour of the Guarantor, substantially in the form attached to the Security Sharing Agreement;

- each Loan being sold on a Transfer Date satisfies the Eligibility Criteria as in effect on such Transfer Date;

- the Loan satisfies the requirements of Section 21.6 of the Covered Bond Legislative Framework as in effect on the related Transfer Date; and

- the Loan satisfies any other eligibility criteria as may be prescribed by the CMHC Guide as in effect on the related Transfer Date.

If New Portfolio Asset Types are to be sold to the Guarantor, then the Loan Representations and Warranties in the Mortgage Sale Agreement will be modified as required to accommodate these New Portfolio Asset Types. The prior consent of the holders of the Covered Bonds to the requisite amendments will not be required. On each Transfer Date, the Guarantor shall be entitled to collections in respect of the Loan purchased on such Transfer Date during the period from the Cut-off Date to the Transfer Date.

Multiproduct Accounts

The Covered Bond Portfolio includes from time to time All-In-One Mortgage Segments. A Borrower may obtain one or more All-In-One Mortgage Segments and Line of Credit Loans, including the ability to convert any outstanding Line of Credit Loan or any portion thereof into an All-In-One Mortgage Segment, with the remaining credit balance being a Line of Credit Loan, all of which are secured by the same Multiproduct Mortgage on the related Property.

Each All-In-One Mortgage Segment is a Loan provided that the Loan Representations and Warranties and the other applicable requirements under the Transaction Documents are satisfied. Line of Credit Loans are not initially eligible for sale to the Guarantor as a Loan pursuant to the Mortgage Sale Agreement until (i) approved as a New Portfolio Asset Type by the Rating Agencies, and (ii) CMHC has verified compliance with the CMHC Guide.

Prior to a default by a Borrower under any Multiproduct Account, the Transaction Documents will require the Seller (or the applicable Originator) and the Servicer to apply payments to a Multiproduct Account in accordance with the related Multiproduct Mortgage. Following a default by a Borrower under any Multiproduct Account, the Security Sharing Agreement provides for the priority of payment of all monies received from such Borrower and all amounts realized from the enforcement of security held for such Borrower's Multiproduct Account (as described under "*Security Sharing Agreement—Priority of Payment in respect of Enforcement Proceeds*", below).

The Originators may from time to time sell interests in Line of Credit Loans or All-In-One Mortgage Segments to a third party purchaser, together with the benefit of a corresponding interest in the related Multiproduct Mortgage. The Seller (directly or through an Originator) will act as the servicer of each related All-In-One Mortgage Segment (as described under "*Security Sharing Agreement—Single Servicer for Purchased Loans and Related Loans secured by the same Mortgage*", below).

Concurrently with the sale of the First All-In-One Mortgage Segment relating to a particular Borrower to the Guarantor, the Seller transferred and conveyed all of its right, title and interest in the Related Security (including its interest in the related Multiproduct Mortgage (or, in the case of an All-In-One Mortgage Segment located in the Province of Québec, an interest in the related Multiproduct Mortgage to the extent of the First All-In-One Mortgage Segment that is sold to the Guarantor)) to the Guarantor. The Guarantor will hold the Related Security in respect of each All-In-One Mortgage Segment sold to the Guarantor as follows: (i) an interest in such Related Security for its own sole and absolute account and benefit, to the extent of all outstanding indebtedness owing under all All-In-One Mortgage Segments owned by it in respect of the same Borrower from time to time, which interest will have full priority over all other rights, claims and interests; and (ii) subject to the Guarantor's priority described in item (i) above, an interest in such Related Security, as agent, nominee and bare trustee for the Seller (or applicable Originator) and any Multiproduct Purchaser from time to time, as their interests may appear, to the extent of all outstanding indebtedness owing under any All-In-One Mortgage Segments and Line of Credit Loans owned by the Seller (or the applicable Originator) or Multiproduct Purchaser from time to time. As well, for All-In-One Mortgage Segments in the Province of Québec, the Seller and each of the Multiproduct Purchasers will be entitled to an interest in the Multiproduct Mortgage to the extent of any outstanding indebtedness owing under any related Multiproduct Accounts.

In respect of a Multiproduct Account, the Transaction Documents will provide that the Servicer will (i) have the sole right to take all enforcement actions and make all servicing decisions with respect to the Related Security (including under the related Multiproduct Mortgage) and (ii) allocate any monies received by it and otherwise realized from the enforcement of the security for the related Multiproduct Account with the same Borrower in accordance with the priority arrangement described above, including the allocation of such monies to all indebtedness owing under each related All-In-One Mortgage Segment owned by the Guarantor in priority to all related Line of Credit Loans and All-In-One Mortgage Segments owned by the Seller or the applicable Originator, as the case may be (as described under "*Security Sharing Agreement—Priority of Payment in respect of Enforcement Proceeds*", below).

Repurchase of Portfolio Assets – Representations and Warranties

If the Seller receives a Portfolio Asset Repurchase Notice from the Guarantor (or the Cash Manager on its behalf) identifying a Portfolio Asset in the Covered Bond Portfolio which, as at the relevant Transfer Date or relevant Calculation Date (in the case of a Product Switch or an Additional Loan Advance): (i) does not comply with the Loan Representations and Warranties set out in the Mortgage Sale Agreement and such breach materially and adversely affects the interest of the Guarantor in such Portfolio Asset or the value of such Portfolio Asset (provided that if such Portfolio Asset does not comply with the Eligibility Criteria as at the relevant Transfer Date, the interest of the Guarantor in such Portfolio Asset or the value of such Portfolio Asset shall be deemed to have been materially and adversely affected); (ii) is subject to an adverse claim other than certain permitted security interests or security interests arising through the Guarantor and such adverse claim materially and adversely affects the interest of the Guarantor in such Portfolio Asset or the value of such Portfolio Asset; or (iii) any power of attorney granted by the Seller or an Originator in respect of such Portfolio Asset is determined to be invalid, then the Seller will, subject to the applicable breach, adverse claim or invalid power of attorney being cured during a 30 calendar day period commencing on the date on which such non-compliance is discovered, be required to repurchase on the first Calculation Date occurring after such 30 calendar day period: (i) any such Portfolio Asset; and (ii) any other Loan secured or intended to be secured by that Related Security or any part of it, which would include one or more All-In-One Mortgage Segments made to the same Borrower which are owned by the Guarantor. The repurchase price payable upon the repurchase of any Portfolio Asset is an amount (not less than zero) equal to the purchase price paid by the Guarantor for such Portfolio Asset plus expenses as at the relevant repurchase date, less any amounts received from the Borrower since the Transfer Date in respect of principal on such Portfolio Asset. The repurchase proceeds received by the Guarantor will be applied (other than Accrued Interest and Arrears of Interest) in accordance with the Pre-Acceleration Principal Priority of Payments (see "*Cashflows*" below).

Non-Performing Loans

The Cash Manager will identify any Non-Performing Loans in the Covered Bond Portfolio and upon identification serve a Non-Performing Loans Notice on the Bank and the Servicer. Non-Performing Loans will not be given credit in the Asset Coverage Test or the Amortization Test.

General ability to repurchase

Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to repurchase a Loan (or Loans) and their Related Security from the Guarantor for a purchase price of not less than the fair market value of the relevant Loan. Any such offer to purchase an All-In-One Mortgage Segment must include any other All-In-One Mortgage Segments made to the same Borrower which are owned by the Guarantor. The Guarantor may accept such offer at its discretion, provided that any such sale will be subject to the Asset Coverage Test being met on the date of such sale, after giving effect to the sale.

Right of pre-emption

Under the terms of the Mortgage Sale Agreement, the Seller has a right of pre-emption in respect of any sale, in whole or in part, of Portfolio Assets.

In connection with any sale of Portfolio Assets by the Guarantor, except where such Portfolio Assets are being sold to the Seller pursuant to an offer from the Seller, the Guarantor will serve on the Seller a Portfolio Asset Offer Notice offering to sell Portfolio Assets for an offer price equal to the greater of (a) the fair market value of such Portfolio Assets and (b) (i) if the sale is following a breach of the Pre-Maturity Test or the service of a Notice to Pay, the Adjusted Required Redemption Amount of the relevant Series of Covered Bonds, otherwise (ii) the True Balance of such Portfolio Assets, subject to the offer being accepted by the Seller within 10 Canadian Business Days.

At any time there is no Asset Coverage Test Breach Notice outstanding and no Covered Bond Guarantee Activation Event has occurred, it will be a condition to the Guarantor's right to sell Portfolio Assets that the Asset Coverage Test and/or Amortization Test, as applicable, will be met on the date of such sale, after giving effect to the sale.

If an Issuer Event of Default has occurred but no liquidator or administrator has been appointed to the Seller, the Seller's right to accept the offer (and therefore its right of pre-emption) will be conditional upon the delivery by the Seller of a solvency certificate to the Guarantor and the Bond Trustee. If the Seller rejects the Guarantor's offer or fails to accept it in accordance with the foregoing, the Guarantor may offer to sell such Portfolio Assets to other Purchasers (as described under "*Guarantor Agreement—Sale of Randomly Selected Loans at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor*", below).

If the Seller validly accepts the Guarantor's offer to sell such Portfolio Assets, the Guarantor will, within three Canadian Business Days of such acceptance, serve a Portfolio Asset Repurchase Notice on the Seller. The Seller will sign and return a duplicate copy of such Portfolio Asset Repurchase Notice and will repurchase from the Guarantor free from the Security created by the Security Agreement the relevant Portfolio Assets (and any other Loan secured or intended to be secured by Related Security securing such Portfolio Asset) referred to in the relevant Portfolio Asset Repurchase Notice. Completion of the purchase of such Portfolio Assets by the Seller will take place, upon satisfaction of any applicable conditions to the purchase and sale, on the first Guarantor Payment Date following receipt of the relevant Portfolio Asset Repurchase Notice(s) or such other date as the Guarantor may direct in the Portfolio Asset Repurchase Notice (provided that such date is not later than the earlier to occur of the date which is: (a) 10 Canadian Business Days after returning the Portfolio Asset Repurchase Notice to the Guarantor; and (b) the Final Maturity Date of the Earliest Maturing Covered Bonds).

For the purposes hereof:

"**Adjusted Required Redemption Amount**" means the Canadian Dollar Equivalent of the Required Redemption Amount, plus or minus the Canadian Dollar Equivalent of any swap termination amounts payable under the Covered Bond Swap Agreement to or by the Guarantor in respect of the relevant Series of Covered Bonds less (where applicable) amounts held by the Cash Manager for and on behalf of the Guarantor and amounts standing to the credit of the Guarantor Accounts and the Canadian Dollar Equivalent of the principal balance of any Substitute Assets (excluding all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds) plus or minus any swap termination amounts payable to or by the Guarantor under the Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds, determined on a *pro rata* basis amongst all Series of Covered Bonds according to the respective Principal Amount Outstanding thereof, minus amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature within 12 months of the date of such calculation.

"**Required Redemption Amount**" means, in respect of a Series of Covered Bonds, the amount calculated as follows:

the Principal Amount Outstanding of the relevant Series of Covered Bonds	x	[1 + Negative Carry Factor x (days to maturity of the relevant Series of Covered Bonds/365)]

Further drawings under Loans

The Seller is solely responsible for funding all Further Advances, if any, in respect of Loans sold by the Seller to the Guarantor. The sale to the Guarantor of each Further Advance shall occur at the discretion of the Seller upon the advance of further money to the relevant Borrower. To the extent that a Further Advance is sold to the Guarantor, the amount of the Intercompany Loan will increase by the amount of the funded Further Advances, provided that, if for any reason, the Intercompany Loan is not increased at any relevant time such amount shall be deemed to constitute a Capital Contribution by the Seller and the Seller's interest, as a limited partner in the Guarantor, shall be increased by such amount.

Authorized Underpayments

In the event that the Servicer permits a Borrower to make an Authorized Underpayment, the Seller of such Loan will be required to pay to the Guarantor an amount equal to the unpaid interest associated with that Authorized Underpayment. The amount of any such payment representing capitalized interest in respect of that Authorized Underpayment shall constitute a Cash Capital Contribution by the Seller to the Guarantor.

New Sellers

In the future, any New Seller that wishes to sell Loans and their Related Security to the Guarantor will accede to, *inter alia*, the Mortgage Sale Agreement. The sale of New Loans and their Related Security by New Sellers to the Guarantor will be subject to certain conditions, including the following:

- each New Seller accedes to the terms of the Guarantor Agreement as a Limited Partner (with such subsequent amendments as may be agreed by the parties thereto) or enters into a new mortgage sale agreement with the Guarantor and the Bond Trustee, in each case so that it has, in relation to those New Loans and their Related Security to be sold by the relevant New Seller, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security previously sold into the Covered Bond Portfolio under the Guarantor Agreement;

- each New Seller accedes to the terms of the Mortgage Sale Agreement (with such subsequent amendments as may be agreed by the parties thereto) or enters into a new mortgage sale agreement with the Guarantor and the Bond Trustee, in each case so that it has, in relation to those New Loans and their Related Security to be sold by the relevant New Seller, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security previously sold into the Covered Bond Portfolio under the Mortgage Sale Agreement;

- each New Seller accedes to the Dealership Agreement(s) and enters into such other documents as may be required by the Bond Trustee and/or the Guarantor (acting reasonably) to give effect to the addition of a New Seller to the transactions contemplated under the Programme;

- any Portfolio Assets sold by a New Seller to the Guarantor comply with the Eligibility Criteria set out in the Mortgage Sale Agreement;

- either (i) the Servicer services the New Loans and their Related Security sold by a New Seller on the terms set out in the Servicing Agreement (with such subsequent amendments as may be agreed by the parties thereto) or (ii) the New Seller enters into a servicing agreement with the Guarantor and the Bond Trustee which sets out the servicing obligations of the New Seller in relation to the New Loans and their Related Security and which is on terms substantially similar to the terms set out in the Servicing Agreement (in the event the New Loans and their Related Security are not purchased on a fully-serviced basis, the servicing agreement shall set out fees payable to the Servicer or the New Seller acting as servicer of such New Loans and their Related Security which may be determined on the date of the accession of the New Seller to the Programme);

- the Bond Trustee is satisfied that any accession of a New Seller to the Programme will not prejudice the Asset Coverage Test; and

- the Bond Trustee is satisfied that the accession of a New Seller to the Programme is not materially prejudicial to holders of the Covered Bonds and has satisfied the Rating Agency Condition.

If the above conditions are met, the consent of holders of the Covered Bonds will not be required or obtained in connection with the accession of a New Seller to the Programme.

Security Sharing Agreement

The Seller, the Guarantor, the Bond Trustee and the Custodian entered into a Security Sharing Agreement in connection with Loans and their Related Security that have been and will be sold by the Seller to the Guarantor where the Mortgage also secures or may from time to time secure loans, indebtedness or liabilities ("**Retained Loans**" and together with the Loans secured by the same Mortgage, "**Related Loans**") that do not form part of the Covered Bond Portfolio.

The Security Sharing Agreement:

- confirms that the Seller retains an interest in the Mortgage securing the Related Loans;
- provides for the priority of payments in respect of collections received in respect of any Related Loans following a default under or breach of such Related Loans that is not remedied or waived in accordance with the terms of the agreements with the Borrower in respect of such Related Loans ("**Post-Default Collections**") including from the enforcement of the Mortgages securing Related Loans ("**Enforcement Proceeds**");
- requires Post-Default Collections to be promptly transferred, to the person entitled to such amounts;
- provides for each Loan sold to the Guarantor and Related Loans to be serviced by the same servicer or sub-servicer;
- provides the Seller with certain rights to purchase Related Loans from the Guarantor; and
- provides for the delivery by the Seller of a release in respect of its interest in the Mortgage securing the Related Loans to the Custodian and the circumstances under which such release can be used or relied upon.

The Security Sharing Agreement will cease to apply in respect of any Related Loans upon all such Related Loans being held by a single person and provides that upon payment in full of the Loans forming part of the Related Loans, the Mortgage will be transferred to the beneficial owner (or owner) of the Retained Loans.

Priority of Payments in respect of Enforcement Proceeds

The parties to the Security Sharing Agreement have agreed that notwithstanding the terms of the Related Loans, which provide for the application of Enforcement Proceeds amongst such Related Loans, Post-Default Collections, including Enforcement Proceeds, will be applied as follows:

- first, in or towards payment of all taxes, reasonable costs and expenses incurred or to be incurred in relation to the enforcement of the Mortgage;
- second, in or towards payment of all amounts owing by the Borrower in respect of the Loans owned by the Guarantor and secured by such Mortgage until such amounts have been paid in full;
- third, in or towards payment of all amounts owing by the Borrower in respect of the Retained Loans secured by such Mortgage until such amounts have been paid in full; and
- lastly, in paying the surplus (if any) to the persons entitled thereto.

In connection with the above, to the extent a beneficial owner (or owner) of Related Loans receives Post-Default Collections while amounts are payable in priority to the amounts to which such person is entitled under the above priority of payments, such amounts are to be promptly transferred, to the person entitled to such amounts. Such payments will not be subject to the Priorities of Payments or any set-off or counterclaim.

Single Servicer for Purchased Loans and Related Loans secured by the same Mortgage

For so long as the Seller is the Servicer, it will service the Related Loans, or will sub-contract its servicing obligations, provided that, in all cases, each Loan owned by the Guarantor and each Related Loan secured by the same Mortgage, will be serviced by the same servicer or sub-servicer. In the event that the Servicer ceases to be the Seller, the Guarantor is required to enter into a servicing agreement with a replacement servicer (a "**Replacement Servicer**") to arrange for the servicing of the Related Loans in a manner that ensures continuity of servicing and the Seller has granted a power of attorney in favour of the Guarantor for this purpose. The Replacement Servicer must satisfy certain requirements with respect to its capacity to carry out the servicing obligations and will be required to make representations consistent with the requirements represented and warranted to by the current Servicer (see "*Servicing Agreement – Representations and Warranties of the Servicer*"). A servicing agreement will be required to be entered into for the servicing with the Replacement Servicer and must, among other things:

- be commercially reasonable having regard to the interest of each of the Guarantor and the Seller in the Related Loans and Mortgages being serviced, including with respect to the allocation of costs;

- provide for the servicing of the Retained Loans in accordance with the Seller's policy and otherwise in accordance with the standards of a reasonable and prudent institutional mortgage lender and in compliance with applicable laws;

- restrict the ability of the Replacement Servicer to authorize, approve, accept or make product switches or additional advances in respect of Retained Loans without the consent of the Seller;

- require the Replacement Servicer to hold funds received in respect of the Retained Loans in trust for the Seller in a separate account and transfer such funds to the Seller on a daily basis; and

- require the prior written consent of the Guarantor and the Seller to any amendment or waiver.

A Replacement Servicer will be entitled to take such enforcement procedures in respect of the Mortgages it is servicing as it would be reasonable to expect a reasonable and prudent institutional mortgage lender to take in administering its own loans and their security and each of the holders of the Related Loans will refrain from taking any enforcement procedures except at the direction of the Servicer.

A third party purchaser or the Guarantor can terminate the Servicing Agreement in respect of Related Loans and their Related Security sold to the third party purchaser provided that the purchaser services or appoints a servicer for the Related Loans that include the purchased Loans owned by the Guarantor and enters into a servicing agreement that meets the requirements applicable to a Replacement Servicer.

Purchase and Sale

Under the Security Sharing Agreement, in addition to the pre-emptive rights the Guarantor has under the Mortgage Sale Agreement (See "*Mortgage Sale Agreement*" above), if the Guarantor intends to sell any Related Loan, the Seller may, upon notice to the Guarantor, purchase such Related Loan and its Related Security. In addition, in the event the Seller desires to acquire any Loans and their Related Security forming part of the Related Loans, for any reason, including to institute enforcement procedures or upon becoming aware that enforcement procedures have been or are to be instituted in respect of any Mortgage securing Related Loans, the Seller may, upon notice to the Guarantor and the Custodian, purchase such Related Loans and their Related Security from the Guarantor provided that the Asset Coverage Test, and/or at such time as the Amortization Test is being conducted, the Amortization Test, as applicable, is met following such sale and such sale would not (or would not reasonably be expected to) adversely affect the interests of Covered Bondholders. In each case, the purchase price for such Related Loans and their Related Security will be a price determined in accordance with the Guarantor Agreement (see "*Guarantor Agreement – Sale of Loans and their Related Security at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor*" and "*Sale of Loans and their Related Security at any time no Asset Coverage Test Breach Notice is outstanding and a Notice to Pay has not been served on the Guarantor*") and will be payable in a form of consideration permitted under the CMHC Guide, which includes the substitution of assets. The Seller's right to purchase Related Loans will cease upon a sale of such Related Loans and their Related Security by the Guarantor to a third party.

Release of Security

In connection with entering into the Security Sharing Agreement, the Seller delivered a release of security to the Custodian in respect of its interest in the Mortgage securing the Related Loans and agreed to deliver a release of security upon each sale or contribution of Related Loans to the Guarantor. The Custodian will hold any such releases of security, including any delivered by a purchaser of Retained Loans, and will only deliver a release of security in order for it to be used or relied upon in respect of any affected Related Loans if the following conditions are met:

- the servicer of the affected Related Loans has provided notice to the parties to the Security Sharing Agreement under the Servicing Agreement or any corresponding agreement with a Replacement Servicer or the Custodian has otherwise received evidence satisfactory to it (acting reasonably) that any of the following has occurred:

  (a) the Servicer or any beneficial owner (or owner) of any Retained Loan breached or caused a breach of or provided written advice to the servicer to breach (i) the priority of payments for the application of Post-Default Collections; (ii) its obligation to hold the Post-Default Collections in trust and transfer them to the person entitled to such amounts; or (iii) the requirement that each Loan owned by the Guarantor and any Related Loan secured by the same Mortgage be serviced by the same servicer or sub-servicer, where any such breach or advice, as applicable, is not remedied or withdrawn, as the case may be, within 60 days (or after an Issuer Event of Default, 10 Business Days) of receiving notice thereof;

  (b) any Retained Loan has been sold, transferred or assigned to a third party that has not agreed to be bound by the obligations of the Seller under the Security Sharing Agreement with respect to such Retained Loans and delivered a release of security to the Custodian in respect of the Mortgage for such Retained Loans (unless such sale, transfer or assignment results in a single person beneficially owning (or owning) all of the Related Loans); or

  (c) the Seller or a third party purchaser of any Retained Loan commences a challenge to the validity, legality or enforceability of (i) the priority of payments for the application of Post-Default Collections; (ii) the obligation to hold Post-Default Collections in trust and transfer them to the person entitled to such amounts; or (iii) the requirement to maintain a single servicer for Related Loans; and

- the beneficial owner (or owner) of the Related Loans that formed part of the Covered Bond Portfolio delivers a request to the Custodian to deliver to it the release of security in respect of the affected Related Loans; and

- following receipt of the request to deliver the release of security in respect of the affected Related Loans, the Custodian receives an opinion of independent legal counsel (as such term is used in the CMHC Guide), acceptable to the Custodian, confirming notice from the servicer was properly delivered or that the Custodian otherwise received evidence satisfactory to it (acting reasonably) that one of the circumstances in (a) to (c) above occurred (which opinion may make assumptions and rely on statements of fact from the servicer and appropriate officers or directors of a person reasonably expected to have knowledge of such matters) and the notice from the servicer (or other evidence) and request to deliver the release of security was properly given to the Custodian.

Upon the above conditions being satisfied, the Custodian will deliver the release of security in respect of the affected Related Loans to the Guarantor or third party purchaser, as the case may be, of the Related Loans that formed part of the Covered Bond Portfolio.

Servicing Agreement

Pursuant to the terms of the Servicing Agreement entered into on the Programme Date between the Guarantor, the Servicer, the Seller, the Cash Manager and the Bond Trustee, the Servicer has agreed to service on behalf of the Guarantor the Loans and their Related Security sold by the Seller to the Guarantor in the Covered Bond Portfolio.

The Servicer will administer the Loans and their Related Security comprised in the Covered Bond Portfolio in accordance with applicable law, the Servicing Agreement and the other Transaction Documents and with reasonable care and diligence, using that degree of skill and attention that it exercises in managing, servicing, administering, collecting on and performing similar functions relating to comparable loans that it services for itself.

The Servicer will be required to administer the Loans in accordance with the Servicing Agreement:

(a) as if the Loans and their Related Security sold by the Seller to the Guarantor had not been sold to the Guarantor but remained with the Seller; and

(b) in accordance with the Seller's or the relevant Originator's administration, arrears and enforcement policies and procedures forming part of the Servicer's policy from time to time as they apply to those Loans.

The Servicer's actions in servicing the Loans in accordance with its procedures will be binding on the Guarantor, the Seller and the Secured Creditors.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement, the Servicer will undertake in relation to those Loans and their Related Security in the Covered Bond Portfolio that it is servicing, among other things, to:

- keep records and accounts on behalf of the Guarantor in relation to the Loans;

- keep the Loan Files in its possession, under its control, or to its order, in safe custody and maintain records necessary to enforce each Mortgage and to provide the Guarantor and the Bond Trustee with access to the Loan Files and other records relating to the administration of the Loans and their Related Security;

- maintain a register in respect of the Covered Bond Portfolio;

- make available upon request to the Guarantor and the Bond Trustee a report on a monthly basis containing information about the Loans and their Related Security comprised in the Covered Bond Portfolio;

- assist the Cash Manager in the preparation of a monthly asset coverage report in accordance with the Cash Management Agreement;

- take all reasonable steps to recover all sums due to the Guarantor, including instituting proceedings and enforcing any relevant Loan or Mortgage or other Related Security using the discretion of reasonable and prudent institutional mortgage lenders in the Seller's or the relevant Originator's market in applying the enforcement procedures forming part of the Seller's or the relevant Originator's policy;

- enforce any Loan which is in default in accordance with the Seller's or applicable Originator's enforcement procedures or, to the extent that such enforcement procedures are not applicable having regard to the nature of the default in question, with the usual procedures undertaken by reasonable and prudent institutional mortgage lenders in the Seller's or the relevant Originator's market on behalf of the Guarantor;

- comply and, as applicable, cause any person to which it sub-contracts or delegates the performance of all or any of its powers and obligations to comply with, the provisions of the Security Sharing Agreement applicable to a servicer and not take any action in contravention of the Security Sharing Agreement, except pursuant to a written notice or direction in which case it will provide notice to the parties to the Security Sharing Agreement; and

- to provide notice to each party to the Security Sharing Agreement in the event that it receives advice or is provided or comes into possession or written evidence, as applicable, of any of the circumstances which could give rise to an obligation on the part of the Custodian to deliver a release of security in respect of any affected Related Loans following receipt of such notice, a request by a beneficial owner (or owner) of such affected Related Loans and delivery of an independent legal counsel opinion (see "*Security Sharing Agreement*", above).

Prior to a downgrade in the applicable ratings of the Servicer by one or more Rating Agencies below the Servicer Deposit Threshold Ratings, the Servicer shall hold any funds it receives on behalf of the Guarantor for the benefit of the Guarantor and shall transfer such funds on or before the next Guarantor Payment Date (i) to the Cash Manager prior to a downgrade in the ratings of the unsecured, unsubordinated and unguaranteed debt obligations (or, in the case of Fitch, the issuer default rating) of the Cash Manager by one or more Rating Agencies below the Cash Management Deposit Ratings, and (ii) following any such downgrade of the Cash Manager's ratings, directly into the GIC Account.

In the event of a downgrade in the applicable ratings of the Servicer by one or more Rating Agencies below the Servicer Deposit Threshold Ratings, the Servicer shall hold any funds it receives on behalf of the Guarantor for the benefit of the Guarantor and shall transfer such funds within two Business Days of the collection or receipt thereof (i) to the Cash Manager prior to a downgrade in the ratings of the unsecured, unsubordinated and unguaranteed debt obligations (or, in the case of Fitch, the issuer default rating) of the Cash Manager by one or more Rating Agencies below the Cash Management Deposit Ratings, and (ii) following any such downgrade of the Cash Manager's ratings, directly into the GIC Account.

Following the occurrence of a Covered Bond Guarantee Activation Event, the Servicer will transfer funds it receives on behalf of the Guarantor into the GIC Account within two Business Days of the collection or receipt thereof.

On the Servicer being assigned a rating on its unsecured, unguaranteed and unsubordinated debt obligations (or its issuer default rating, as applicable) by one or more Rating Agencies below the Servicer Replacement Threshold Ratings (as defined below), the Servicer undertakes to, upon the request of the Guarantor or the Bond Trustee, use commercially reasonable efforts to enter into a new or a master servicing agreement with the Bond Trustee and a third party substantially in the form of the Servicing Agreement (or otherwise subject to satisfaction of the Rating Agency Condition), with such modifications as the Guarantor and the Bond Trustee may reasonably require (including with respect to the payment of servicing fees), within 60 days under which such third party will undertake the servicing obligations in relation to the Covered Bond Portfolio. In connection with the foregoing, upon entering into the new or master servicing agreement with such third party, the Servicer or replacement Servicer, as agreed between the parties to the Servicing Agreement, will (on behalf of the Guarantor) deliver notice of the sale, assignment and transfer of the Loans and their Related Security and direct Borrowers to make all future repayments on the Loans to the Standby Account Bank for the account of the Guarantor. "**Servicer Replacement Threshold Ratings**" means the threshold ratings Baa3 or F2 (in respect of Moody's and Fitch, respectively) and BBB(low) (in respect of DBRS), as applicable, of the unsecured, unsubordinated and unguaranteed debt obligations (or in the case of Fitch, the short-term issuer default rating) of the Servicer.

Payments, Administration and Enforcement

The Servicer is authorized to act as the collection agent of the Guarantor under a system for the manual or automated debiting of bank accounts, pursuant to which system a Borrower's periodic Loan payments are debited directly from a specified account. In accordance with the Servicing Agreement, such debiting system must be operated in accordance with policies and procedures that would be acceptable to reasonable and prudent institutional mortgage lenders in the Seller's market. A significant majority of the Loans serviced by the Servicer are subject to such debiting system.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Guarantor in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing Agreement, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Loans and their Related Security. Among such powers of the Servicer is the right to accept any application for a Product Switch or Additional Loan Advance, provided that at all times the Servicer must act in accordance with policies and procedures that would be acceptable to reasonable and prudent institutional mortgage lenders in the Seller's market. Any Additional Loan Advance is the obligation of the Seller and will be funded in accordance with the terms of the Intercompany Loan Agreement and the other Transaction Documents. The Guarantor will not be obligated to make any Additional Loan Advance.

Setting of variable rate and other discretionary rates and margins

Pursuant to the terms of the Mortgage Sale Agreement and in accordance with Mortgage Conditions applicable to certain Loans, the Seller or the applicable Originators have prescribed policies relating to interest rate setting, arrears management and handling of complaints which the Guarantor (and any subsequent purchaser thereof) will be required to adhere to following the transfer of Loans and their Related Security. Such arrears management and handling of complaints policies are consistent with those to be applied by the Servicer under the terms of the Servicing Agreement. The interest rate setting policy specified in the Mortgage Sale Agreement is only applicable to Loans with interest rates which may be varied from time to time in the discretion of the lender under the relevant Loan.

In addition to the undertakings described above, the Servicer has also undertaken in the Servicing Agreement to determine and set the variable rate and any other discretionary rates and margins in relation to any applicable Loans in the Covered Bond Portfolio for which the Guarantor is entitled to set the variable rate and any other discretionary rates and margins pursuant to the terms of such Loans. The Servicer shall set such rates and margins in accordance with the policy to be adhered to by the Guarantor above, at such times as the Guarantor would be entitled to set such rates and margins, except in the limited circumstances described below, when the Guarantor will be entitled to set such rates and margins. The Servicer will not at any time prior to the earlier of (i) the occurrence of a Covered Bond Guarantee Activation Event, and/or (ii) a Servicer Event of Default having occurred, without the prior written consent of the Guarantor, set or maintain any such discretionary rates or margins at rates or margins which are higher than (although they may be lower than or equal to) the applicable then prevailing discretionary rates or margins of the Seller for loans owned by the Seller which have a similarly determined variable rate or margin to the relevant Loan in the Covered Bond Portfolio sold by the Seller to the Guarantor.

In particular, the Servicer will determine on each Calculation Date, having regard to:

(a) the income which the Guarantor would expect to receive during the next succeeding Guarantor Payment Period (the relevant Guarantor Payment Period);

(b) any discretionary rates and margins in respect of the Loans which the Servicer proposes to set under the Servicing Agreement for the relevant Guarantor Payment Period; and

(c) the other resources available to the Guarantor including the Interest Rate Swap Agreement, the Covered Bond Swap Agreement and the Reserve Fund;

whether the Guarantor would receive an amount of income during the relevant Guarantor Payment Period which, when aggregated with the funds otherwise available to it, is less than the amount which is the aggregate of (1) the amount of interest which would be payable (or provisioned to be paid) under the Covered Bond Guarantee on each Guarantor Payment Date falling at the end of the relevant Guarantor Payment Period and any amounts which would be payable (or provisioned to be paid) to the Covered Bond Swap Provider under the Covered Bond Swap Agreement in respect of all Covered Bonds on each Guarantor Payment Date of each Series of Covered Bonds falling at the end of the relevant Guarantor Payment Period and (2) the other senior expenses payable by the Guarantor ranking in priority thereto in accordance with the relevant Priorities of Payments applicable prior to a Guarantor Event of Default.

If the Servicer determines that there will be a shortfall in the foregoing amounts, it will give written notice to the Guarantor and the Bond Trustee, within one Canadian Business Day, of the amount of the shortfall. If the Guarantor or the Bond Trustee notifies the Servicer and the Bank that, having regard to the obligations of the Guarantor and the amount of the shortfall, further Loans and their Related Security should be sold to the Guarantor, the Bank will use all reasonable efforts to ensure that the obligations of the Guarantor for such period will be met. This may include, making advances under the Intercompany Loan, selling Portfolio Assets to the Guarantor or making a Capital Contribution on or before the next Calculation Date in such amounts and with such rates or margins, as applicable, sufficient to avoid such shortfall on future Calculation Dates.

In addition, the Servicer will determine on each Calculation Date following an Issuer Event of Default, having regard to the aggregate of:

(a) any discretionary rate or margin, in respect of the Loans which the Servicer proposes to set under the Servicing Agreement for the relevant Guarantor Payment Period; and

(b) the other resources available to the Guarantor under the Interest Rate Swap Agreement,

whether the Guarantor would receive an aggregate amount of interest on the Loans sufficient to pay the full amounts payable under the Interest Rate Swap Agreement during the relevant Guarantor Payment Period (the "**Post Issuer Event of Default Yield Shortfall Test**").

If the Servicer determines that the Post Issuer Event of Default Yield Shortfall Test will not be met, it will give written notice to the Guarantor and the Bond Trustee, prior to the Guarantor Payment Date immediately following such Calculation Date, of the amount of the shortfall and the rates or margins, for any discretionary rates or margins which the Guarantor is entitled to set with respect to Loans in the Covered Bond Portfolio pursuant to the terms of such Loans, which need to be set in order for no shortfall to arise and the Post Issuer Event of Default Yield Shortfall Test to be met, having regard to the date(s) on which the change to such discretionary rates or margins would take effect and at all times acting in accordance with the standards of reasonable and prudent institutional mortgage lenders in the Seller's market. If the Guarantor or the Bond Trustee notifies the Servicer that, having regard to the obligations of the Guarantor, such discretionary rates or margins should be changed, the Servicer or replacement Servicer, as the case may be, will take all steps which are necessary to change such discretionary rates or margins including publishing any notice which is required in accordance with the Mortgage Terms.

The Guarantor and the Bond Trustee may terminate the authority of the Servicer to determine and set any such discretionary rates or margins on the occurrence of a Servicer Event of Default as defined under "*—Removal or resignation of the Servicer*", in which case the Guarantor and the Bond Trustee will agree to appoint the replacement Servicer to set such discretionary rates or margins itself in the manner described above.

Representations and Warranties of Servicer

Under the Servicing Agreement, the Servicer represents and warrants to the Guarantor and the Bond Trustee that (i) it possesses the necessary experience, qualifications, facilities and other resources to perform its responsibilities under the Servicing Agreement and the other Transaction Documents to which it is a party and it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions thereunder, (ii) it is rated at or above the Servicer Replacement Threshold Ratings by each of the Rating Agencies, (iii) it is and will continue to be in good standing with OSFI, (iv) it is and will continue to be in material compliance with its internal policies and procedures relevant to the services to be provided by it pursuant to the Servicing Agreement and the other Transaction Documents to which it is party, and (v) it is and will continue to be in material compliance with all laws, regulations and rules applicable to it in relation to the services provided by it pursuant to the Servicing Agreement and the other Transaction Documents to which it is a party.

Removal or resignation of the Servicer

The Guarantor and the Bond Trustee may (unless otherwise specified below), upon written notice to the Servicer, terminate the Servicer's rights and obligations if any of the following events (each a "**Servicer Termination Event**" and, each of the first four events set out below, a "**Servicer Event of Default**") occurs:

- the Servicer's unsecured, unguaranteed and unsubordinated debt obligations (or issuer default rating, as applicable) are assigned a rating from one or more Rating Agencies below the Servicer Replacement Threshold Ratings;

- the Servicer defaults in the payment of any amount due to the Guarantor under the Servicing Agreement and fails to remedy that default for a period of three Canadian Business Days after the earlier of the Servicer becoming aware of the default and receipt by the Servicer of written notice from the Bond Trustee or the Guarantor requiring the same be remedied;

- the Servicer (or any delegate thereof) defaults in remitting any funds as required pursuant to the Servicing Agreement at any time that there has been a downgrade in the ratings of the Servicer by one or more Rating Agencies below the Servicer Deposit Threshold Ratings and such default continues unremedied for a period of one (1) Canadian Business Day after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Bond Trustee or the Guarantor requiring the same to be remedied;

- the Servicer fails to comply with any of its other covenants and obligations under the Servicing Agreement which failure in the reasonable opinion of the Bond Trustee is materially prejudicial to the interests of the holders of the Covered Bonds from time to time and does not remedy such failure within the earlier of 20 Canadian Business Days after becoming aware of the failure and receipt by the Servicer of written notice from the Bond Trustee or the Guarantor requiring the same to be remedied;

- an Insolvency Event occurs in relation to the Servicer or any credit support provider in respect of the Servicer or the merger of the Servicer without an assumption of the obligations under the Servicing Agreement;

- the Guarantor resolves, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated provided that a substitute servicer has entered into a substitute servicing agreement with the parties to the Servicing Agreement (excluding the Servicer) on substantially similar terms and conditions as the Servicing Agreement and for which the Rating Agency Condition has been satisfied;

- there is a breach by the Servicer of certain representations and warranties or a failure by the Servicer to perform certain covenants made by it under the Servicing Agreement; or

- an Issuer Event of Default occurs and is continuing, or has previously occurred and is continuing, at any time that the Guarantor is Independently Controlled and Governed.

In the case of the occurrence of the first Servicer Termination Event described above at any time that the Guarantor is not Independently Controlled and Governed, the Guarantor shall by notice in writing to the Servicer terminate its appointment as Servicer with effect from a date (not earlier than the date of the notice) specified in the notice.

Termination of the Servicer will become effective upon the appointment of a successor Servicer in place of such Servicer. The Servicer, the Guarantor and the Bond Trustee agree to use commercially reasonable efforts to arrange for the appointment of a successor Servicer.

Subject to the fulfillment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' notice to the Bond Trustee and the Guarantor provided that a substitute servicer qualified to act as such with a management team with experience of administering mortgages in Canada has been appointed and enters into a servicing agreement with the Guarantor substantially on the same terms as the Servicing Agreement, except as to fees. The resignation of the Servicer is conditional on satisfaction of the Rating Agency Condition unless the holders of the Covered Bonds agree otherwise by Extraordinary Resolution.

If the appointment of the Servicer is terminated, the Servicer must deliver the Loan Files relating to the Loans in the Covered Bond Portfolio administered by it to, or at the direction of, the Guarantor. The Servicing Agreement will terminate at such time as the Guarantor has no further interest in any of the Loans or their Related Security sold to the Guarantor and serviced under the Servicing Agreement that comprised the Covered Bond Portfolio.

The Servicer may sub-contract or delegate the performance of its duties under the Servicing Agreement provided that it meets conditions as set out in the Servicing Agreement.

The Bond Trustee will not be obliged to act as Servicer in any circumstances.

Asset Monitor Agreement

Under the terms of the asset monitor agreement entered into on the Programme Date, as amended on 12 September 2017, between the Asset Monitor, the Guarantor, the Issuer, the Cash Manager and the Bond Trustee (and as may be further amended and/or restated and/or supplemented from time to time, the "**Asset Monitor Agreement**"), the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Cash Manager to the Asset Monitor, to carry out arithmetic testing of, and report on the arithmetic accuracy of the calculations performed by the Cash Manager once each year and more frequently in certain circumstances as required by the terms of the Asset Monitor Agreement with a view to confirming that the Asset Coverage Test and/or the Amortization Test, as applicable, is met on each applicable Calculation Date.

If the arithmetic testing conducted by the Asset Monitor reveals any errors in the calculations performed by the Cash Manager, the Asset Monitor will be required to conduct such arithmetic tests and report on such arithmetic accuracy for (a) the last Calculation Period of each calendar quarter of the preceding year, (b) each Calculation Period of the current year until such arithmetic testing demonstrates no arithmetical inaccuracy for three consecutive Calculation Periods, and (c) thereafter, the last Calculation Period of each remaining calendar quarter of the current year.

In addition to the arithmetic testing described above, the Asset Monitor will also perform certain specified procedures in relation to the Covered Bond Portfolio and verify compliance by the Issuer, the Guarantor and the Programme with certain aspects of the Covered Bond Legislative Framework and the CMHC Guide.

The Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it by the Cash Manager for the purpose of performing its duties under the Asset Monitor Agreement is true and correct and not misleading and is not required to report as such or otherwise take steps to verify the accuracy of any such information. Each report of the Asset Monitor delivered in accordance with the terms of the Asset Monitor Agreement will be delivered to the Cash Manager, the Guarantor, the Issuer, the Bond Trustee and CMHC.

The Guarantor will pay to the Asset Monitor a fee per report (exclusive of GST), equal to the amount set out in the Asset Monitor Agreement from time to time, for the reports to be performed by the Asset Monitor.

The Guarantor may, at any time, only with the prior written consent of the Bond Trustee (unless the Asset Monitor defaults in the performance or observance of certain of its covenants or breaches certain of its representations and warranties made, respectively, under the Asset Monitor Agreement, in which case such consent will not be required), terminate the appointment of the Asset Monitor by giving at least 60 days' prior written notice to the Asset Monitor, and the Asset Monitor may, at any time, resign by giving at least 60 days' prior written notice (and immediately if continuing to perform its obligations under the Asset Monitor Agreement becomes unlawful or conflicts with independence or professional rules applicable to the Asset Monitor) to the Guarantor and the Bond Trustee.

Upon giving notice of resignation, the Asset Monitor will use reasonable efforts to assist the Guarantor in appointing a replacement Asset Monitor approved by the Bond Trustee (such approval to be granted by the Bond Trustee if the replacement is an accounting firm of national standing which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Agreement). If a replacement is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Monitor Agreement, then the Guarantor will use all reasonable efforts to appoint an accounting firm of national standing to carry out the relevant tests on a one-off basis, provided that notice of such appointment is given to the Bond Trustee.

The Bond Trustee will not be obliged to act as Asset Monitor in any circumstances.

Guarantor Agreement

The general and limited partners of the Guarantor have agreed to operate the business of the Guarantor in accordance with the terms of a limited partnership agreement entered into on the Programme Date between the Managing GP, as managing general partner, the Liquidation GP, as liquidation general partner, and the Bank, as Limited Partner, together with such other persons as may become partners of the Guarantor and the Bond Trustee (as amended on

17 December 2014, 7 April 2016 and 12 September 2017 and as the same may be further amended and/or restated and/or supplemented from time to time, the "**Guarantor Agreement**").

General Partner and Limited Partners of the Guarantor

The Managing GP is the managing general partner and the Liquidation GP is the liquidation general partner and the Bank is the sole limited partner of the Guarantor. The Partners will have the duties and obligations, rights, powers and privileges specified in the *Limited Partnerships Act* (Ontario) and pursuant to the terms of the Guarantor Agreement.

No new limited partner may be otherwise appointed, and no new general partner may be added or general partner replaced without the consent of the Limited Partner and, while there are Covered Bonds outstanding, the Bond Trustee, and receipt by the Issuer and/or the Bond Trustee of confirmation of the satisfaction of the Rating Agency Condition.

Under the Guarantor Agreement, the Limited Partner represents and warrants to the other Partners that (i) it is a validly created chartered bank under the laws of Canada and is validly subsisting under such laws, (ii) it has taken all necessary action to authorize the execution, delivery and performance of the Guarantor Agreement, (iii) it has the capacity and corporate authority to enter into and perform its obligations under the Guarantor Agreement and such obligations do not conflict with nor do they result in a breach of any of its constating documents or by-laws or any agreement by which it is bound, (iv) no authorization, consent or approval of, or filing with or notice to, any person is required in connection with the execution, delivery or performance of the Guarantor Agreement by the Limited Partner, other than whose which have been obtained, and (v) it is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada) and will retain such status during the term of the partnership governed by the Guarantor Agreement.

No person shall be admitted to, or be permitted to remain in, the partnership as a Partner if such person is a non-resident of Canada for purposes of the *Income Tax Act* (Canada) or (if a partnership) is not a "Canadian partnership" within the meaning of the *Income Tax Act* (Canada).

Capital Contribution

Each of the Managing GP and the Liquidation GP has contributed a nominal cash amount to the Guarantor and hold 99 per cent. and 1 per cent. respectively of the 0.05 per cent. general partner interest. The Limited Partner holds the substantial economic interest in the Guarantor (approximately 99.95 per cent.) having also contributed cash to the Guarantor. The Limited Partner may from time to time make additional Capital Contributions. Such Capital Contributions may be Cash Capital Contributions or Capital Contributions in Kind. In the case of the latter, the Limited Partner will have an additional interest in the capital of the Guarantor equal to the fair market value of those Loans sold by it as at the Transfer Date recorded in the Capital Account Ledger.

New Limited Partners

In the future, any person that wishes to become a new Limited Partner will, subject to the following paragraph, require the consent of the Limited Partner and, while there are Covered Bonds outstanding, the Bond Trustee and be required to accede to the Mortgage Sale Agreement and any other Transaction Documents to which the Limited Partner is a party and deliver such other agreements and provide such other assurances as may be required by the Guarantor and/or the Bond Trustee (acting reasonably). Subject to compliance with the foregoing, the consent of the Covered Bondholders will not be required to the accession of a new Limited Partner to the Guarantor.

The Limited Partner may assign all or some portion of its interest in the Guarantor to any Subsidiary by giving written notice of such assignment to the Guarantor and the Bond Trustee, and the assignee of such interest acceding to the Guarantor Agreement. Any such assignment shall not relieve the Limited Partner of its obligations under the Guarantor Agreement or require the consent of the General Partners, Bond Trustee, the holders of the Covered Bonds or, if applicable, any other Limited Partner.

Capital Distributions

Provided the Asset Coverage Test and/or the Amortization Test, as applicable, will be met after giving effect to any Capital Distribution, the Managing GP, may from time to time, in its discretion, make Capital Distributions to the Partners. Pursuant to the terms of the Guarantor Agreement distributions to the Liquidation GP will be limited to an amount which may be less than the Liquidation GP's *pro rata* interest in the Guarantor.

OC Valuation

The CMHC Guide requires that the Guarantor confirm that the cover pool's level of overcollateralization exceeds 103% (the "**Guide OC Minimum**"). For so long as Covered Bonds remain outstanding, the Guarantor (or the Cash Manager on behalf of the Guarantor) will calculate the Level of Overcollateralization (as defined below) at the same time that the Asset Coverage Test is performed, and the Guarantor will compare such Level of Overcollateralization with the Guide OC Minimum (such calculation and comparison, the "**OC Valuation**").

For purposes of the OC Valuation, the "**Level of Overcollateralization**" means the amount, expressed as a percentage, calculated as at each Calculation Date as follows:

$$A \div B$$

where,

A = the lesser of: (i) the total amount of the Cover Pool Collateral; and (ii) the amount of Cover Pool Collateral required to collateralize the Covered Bonds outstanding and ensure that the Asset Coverage Test is met,

B = the Canadian Dollar Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

The term "**Cover Pool Collateral**" shall, for the purposes of the foregoing calculation, include, as calculated on the relevant Calculation Date,

(a) the Loans owned by the Guarantor that meet the Eligibility Criteria and are less than three months in arrears and such Loans will be valued using their True Balance;

(b) Substitute Assets owned by the Guarantor and such assets shall be valued using their outstanding principal amount;

provided that, the "Cover Pool Collateral" shall not include Contingent Collateral Amounts, Swap Collateral Excluded Amounts or Voluntary Overcollateralization.

The Issuer must provide immediate notice to CMHC if the Level of Overcollateralization falls below the Guide OC Minimum. The OC Valuation will be calculated by the Cash Manager as at each Calculation Date and monitored from time to time by the Asset Monitor. Such calculation will be completed within the time period specified in the Cash Management Agreement. The Level of Overcollateralization, with a comparison to the Guide OC Minimum, must be disclosed for the month the calculation is performed in each Investor Report and each public offering document prepared, filed or otherwise made available to investors during the currency of the calculation.

Asset Coverage Test

The Guarantor must ensure that on each Calculation Date, the Adjusted Aggregate Asset Amount is in an amount at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated at the relevant Calculation Date.

If on any Calculation Date, the Adjusted Aggregate Asset Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds as calculated at the relevant Calculation Date, then the Guarantor (or the Cash Manager on its behalf) will notify the Partners, the Bond Trustee and CMHC thereof. The Bank shall use all reasonable efforts to ensure that the Guarantor satisfies the Asset Coverage Test. This may include making advances under the Intercompany Loan, selling New Loans and their Related Security to the Guarantor or making a Capital Contribution in cash or in kind on or before the next Calculation Date in amounts sufficient to avoid such shortfall on future Calculation Dates. If the Adjusted Aggregate Asset Amount is less than the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on the next following Calculation Date, the Asset Coverage Test will be breached and the Guarantor (or the Cash Manager on its behalf) will serve an Asset Coverage Test Breach Notice on the Partners, the Bond Trustee, CMHC and, if delivered by the Cash Manager, the Guarantor. The Asset Coverage Test Breach Notice will be revoked if the Asset Coverage Test is satisfied as at the next Calculation Date following service of an Asset Coverage Test Breach Notice provided no Covered Bond Guarantee Activation Event has occurred.

At any time there is an Asset Coverage Test Breach Notice outstanding:

(a) the Guarantor may be required to sell Randomly Selected Loans (as described further under "*Guarantor Agreement—Sale of Randomly Selected Loans at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor*");

(b) prior to the occurrence of a Covered Bond Guarantee Activation Event, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments will be modified as more particularly described in "*Allocation and distribution of Available Revenue Receipts and Available Principal Receipts when an Asset Coverage Test Breach Notice is outstanding but no Covered Bond Guarantee Activation Event has occurred*" below; and

(c) the Issuer will not be permitted to make any further issuances of Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and not revoked on or before the Guarantor Payment Date immediately following the Calculation Date after service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default will occur and the Bond Trustee will be entitled (and, in certain circumstances may be required) to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Guarantor.

For the purposes hereof:

"**Adjusted Aggregate Asset Amount**" means the amount calculated as at each Calculation Date as follows:

$$A+B+C+D+E-Y-Z$$

where,

A = the lower of (i) and (ii) where:

(i) = the sum of the **"LTV Adjusted True Balance"** of each Loan in the Covered Bond Portfolio, which shall be the lower of (1) the actual True Balance of the relevant Loan in the Covered Bond Portfolio on such Calculation Date, and (2) 80% multiplied by the Latest Valuation relating to that Loan, in each case multiplied by M.

"M" means:

(a) 100% for all Loans that are not Non-Performing Loans; or

(b) 0% for all Loans that are Non-Performing Loans;

minus

the aggregate sum of the following deemed reductions to the aggregate LTV Adjusted True Balance of the Loans in the Covered Bond Portfolio if any of the following occurred during the previous Calculation Period:

(1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Loan Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate LTV Adjusted True Balance of the Loans in the Covered Bond Portfolio on such Calculation Date will be deemed to be reduced by an amount equal to the LTV Adjusted True Balance of the relevant Loan or Loans on such Calculation Date of the relevant Borrower; and/or

(2) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate LTV Adjusted True Balance of the Loans in the Covered Bond Portfolio on such Calculation Date will be deemed to be reduced, by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Seller to indemnify the Guarantor for such financial loss);

AND

(ii) = the aggregate "**Asset Percentage Adjusted True Balance**" of the Loans in the Covered Bond Portfolio which in relation to each Loan shall be the lower of (1) the actual True Balance of the relevant Loan on such Calculation Date, and (2) the Latest Valuation relating to that Loan, in each case multiplied by N.

"N" means

(a) 100% for all Loans that are not Non-Performing Loans; or

(b) 0% for all Loans that are Non-Performing Loans;

minus

the aggregate sum of the following deemed reductions to the aggregate Asset Percentage Adjusted True Balance of the Loans in the Covered Bond Portfolio if any of the following occurred during the previous Calculation Period:

(1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Loan Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Asset Percentage Adjusted True Balance of the Loans in the Covered Bond Portfolio on such Calculation Date will be deemed to be reduced by an amount equal to the Asset Percentage Adjusted True Balance of the relevant Loan or Loans (as calculated on such Calculation Date) of the relevant Borrower; and/or

(2) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the immediately preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Asset Percentage Adjusted True Balance of the Loans in the Covered Bond Portfolio on such Calculation Date will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Seller to indemnify the Guarantor for such financial loss),

the result of the calculation in this paragraph (ii) being multiplied by the Asset Percentage (as defined below);

B = the aggregate amount of any Principal Receipts on the Portfolio Assets up to such Calculation Date (as recorded in the Principal Ledger) which have not been applied as at such Calculation Date to acquire further Portfolio Assets or otherwise applied in accordance with the Guarantor Agreement and/or the other Transaction Documents;

C = the aggregate amount of (i) any Cash Capital Contributions made by the Partners (as recorded in the Capital Account Ledger for each Partner of the Guarantor), (ii) proceeds advanced under the Intercompany Loan Agreement or (iii) proceeds from any sale of Loans and their Related Security which, in each case, have not been applied as at such Calculation Date to acquire further Portfolio Assets or otherwise applied in accordance with the Guarantor Agreement and/or the other Transaction Documents;

D = the aggregate outstanding principal balance of any Substitute Assets;

E = the balance, if any, of the Reserve Fund;

Y = the sum of (i) the Contingent Collateral Amount relating to any Contingent Collateral Notice in effect as at such Calculation Date and delivered with respect to the Interest Rate Swap Agreement, plus (ii) the Contingent Collateral Amount relating to any Contingent Collateral Notice in effect as at such Calculation Date delivered with respect to the Covered Bond Swap Agreement, in each case, determined as at such Calculation Date; and

Z = zero so long as the Interest Rate Swap Agreement (x) has an effective date that has occurred prior to the related Calculation Date, and (y) provides for the hedging of interest received in respect of (i) the Portfolio Assets; (ii) any Substitute Assets; and (iii) cash balances held in the GIC Account; otherwise the weighted average remaining maturity expressed in years of all Covered Bonds then outstanding *multiplied* by the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds multiplied by the Negative Carry Factor where the "**Negative Carry Factor**" is, if the weighted average margin of the interest rate payable on the Principal Amount Outstanding of the Covered Bonds relative to the interest rate receivable on the Covered Bond Portfolio is (i) less than or equal to 0.1 per cent per annum, 0.5 per cent or (ii) greater than 0.1 per cent per annum, 0.5 per cent plus such margin minus 0.1 per cent, provided that if the weighted average remaining maturity is less than one, the weighted average shall be deemed, for the purposes of this calculation, to be one, unless the interest rate risk represented by the weighted average margin of the interest rate payable on the outstanding Covered Bonds relative to the interest rate receivable on the Portfolio is addressed or mitigated by the Interest Rate Swap and the "Effective Date" thereunder has occurred, whereupon the Negative Carry Factor shall be nil.

"**Asset Percentage**" means 93 per cent or such lesser percentage figure as determined from time to time in accordance with the terms of the Guarantor Agreement, provided that the Asset Percentage shall not be less than 80 per cent unless otherwise agreed by the Issuer (and following an Issuer Event of Default, the Guarantor for the purposes of making certain determinations in respect of the Intercompany Loan). Any increase in the maximum Asset Percentage will be deemed to be a material amendment to the Trust Deed and will require satisfaction of the Rating Agency Condition. See "*Modification of Transaction Documents*".

On or prior to the Guarantor Payment Date immediately following the Calculation Date falling in February, May, August and November of each year and on such other date as the Bank may request following the date on which the Bank is required to assign the Interest Rate Swap Agreement to a third party, the Guarantor (or the Cash Manager on its behalf) will determine the Asset Percentage in accordance with the terms of the Guarantor Agreement and the various methodologies of the Rating Agencies which may from time to time be prescribed for the Covered Bond Portfolio based on the value of the Portfolio Assets as at the Calculation Date immediately preceding such Calculation Date (being such values for the Loans on the Calculation Date in January, April, July or October, as applicable) as a whole or on the basis of a sample of Randomly Selected Loans in the Covered Bond Portfolio, such calculations to be made on the same basis throughout unless the Rating Agency Condition has been satisfied in respect thereof.

Amortization Test

Following the occurrence and during the continuance of an Issuer Event of Default (but prior to service of a Guarantor Acceleration Notice) and, for so long as Covered Bonds remain outstanding, the Guarantor must ensure that, on each Calculation Date following the occurrence and during the continuance of an Issuer Event of Default, the Guarantor is in compliance with the Amortization Test.

Following the occurrence and during the continuance of an Issuer Event of Default, if on any Calculation Date the Amortization Test Aggregate Asset Amount is less than the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the Amortization Test will be deemed to be breached and a Guarantor Event of Default will occur. The Guarantor, the Cash Manager or the Asset Monitor, as the case may be, will immediately and in any event prior to the Guarantor Payment Date immediately following such Calculation Date, notify the Guarantor, the Issuer, the Bond Trustee (while Covered Bonds are outstanding), and CMHC of any breach of the Amortization Test and the Bond Trustee will be entitled to serve a Guarantor Acceleration Notice in accordance with the Conditions.

The "**Amortization Test Aggregate Asset Amount**" will be calculated as at each Calculation Date as follows:

$$A+B+C-Y-Z$$

where

A = the aggregate "**Amortization Test True Balance**" of each Loan, which shall be the lower of (1) the actual True Balance of the relevant Loan as calculated on such Calculation Date and (2) 80% multiplied by the Latest Valuation, in each case multiplied by N.

"N" means

(a) 100% for all Loans that are not Non-Performing Loans; or

(b) 0% for all Loans that are Non-Performing Loans;

B = the sum of the amount of any cash standing to the credit of the Guarantor Accounts (excluding any Revenue Receipts received in the immediately preceding Calculation Period);

C = the aggregate outstanding principal balance of any Substitute Assets;

Y = the sum of (i) the Contingent Collateral Amount relating to any Contingent Collateral Notice in effect as at such Calculation Date and delivered with respect to the Interest Rate Swap Agreement, plus (ii) the Contingent Collateral Amount relating to any Contingent Collateral Notice in effect as at such

Calculation Date delivered with respect to the Covered Bond Swap Agreement, in each case determined as at such Calculation Date; and

Z = zero so long as the Interest Rate Swap Agreement (x) has an effective date that has occurred prior to the related Calculation Date, and (y) provides for the hedging of interest received in respect of (i) the Portfolio Assets; (ii) any Substitute Assets; and (iii) cash balances held in the GIC Account; otherwise the weighted average remaining maturity expressed in years of all Covered Bonds then outstanding multiplied by the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds multiplied by the Negative Carry Factor (provided that if the weighted average remaining maturity is less than one, the weighted average shall be deemed, for the purposes of this calculation, to be one).

Valuation Calculation

For so long as the Covered Bonds remain outstanding, the Guarantor must ensure that the Valuation Calculation is performed on each Calculation Date. The results of the Valuation Calculation for a Calculation Date will be disclosed in the related Investor Report.

The Valuation Calculation is equal to the Asset Value (as defined below) minus the Trading Value of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

"**Asset Value**" means the amount calculated as at each Calculation Date as follows:

$$A+B+C+D+E+F$$

where,

A = the aggregate "**LTV Adjusted Loan Present Value**" of each Loan in the Covered Bond Portfolio, which shall be the lower of (1) the Present Value of the relevant Loan in the Covered Bond Portfolio on such Calculation Date, and (2) 80% multiplied by the Latest Valuation relating to that Loan, in each case multiplied by M.

"M" means:

(a) 100% for all Loans that are not Non-Performing Loans; or

(b) 0% for all Loans that are Non-Performing Loans;

minus

the aggregate sum of the following deemed reductions to the aggregate LTV Adjusted Loan Present Value of the Loans in the Covered Bond Portfolio if any of the following occurred during the previous Calculation Period:

(1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Loan Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate LTV Adjusted Loan Present Value of the Loans in the Covered Bond Portfolio on such Calculation Date will be deemed to be reduced by an amount equal to the LTV Adjusted Loan Present Value of the relevant Loan or Loans on such Calculation Date of the relevant Borrower; and/or

(2) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate LTV Adjusted Loan Present Value of the Loans in the Covered Bond Portfolio on such Calculation Date will be deemed to be reduced, by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Seller to indemnify the Guarantor for such financial loss);

B = the aggregate amount of any Principal Receipts on the Portfolio Assets up to such Calculation Date (as recorded in the Principal Ledger) which have not been applied as at such Calculation Date to acquire further Portfolio Assets or otherwise applied in accordance with the Guarantor Agreement and/or the other Transaction Documents;

C = the aggregate amount of (i) any Cash Capital Contributions made by the Partners (as recorded in the Capital Account Ledger for each Partner of the Guarantor), (ii) proceeds advanced under the Intercompany Loan Agreement or (iii) proceeds from any sale of Loans and their Related Security which, in each case, have not been applied as at such Calculation Date to acquire further Portfolio Assets or otherwise applied in accordance with the Guarantor Agreement and/or the other Transaction Documents;

D = the Trading Value of any Substitute Assets;

E = the balance, if any, of the Reserve Fund; and

F = the Trading Value of the Swap Collateral.

Sales of Randomly Selected Loans following a breach of the Pre-Maturity Test

The Pre-Maturity Test will be breached if the ratings of the Issuer's unsecured, unsubordinated and unguaranteed debt obligations, or issuer default rating of the Issuer as applicable, from one or more Rating Agencies fall below the Pre-Maturity Minimum Ratings and a Hard Bullet Covered Bond is due for repayment within a specified period of time thereafter. See "*Credit Structure—Pre-Maturity Liquidity*". If the Pre-Maturity Test is breached, the Guarantor shall, subject to any right of pre-emption of the Seller pursuant to the terms of the Mortgage Sale Agreement and the Security Sharing Agreement, as applicable, offer to sell Randomly Selected Loans pursuant to the terms of the Guarantor Agreement (see "*Method of sale of Portfolio Assets*" below), unless the Pre-Maturity Liquidity Ledger is otherwise funded from other sources as follows:

(i) a Contribution in Kind made by one or more of the Partners (as recorded in the Capital Account Ledger for such Partners of the Guarantor) of certain Substitute Assets in accordance with the Guarantor Agreement with an aggregate principal amount up to the Pre-Maturity Liquidity Required Amount (which shall be a credit to the Pre-Maturity Liquidity Ledger); or

(ii) Cash Capital Contributions made by one or more of the Partners (as recorded in the Capital Account Ledger for each applicable Partner of the Guarantor) or proceeds advanced under the Intercompany Loan Agreement which have not been applied to acquire further Portfolio Assets or otherwise applied in accordance with the Guarantor Agreement and/or the other Transaction Documents with an aggregate principal amount up to the Pre-Maturity Liquidity Required Amount (which shall be a credit to the Pre-Maturity Liquidity Ledger).

If the Issuer fails to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, then following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Guarantor, the proceeds from any sale of Loans and their Related Security standing to the credit of the Pre-Maturity Liquidity Ledger will be applied to repay the relevant Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in "*Credit Structure – Pre-Maturity Liquidity*" below.

Sales of Randomly Selected Loans after a Demand Loan Repayment Event has occurred or the Issuer has otherwise demanded that the Demand Loan be repaid

If, prior to the service of an Asset Coverage Test Breach Notice or a Notice to Pay, a Demand Loan Repayment Event has occurred or the Issuer has demanded that the Demand Loan be repaid, the Guarantor may be required to sell Portfolio Assets in accordance with the Guarantor Agreement (see "*Method of sale of Portfolio Assets*" below), subject to the rights of pre-emption enjoyed by the Seller to purchase the Portfolio Assets pursuant to the terms of the Mortgage Sale Agreement. Any such sale will be subject to the condition that the Asset Coverage Test is satisfied after the receipt of the proceeds of such sale and repayment, after giving effect to such repayment.

Sale of Randomly Selected Loans at any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor

At any time an Asset Coverage Test Breach Notice is outstanding or a Notice to Pay has been served on the Guarantor, but prior to service of a Guarantor Acceleration Notice on the Guarantor, the Guarantor may be obliged to sell Portfolio Assets in accordance with the Guarantor Agreement (see "*Method of sale of Portfolio Assets*" below), subject to the rights of pre-emption enjoyed by the Seller to buy the Portfolio Assets pursuant to the terms of the Mortgage Sale Agreement and subject to additional advances on the Intercompany Loan and any Cash Capital Contribution made by the Limited Partner. The proceeds from any such sale or refinancing will be credited to the GIC Account and applied as set out in the Priorities of Payments (see "*Cashflows*" below).

Method of sale of Portfolio Assets

If the Guarantor is required to sell Portfolio Assets to Purchasers following a breach of the Pre-Maturity Test, the occurrence of a Demand Loan Repayment Event, the Demand Loan being demanded by the Issuer, the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the Guarantor, the Guarantor will be required to ensure that before offering Portfolio Assets for sale:

(a) the Portfolio Assets being sold are Randomly Selected Loans; and

(b) the Portfolio Assets have an aggregate True Balance in an amount (the "**Required True Balance Amount**" which is as close as possible to the amount calculated as follows:

(i) following a Demand Loan Repayment Event or the Demand Loan being demanded by the Bank but prior to service of an Asset Coverage Test Breach Notice, such amount that would ensure that, if the Randomly Selected Loans were sold at their True Balance, the Demand Loan as calculated on the date of the demand could be repaid, subject to satisfaction of the Asset Coverage Test; or

(ii) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay on the Guarantor), such amount that would ensure that, if the Portfolio Assets were sold at their True Balance, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the Guarantor on the Guarantor Payment Date following that Calculation Date (assuming for this purpose that the Asset Coverage Test Breach Notice is not revoked on the next Calculation Date); or

(iii) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Guarantor:

$$N \text{ x } \frac{\text{True Balance of all the Portfolio Assets in the Covered Bond Portfolio}}{\text{the Canadian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where "N" is an amount equal to

(x) in respect of Randomly Selected Loans being sold following a breach of the Pre-Maturity Test, the Pre-Maturity Liquidity Required Amount less amounts standing to the credit of the Pre-Maturity Liquidity Ledger; or

(y) in respect of Randomly Selected Loans being sold following service of a Notice to Pay, the Canadian Dollar Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the Guarantor Accounts and the principal amount of any Substitute Assets (excluding all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

The Guarantor will offer the Portfolio Assets for sale to Purchasers for the best price reasonably available but in any event:

(a) following (i) a Demand Loan Repayment Event, the Demand Loan being demanded by the Bank or (ii) the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay on the Guarantor), in each case, for an amount not less than the True Balance of the Portfolio Assets; and

(b) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Guarantor, for an amount not less than the Adjusted Required Redemption Amount.

Following the service of a Notice to Pay on the Guarantor, if the Portfolio Assets have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, as applicable, if the Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), or the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds in respect of a sale in connection with the Pre-Maturity Test, then the Guarantor will offer the Portfolio Assets for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

The Guarantor will through a tender process appoint a portfolio manager of recognized standing on a basis intended to incentivize the portfolio manager to achieve the best price for the sale of the Portfolio Assets (if such terms are commercially available in the market) and to advise it in relation to the sale of the Portfolio Assets to Purchasers (except where the Seller is buying the Portfolio Assets in accordance with their right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender will be approved by the Bond Trustee.

In respect of any sale or refinancing (as applicable) of Portfolio Assets at any time an Asset Coverage Test Breach Notice is outstanding, a breach of the Pre-Maturity Test, or a Notice to Pay has been served on the Guarantor, the Guarantor will instruct the portfolio manager to use all reasonable efforts to procure that Portfolio Assets are sold or refinanced (as applicable) as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantor Agreement.

The terms of any sale and purchase agreement with respect to the sale of Portfolio Assets (which will give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Bond Trustee. The Bond Trustee will not be required to release the Portfolio Assets from the Security unless the conditions relating to the release of the Security (as described under "*Security Agreement—Release of Security*", below) are satisfied.

Following the service of a Notice to Pay on the Guarantor, if Purchasers accept the offer or offers from the Guarantor so that some or all of the Portfolio Assets will be sold prior to the next following Final Maturity Date or, if the Covered

Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the next following Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the Guarantor will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant Purchasers which will require among other things a cash payment from the relevant Purchasers. Any such sale will not include any Loan Representations and Warranties from the Guarantor in respect of the Portfolio Assets unless expressly agreed by the Bond Trustee or otherwise agreed with the Seller.

Covenants of the General Partner and Limited Partner of the Guarantor

Each of the Partners covenants that, subject to the terms of the Transaction Documents, it will not sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in or otherwise dispose of its interest in the Guarantor without the prior written consent of the Managing GP and, while the Covered Bonds are outstanding, the Bond Trustee.

The Guarantor covenants that it will not, save with the prior written consent of the Limited Partner (and, for so long as any Covered Bonds are outstanding, the consent of the Bond Trustee) or as envisaged by the Transaction Documents:

(a) have an interest in a bank account;

(b) have any employees, premises or subsidiaries;

(c) acquire any material assets;

(d) sell, exchange, deal with or grant any option, present or future right to acquire any of the assets or undertakings of the Guarantor or any interest therein or thereto;

(e) enter into any contracts, agreements or other undertakings;

(f) incur any indebtedness or give any guarantee or indemnity in respect of any such indebtedness;

(g) create or permit to subsist any security interest over the whole or any part of the assets or undertakings, present or future of the Guarantor;

(h) change the name or business of the Guarantor or do any act in contravention of, or make any amendment to, the Guarantor Agreement;

(i) do any act which makes it impossible to carry on the ordinary business of the Guarantor, including winding up the Guarantor;

(j) compromise, compound or release any debt due to it;

(k) commence, defend, consent to a judgment, settle or compromise any litigation or other claims relating to it or any of its assets;

(l) permit a person to become a general or limited partner (except in accordance with the terms of the Guarantor Agreement); or

(m) consolidate or merge with another person.

The funds and assets of the Guarantor shall not (except in accordance with the terms of the Guarantor Agreement, the other Transaction Documents and the CMHC Guide) be commingled with the funds or assets of the Managing GP or the Liquidation GP or of any other person. For greater certainty, subject to such permitted commingling in accordance with the terms of the Guarantor Agreement, the other Transaction Documents and the CMHC Guide, all cash and

Substitute Assets of the Guarantor shall be held in one or more Guarantor Accounts and all Substitute Assets shall be segregated from the assets of the Account Bank.

Limit on investing in Substitute Assets; Prescribed Cash Limitation

At any time that no Asset Coverage Test Breach Notice is outstanding and prior to a Notice to Pay having been served on the Guarantor, the Guarantor will be permitted to hold Substitute Assets provided that the aggregate value of the Substitute Assets does not at any time exceed an amount equal to 10 per cent of the aggregate value of (x) the Loans and Related Security, (y) any Substitute Assets, and (z) all cash held by the Guarantor (subject to the Prescribed Cash Limitation) and provided that investments in Substitute Assets are made in accordance with the terms of the Cash Management Agreement and subject to the applicable Priority of Payments.

At any time an Asset Coverage Test Breach Notice is outstanding or a Covered Bond Guarantee Activation Event has occurred, the Substitute Assets held by or on behalf of the Guarantor must be sold as quickly as reasonably practicable with proceeds credited to the GIC Account.

The Guarantor may not at any time hold cash in excess of (such limitation, the "**Prescribed Cash Limitation**") (i) the amount necessary to meet its payment obligations for the immediately succeeding six months pursuant to the terms of the Transaction Documents, or (ii) such greater amount as CMHC may at its discretion permit in accordance with the Covered Bond Legislative Framework and the CMHC Guide, in each case excluding amounts received between Guarantor Payment Dates; provided that to the extent that cash receipts of the Guarantor cause it to hold cash in excess of the amount permitted in (i) or (ii), as applicable, the Guarantor will not be in breach of this covenant if it uses such excess amount to (w) purchase New Loans and their Related Security for the Covered Bond Portfolio pursuant to the terms of the Mortgage Sale Agreement; and/or (x) to invest in Substitute Assets in an amount not exceeding the prescribed limit under the CMHC Guide; and/or (y) subject to complying with the Asset Coverage Test, to make Capital Distributions to the Limited Partner; and/or (z) repay all or a portion of the Demand Loan, in each case, within 31 days of receipt.

For greater certainty, amounts standing to the credit of the Pre-Maturity Liquidity Ledger and the Reserve Fund (other than, in each case, those amounts that constitute Substitute Assets) constitute cash and are subject to the Prescribed Cash Limitation. In the event that the Guarantor is required to fund the Pre-Maturity Liquidity Ledger and/or the Reserve Fund in accordance with the Transaction Documents and such funding would cause the Guarantor to hold cash in excess of the Prescribed Cash Limitation, any cash held by the Guarantor in excess of such cash standing to the credit of the Pre-Maturity Liquidity Ledger and the Reserve Fund shall be used by the Guarantor in accordance with clauses (w), (x), (y) and (z) in the immediately preceding paragraph above within 31 days of receipt to ensure that the Guarantor is not in breach of the Prescribed Cash Limitation. In the event that the Guarantor is in breach of the Prescribed Cash Limitation and it does not hold any cash other than the amounts it is required to hold in order to fund the Pre-Maturity Liquidity Ledger and the Reserve Fund in accordance with the Transaction Documents, the Guarantor will request that CMHC, in accordance with the discretion granted to it under the Covered Bond Legislative Framework and the CMHC Guide, permit the Guarantor to hold such amount of cash in excess of the Prescribed Cash Limitation as may be required to allow it to comply with the Transaction Documents in the circumstances.

Other Provisions

The allocation and distribution of Revenue Receipts, Principal Receipts and all other amounts received by the Guarantor is described under "*Cashflows*" below.

For so long as any Covered Bonds are outstanding, each of the Partners has agreed that it will not terminate or purport to terminate the Guarantor or institute any winding-up, administration, insolvency or other similar proceedings against the Guarantor. Furthermore, each of the Partners has agreed, among other things, except as otherwise specifically provided in the Transaction Documents not to demand or receive payment of any amounts payable to such Partners by the Guarantor (or the Cash Manager on its behalf) or the Bond Trustee unless all amounts then due and payable by the Guarantor to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full.

Each of the Partners will be responsible for the payment of its own tax liabilities and will be required to indemnify the other from any liabilities which they incur as a result of the relevant partner's non-payment.

Following the appointment of a liquidator to any partner, any decisions of the Guarantor that are reserved to the Partners or a unanimous decision of the Partners in the Guarantor Agreement will be made by the Partner(s) not in liquidation only.

Cash Management Agreement

The Cash Manager has agreed to provide certain cash management services to the Guarantor pursuant to the terms of the Cash Management Agreement entered into on the Programme Date between the Guarantor, the Bank in its capacities as Cash Manager, Seller and Servicer, and the Bond Trustee (as amended on 17 December 2014 and 12 September 2017, and as the same may be further amended/or restated and/or supplemented from time to time, the "**Cash Management Agreement**").

The Cash Manager's services include but are not limited to:

(a) maintaining the Ledgers on behalf of the Guarantor;

(b) collecting the Revenue Receipts and the Principal Receipts from the Servicer and distributing and/or depositing the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payments described under "*Cashflows*", below;

(c) determining whether the Asset Coverage Test is satisfied on each Calculation Date in accordance with the Guarantor Agreement, as more fully described under "*Credit Structure—Asset Coverage Test*";

(d) determining whether the Amortization Test is satisfied on each Calculation Date following the occurrence and during the continuance of an Issuer Event of Default in accordance with the Guarantor Agreement, as more fully described under "*Credit Structure—Amortization Test*", below;

(e) performing the Valuation Calculation, as more fully described under "*Description of the Canadian Registered Covered Bond Programs Regime*", below;

(f) performing the OC Valuation, as more fully described under "*Summary of the Principal Documents – Guarantor Agreement – OC Valuation*", above;

(g) preparation of Investor Reports in respect of the Covered Bonds for the Bond Trustee and the Rating Agencies; and

(h) on each Canadian Business Day, determining whether the Pre-Maturity Test for each Series of Hard Bullet Covered Bonds, if any, is satisfied as more fully described under "*Credit Structure—Pre-Maturity Liquidity*" below.

Under the Cash Management Agreement, the Cash Manager represents and warrants to the Guarantor and the Bond Trustee that (i) it possesses the necessary experience, qualifications, facilities and other resources to perform its responsibilities under the Cash Management Agreement and the other Transaction Documents to which it is a party and it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions thereunder, (ii) it is rated at or above the Cash Manager Required Ratings by each of the Rating Agencies, (iii) it is and will continue to be in good standing with OSFI, (iv) it is and will continue to be in material compliance with its internal policies and procedures relevant to the services to be provided by it pursuant to the Cash Management Agreement and the other Transaction Documents to which it is party, and (v) it is and will continue to be in material compliance with all laws, regulations and rules applicable to it in relation to the services provided by it pursuant to the Cash Management Agreement and the other Transaction Documents to which it is a party.

In the event of a downgrade in the applicable ratings of the Cash Manager by one or more Rating Agencies below the Cash Management Deposit Ratings, the Cash Manager will be required to direct the Servicer to deposit all Revenue Receipts and Principal Receipts received by the Servicer directly into the GIC Account.

In the event of a downgrade in the applicable ratings of the Cash Manager by one or more Rating Agencies below the Cash Manager Required Ratings, the Cash Manager will, in certain circumstances, be required to assign the Cash Management Agreement to a third party service provider acceptable to the Bond Trustee and for which the Rating Agency Condition has been satisfied. The Guarantor will also have the discretion to terminate the Cash Manager if an Issuer Event of Default occurs and is continuing, or has previously occurred and is continuing, at any time that the Guarantor is Independently Controlled and Governed. In addition to the foregoing, the Guarantor and the Bond Trustee will, in certain circumstances, each have the right to terminate the appointment of the Cash Manager in which event the Guarantor will appoint a substitute (the identity of which will be subject to the Bond Trustee's written approval). Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher).

Interest Rate Swap Agreement

To provide a hedge against (i) possible variances in the rates of interest payable on the Loans and related amounts in the Covered Bond Portfolio (which may, for instance, include variable rates of interest or fixed rates of interest) following the Interest Rate Swap Effective Date and (ii) the amount (if any) payable under the Intercompany Loan Agreement and, following the Covered Bond Swap Effective Date, the Covered Bond Swap Agreement, the Guarantor has entered into the Interest Rate Swap Agreement with the Interest Rate Swap Provider. The Guarantor and the Interest Rate Swap Provider agreed to swap the amount of interest received by the Guarantor from Borrowers and related amounts in exchange for an amount sufficient to pay, amongst other things, the amount payable by the Guarantor under the Covered Bond Swap Agreement plus an amount for certain expenses of the Guarantor.

No cash flows will be exchanged under the Interest Rate Swap Agreement unless and until the Interest Rate Swap Effective Date has occurred.

The Interest Rate Swap Agreement will terminate (unless terminated earlier by an Interest Rate Swap Early Termination Event) on the earlier of:

(a) the Final Maturity Date for the final Tranche or Series of Covered Bonds then outstanding (provided that the Issuer has not given prior written notice to the Interest Rate Swap Provider and the Guarantor that it intends to issue additional Covered Bonds following such date) or, if the Guarantor notifies the Interest Rate Swap Provider, prior to the Final Maturity Date for such final Tranche or Series of Covered Bonds then outstanding, of the inability of the Guarantor to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such final Tranche or Series of Covered Bonds then outstanding, the final date on which an amount representing the Final Redemption Amount for such final Tranche or Series of Covered Bonds then outstanding is paid (but in any event not later than the Extended Due for Payment Date for such Tranche or Series of Covered Bonds);

(b) the date designated therefor by the Bond Trustee and notified to the Interest Rate Swap Provider and the Guarantor for purposes of realizing the Security in accordance with the Security Agreement and distributing the proceeds therefrom in accordance with the Post-Enforcement Priority of Payments following the enforcement of the Security pursuant to Condition 7.03;

(c) the date on which the notional amount under the Interest Rate Swap Agreement reduces to zero (as a result of the reduction for the amount of any Early Redemption Amount paid pursuant to Condition 7.02 in respect of the final Tranche or Series of Covered Bonds then outstanding or any Final Redemption Amount paid pursuant to Condition 6.01 in respect of the final Tranche or Series of Covered Bonds then outstanding following the Final Maturity Date for such Tranche or Series of Covered Bonds, provided in each case that the Issuer has not given prior written notice to the Interest Rate Swap Provider that it intends to issue additional Covered Bonds following such date); and

(d) the date of redemption pursuant to Conditions 6.02 or 6.13 in respect of any final Tranche or Series of Covered Bonds then outstanding (provided that the Issuer has not given prior written notice to the Interest Rate Swap Provider that it intends to issue additional Covered Bonds following such date).

The Interest Rate Swap Agreement may also be terminated in certain other circumstances (each referred to as an "**Interest Rate Swap Early Termination Event**"), including:

- subject to the following paragraph, at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under the Interest Rate Swap Agreement, however, no such failure to pay by the Guarantor, other than payments in respect of Swap Collateral Excluded Amounts, will entitle the Interest Rate Swap Provider to terminate the Interest Rate Swap Agreement, if such failure is due to the assets available at such time to the Guarantor being insufficient to make the required payment in full;

- subject to the following paragraph, at the option of the Guarantor, if the Interest Rate Swap Provider is the Issuer and an Issuer Event of Default has occurred which has resulted in the Covered Bonds becoming due and payable under their respective terms;

- subject to the following paragraph, at the option of the Guarantor, in the event that an Initial IRS Downgrade Trigger Event has occurred and (i) the Interest Rate Swap Provider does not provide credit support to the Guarantor within 10 Business Days of the occurrence of such Initial IRS Downgrade Trigger Event pursuant to the terms of the applicable credit support annex, or (ii) within 30 calendar days of the occurrence of the first Initial IRS Downgrade Trigger Event caused by a failure to maintain the ratings specified by Moody's or DBRS or within 14 calendar days of the occurrence of the first Initial IRS Downgrade Trigger Event caused by a failure to maintain the ratings specified by Fitch, the Interest Rate Swap Provider fails to arrange for its obligations under the Interest Rate Swap Agreement to be guaranteed by, or transferred to, an entity with rating(s) required by the relevant Rating Agencies;

- subject to the following paragraph, at the option of the Guarantor, in the event that a Subsequent IRS Downgrade Trigger Event has occurred and (i) within 15 calendar days of the occurrence of such Subsequent IRS Downgrade Trigger Event, the Interest Rate Swap Provider does not arrange for its obligations under the Interest Rate Swap Agreement to be guaranteed by, or transferred to, an entity with rating(s) required by the relevant Rating Agencies, or (ii) the Interest Rate Swap Provider does not provide additional credit support to the Guarantor within 10 Business Days of the occurrence of such Subsequent IRS Downgrade Trigger Event pursuant to the terms of the applicable credit support annex; and

- upon the occurrence of the insolvency of the Interest Rate Swap Provider, or any credit support provider and certain insolvency-related events in respect of the Guarantor, or the merger of the Interest Rate Swap Provider without an assumption of the obligations under the Interest Rate Swap Agreement.

If, at any time, the Guarantor (a) is Independently Controlled and Governed, the Guarantor has the discretion, but is not required to, (i) waive any requirement of the Interest Rate Swap Provider to provide credit support, obtain an eligible guarantee or replace itself upon the occurrence of a Downgrade IRS Trigger Event, and (ii) refrain from forthwith terminating the Interest Rate Swap Agreement or finding a replacement Interest Rate Swap Provider, in each case, upon the occurrence of an event of default or additional termination event caused solely by the Interest Rate Swap Provider, and (b) is not Independently Controlled and Governed, the Guarantor shall not have the rights set out under clause (a)(i) and (a)(ii) of this paragraph unless, within 10 Montréal Business Days, of the occurrence of a Downgrade IRS Trigger Event or an event of default (other than an insolvency event of default) or additional termination event caused solely by the Interest Rate Swap Provider, as applicable, and for so long as such event continues to exist, and provided that the Interest Rate Swap Provider is the lender under the Intercompany Loan Agreement, a Contingent Collateral Notice is delivered in respect of such event by the Interest Rate Swap Provider (in its capacity as lender under the Intercompany Loan Agreement) to the Guarantor and the Guarantor has Contingent Collateral.

Upon the termination of the Interest Rate Swap Agreement pursuant to an Interest Rate Swap Early Termination Event, the Guarantor or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement.

As noted herein, the notional amount of an Interest Rate Swap Agreement will be adjusted to correspond to any sale of Portfolio Assets following each of a Demand Loan Repayment Event, the Demand Loan being demanded by the Issuer, breach of the Pre-Maturity Test, service of an Asset Coverage Test Breach Notice and service of a Notice to Pay and swap termination payments may be due and payable in accordance with the terms of the Interest Rate Swap Agreement as a consequence thereof.

Swap Collateral Excluded Amounts, if applicable, will be paid to the Interest Rate Swap Provider directly and not via the Priorities of Payments. If withholding taxes are imposed on payments made by the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the Interest Rate Swap Provider will always be obliged to gross up these payments. If withholding taxes are imposed on payments made by the Guarantor to the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the Guarantor shall not be obliged to gross up those payments.

All of the interest and obligations of the Interest Rate Swap Provider under the Interest Rate Swap Agreement may be transferred by it to a replacement swap counterparty upon the Interest Rate Swap Provider providing five Business Days' prior written notice to Guarantor and, subject to the following sentence, the Bond Trustee, provided that (i) such replacement swap counterparty has the rating(s) required by the relevant Rating Agencies (or the obligations of such replacement swap counterparty under the Interest Rate Swap Agreement are guaranteed by an entity having the rating(s) required by the relevant Rating Agencies), (ii) as of the date of such transfer, such replacement swap counterparty will not be required to withhold or deduct any taxes under the Interest Rate Swap Agreement as a result of such transfer, (iii) no termination event or event of default will occur under the Interest Rate Swap Agreement as a result of such transfer, (iv) no additional amount will be payable by the Guarantor under the Interest Rate Swap Agreement as a result of such transfer, (v) the Rating Agency Condition shall have been satisfied or deemed to have been satisfied and (vi) such replacement swap counterparty enters into documentation substantially identical to the Interest Rate Swap Agreement. The Bond Trustee's consent to such transfer is required if such transfer occurs as a result of the occurrence of a Downgrade IRS Trigger Event.

The Interest Rate Swap Agreement is in the form of an ISDA Master Agreement, including a schedule and confirmation thereto and credit support annex. Under the Interest Rate Swap Agreement, the Guarantor makes the following representations with respect to itself and/or the Interest Rate Swap Agreement, as applicable: (i) that is it duly organized and validly existing, (ii) that it has the power and authority to enter into the Interest Rate Swap Agreement, (iii) that it is not in violation or conflict with any applicable law, its constitutional documents, any court order or judgment or any contractual restriction, (iv) it has obtained all necessary consents, (v) its obligations under the Interest Rate Swap Agreement are valid and binding, (vi) no event of default, potential event of default or termination event has occurred and is continuing under the Interest Rate Swap Agreement, (vii) there is no pending or, to its knowledge, any threatened litigation which is likely to affect its ability to perform under the Interest Rate Swap Agreement, (viii) all information furnished in writing is true, accurate and complete in every material respect, (ix) all payments will be made without any withholding and deduction, (x) that it is a "Canadian partnership" under the *Income Tax Act* (Canada) and a limited partnership organized under the laws of the Province of Ontario, (xi) that it is entering into the agreement as principal and not as agent, and (xii) that it is not relying on the other party for any investment advice, that is capable of assessing the merits of and understanding the risks of entering into the relevant transaction and that the Interest Rate Swap Provider is not acting as fiduciary to it.

Under the Interest Rate Swap Agreement, the Guarantor's obligations are limited in recourse to the Charged Property.

The Interest Rate Swap Agreement will be governed by, and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Covered Bond Swap Agreement

To provide a hedge against currency and/or other risks, in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable in respect of its obligations under the Covered Bond Guarantee, the Guarantor has entered into the Covered Bond Swap Agreement with the Covered Bond Swap Provider in respect of each Series of Covered Bonds issued to date, and will enter into a new ISDA Master Agreement, schedule and confirmation(s) and credit support annex, for each Tranche and/or Series of Covered Bonds issued at the time such Covered Bonds are issued. The Covered Bond Swap Provider and the Guarantor will agree to swap Canadian dollar floating rate amounts received by the Guarantor under the Interest Rate Swap Agreement (described above) into the exchange rate specified in the Covered Bond Swap Agreement relating to the relevant Tranche or Series of Covered Bonds. This will allow the Guarantor to hedge certain currency and/or other risks in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable or that may become payable in respect of its obligations under the Covered Bond Guarantee. However, in certain circumstances, the amounts received by the Guarantor under the Covered Bond Swap Agreement may not match its obligations under the Covered Bond Guarantee. For example, in the event that a reference rate on a specified date is not available, the fallback provisions for determining the reference rate in such circumstances under a Series of Covered Bonds, and thus, the amounts payable by the Guarantor under the Covered Bond Guarantee, may be different than the fallback provisions for determining the reference rate under the relevant Covered Bond Swap Agreement which is used to determine the amounts received by the Guarantor under the Covered Bond Swap Agreement. In addition, the calculation of a reference rate under a Series of Covered Bonds may include an observation look back period which may not be included in the determination of that reference rate under the Covered Bond Swap Agreement. No cash flows will be exchanged under the Covered Bond Swap Agreement unless and until the Covered Bond Swap Effective Date has occurred.

If prior to (i) the Final Maturity Date in respect of the relevant Series or Tranche of Covered Bonds, or (ii) any Interest Payment Date or the Extended Due for Payment Date following a deferral of the Due for Payment Date to the Extended Due for Payment Date by the Guarantor pursuant to Condition 6.01 (if an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the payment of the Final Redemption Amount or any part of it by the Guarantor under the Covered Bond Guarantee is deferred pursuant to Condition 6.01), the Guarantor notifies the Covered Bond Swap Provider (pursuant to the terms of the Covered Bond Swap Agreement) of the amount in the Specified Currency to be paid by such Covered Bond Swap Provider on such Final Maturity Date or Interest Payment Date thereafter (such amount being equal to the Final Redemption Amount or the relevant portion thereof payable by the Guarantor on such Final Maturity Date or Interest Payment Date under the Covered Bond Guarantee in respect of the relevant Series or Tranche of Covered Bonds), then the Covered Bond Swap Provider will pay the Guarantor such amount and the Guarantor will pay the Covered Bond Swap Provider the Canadian Dollar Equivalent of such amount. Further, if on any day an Early Redemption Amount is payable pursuant to Condition 7.02, the Covered Bond Swap Provider will pay the Guarantor such Early Redemption Amount (or the relevant portion thereof) and the Guarantor will pay the Covered Bond Swap Provider the Canadian Dollar Equivalent thereof, following which the notional amount of the Covered Bond Swap Agreement will reduce accordingly.

The Covered Bond Swap Agreement will (unless terminated earlier by a Covered Bond Swap Early Termination Event) terminate in respect of any relevant Tranche or Series of Covered Bonds, on the earlier of:

(a) the Final Maturity Date for, or if earlier, the date of redemption in whole of, such Series of Covered Bonds or, if the Guarantor notifies the Covered Bond Swap Provider, prior to the Final Maturity Date for such Tranche or Series of Covered Bonds, of the inability of the Guarantor to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Tranche or Series of Covered Bonds, the final Interest Payment Date on which an amount representing the Final Redemption Amount for such Tranche or Series of Covered Bonds is paid (but in any event not later than the Extended Due for Payment Date for such Tranche or Series of Covered Bonds); and

(b) the date designated therefor by the Bond Trustee and notified to the Covered Bond Swap Provider and the Guarantor for purposes of realizing the Security in accordance with the Security Agreement and distributing the proceeds therefrom in accordance with the Post-Enforcement Priority of Payments following the enforcement of the Security pursuant to Condition 7.03.

The Covered Bond Swap Agreement may also be terminated in certain other circumstances (each referred to as a "**Covered Bond Swap Early Termination Event**"), including:

- subject to the following paragraph, at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to pay any amounts due under the Covered Bond Swap Agreement, however, no such failure to pay by the Guarantor other than payments in respect of Swap Collateral Excluded Amounts will entitle the Covered Bond Swap Provider to terminate the Covered Bond Swap Agreement, if such failure is due to the assets available at such time to the Guarantor being insufficient to make the required payment in full);

- subject to the following paragraph, at the option of the Guarantor, if the Covered Bond Swap Provider is the Issuer and an Issuer Event of Default has occurred which has resulted in the Covered Bonds becoming due and payable under their respective terms;

- subject to the following paragraph, at the option of the Guarantor, in the event that an Initial CBS Downgrade Trigger Event has occurred and (i) the Covered Bond Swap Provider does not provide credit support to the Guarantor within 14 calendar days of the occurrence of such Initial CBS Downgrade Trigger Event pursuant to the terms of the applicable credit support annex, or (ii) within 30 Montreal Business Days of the occurrence of the first Initial CBS Downgrade Trigger Event caused by a failure to maintain the ratings specified by Moody's or within 30 calendar days of the occurrence of the first Initial CBS Downgrade Trigger Event caused by a failure to maintain the ratings specified by DBRS or within 60 calendar days of the occurrence of the first Initial CBS Downgrade Trigger Event caused by a failure to maintain the ratings specified by Fitch, the Covered Bond Swap Provider fails to arrange for its obligations under the Covered Bond Swap Agreement to be guaranteed by, or transferred to, an entity with rating(s) required by the relevant Rating Agencies;

- subject to the following paragraph, at the option of the Guarantor, in the event that a Subsequent CBS Downgrade Trigger Event has occurred and (i) within 30 Montreal Business Days of the occurrence of a Subsequent CBS Downgrade Trigger Event caused by a failure to maintain the ratings specified by Moody's or within 30 calendar days of the occurrence of a Subsequent CBS Downgrade Trigger Event caused by a failure to maintain the ratings specified by DBRS or within 60 calendar days of the occurrence of the first Subsequent CBS Downgrade Trigger Event caused by a failure to maintain the ratings specified by Fitch, the Covered Bond Swap Provider does not arrange for its obligations under the Covered Bond Swap Agreement to be guaranteed by, or transferred to, an entity with rating(s) required by the relevant Rating Agencies, or (ii) the Covered Bond Swap Provider does not provide additional credit support to the Guarantor within 14 calendar days of the occurrence of such Subsequent CBS Downgrade Trigger Event pursuant to the terms of the applicable credit support annex; and

- upon the occurrence of the insolvency of the Covered Bond Swap Provider or any credit support provider, and certain insolvency-related events in respect of the Guarantor or the merger of the Covered Bond Swap Provider without an assumption of the obligations under the Covered Bond Swap Agreement.

If, at any time, the Guarantor (a) is Independently Controlled and Governed, the Guarantor has the discretion, but is not required to, (i) waive any requirement of the Covered Bond Swap Provider to provide credit support, obtain an eligible guarantee or replace itself upon the occurrence of a Downgrade CBS Trigger Event, and (ii) refrain from forthwith terminating the Covered Bond Swap Agreement or finding a replacement Covered Bond Swap Provider, in each case, upon the occurrence of an event of default or additional termination event caused solely by the Covered Bond Swap Provider, and (b) is not Independently Controlled and Governed, the Guarantor shall not have the rights set out under clause (a)(i) and (a)(ii) of this paragraph unless, within 10 Montréal Business Days, of the occurrence of a Downgrade CBS Trigger Event or an event of default (other than an insolvency event of default) or additional termination event caused solely by the Covered Bond Swap Provider, as applicable, and for so long as such event continues to exist and provided that the Covered Bond Swap Provider is the lender under the Intercompany Loan Agreement, a Contingent Collateral Notice is delivered in respect of such event by the Covered Bond Swap Provider (in its capacity as lender under the Intercompany Loan Agreement) to the Guarantor and the Guarantor has Contingent Collateral.

Upon the termination of the Covered Bond Swap Agreement pursuant to a Covered Bond Swap Early Termination Event, the Guarantor or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Covered Bond Swap Agreement.

Any termination payment made by the Covered Bond Swap Provider to the Guarantor in respect of the Covered Bond Swap Agreement will first be used to the extent necessary (prior to the occurrence of a Guarantor Event of Default and service of a Guarantor Acceleration Notice) to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap with the Guarantor, unless a replacement Covered Bond Swap Agreement has already been entered into on behalf of the Guarantor. Any premium received by the Guarantor from a replacement Covered Bond Swap Provider entering into a Covered Bond Swap Agreement will first be used to make any termination payment due and payable by the Guarantor with respect to the Covered Bond Swap Agreement, unless such termination payment has already been made or behalf of the Guarantor.

Swap Collateral Excluded Amounts, if applicable, will be paid to the Covered Bond Swap Provider directly and not via the Priorities of Payments.

All of the interest and obligations of the Covered Bond Swap Provider under the Covered Bond Swap Agreement may be transferred by it to a replacement swap counterparty upon the Covered Bond Swap Provider providing five Business Days' prior written notice to Guarantor and, subject to the following sentence, the Bond Trustee, provided that (i) such replacement swap counterparty has the rating(s) required by the relevant Rating Agencies (or the obligations of such replacement swap counterparty under the Covered Bond Swap Agreement are guaranteed by an entity having the rating(s) required by the relevant Rating Agencies), (ii) as of the date of such transfer, such replacement swap counterparty will not be required to withhold or deduct any taxes under the Covered Bond Swap Agreement as a result of such transfer, (iii) no termination event or event of default will occur under the Covered Bond Swap Agreement as a result of such transfer, (iv) no additional amount will be payable by the Guarantor under the Covered Bond Swap Agreement as a result of such transfer, (v) the Rating Agency Condition shall have been satisfied or deemed to have been satisfied and (vi) such replacement swap counterparty enters into documentation substantially identical to the Covered Bond Swap Agreement. The Bond Trustee's consent to such transfer is required if such transfer occurs as a result of a Downgrade CBS Trigger Event.

If withholding taxes are imposed on payments made by the Covered Bond Swap Provider to the Guarantor under the Covered Bond Swap Agreement, the Covered Bond Swap Provider will always be obliged to gross up those payments. If withholding taxes are imposed on payments made by the Guarantor to the Covered Bond Swap Provider under the Covered Bond Swap Agreement, the Guarantor will not be obliged to gross up those payments.

The Covered Bond Swap Agreement is in the form of an ISDA Master Agreement, including a schedule and confirmation and credit support annex, if applicable, in relation to each particular Tranche or Series of Covered Bonds, as the case may be. Under the Covered Bond Swap Agreement, the Guarantor makes the following representations with respect to itself and/or the Covered Bond Swap Agreement, as applicable: (i) that it is duly organized and validly existing, (ii) that it has the power and authority to enter into the Covered Bond Swap Agreement, (iii) that it is not in violation or conflict with any applicable law, its constitutional documents, any court order or judgment or any contractual restriction, (iv) it has obtained all necessary consents, (v) its obligations under the Covered Bond Swap Agreement are valid and binding, (vi) no event of default, potential event of default or termination event has occurred and is continuing under the Covered Bond Swap Agreement, (vii) there is no pending or, to its knowledge, any threatened litigation which is likely to affect its ability to perform under the Covered Bond Swap Agreement, (viii) all information furnished in writing is true, accurate and complete in every material respect, (ix) all payments will be made without any withholding and deduction, (x) that it is a "Canadian partnership" under the *Income Tax Act* (Canada) and a limited partnership organized under the laws of the Province of Ontario, (xi) that it is entering into the agreement as principal and not as agent, and (xii) that it is not relying on the other party for any investment advice, that is capable of assessing the merits of and understanding the risks of entering into the relevant transaction and that the Covered Bond Swap Provider is not acting as fiduciary to it.

Under the Covered Bond Swap Agreement, the Guarantor's obligations are limited in recourse to the Charged Property.

The Covered Bond Swap Agreement will be governed by, and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Bank Account Agreement

Pursuant to the terms of the bank account agreement entered into on the Programme Date between the Guarantor, the Account Bank, the GIC Provider, the Cash Manager and the Bond Trustee (and as amended and/or restated and/or supplemented from time to time, the "**Bank Account Agreement**"), the Guarantor will maintain with the Account

Bank the accounts described below, which will be operated in accordance with the Cash Management Agreement, the Guarantor Agreement and the Security Agreement:

(a) the GIC Account into which amounts may be deposited by the Guarantor (including, following the occurrence of an Issuer Event of Default which is not cured within the applicable grace period, all amounts received from Borrowers in respect of Loans in the Covered Bond Portfolio). On each Guarantor Payment Date as applicable, amounts required to meet the Guarantor's various creditors and amounts to be distributed to the Partners under the Guarantor Agreement will be transferred to the Transaction Account (to the extent maintained); and

(b) the Transaction Account (to the extent maintained) into which, amounts may be deposited by the Guarantor prior to their transfer to the GIC Account. Moneys standing to the credit of the Transaction Account will be transferred on each Guarantor Payment Date and applied by the Cash Manager in accordance with the Priorities of Payments described below under "*Cashflows*".

Under the Bank Account Agreement, the Account Bank represents and warrants to the Cash Manager, the Guarantor and the Bond Trustee on the Programme Date and on each date on which an amount is credited to the Guarantor Accounts and on each Guarantor Payment Date that: (i) it is a bank listed in Schedule I to the Bank Act and duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, (ii) the execution, delivery and performance by it of the Bank Account Agreement (x) are within its corporate powers, (y) have been duly authorized by all necessary corporate action, and (z) do not contravene or result in a default under or conflict with (A) its charter or by-laws, (B) any law, rule or regulation applicable to it, or (C) any order, writ, judgment, award, injunction, decree or contractual obligation binding on or affecting it or its property, (iii) it is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada), (iv) it possesses the necessary experience, qualifications, facilities and other resources to perform its responsibilities under the Bank Account Agreement and the other Transaction Documents to which it is a party and it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions thereunder, (v) it is rated at or above the Account Bank Threshold Ratings by each of the Rating Agencies, (vi) it is and will continue to be in good standing with OSFI, (vii) it is and will continue to be in material compliance with its internal policies and procedures relevant to the services to be provided by it pursuant to the Bank Account Agreement and the other Transaction Documents to which it is party, and (viii) it is and will continue to be in material compliance with all laws, regulations and rules applicable to it in relation to the services provided by it pursuant to the Bank Account Agreement and the other Transaction Documents to which it is a party.

If the applicable ratings of the Account Bank by one or more Rating Agencies fall below the Account Bank Threshold Ratings (as defined below), then the GIC Account and the Transaction Account (to the extent maintained) will be required to be closed and all amounts standing to the credit thereof transferred to accounts held with the Standby Account Bank.

"**Account Bank Threshold Ratings**" means the threshold ratings P-1 (in respect of Moody's), A or F1 (in respect of Fitch, provided that, for greater certainty, only one of such ratings from Fitch is required to be at or above such ratings), and A or R-1 (low) (in respect of DBRS, provided that, for greater certainty, only one of such ratings from DBRS is required to be at or above such ratings), as applicable, of, in the case of Moody's, the short term deposit rating, in the case of Fitch, the issuer default rating, and in the case of DBRS, the unsecured, unsubordinated and unguaranteed debt obligations, in each case, of the Account Bank by the Rating Agencies.

In addition to the requirement that the Guarantor Accounts be moved to the Standby Account Bank if the Account Bank breaches the Account Bank Threshold Ratings as described above, the Guarantor may (in the case of (i) through (iii) below) or shall (in the case of (iv) through (vii) below) terminate the Bank Account Agreement and move the Guarantor Accounts to the Standby Account Bank if: (i) a deduction or withholding for or on account of any taxes is imposed or is likely to be imposed in respect of the interest payable on any Guarantor Account, (ii) there is a breach by the Account Bank of certain representations and warranties or a failure by the Account Bank to perform certain covenants made by it under the Bank Account Agreement, (iii) the Account Bank fails to comply with any of its other covenants and obligations under the Bank Account Agreement, which failure in the reasonable opinion of the Bond Trustee is materially prejudicial to the interests of the Covered Bondholders and such failure is not remedied within 30 days of the earlier of the Account Bank becoming aware of the failure and receipt by the Account Bank of notice from the Bond Trustee requiring the same to be remedied, (iv) the Account Bank ceases or threatens to cease carrying on the business of the Account Bank, (v) an order is made for the winding up of the Account Bank, (vi) an Insolvency Event occurs with respect to the Account Bank, or (vii) if the Account Bank is the Issuer or an affiliate thereof, an Issuer Event of Default has occurred and is continuing.

Standby Bank Account Agreement

Pursuant to the terms of a standby bank account agreement entered into on the Programme Date, as amended on 12 September 2017 (such standby bank account agreement as amended, supplemented or replaced, the "**Standby Bank Account Agreement**") between the Guarantor, the Standby Account Bank, the Standby GIC Provider, the Cash Manager and the Bond Trustee (as amended and/or restated and/or supplemented from time to time), the Standby Account Bank will open and maintain a standby GIC account (the "**Standby GIC Account**") and standby transaction account (the "**Standby Transaction Account**") in the name of the Guarantor following delivery by the Guarantor (or the Cash Manager on its behalf) of a standby account bank notice (the "**Standby Account Bank Notice**") to the Standby Account Bank.

Pursuant to the terms of the Cash Management Agreement, the Cash Manager will deliver a Standby Account Bank Notice to the Standby Account Bank if the funds held in the GIC Account and the Transaction Account (to the extent maintained) are required to be transferred to the Standby Account Bank pursuant to the terms of the Bank Account Agreement or the Bank Account Agreement is terminated for any reason.

The Standby Bank Account Agreement provides that the Standby GIC Account and the Standby Transaction Account, when opened, will be subject to the security interest in favour of the Bond Trustee (for itself and on behalf of the other Secured Creditors) granted under the Security Agreement and that payments of amounts owing to the Standby Account Bank in respect of fees or otherwise shall be subject to the relevant Priorities of Payments set out in the Guarantor Agreement and the Security Agreement.

Under the Standby Bank Account Agreement, the Standby Account Bank represents and warrants to the Guarantor and the Bond Trustee on the Programme Date and on each date on which an amount is credited to any Guarantor Account that is held with the Standby Account Bank and on each Guarantor Payment Date that: (i) it is a bank listed in Schedule I to the Bank Act and duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, (ii) the execution, delivery and performance by it of the Standby Bank Account Agreement (x) are within its corporate powers, (y) have been duly authorized by all necessary corporate action, and (z) do not contravene or result in a default under or conflict with (A) its charter or by-laws, (B) any law, rule or regulation applicable to it, or (C) any order, writ, judgment, award, injunction, decree or contractual obligation binding on or affecting it or its property, (iii) it is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada), (iv) it possesses the necessary experience, qualifications, facilities and other resources to perform its responsibilities under the Standby Bank Account Agreement and the other Transaction Documents to which it is a party and it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions thereunder, (v) it is rated at or above the Standby Account Bank Threshold Ratings by each of the Rating Agencies, (vi) it is and will continue to be in good standing with OSFI, (vii) it is and will continue to be in material compliance with its internal policies and procedures relevant to the services to be provided by it pursuant to the Standby Bank Account Agreement and the other Transaction Documents to which it is party, and (viii) it is and will continue to be in material compliance with all laws, regulations and rules applicable to it in relation to the services provided by it pursuant to the Standby Bank Account Agreement and the other Transaction Documents to which it is a party.

The Standby Bank Account Agreement further provides that if the applicable ratings of the Standby Account Bank by one or more Rating Agencies fall below the Standby Account Bank Threshold Ratings, then the Standby GIC Account and the Standby Transaction Account (to the extent maintained) will be required to be closed and all amounts standing to the credit thereof transferred to accounts held with a satisfactorily rated bank.

"**Standby Account Bank Threshold Ratings**" means the threshold ratings P-1 (in respect of Moody's), A or F1 (in respect of Fitch, provided that, for greater certainty, only one of such ratings from Fitch is required to be at or above such ratings), and A or R-1 (low) (in respect of DBRS, provided that, for greater certainty, only one of such ratings from DBRS is required to be at or above such ratings), as applicable, of, in the case of Moody's, the short term deposit rating, in the case of Fitch, the issuer default rating, and in the case of DBRS, the unsecured, unsubordinated and unguaranteed debt obligations, in each case, of the Standby Account Bank by the Rating Agencies.

As of the date of this Prospectus, the Standby Account Bank has been assigned the following ratings from the Rating Agencies being, in the case of DBRS, its short-term debt rating and its senior unsecured (long-term) debt rating, in the case of Moody's, its short-term and long-term deposit ratings, and, in the case of Fitch, its short-term and long-term issuer default ratings, respectively:

Rating Agency	Short term debt	Senior debt[7]
DBRS	R-1(high)	AA
Moody's	P-1	A1
Fitch	F1+	AA-

In addition to the requirement that the Guarantor Accounts be moved from the Standby Account Bank to a satisfactorily rated bank if the Standby Account Bank breaches the Standby Account Bank Threshold Ratings as described above, the Guarantor may (in the case of (i) through (iii) below) or shall (in the case of (iv) through (vi) below) terminate the Standby Bank Account Agreement and move the Guarantor Accounts from the Standby Account Bank to a satisfactorily rated bank if: (i) a deduction or withholding for or on account of any taxes is imposed or is likely to be imposed in respect of the interest payable on any Guarantor Account, (ii) there is a breach by the Standby Account Bank of certain representations and warranties or a failure by the Standby Account Bank to perform certain covenants made by it under the Standby Bank Account Agreement, (iii) the Standby Account Bank materially breaches any of its other covenants and obligations under the Standby Bank Account Agreement or the Standby Guaranteed Investment Contract, (iv) the Standby Account Bank ceases or threatens to cease carrying on the business of the Standby Account Bank, (v) an order is made for the winding up of the Standby Account Bank, or (vi) an Insolvency Event occurs with respect to the Standby Account Bank.

References in this Prospectus to the GIC Account or the Transaction Account include, unless otherwise stated, references to the Standby GIC Account or the Standby Transaction Account when the Standby GIC Account and the Standby Transaction Account become operative.

Guaranteed Investment Contract

The Guarantor entered into a Guaranteed Investment Contract (or "**GIC**") with the GIC Provider, the Cash Manager and the Bond Trustee on the Programme Date pursuant to which the GIC Provider has agreed to pay interest on the moneys standing to the credit of the Guarantor in the GIC Account at specified rates determined in accordance with the GIC during the term of the GIC. The Guarantor or the Bond Trustee may terminate the GIC following the closing of the GIC Account or termination of the Bank Account Agreement. Under the Guaranteed Investment Contract, the GIC Provider makes the same representations and warranties to the Cash Manager, the Guarantor and the Bond Trustee on the Programme Date and on each date on which an amount is credited to the GIC Account and on each Guarantor Payment Date as are made by the Account Bank and which are described under "*Bank Account Agreement*" above.

Standby Guaranteed Investment Contract

Pursuant to the terms of a standby guaranteed investment contract entered into on the Programme Date, as amended on 12 September 2017 (such standby guaranteed investment contract as amended, supplemented or replaced, (the **"Standby Guaranteed Investment Contract**") between the Standby Account Bank, the Standby GIC Provider, the Guarantor, the Cash Manager and the Bond Trustee (as amended and/or restated and/or supplemented from time to time), the Standby GIC Provider has agreed to pay interest on the moneys standing to the credit of the Standby GIC Account at specified rates determined in accordance with the terms of the Standby Guaranteed Investment Contract during the term of the Standby Bank Account Agreement. The Standby Guaranteed Investment Contract will be automatically terminated following the closing of the Standby GIC Account or termination of the Standby Bank Account Agreement in accordance with the Standby Bank Account Agreement. Under the Standby Guaranteed Investment Contract, the Standby GIC Provider makes the same representations and warranties to the Guarantor and

[7] Subject to conversion under the Canadian bank recapitalization "bail-in" regime.

the Bond Trustee on the Programme Date and on each date on which an amount is credited to the Standby GIC Account and on each Guarantor Payment Date as are made by the Standby Account Bank and which are described under "*Standby Bank Account Agreement*" above.

Security Agreement

Pursuant to the terms of the Security Agreement entered into on the Programme Date by the Guarantor, the Bond Trustee and other Secured Creditors, the secured obligations of the Guarantor and all other obligations of the Guarantor under or pursuant to the Transaction Documents to which it is a party owed to the Bond Trustee and the other Secured Creditors are secured by a first ranking security interest (the "**Security**") over all present and after-acquired undertaking, property and assets of the Guarantor (the "**Charged Property**"), including without limitation the Covered Bond Portfolio, and any other Portfolio Assets or Substitute Assets that the Guarantor may acquire from time to time and funds being held for the account of the Guarantor by its service providers and the amounts standing to the credit of the Guarantor in the Guarantor Accounts, subject to the right of the Guarantor (provided the Asset Coverage Test and/or the Amortization Test, as applicable, is met) to sell such Charged Property.

Under the Security Agreement, the Secured Creditors expressly acknowledge that in exercising any of its powers, trusts, authorities and discretions the Bond Trustee shall, subject to applicable law, only have regard to the interests of the holders of the Covered Bonds of all Series and shall not have regard to the interests of any other Secured Creditors.

Under the Security Agreement, the Guarantor represents and warrants to the Secured Creditors that: (i) the Security Agreement creates a valid first priority security interest in the present and future personal property and undertaking of the Guarantor and all proceeds thereof (the "**Collateral**"), (ii) it is the legal and beneficial owner of all Collateral, (iii) the Collateral is free and clear of all liens other than those created in favour of the Bond Trustee and customary permitted liens, (iv) the security interest of the Bond Trustee in the Collateral has been perfected, (v) the Bond Trustee has obtained control pursuant to applicable personal property security legislation of the Collateral that consists of investment property, the Bond Trustee is a "protected purchaser" within the meaning of such legislation, and no other person has control or the right to obtain control of such investment property, (vi) no authorization, consent or approval from, or notices to, any governmental authority or other person is required for the due execution and delivery by it of the Security Agreement or the performance or enforcement of its obligations thereunder, other than those that have been obtained or made, (vii) it is validly formed and existing as a limited partnership under the laws of the Province of Ontario, (viii) since its date of formation there has been no material adverse change in its financial position or prospects, (ix) it is not the subject of any governmental or other official investigation, nor to its knowledge is such an investigation pending, which may have a material adverse effect, (x) no litigation, arbitration or administrative proceedings have been commenced, nor to its knowledge are pending or threatened, against any of its assets or revenues which may have a material adverse effect, (xi) the Managing GP has (x) at all times carried on and conducted the affairs and business of the Guarantor in the name of the Guarantor as a separate entity and in accordance with the Guarantor Agreement and all laws and regulations applicable to it, (y) at all times kept or procured the keeping of proper books and records for the Guarantor separate from any other person or entity, and (z) duly executed the Transaction Documents for and on behalf of the Guarantor, (xii) its entry into the Transaction Documents and the performance of its obligations thereunder do not and will not constitute a breach of (x) its constitutional documents, (y) any law applicable to it, or (z) any agreement, indenture, contract, mortgage, deed or other instrument to which it is a party or which is binding on it or any of its assets, (xiii) its obligations under the Transaction Documents to which it is a party are legal, valid, binding and enforceable obligations, (xiv) the Transaction Documents to which it is a party have been entered into in good faith for its own benefit and on arm's length commercial terms, (xv) it is not in breach of or default under any agreement, indenture, contract, mortgage, deed or other instrument to which it is a party or which is binding on it or any of its assets which would be reasonably likely to result in a material adverse effect, and (xvi) each of the Transaction Documents to which it is a party has been properly authorized by all necessary action of its Partners and constitutes the legal, valid and binding obligation of, and is enforceable in accordance with its terms against, the Guarantor, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

Release of Security

In the event of any sale of Portfolio Assets by the Guarantor pursuant to and in accordance with the Transaction Documents, the Bond Trustee will, while any Covered Bonds are outstanding (subject to the written request of the Guarantor), release those Portfolio Assets from the Security created by and pursuant to the Security Agreement on the date of such sale but only if:

(a) the Bond Trustee provides its prior written consent to the terms of such sale as described under "*Guarantor Agreement – Method of sale of Portfolio Assets*" above; and

(b) in the case of the sale of Portfolio Assets, the Guarantor provides to the Bond Trustee a certificate confirming that the Portfolio Assets being sold are Randomly Selected Loans.

In the event of the repurchase of a Portfolio Asset by the Seller pursuant to and in accordance with the Transaction Documents, the Bond Trustee will release that Portfolio Asset from the Security created by and pursuant to the Security Agreement on the date of the repurchase.

Enforcement

If a Guarantor Acceleration Notice is served on the Guarantor, the Bond Trustee will be entitled to appoint a receiver, and/or enforce the Security constituted by the Security Agreement (including selling the Covered Bond Portfolio), and/or take such steps as it deems necessary, subject in each case to being indemnified and/or secured to its satisfaction. All proceeds received by the Bond Trustee from the enforcement of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*".

The Security Agreement is governed by Ontario law (other than certain other provisions relating to real property located outside of the Province of Ontario which will be governed by the law of the jurisdiction in which such property is located).

Corporate Services Agreement

Pursuant to the terms of a corporate services agreement (such corporate services agreement as amended and/or restated and/or supplemented from time to time, the "**Corporate Services Agreement**") entered into on the Programme Date among, *inter alios*, the Corporate Services Provider, the Liquidation GP, the Bank and the Guarantor, the Corporate Services Provider will provide corporate services to the Liquidation GP.

Custodial Agreement

Pursuant to the terms of a custodial agreement entered into on the Programme Date, as amended on 12 September 2017 and on 9 September 2020 (as may be further amended and/or restated and/or supplemented from time to time, the "**Custodial Agreement**"), among the Custodian, the Bank, the Guarantor and the Bond Trustee, the Custodian will, among other things, hold applicable powers of attorney granted by the Bank to the Guarantor, and details of the Portfolio Assets and Substitute Assets, in each case on behalf of the Guarantor, all in accordance with the CMHC Guide. In order to act as Custodian under the Custodial Agreement, the Custodian must meet the Custodian Qualifications, as described under "*Description of the Canadian Registered Covered Bond Programmes Regime – Custodian*".

The Custodian agrees to securely and confidentially hold and remain responsible for the data and documents delivered to it pursuant to the Custodial Agreement until the earlier of (a) the release of such data and documents to a replacement custodian in accordance with the terms of the Custodial Agreement, (b) the termination of the Programme, and (c) in relation to a particular Portfolio Asset or Substitute Asset, its disposition or maturity, as the case may be. In the case of (b) or (c), the Custodian shall either (i) release such data and documents to the Seller (or to such other owner of the Portfolio Assets and Substitute Assets to which such data and documents relate) or as it may direct, or (ii) destroy such data and documents at the instructions of, and in accordance with such procedures as may be satisfactory to, the Seller (or such other owner of the Portfolio Assets and Substitute Assets to which such data and documents relate).

In the event that there is a breach by the Custodian of certain representations and warranties or a failure by the Custodian to perform certain covenants made by it under the Custodial Agreement, the Guarantor will have the right to terminate the Custodial Agreement and appoint a replacement Custodian. The Issuer and the Guarantor may also terminate the Custodial Agreement and appoint a replacement Custodian if the Custodian commits a breach which is either not capable of remedy, or capable of remedy but which is not remedied within 30 days of receipt by the Custodian of notice specifying such breach and requiring the same to be remedied.

Agency Agreement

Under the terms of the Agency Agreement entered into on the Programme Date between the Agents, the Issuer, the Guarantor and the Bond Trustee, the Agents have been appointed by the Issuer and the Guarantor to carry out various issuing and paying agency, exchange agency, transfer agency, calculation agency and registrar duties in respect of the Covered Bonds. Such duties include, but are not limited to, dealing with any applicable stock exchanges and Clearing Systems on behalf of the Issuer and the Guarantor in connection with an issuance of Covered Bonds and making payments of interest and principal in respect of the Covered Bonds upon receipt of such amounts from the Issuer or the Guarantor, as applicable.

Upon the occurrence of an Issuer Event of Default, Potential Issuer Event of Default, a Guarantor Event of Default or Potential Guarantor Event of Default, as applicable, the Bond Trustee may, by notice in writing to the Issuer, the Guarantor and the Agents, require the Agents to thereafter act as agents of the Bond Trustee.

Any Agent or Calculation Agent may resign its appointment under the Agency Agreement and/or in relation to any Series of Covered Bonds upon 30 days' notice to the Issuer, the Guarantor and the Bond Trustee, provided that such resignation will not be effective (i) if the notice period would otherwise expire within 30 days before or after the final maturity date or any interest or other payment date for any Series (or if the resignation is only with respect to a particular Series, such Series), until the 30th day following such final maturity date or any interest or other payment date, and (ii) in certain circumstances, unless a successor has been appointed.

The Issuer or the Guarantor may revoke its appointment of any Agent or Calculation Agent under the Agency Agreement and/or in relation to any Series of Covered Bonds upon 30 days' notice to such Agent or Calculation Agent, provided that in certain circumstances, such revocation will not be effective unless a successor has been appointed. Notwithstanding the foregoing, the Guarantor may revoke the appointment of any Agent or Calculation Agent in the event that there is a breach by such Agent or Calculation Agent of certain representations and warranties or a failure by such Agent or Calculation Agent to perform certain covenants made by it under the Agency Agreement.

The appointment of any Agent or Calculation Agent under the Agency Agreement and in relation to each relevant Series of Covered Bonds shall terminate forthwith if any of the following events or circumstances shall occur or arise, namely: such Agent or Calculation Agent becomes incapable of acting; such Agent or Calculation Agent is adjudged bankrupt or insolvent; such Agent or Calculation Agent files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver, administrator or other similar official of all or any substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof; a resolution is passed or an order is made for the winding-up or dissolution of such Agent or Calculation Agent; a receiver, administrator or other similar official of such Agent or Calculation Agent or of all or any substantial part of its property is appointed; an order of any court is entered approving any petition filed by or against such Agent or Calculation Agent under the provisions of any applicable bankruptcy or insolvency law; or any public officer takes charge or control of such Agent or Calculation Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation.

Modification of Transaction Documents

The provisions of the Transaction Documents generally require that all amendments thereto be in writing and executed by the parties thereto and, in the case of the Swap Agreements, the Bond Trustee, unless the amendment relates to the transfer of the Swap Provider's interests in the Swap Agreements other than as a result of the occurrence of a Downgrade Trigger Event, in which case five Business Days' prior notice is required to be provided to the Bond Trustee. In addition, any material amendment to a Transaction Document will be subject to satisfaction of the Rating Agency Condition. Pursuant to the terms of the Security Agreement and the Trust Deed, the Bond Trustee is permitted to consent to and/or execute amendments without consulting the other Secured Creditors if the amendment is of a minor or technical nature or the Bond Trustee is otherwise satisfied that the amendment is not reasonably expected to be materially prejudicial to the interests of the Covered Bondholders.

In addition to the general amendment provisions, the Managing GP has the authority to make amendments to the Guarantor Agreement without the consent of any other party in order to cure any ambiguity or correct or supplement any provision thereof, provided that such amendments do not adversely affect the interests of the other Partners, or, while Covered Bonds are outstanding, the Bond Trustee (on behalf of the Secured Creditors). If the interests of any such party would be adversely affected by a proposed amendment to the Guarantor Agreement, such amendment may only be made by the Managing GP with the consent of such adversely affected Partner and/or the Bond Trustee, as applicable.

For greater certainty, all amendments to the Transaction Documents must comply with the CMHC Guide.

Modification of Ratings Triggers and Consequences

Any amendment to (a) a ratings trigger that (i) lowers the ratings specified therein; or (ii) changes the applicable rating type, in each case as provided for in any Transaction Document, or (b) the consequences of breaching any such ratings trigger, or changing the applicable rating type, provided for in any Transaction Document that makes such consequences less onerous, shall, with respect to each affected Rating Agency only, be deemed to be a material amendment and shall be subject to satisfaction of the Rating Agency Condition from each affected Rating Agency.

CREDIT STRUCTURE

Under the terms of the Covered Bond Guarantee, the Guarantor has agreed to, following the occurrence of a Covered Bond Guarantee Activation Event, unconditionally and irrevocably pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of the holders of the Covered Bonds), an amount equal to that portion of the Guaranteed Amounts which shall become Due for Payment but would otherwise be unpaid, as of any Original Due for Payment Date, or, if applicable, Extended Due for Payment Date, by the Issuer. Under the Covered Bond Guarantee, the Guaranteed Amounts will become due and payable on any earlier date on which a Guarantor Acceleration Notice is served. The Issuer will not be relying on payments from the Guarantor in respect of advances under the Intercompany Loan Agreement or receipt of Available Revenue Receipts or Available Principal Receipts from the Covered Bond Portfolio in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to holders of the Covered Bonds, as follows:

- the Covered Bond Guarantee provides credit support to the Issuer;
- the Pre-Maturity Test is intended to test the liquidity of the Guarantor's assets in respect of principal due on the Final Maturity Date of Hard Bullet Covered Bonds;
- the Asset Coverage Test is intended to test the asset coverage of the Guarantor's assets in respect of the Covered Bonds at all times;
- the Amortization Test is intended to test the asset coverage of the Guarantor's assets in respect of the Covered Bonds following the occurrence of a Covered Bond Guarantee Activation Event;
- a Reserve Fund (if the applicable ratings of the Issuer by one or more Rating Agencies fall below the Reserve Fund Required Amount Ratings) will be established by the Guarantor (or the Cash Manager on its behalf) in the GIC Account to trap Available Revenue Receipts and Available Principal Receipts; and
- under the terms of the GIC, the GIC Provider has agreed to pay a variable rate of interest on all amounts held by the Guarantor in the GIC Account at a floor of 0.10 per cent below the average of the rates per annum for Canadian dollar bankers' acceptances having a term of 30 days that appears on the Reuters Screen Page as of 10:00 a.m. (Toronto time) on the date of determination, as reported by the GIC Provider (and if such screen is not available, any successor or similar service as may be selected by the GIC Provider) or such greater amount as the Guarantor and the GIC Provider may agree from time to time.

Certain of these factors are considered more fully in the remainder of this Section.

Guarantee

The Covered Bond Guarantee provided by the Guarantor under the Trust Deed guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme. The Covered Bond Guarantee will not guarantee any amount becoming payable for any other reason, including any accelerated payment pursuant to Condition 7 (Events of Default and Enforcement) following the occurrence of an Issuer Event of Default. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Acceleration Notice is served), the Guarantor's obligations will only be to pay the Guaranteed Amounts as such amounts fall Due for Payment.

See further "*Summary of the Principal Documents – Trust Deed*" as regards the terms of the Covered Bond Guarantee. See further "*Cashflows – Guarantee Priority of Payments*" as regards the payment of amounts payable by the Guarantor to holders of the Covered Bonds and other Secured Creditors following the occurrence of an Issuer Event of Default.

Pre-Maturity Liquidity

Certain Series of Covered Bonds may be scheduled to be redeemed in full on their respective Final Maturity Dates without any provision for scheduled redemption other than on the Final Maturity Date (the "**Hard Bullet Covered Bonds**"). The applicable Final Terms will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test is intended to test the liquidity of the Guarantor's assets in respect of the Hard Bullet Covered Bonds when the ratings of the Issuer's unsecured, unsubordinated and unguaranteed debt obligations, or its issuer default ratings, as applicable, from one or more Rating Agencies fall below the Pre-Maturity Minimum Ratings. On each Canadian Business Day (each, a "**Pre-Maturity Test Date**") prior to the occurrence of an Issuer Event of Default or the occurrence of a Guarantor Event of Default, the Guarantor or the Cash Manager on its behalf will determine if the Pre-Maturity Test has been breached, and if so, it will immediately notify the Seller and the Bond Trustee.

The Issuer will fail and be in breach of the "**Pre-Maturity Test**" in respect of a Series of Hard Bullet Covered Bonds on a Pre-Maturity Test Date if:

(a) the short-term issuer default rating from Fitch of the Issuer falls below F1+ and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date; or

(b) the rating from Moody's of the Issuer's unsecured, unsubordinated and unguaranteed debt obligations falls below P-1 and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date; or

(c) the rating from DBRS of the Issuer's unsecured, unsubordinated and unguaranteed debt obligations falls below A(high) or A(low) and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within six months or 12 months, respectively, from the relevant Pre-Maturity Test Date,

(each of the ratings set out above, the "**Pre-Maturity Minimum Ratings**").

Following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Guarantor shall, subject to any right of pre-emption of the Seller pursuant to the terms of the Mortgage Sale Agreement and the Security Sharing Agreement, as applicable, offer to sell Randomly Selected Loans to Purchasers, unless the Pre-Maturity Liquidity Ledger is otherwise funded from other sources as follows:

(i) a Contribution in Kind made by one or more of the Partners (as recorded in the Capital Account Ledger for such Partners of the Guarantor) of certain Substitute Assets in accordance with the Guarantor Agreement with an aggregate principal amount up to the Pre-Maturity Liquidity Required Amount (which shall be a credit to the Pre-Maturity Liquidity Ledger); or

(ii) Cash Capital Contributions made by one or more of the Partners (as recorded in the Capital Account Ledger for each applicable Partner of the Guarantor) or proceeds advanced under the Intercompany Loan Agreement which have not been applied to acquire further Portfolio Assets or otherwise applied in accordance with the Guarantor Agreement and/or the other Transaction Documents with an aggregate principal amount up to the Pre-Maturity Liquidity Required Amount (which shall be a credit to the Pre-Maturity Liquidity Ledger);

provided that if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached less than six months prior to the Final Maturity Date of that Series of Hard Bullet Covered Bonds, an Issuer Event of Default will occur if the Guarantor has not taken the required action described above within the earlier to occur of (i) 10 Canadian Business Days from the date that the Seller is notified of the breach of the Pre-Maturity Test and (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds (see further: Condition 7.01). To cure a Pre-Maturity Test breach within such period, the Pre-Maturity Liquidity Ledger shall be funded so that by the end of such period, there will be an amount equal to the Pre-Maturity Liquidity Required Amount standing to the credit of the Pre-Maturity Liquidity

Ledger. The method for selling Randomly Selected Loans is described in "*Summary of Principal Documents – Guarantor Agreement – Method of sale of Portfolio Assets*" above. The proceeds of sale of Randomly Selected Loans will be recorded to the Pre-Maturity Liquidity Ledger on the GIC Account.

In certain circumstances, Revenue Receipts will also be available to repay a Hard Bullet Covered Bond, as described in "*Cashflows – Pre-Acceleration Revenue Priority of Payments*" below.

Failure by the Issuer to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, subject to applicable cure periods, will constitute an Issuer Event of Default. Following service of a Notice to Pay on the Guarantor, the Guarantor will apply funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds.

If the Issuer and/or the Guarantor fully repay the relevant Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof, cash standing to the credit of the Pre-Maturity Liquidity Ledger on the GIC Account will be applied by the Guarantor in accordance with the Pre-Acceleration Principal Priority of Payments, unless:

(a) the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case the cash will remain on the Pre-Maturity Liquidity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds; or

(b) the Issuer is not failing the Pre-Maturity Test, but the Cash Manager elects to retain the cash on the Pre-Maturity Liquidity Ledger in order to provide liquidity for any future Series of Hard Bullet Covered Bonds.

Amounts standing to the credit of the Pre-Maturity Liquidity Ledger following the repayment of the Hard Bullet Covered Bonds as described above may, except where the Cash Manager has elected or is required to retain such amounts on the Pre-Maturity Liquidity Ledger, also be used to repay the advances under the Intercompany Loan Agreement, subject to the Guarantor making provision for higher ranking items in the Pre-Acceleration Principal Priority of Payments.

Asset Coverage Test

The Asset Coverage Test is intended to ensure that (subject to certain limitations with respect to the Asset Percentage, which may be removed by agreement with the Issuer) the Guarantor can meet its obligations under the Covered Bond Guarantee. Under the Guarantor Agreement, so long as the Covered Bonds remain outstanding, the Guarantor must ensure that on each Calculation Date the Adjusted Aggregate Asset Amount will be in an amount at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. If, on any Calculation Date, the Asset Coverage Test is not satisfied and such failure is not remedied on or before the next following Calculation Date, the Asset Coverage Test will be breached and the Guarantor (or the Cash Manager on its behalf) will serve an Asset Coverage Test Breach Notice on the Partners, the Bond Trustee and, if delivered by the Cash Manager, the Guarantor. The Asset Coverage Test is a formula which adjusts the True Balance of each Loan in the Covered Bond Portfolio and has further adjustments to take account of a failure by the Seller to repurchase Portfolio Assets, in accordance with the terms of the Mortgage Sale Agreement, that do not materially comply with the Loan Representations and Warranties on the relevant Transfer Date.

See further "*Summary of the Principal Documents – Guarantor Agreement – Asset Coverage Test*", above.

An Asset Coverage Test Breach Notice will be revoked if, on any Calculation Date falling on or prior to the next Calculation Date following the service of the Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and no Covered Bond Guarantee Activation Event has occurred.

If an Asset Coverage Test Breach Notice has been served and is not revoked on or before the Guarantor Payment Date immediately following the Calculation Date after service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default will have occurred and the Bond Trustee will be entitled (and, in certain circumstances, may be required) to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the Guarantor.

Amortization Test

The Amortization Test is intended to ensure that if, following an Issuer Event of Default (but prior to service on the Guarantor of a Guarantor Acceleration Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where holders of the Covered Bonds may not be repaid, a Guarantor Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated. Under the Guarantor Agreement, following the occurrence and during the continuance of an Issuer Event of Default, for so long as there are Covered Bonds outstanding, the Guarantor must ensure that, on each Calculation Date following an Issuer Event of Default, the Amortization Test Aggregate Asset Amount will be in an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. The Amortization Test is a formula which adjusts the True Balance of each Loan in the Covered Bond Portfolio and has further adjustments to take account of Loans in arrears. See further "*Summary of the Principal Documents – Guarantor Agreement – Amortization Test*", above.

Reserve Fund

If the applicable ratings of the Issuer by one or more Ratings Agencies fall below the Reserve Fund Required Amount Ratings, the Guarantor will be required to establish the Reserve Fund on the GIC Account which will be credited with Available Revenue Receipts and Available Principal Receipts up to an amount equal to the Reserve Fund Required Amount. The Guarantor will not be required to maintain the Reserve Fund following the occurrence of an Issuer Event of Default.

The Reserve Fund will be funded from (i) Available Revenue Receipts after the Guarantor has paid all of its obligations in respect of items ranking higher than the Reserve Ledger in the Pre-Acceleration Revenue Priority of Payments, and (ii) Available Principal Receipts after the Guarantor has paid all of its obligations in respect of items ranking higher than the Reserve Ledger in the Pre-Acceleration Principal Priority of Payments on each Guarantor Payment Date.

A Reserve Ledger will be maintained by the Cash Manager to record the balance from time to time of the Reserve Fund. Following the occurrence of an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay on the Guarantor, amounts standing to the credit of the Reserve Fund will be added to certain other income of the Guarantor in calculating Available Revenue Receipts.

Voluntary Overcollateralization

From time to time, the Guarantor may hold Loans and Related Security, Substitute Assets and cash with a value in excess of the value required to satisfy the coverage tests prescribed by the Transaction Documents and the CMHC Guide, including the Asset Coverage Test and the Amortization Test, as applicable. Such excess collateral, excluding, for certainty, any Contingent Collateral, is the "**Voluntary Overcollateralization**". Pursuant to the terms of the Transaction Documents and provided that the Guarantor must at all times be in compliance with such coverage tests, the terms of the Transaction Documents and the CMHC Guide, the Guarantor is from time to time permitted to:

- apply cash (in an amount up to the Voluntary Overcollateralization) to the repayment of any loan advanced by the Issuer, including the Intercompany Loan;
- distribute cash (in an amount up to the Voluntary Overcollateralization) to the Partners;
- subject to the rights of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement and the Security Sharing Agreement, as applicable, transfer, or agree with the Seller to withdraw or remove Loans and Related Security and Substitute Assets (with an aggregate value, in the case of Loans and Related Security, equal to the LTV Adjusted True Balance thereof, and in the case of Substitute Assets, equal to the face value thereof, up to the Voluntary Overcollateralization); or

- agree with the Seller to substitute assets owned by the Guarantor with other Loans and Related Security and/or Substitute Assets that in each case comply with the terms of the Transaction Documents, the CMHC Guide and the Covered Bond Legislative Framework.

In calculating Voluntary Overcollateralization, no credit will be given to the Guarantor in the coverage tests, including for the Adjusted Aggregate Asset Amount and Amortization Test Aggregate Asset Amount, for any Excess Proceeds received by the Guarantor following an Issuer Event of Default.

Any Loans and Related Security and/or Substitute Assets transferred, withdrawn, removed or substituted in accordance with the above will be selected in a manner that would not reasonably be expected to adversely affect the interests of the Covered Bondholders and the consideration received by the Guarantor therefor (whether in cash or in kind) will, unless otherwise prescribed by the terms of the Transaction Documents, not be less than the fair market value thereof. See "*Summary of the Principal Documents – Intercompany Loan Agreement*".

CASHFLOWS

As described above under "*Credit Structure*", until the occurrence of a Covered Bond Guarantee Activation Event, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor under the Intercompany Loan.

This section summarizes the Priorities of Payments of the Guarantor, as to the allocation and distribution of amounts standing to the credit of the Guarantor on the Ledgers and their order of priority:

(a) when no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred;

(b) when an Asset Coverage Test Breach Notice is outstanding but no Covered Bond Guarantee Activation Event has occurred;

(c) following service of a Notice to Pay on the Guarantor; and

(d) following service of a Guarantor Acceleration Notice and enforcement of the Security.

If the Transaction Account is closed in accordance with the terms of the Bank Account Agreement or no Transaction Account is maintained, any payment to be made to or from the Transaction Account will, as applicable, be made to or from the GIC Account, or no payment shall be made at all if such payment is expressed to be from the GIC Account to the Transaction Account.

Allocation and distribution of Available Revenue Receipts when no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred.

At any time when no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred, Available Revenue Receipts will be allocated and distributed as described below.

The Guarantor or the Cash Manager on its behalf will, as of each Calculation Date, calculate:

(i) the amount of Available Revenue Receipts available for distribution on the immediately following Guarantor Payment Date;

(ii) the Reserve Fund Required Amount (if applicable);

(iii) where the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling in the five months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, whether or not the amount standing to the credit of the Pre-Maturity Liquidity Ledger including the principal amount of any Substitute Assets standing to the credit of the Pre-Maturity Liquidity Ledger at such date is less than the Pre-Maturity Liquidity Required Amount.

On each Guarantor Payment Date, the Guarantor (or the Cash Manager on its behalf) will transfer Available Revenue Receipts from the Revenue Ledger to the Payment Ledger, and use Available Revenue Receipts held by the Cash Manager for and on behalf of the Guarantor and, as necessary, transfer Available Revenue Receipts from the GIC Account to the Transaction Account (to the extent maintained), in an amount equal to the lower of (a) the amount required to make the payments or credits described below (taking into account any Available Revenue Receipts held by the Cash Manager for or on behalf of the Guarantor and any Available Revenue Receipts standing to the credit of the Transaction Account), and (b) the amount of Available Revenue Receipts.

Pre-Acceleration Revenue Priority of Payments

At any time no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred, Available Revenue Receipts will be applied by or on behalf of the Guarantor (or the Cash Manager on its behalf) on each Guarantor Payment Date (except for amounts due to third parties by the Guarantor under paragraph (a) or Third Party Amounts, which will be paid when due) in making the following payments and provisions (the "**Pre-Acceleration Revenue Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, in or towards satisfaction of any amounts due and payable by the Guarantor to third parties and incurred without breach by the Guarantor of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments) and to provide for any such amounts expected to become due and payable by the Guarantor in the immediately succeeding Guarantor Payment Period and to pay and discharge any liability of the Guarantor for taxes;

(b) *second*, any amounts in respect of interest due to the Bank in respect of the Demand Loan pursuant to the terms of the Intercompany Loan;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the immediately succeeding Guarantor Payment Period, together with applicable GST (or other similar taxes) thereon to the extent provided therein;

(ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the immediately succeeding Guarantor Payment Period, together with applicable GST (or other similar taxes) thereon to the extent provided therein;

(iii) amounts (if any) due and payable to the Account Bank (or, as applicable, the Standby Account Bank) (including costs) pursuant to the terms of the Bank Account Agreement (or, as applicable, the Standby Bank Account Agreement), together with applicable GST (or other similar taxes) thereon to the extent provided therein;

(iv) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (j) below), together with applicable GST (or other similar taxes) thereon to the extent provided therein; and

(v) amounts due and payable to the Custodian pursuant to the terms of the Custodial Agreement, together with applicable GST (or other similar taxes) thereon to the extent provided therein;

(d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) payment due to the Interest Rate Swap Provider (including any termination payment due and payable by the Guarantor under the Interest Rate Swap Agreement (but excluding any Excluded Swap Termination Amount)) pursuant to the terms of the Interest Rate Swap Agreement; and

(ii) payment due to the Covered Bond Swap Provider (including any termination payment due and payable by the Guarantor under the Covered Bond Swap Agreement (but excluding any Excluded Swap Termination Amount)) pursuant to the terms of the Covered Bond Swap Agreement;

(e) *fifth*, in or towards payment on the Guarantor Payment Date of, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine (in the case of any such payment or provision, after taking into account any provisions previously made and any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement) any amounts due or to become due and payable (excluding principal amounts) to the Bank in respect of the Guarantee Loan pursuant to the terms of the Intercompany Loan Agreement;

(f) *sixth*, if a Servicer Event of Default has occurred, all remaining Available Revenue Receipts to be credited to the GIC Account (with a corresponding credit to the Revenue Ledger maintained in respect of that account) until such Servicer Event of Default is either remedied by the Servicer or waived by the Bond Trustee or a new servicer is appointed to service the Covered Bond Portfolio (or the relevant part thereof);

(g) *seventh*, in or towards a credit to the GIC Account (with a corresponding credit to the Reserve Ledger) of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount (if applicable) exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Calculation Date;

(h) *eighth*, if the Guarantor is required to make a deposit to the Pre-Maturity Liquidity Ledger due to a breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the GIC Account (with a corresponding credit to the Pre-Maturity Liquidity Ledger) of an amount up to but not exceeding the difference between:

  (i) the Pre-Maturity Liquidity Required Amount as calculated on the immediately preceding Calculation Date; and

  (ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date;

(i) *ninth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

  (i) payment of any Excluded Swap Termination Amounts due and payable by the Guarantor under the Interest Rate Swap Agreement; and

  (ii) payment of any Excluded Swap Termination Amounts due and payable by the Guarantor under the Covered Bond Swap Agreement;

(j) *tenth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any indemnity amount due to the Asset Monitor pursuant to the Asset Monitor Agreement, and any indemnity amount due to any Partner pursuant to the Guarantor Agreement;

(k) *eleventh*, in or towards payment of the fee due to the Corporate Services Provider by the Guarantor pursuant to the terms of the Corporate Services Agreement; and

(l) *twelfth*, towards such distributions of profit to the Partners as may be payable in accordance with the terms of the Guarantor Agreement.

Any amounts received by the Guarantor under the Interest Rate Swap Agreement and the Covered Bond Swap Agreement (other than, in each case, amounts in respect of Swap Collateral Excluded Amounts) on or after the Guarantor Payment Date but prior to the next following Guarantor Payment Date will be applied, together with any provision for such payments made on any preceding Guarantor Payment Date, to make payments (other than in respect of principal) due and payable in respect of the Intercompany Loan Agreement and then the expenses of the Guarantor unless an Asset Coverage Test Breach Notice is outstanding or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.

Any amounts received under the Interest Rate Swap Agreement and the Covered Bond Swap Agreement on the Guarantor Payment Date or on any date prior to the next succeeding Guarantor Payment Date which are not applied towards a payment or provision in accordance with paragraph (d) above or the preceding paragraph will be credited to the Revenue Ledger and applied as Available Revenue Receipts on the next succeeding Guarantor Payment Date.

Amounts (if any) held by the Cash Manager for and on behalf of the Guarantor or standing to the credit of the Transaction Account which are not required to be applied in accordance with paragraphs (a) to (l) of the Pre-Acceleration Revenue Priority of Payments or paragraphs (a) to (g) of the Pre-Acceleration Principal Priority of Payments below will, if applicable, be deposited by the Cash Manager and, in each case be credited to the appropriate ledger in the GIC Account on the Guarantor Payment Date.

Allocation and Distribution of Available Principal Receipts when no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred

At any time no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred, Available Principal Receipts will be allocated and distributed as described below.

The Guarantor or the Cash Manager on its behalf will, as of each Calculation Date, calculate the amount of Available Principal Receipts available for distribution on the immediately following Guarantor Payment Date.

On each Guarantor Payment Date, the Guarantor (or the Cash Manager on its behalf) will transfer Available Principal Receipts from the Principal Ledger to the Payment Ledger, and use Available Principal Receipts held by the Cash Manager for and on behalf of the Guarantor and, as necessary, transfer Available Principal Receipts from the GIC Account to the Transaction Account (to the extent maintained), in an amount equal to the lower of (a) the amount required to make the payments or credits described below (taking into account any Available Principal Receipts held by the Cash Manager for or on behalf of the Guarantor and/or standing to the credit of the Transaction Account), and (b) the amount of Available Principal Receipts.

If a Guarantor Payment Date is the same as an Interest Payment Date, then the distribution of Available Principal Receipts under the Pre-Acceleration Principal Priority of Payments will be delayed until the Issuer has made Scheduled Interest and/or principal payments on that Interest Payment Date unless payment is made by the Guarantor directly to the Bond Trustee (or the Issuing and Paying Agent at the direction of the Bond Trustee).

Pre-Acceleration Principal Priority of Payments

At any time no Asset Coverage Test Breach Notice is outstanding and no Covered Bond Guarantee Activation Event has occurred, Available Principal Receipts (other than Cash Capital Contributions made from time to time by the Seller in its capacity as a Limited Partner) will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Acceleration Principal Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, if the Pre-Maturity Test has been breached by the Issuer in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Pre-Maturity Liquidity Ledger in respect of each such Series in an amount up to but not exceeding the difference between:

    (i) the Pre-Maturity Liquidity Required Amount calculated on the immediately preceding Calculation Date; and

    (ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date;

(b) *second*, to pay amounts in respect of principal outstanding on the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(c) *third*, to acquire New Loans and their Related Security offered to the Guarantor, if necessary or prudent to ensure that, taking into account the other resources available to the Guarantor, the Asset Coverage Test is met and thereafter to acquire (in the discretion of the Guarantor or the Cash Manager on its behalf) Substitute Assets up to the prescribed limit under the CMHC Guide;

(d) *fourth*, to deposit the remaining Available Principal Receipts in the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the Guarantor, the Asset Coverage Test is met;

(e) *fifth*, in or towards repayment on the Guarantor Payment Date (or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine) of amounts (in respect of principal) due or to become due and payable to the Issuer in respect of the Guarantee Loan;

(f) *sixth*, in or towards a credit to the GIC Account (with a corresponding credit to the Reserve Ledger) of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount (if applicable) exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Calculation Date; and

(g) *seventh*, subject to complying with the Asset Coverage Test, to make Capital Distributions in accordance with the terms of the Guarantor Agreement.

Allocation and distribution of Available Revenue Receipts and Available Principal Receipts when an Asset Coverage Test Breach Notice is outstanding but no Covered Bond Guarantee Activation Event has occurred

At any time an Asset Coverage Test Breach Notice is outstanding but no Covered Bond Guarantee Activation Event has occurred, all Available Revenue Receipts and Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments save that, while any Covered Bonds remain outstanding, no moneys will be applied under paragraphs (b), (e), (j) (to the extent only that such indemnity amounts are payable to a Partner), (k) or (l) of the Pre-Acceleration Revenue Priority of Payments or paragraphs (b), (c), (e) or (g) of the Pre-Acceleration Principal Priority of Payments.

Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay on the Guarantor

At any time after service of a Notice to Pay on the Guarantor, but prior to service of a Guarantor Acceleration Notice, all Available Revenue Receipts and Available Principal Receipts (other than Third Party Amounts) will be applied as described below under "*Guarantee Priority of Payments*".

On each Guarantor Payment Date, the Guarantor or the Cash Manager on its behalf will transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Reserve Ledger, the Principal Ledger or the Capital Account Ledger, as the case may be, to the Payment Ledger, in an amount equal to the lower of (a) the amount required to make the payments set out in the Guarantee Priority of Payments and (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of such Ledgers.

The Guarantor will create and maintain ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraph (g) of the Guarantee Priority of Payments below, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due in respect of the relevant Series of Covered Bonds under the Covered Bond Swap Agreement on the scheduled repayment dates thereof.

Guarantee Priority of Payments

If a Notice to Pay is served on the Guarantor, the Guarantor will, on the Final Maturity Date for any Series of Hard Bullet Covered Bonds, apply all funds standing to the credit of the Pre-Maturity Liquidity Ledger (and transferred to the Transaction Account on the relevant Guarantor Payment Date) to repay such Series of Hard Bullet Covered Bonds.

Subject thereto, on each Guarantor Payment Date after the service of a Notice to Pay on the Guarantor (but prior to service of a Guarantor Acceleration Notice), the Guarantor or the Cash Manager on its behalf will apply Available Revenue Receipts and Available Principal Receipts to make the following payments, provisions or credits in the following order of priority (the "**Guarantee Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, to pay any amounts in respect of principal and interest due to the Bank in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(b) *second*, in or towards payment of all amounts due and payable or to become due and payable to the Bond Trustee in the immediately succeeding Guarantor Payment Period under the provisions of the Trust Deed together with interest and applicable GST (or other similar taxes) thereon as provided therein;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Agents under the provisions of the Agency Agreement together with applicable GST (or other similar taxes) thereon as provided therein, other than any indemnity amounts payable to the Agents in excess of $150,000; and

(ii) any amounts then due and payable by the Guarantor to third parties and incurred without breach by the Guarantor of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any such amounts expected to become due and payable by the Guarantor in the immediately succeeding Guarantor Payment Period and to pay or discharge any liability of the Guarantor for taxes;

(d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding Guarantor Payment Period under the provisions of the Servicing Agreement together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Servicer in excess of $150,000;

(ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding Guarantor Payment Period under the provisions of the Cash Management Agreement, together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Cash Manager in excess of $150,000;

(iii) amounts (if any) due and payable to the Account Bank (or, as applicable, the Standby Account Bank) (including costs) pursuant to the terms of the Bank Account Agreement (or, as applicable, the Standby Bank Account Agreement), together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Account Bank (or, as applicable, the Standby Account Bank) in excess of $150,000;

(iv) amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (l) below) pursuant to the terms of the Asset Monitor Agreement, together with applicable GST (or other similar taxes) thereon as provided therein; and

(v) amounts due and payable to the Custodian pursuant to the terms of the Custodial Agreement, together with applicable GST (or other similar taxes) thereon as provided therein, other than any indemnity amounts payable to the Custodian in excess of $150,000;

(e) *fifth*, if the Guarantor is Independently Controlled and Governed and has agreed to afford the Interest Rate Swap Provider priority over the holders of Covered Bonds in respect of amounts payable under the Covered Bonds, amounts due and payable to the Interest Rate Swap Provider (excluding any termination payment) in accordance with the terms of the Interest Rate Swap Agreement;

(f) *sixth*, to pay *pro rata* and *pari passu* according to the respective amounts thereof:

(i) (x) if (e) above does not apply, the amounts due and payable to the Interest Rate Swap Provider *pro rata* and *pari passu* according to the respective amounts thereof (including any termination payment due and payable by the Guarantor under the Interest Rate Swap Agreement but excluding any Excluded Swap Termination Amount) or (y) if (e) above applies, any termination payment due and payable by the Guarantor to the Interest Rate Swap Provider (but excluding any Excluded Swap Termination Amount), in each case in accordance with the terms of the Interest Rate Swap Agreement;

(ii) the amounts due and payable to the Covered Bond Swap Provider (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (including any termination payment (other than in respect of principal) due and payable by the Guarantor to the Covered Bond Swap Provider but excluding any Excluded Swap Termination Amount) in accordance with the terms of the Covered Bond Swap Agreement; and

(iii) to the Bond Trustee or (if so directed by the Bond Trustee) the Issuing and Paying Agent on behalf of the holders of the Covered Bonds *pro rata* and *pari passu* Scheduled Interest that is Due for Payment (or will become Due for Payment in the immediately succeeding Guarantor Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (f) (excluding any amounts received from the Covered Bond Swap Provider) would be insufficient to pay the Canadian Dollar Equivalent of the Scheduled Interest that is Due for Payment in respect of each Series of Covered Bonds under (f)(iii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the Guarantor in respect of each relevant Series of Covered Bonds to the Covered Bond Swap Provider under (f)(ii) above will be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(g) *seventh*, to pay or provide for *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) the amounts (in respect of principal) due and payable *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds (including any termination payment (relating solely to principal) due and payable by the Guarantor under the Covered Bond Swap Agreement but excluding any Excluded Swap Termination Amount) to the Covered Bond Swap Provider in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) to the Bond Trustee or (if so directed by the Bond Trustee) the Issuing and Paying Agent on behalf of the holders of the Covered Bonds *pro rata*, and *pari passu* Scheduled Principal that is Due for Payment (or will become Due for Payment in the immediately succeeding Guarantor Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds, provided that if the amount available for distribution under this paragraph (g) (excluding any amounts received from the Covered Bond Swap Provider) in respect of the amounts referred to in (g)(i) above would be insufficient to pay the Canadian Dollar Equivalent of the Scheduled Principal that is Due for Payment in respect of the relevant Series of Covered Bonds under this(g)(ii), the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the Guarantor in respect of each relevant Series of Covered Bonds under (g)(i) to the Covered

Bond Swap Provider above will be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(h) *eighth*, to deposit the remaining moneys into the GIC Account for application on the next following Guarantor Payment Date in accordance with the Priorities of Payments described in paragraphs (a) to (g) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(i) *ninth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by the Guarantor to the relevant Swap Provider under the relevant Swap Agreement;

(j) *tenth*, to pay or provide for *pro rata* and *pari passu* according to the respective amounts thereof, any indemnity amounts payable to the Agents, the Servicer, the Cash Manager, the Account Bank (or, as applicable, the Standby Account Bank) and the Custodian, to the extent not paid pursuant to paragraph (c) or (d) above;

(k) *eleventh*, after the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds), any remaining moneys will be applied in and towards repayment in full of amounts outstanding under the Intercompany Loan Agreement;

(l) *twelfth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any indemnity amount due to the Partners pursuant to the Guarantor Agreement and certain costs, expenses and indemnity amounts due by the Guarantor to the Asset Monitor pursuant to the Asset Monitor Agreement; and

(m) *thirteenth*, thereafter any remaining moneys will be applied in accordance with the Guarantor Agreement.

Payments received in respect of the Swap Agreements, premiums received in respect of replacement Swap Agreements

If the Guarantor receives any termination payment from a Swap Provider in respect of a Swap Agreement, such termination payment will first be used, to the extent necessary (prior to the occurrence of a Guarantor Event of Default and service of a Guarantor Acceleration Notice) to pay a replacement Swap Provider to enter into a replacement Swap Agreement with the Guarantor, unless a replacement Swap Agreement has already been entered into on behalf of the Guarantor. If the Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap Agreement, such premium will first be used to make any termination payment due and payable by the Guarantor with respect to the previous Swap Agreement, unless such termination payment has already been made on behalf of the Guarantor.

Any amounts received by the Guarantor from a Swap Provider in respect of a Swap Agreement and which are not applied to pay a replacement Swap Provider to enter into a replacement Swap Agreement will be credited to the Revenue Ledger and applied as Available Revenue Receipts on the next succeeding Guarantor Payment Date.

Application of moneys received by the Bond Trustee following service of a Guarantor Acceleration Notice and enforcement of the Security

Following service of a Guarantor Acceleration Notice and enforcement of the Security granted under the terms of the Security Agreement, all moneys received or recovered by the Bond Trustee (or a receiver appointed on its behalf) (excluding all amounts due or to become due in respect of any Third Party Amounts) will be applied in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Bond Trustee under the provisions of the Trust Deed together with interest and applicable GST (or other similar taxes) thereon as provided therein;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to respective amounts thereof of any remuneration then due and payable to the Agents under or pursuant to the Agency Agreement together with applicable GST (or other similar taxes) thereon to the extent provided therein;

(c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement, together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Servicer in excess of $150,000;

(ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Cash Manager in excess of $150,000;

(iii) amounts due to the Account Bank or, as applicable, the Standby Account Bank (including costs) pursuant to the terms of the Bank Account Agreement or, as applicable, the Standby Bank Account Agreement, together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Account Bank (or, as applicable, the Standby Account Bank) in excess of $150,000; and

(iv) amounts due to the Custodian pursuant to the terms of the Custodial Agreement, together with applicable GST (or other similar taxes) thereon to the extent provided therein, other than any indemnity amounts payable to the Custodian in excess of $150,000;

(d) *fourth*, if the Guarantor is Independently Controlled and Governed and has agreed to afford the Interest Rate Swap Provider priority over the holders of Covered Bonds in respect of amounts payable under the Covered Bonds, amounts due and payable to the Interest Rate Swap Provider (excluding any termination payment in accordance with the terms of the Interest Rate Swap Agreement.

(e) *fifth*, to pay *pro rata* and *pari passu* according to the respective amounts thereof, of:

(i) (x) if (d) above does not apply, any amounts due and payable to the Interest Rate Swap Provider *pro rata* and *pari passu* according to the respective amounts thereof (including any termination payment (but excluding any Excluded Swap Termination Amounts)), or (y) if (d) above applies, any termination payment due and payable by the Guarantor to the Interest Rate Swap Provider (but excluding any Excluded Swap Termination Amounts), in each case pursuant to the terms of the Interest Rate Swap Agreement;

(ii) the amounts due and payable to the Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds to the Covered Bond Swap Agreement (including any termination payment due and payable by the Guarantor under the Covered Bond Swap Agreement (but excluding any Excluded Swap Termination Amount)) in accordance with the terms of the Covered Bond Swap Agreement; and

(iii) the amounts due and payable under the Covered Bond Guarantee, to the Bond Trustee on behalf of the holders of the Covered Bonds *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (e) (excluding any amounts received from the Covered Bond Swap Provider in respect of amounts referred to in (e)(ii) above) would be insufficient to pay the Canadian Dollar Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under (e)(iii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the Guarantor in respect of each relevant Series of Covered Bonds under(e)(ii) above to the Covered Bond Swap Provider will be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(f) *sixth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Guarantor to the relevant Swap Provider under the relevant Swap Agreement;

(g) *seventh*, to pay or provide for *pro rata* and *pari passu* according to the respective amounts thereof, any indemnity amounts payable to the Servicer, the Cash Manager, the Account Bank (or, as applicable, the Standby Account Bank) and the Custodian, to the extent not paid pursuant to paragraph (c) above;

(h) *eighth*, after the Covered Bonds have been fully repaid, any remaining moneys shall be applied in or towards repayment in full of all amounts outstanding under the Intercompany Loan Agreement;

(i) *ninth*, towards payment of any indemnity amount due to the Partners pursuant to the Guarantor Agreement;

(j) *tenth*, in or towards payment of the fee due to the Corporate Services Provider; and

(k) *eleventh*, thereafter any remaining moneys will be applied in or towards payment to the Partners pursuant to the Guarantor Agreement.

DESCRIPTION OF THE CANADIAN REGISTERED COVERED BOND PROGRAMS REGIME

On 17 December 2012, CMHC published the first version of the CMHC Guide implementing the legislative framework established by Part I.1 of the *National Housing Act* (Canada) (the "**Covered Bond Legislative Framework**"). As of the date of this Prospectus, the most recent version of the CMHC Guide was published on 23 June 2017. On 13 November 2019, CMHC advised that further changes would be made to the CMHC Guide effective 1 January 2020, which amendments included the following: (i) covered bonds must be rated by at least one rating agency (as opposed to the current requirement of at least two rating agencies), (ii) swap counterparties must maintain applicable credit ratings from no less than two rating agencies and (iii) a reduction in the credit ratings thresholds for delivery of registrable mortgage assignments in the Province of Quebec. The CMHC Guide is updated from time to time and may result in amendments to the Transaction Documents, which changes will be made in accordance with the respective terms of those documents. The CMHC Guide elaborates on the role and powers of CMHC as administrator of the Covered Bond Legislative Framework and sets out the conditions and restrictions applicable to registered covered bond issuers and registered covered bond programs.

Eligible Issuers

The Covered Bond Legislative Framework provides that in order to apply for registration as a registered issuer, a proposed issuer of covered bonds must be a "federal financial institution", as defined in section 2 of the *Bank Act*, or a cooperative credit society that is incorporated and regulated by or under an act of the legislature of a province of Canada.

Eligible Covered Bond Collateral and Coverage Tests

Assets held by a guarantor as collateral for covered bonds issued under a registered program may not include mortgages or other secured residential loans that (i) are insured by CMHC or other Prohibited Insurers, or (ii) have a LTV ratio that exceeds 80%. A guarantor may hold substitute assets consisting of Government of Canada securities and repos of such securities, provided that the value of such substitute assets may not exceed 10% of the total value of the assets of the guarantor held as covered bond collateral. The Covered Bond Legislative Framework, as further described in the CMHC Guide, further restricts assets comprising covered bond collateral by limiting cash held by the guarantor at any time to the amount necessary to meet the guarantor's payment obligations for the next six months, subject to certain exceptions.

In addition to confirming a Level of Overcollateralization greater than the Guide OC Minimum, the CMHC Guide requires registered issuers to establish a minimum and maximum level of overcollateralization by adopting a minimum and maximum value for the Asset Percentage to be used to perform the Asset Coverage Test and disclose such Asset Percentages in the issuer's offering documents and in the Registry. Methodology to be employed for the asset coverage and amortization tests is specified in the CMHC Guide. Commencing 1 July 2014, in performing such tests registered issuers are required to adjust the market values of the residential properties securing the mortgages or other residential loans comprising covered bond collateral to account for subsequent price adjustments.

The CMHC Guide also requires that the guarantor engage in certain risk-monitoring and risk-mitigation practices, including (i) measurement of the present value of the assets comprising covered bond collateral as compared to the outstanding covered bonds (the "**Valuation Calculation**"), and (ii) hedging of its interest rate and currency exchange risks.

Bankruptcy and Insolvency

The Covered Bond Legislative Framework contains provisions that will limit the application of the laws of Canada and the provinces and territories relating to bankruptcy, insolvency and fraudulent conveyance to the assignments of loans and other assets to be held by a guarantor as covered bond collateral under a registered covered bond program. Such provisions will not be applicable to any covered bonds that are issued under a registered program at a time that the registered issuer has been suspended by CMHC in accordance with the powers afforded to it under the Covered Bond Legislative Framework and the CMHC Guide.

Qualifications of Counterparties

The CMHC Guide prescribes certain qualifications for each of the counterparties to a registered covered bond program, including that such counterparty (i) possess the necessary experience, qualifications and facilities to perform its obligations under the program, (ii) meet or exceed any minimum standards prescribed by an applicable rating agency, (iii) if regulated, be in regulatory good standing, (iv) be in material compliance with any internal policies and procedures relevant to its role as a counterparty, and (v) be in material compliance with all laws, regulations and rules applicable to that aspect of its business relevant to its role as a counterparty (collectively, the "**Counterparty Qualifications**"). In connection with the Programme, the counterparties are the Swap Providers, the Servicer, the Cash Manager, the Asset Monitor, the Custodian, the Bond Trustee, the Account Bank, the Standby Account Bank, the GIC Provider and the Standby GIC Provider (collectively, the "**Counterparties**"). Each of the Counterparties has represented and warranted in the Transaction Documents that it meets the Counterparty Qualifications.

Asset Monitor

The role of the asset monitor, as well as the specified procedures to be carried out by the asset monitor, are also detailed in the CMHC Guide. The asset monitor's responsibilities include confirmation of the arithmetical accuracy of the tests required by the CMHC Guide to be carried out under the registered covered bond program and the preparation and delivery of an annual report detailing the results of the specified procedures undertaken in respect of the covered bond collateral and the program. In addition to the Counterparty Qualifications, the asset monitor must be either (i) a firm engaged in the practice of accounting that is qualified to be an auditor of the registered issuer under the *Bank Act* and Canadian auditing standards, or (ii) otherwise approved by CMHC (the "**Asset Monitor Qualifications**"). The Asset Monitor has represented and warranted in the Transaction Documents that it meets the Asset Monitor Qualifications.

Custodian

The CMHC Guide requires that a registered issuer appoint a custodian for each of its registered covered bond programs. The custodian's responsibilities include holding on behalf of the Guarantor applicable powers of attorney granted by the Bank to the Guarantor and details of the Portfolio Assets and Substitute Assets. In addition to the Counterparty Qualifications, the custodian must satisfy certain other qualifications, including that it (i) be a federally or provincially chartered institution authorized to act in a fiduciary capacity with respect to valuable documents, or a chartered bank as described in Schedule I to the *Bank Act*, (ii) be equipped with secure, fireproof storage facilities, with adequate controls on access to assure the safety, confidentiality and security of the documents in accordance with customary standards for such facilities, (iii) use employees who are knowledgeable in the handling of mortgage and security documents and in the duties of a mortgage and security custodian, (iv) have computer systems that can accept electronic versions of asset details and be able to transmit that data as required by the CMHC Guide, and (v) be at arm's length from (and otherwise independent and not an affiliate of) the registered issuer (collectively, the "**Custodian Qualifications**"). The Custodian has represented and warranted in the Transaction Documents that it meets the Custodian Qualifications.

Bond Trustee

A registered issuer is required to appoint a bond trustee to represent the views and interests, and to enforce the rights, of the covered bondholders. In addition to the Counterparty Qualifications, a bond trustee must be at arm's length from (and otherwise independent and not an affiliate of) the registered issuer (the "**Bond Trustee Qualifications**"). The Bond Trustee has represented and warranted in the Transaction Documents that it meets the Bond Trustee Qualifications.

Ratings

If there are covered bonds outstanding under a registered covered bond program, at least one rating agency must at all times have current ratings assigned to at least one series or tranche of covered bonds outstanding, and swap counterparties must maintain applicable credit ratings from no less than two rating agencies.

Disclosure and Reporting

The CMHC Guide sets out a number of disclosure and reporting obligations for registered covered bond issuers. Underlying these obligations is the principle that investors should have access to all material information with respect to the registered issuer and the relevant series of covered bonds in order to make an informed investment decision with respect to buying, selling or holding such covered bonds. Registered covered bond issuers will be required to maintain a website where investors can access, among other things, material transaction documents, monthly reports on the covered bond collateral and static covered bond collateral portfolio data that users may download and analyze. The provisions of the CMHC Guide permit registered issuers to restrict access to such website (for example, through the use of a password) in order to comply with securities laws or otherwise. The Issuer's website can be found at http://www.nbc.ca/coveredbonds/legislative.

Status of the Issuer and the Programme

The Issuer and the Programme were registered in the Registry in accordance with the Covered Bond Legislative Framework and the CMHC Guide on 1 November 2013.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each Covered Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede &. Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communication by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Covered Bonds within a Tranche are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Tranche to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Covered Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Covered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Issuing and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or its nominee, the Issuing and Paying Agent, the Issuer, the Guarantor, the Bond Trustee or the Dealers, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under certain circumstances. DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Covered Bond, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

CDS

CDS is the exclusive clearing agency for equity trading on the TSX and also clears a substantial volume of "over the counter" trading in equities and bonds. Its parent company, The Canadian Depository for Securities Limited, was incorporated in 1970 and is a private corporation owned by banks, TMX Group Inc. and the Investment Industry Regulatory Organization of Canada. CDS provides a variety of services for financial institutions and investment dealers active in domestic and international capital markets. CDS participants include banks, trust companies and investment dealers. Indirect access to CDS is available to other organizations that clear through or maintain a custodial relationship with a CDS participant. Transfers of ownership and other interests, including cash distributions, in Covered Bonds in CDS may only be processed through CDS participants and will be completed in accordance with existing CDS rules and procedures. CDS is headquartered in Toronto and has offices in Montréal, Vancouver and Calgary to centralize securities clearing functions through a central securities depositary.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of Covered Bonds registered with DTC or CDS

The Issuer may apply to DTC or CDS, as the case may be, in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian or CDS or its custodian, as the case may be, will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC or CDS, as the case may be. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC or CDS, as the case may be, will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee or CDS or its nominee, as the case may be (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC or CDS, as the case may be, will be made to the order of DTC or its nominee, or CDS or its nominee, as applicable, as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee, or CDS or its nominee, as applicable, and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC or CDS, as the case may be, to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC or CDS, as applicable, unless there is reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC or CDS, as the case may be, the Bond Trustee, the Issuing and Paying Agent, the Registrar, the Issuer, the Guarantor or the Dealers. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC or CDS is the responsibility of the Issuer and after a Covered Bond Guarantee Activation Event the Guaranteed Amounts in respect thereof are obligations of the Guarantor under the Covered Bond Guarantee.

Transfers of Covered Bonds Represented by Registered Global Covered Bonds

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within DTC, CDS, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC and CDS can only act on behalf of Direct Participants in the DTC system or CDS system, as the case may be, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC or CDS to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such

Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC or CDS to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a direct or indirect participant in such system.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC or CDS, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Issuing and Paying Agent and any custodian with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Series between participants in DTC or CDS will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC and CDS participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC or CDS, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Issuing and Paying Agent and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC or CDS participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, CDS, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, CDS, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, CDS, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Canada

The following summary describes the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Act**") and Income Tax Regulations (the "**Regulations**") generally applicable to a holder of Covered Bonds who acquires Covered Bonds as a beneficial owner, including entitlement to all payments thereunder, pursuant to this Prospectus, and who, for purposes of the Act, at all relevant times, (i) is not resident and is not deemed to be resident in Canada, (ii) deals at arm's length with the Issuer and the Guarantor and any Canadian resident (or deemed Canadian resident) to whom the holder disposes of the Covered Bonds, (iii) is not a, and deals at arm's length with every, specified shareholder (as defined in subsection 18(5) of the Act for the purposes of the "**thin capitalization**" rules) of the Issuer, (iv) does not use or hold and is not deemed to use or hold Covered Bonds in or in the course of carrying on a business in Canada, (v) is not an "**authorized foreign bank**", (vi) is not an entity in respect of which the Issuer is a "specified entity" (as defined in proposed subsection 18.4(1) of the Act set out in proposals to amend the Act released on April 29, 2022 (the "**Hybrid Mismatch Proposals**")), and (vii) is not an insurer carrying on an insurance business in Canada and elsewhere (a "**Non-resident Holder**").

A "specified shareholder" for the purposes of "thin capitalization" rules includes a person who (either alone or together with persons with whom that person is not dealing at arm's length for the purposes of the Act) owns or has the right to acquire or control 25% or more of the Issuer's shares determined on a votes or fair market value basis. The Hybrid Mismatch Proposals provide that two entities will be treated as specified entities in respect of one another generally if one entity, directly or indirectly, holds a 25% equity interest in the other entity, or a third entity, directly or indirectly, holds a 25% equity interest in both entities.

This summary assumes that no amount paid or payable to a Non-Resident Holder will be the deduction component of a "hybrid mismatch arrangement" under which the payment arises within the meaning of proposed paragraph 18.4(3)(b) of the Act set out in the Hybrid Mismatch Proposals. Investors should note that the Hybrid Mismatch Proposals are in consultation form, are highly complex, and there is significant uncertainty as to their interpretation and application.

This summary also assumes that no amount paid or payable as, on account or in lieu of payment of, or in satisfaction of, interest will be in respect of a debt or other obligation to pay an amount to a person who does not deal at arm's length with the Issuer or the Guarantor, as the case may be, for the purposes of the Act.

This summary is based upon the provisions of the Act and the Regulations in force as of the date of this Prospectus, proposed amendments to the Act and the Regulations in the form publicly announced prior to the date of this Prospectus by or on behalf of the Minister of Finance of Canada (included in the reference to the Act and Regulations) and the current administrative practices and assessing policies of the Canada Revenue Agency published in writing by it prior to the date of this Prospectus. No assurance can be given that the proposed amendments will be enacted in the form proposed or at all. This summary is not exhaustive of all Canadian federal income tax considerations relevant to an investment in Covered Bonds and does not take into account or anticipate any other changes in law or any changes in the Canada Revenue Agency's administrative practices or assessing policies, whether by legislative, governmental or judicial decision, action or interpretation, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation. Subsequent developments could have a material effect on the following description.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations. It is not intended to be legal or tax advice to any particular holder, or in respect of any particular issuance of Covered Bonds, the terms and conditions of which will be material to the Canadian federal income tax considerations with respect thereto. Material Canadian federal income tax considerations applicable to Covered Bonds may be described more particularly when such Covered Bonds are offered in the Final Terms related thereto if they are not otherwise addressed herein. In that event, the following will be superseded to the extent indicated therein. Accordingly, prospective purchasers of Covered Bonds should consult their own tax advisors with respect to their particular circumstances.

Interest (including amounts on account or in lieu of payment of, or in satisfaction of, interest) paid or credited or deemed for purposes of the Act to be paid or credited on a Covered Bond (including accrued interest, any amount paid at maturity in excess of the principal amount and interest deemed to be paid on the Covered Bond in certain cases involving the assignment or other transfer of a Covered Bond to a resident or deemed resident of Canada) to a Non-resident Holder will not be subject to Canadian non-resident withholding tax unless all or any portion of such interest (other than interest that is paid or payable on a "prescribed obligation", described below) is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation ("**Participating Debt Interest**"). A "prescribed obligation" is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding which adjustment is determined by reference to a change in the purchasing power of money and no amount payable in respect thereof, other than an amount determined by reference to a change in the purchasing power of money, is contingent or dependent upon the use of or production from property in Canada, or is computed by reference to any of the criteria described in the Participating Debt Interest definition. If any interest payable on a Covered Bond, or any portion of the principal amount of a Covered Bond in excess of its issue price, is to be calculated by reference to an index or formula, interest on the Covered Bond, together with any such portion of such principal, may be subject to Canadian non-resident withholding tax.

In the event that a Covered Bond, the interest on which is not exempt from Canadian withholding tax upon its terms, is redeemed, cancelled, repurchased or exchanged pursuant to Condition 6 or 7, as applicable, or purchased by the Issuer or any other person resident or deemed to be resident in Canada from a Non-resident Holder or is otherwise assigned or transferred by a Non-resident Holder to a person resident or deemed to be resident in Canada for an amount which exceeds, generally, the issue price thereof, the excess may be deemed to be interest and may, together with any interest that has accrued or is deemed to have accrued on the Covered Bond to that time, be subject to non-resident withholding tax. Such withholding tax will apply if all or any portion of such interest is Participating Debt Interest unless, in certain circumstances, the Covered Bond is considered to be an "excluded obligation" for purposes of the Act. A Covered Bond that is not an "indexed debt obligation" (described below) will be an "excluded obligation" for this purpose if it was issued for an amount not less than 97% of its principal amount (as defined in the Act), and if the yield from such Covered Bond, expressed in terms of an annual rate (determined in accordance with the Act) on the amount for which the Covered Bond was issued, does not exceed 4/3 of the interest stipulated to be payable on the Covered Bond, expressed in terms of an annual rate on the outstanding principal amount from time to time. An "indexed debt obligation" is a debt obligation the terms and conditions of which provide for an adjustment to an amount payable in respect of the obligation, for a period during which the obligation was outstanding, that is determined by reference to a change in the purchasing power of money.

For purposes of the Act, all amounts not otherwise expressed in Canadian dollars must be converted into Canadian dollars based on the single day exchange rate quoted by the Bank of Canada or such other rate that is acceptable to the Minister of National Revenue (Canada).

If interest is subject to non-resident withholding tax, the rate is 25 per cent, subject to reduction under the terms of an applicable income tax treaty.

Amounts paid or credited or deemed to be paid or credited on a Covered Bond by the Guarantor to a Non-resident Holder pursuant to the Covered Bond Guarantee will be exempt from Canadian withholding tax to the extent such amounts, if paid or credited by the Issuer to such Non-resident Holder on such Covered Bond, would have been exempt.

Generally, there are no other taxes on income (including taxable capital gains) payable by a Non-resident Holder on interest, discount or premium in respect of a Covered Bond or on the proceeds received by a Non-resident Holder on the disposition of a Covered Bond (including on a redemption, cancellation, purchase or repurchase).

Common Reporting Standard and other information gathering powers

Under the Organization for Economic Co-operation and Development's ("OECD") initiative for the automatic exchange of information, many countries have committed to automatic exchange of information relating to accounts held by tax residents of signatory countries, using a common reporting standard.

Canada and the United Kingdom have implemented the OECD's Multilateral Competent Authority Agreement and Common Reporting Standard ("Common Reporting Standard"), which provides for the automatic exchange of tax information. Canadian and United Kingdom financial institutions (and their branches in other jurisdictions) are required to report certain information concerning certain investors resident in participating countries to their relevant tax authority (or the relevant tax authority in the branch jurisdiction, as appropriate) and to follow certain due diligence procedures. The Canada Revenue Agency and HM Revenue & Customs (or other relevant tax authority) will provide such information on a bilateral, reciprocal basis to the tax authorities in the applicable investors' countries of residence, where such countries have enacted the Common Reporting Standard or otherwise as required under the Common Reporting Standard.

In addition, domestic tax reporting obligations may, subject to any relevant exceptions or concessions, require a person (including a Paying Agent) making payments to a Covered Bondholder to report certain information (which may include the name and address of the Covered Bondholder) to the relevant tax authority in the jurisdiction in which the payer operates. Any information obtained may, in certain circumstances, be exchanged by that tax authority with the tax authority of the jurisdiction in which the Covered Bondholder is resident for tax purposes.

United Kingdom Taxation

The following comments relate only to UK withholding tax. They do not deal with any other aspect of the UK taxation treatment that may be applicable to holders of Covered Bonds (including, for instance, income tax, capital gains tax and corporation tax). The comments are of a general nature and are based on current UK law and the published practice of HM Revenue & Customs (which may not be binding on HM Revenue & Customs), which may be subject to change, possibly with retrospective or retroactive effect. They relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. Prospective Covered Bondholders should be aware that the particular terms of issue of any series of Covered Bonds as specified in the relevant Final Terms may affect the tax treatment of that and other series of Covered Bonds. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective Covered Bondholder.

Any holders of Covered Bonds who are in doubt as to their tax position should consult their professional advisers. Holders of Covered Bonds who may be liable to taxation in jurisdictions other than the UK in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain UK taxation aspects of payments in respect of the Covered Bonds. In particular, Covered Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the UK.

Covered Bonds issued by the Issuer's London branch

The Issuer, provided that it continues to be a bank within the meaning of section 991 of the United Kingdom Income Tax Act 2007 (the "**UK Act**"), and provided that interest on the Covered Bonds is paid in the ordinary course of its business within section 878 of the UK Act, will be entitled to make payments of interest without withholding or deduction on account of United Kingdom income tax.

Payments of interest on the Covered Bonds may also, under section 882 of the UK Act, be made without deduction of or withholding on account of United Kingdom income tax provided that the Covered Bonds constitute Eurobonds under section 987 of the UK Act and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the UK Act. The London Stock Exchange is a recognised stock exchange. Section 1005 of the UK

Act provides that securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in the EEA, in a country outside the United Kingdom in which there is a recognised stock exchange.

Interest on the Covered Bonds may also be paid without withholding or deduction on account of United Kingdom tax, under the exception in section 930 of the UK Act. This will be the case where interest on the Covered Bonds is paid by a company (such as the Issuer) and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Covered Bonds is paid reasonably believes) that the payment is an "excepted payment" which will be the case where the beneficial owner is a UK resident company as set out in section 933 of the UK Act or the recipient of the payment otherwise falls under the categories of "excepted payments" set out in Sections 934 to 937 of the UK Act, provided that HM Revenue & Customs has not given a direction under section 931 of the UK Act (where it has reasonable grounds to believe that the payment will not be an "excepted payment" at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Covered Bonds may also be paid without withholding or deduction on account of United Kingdom tax where the maturity date of the Covered Bonds is less than, and is not capable of exceeding, one year from the date of issue, and the Issuer and the holder of the Covered Bonds in question do not contemplate that the indebtedness under the Covered Bonds will continue, through a succession of subsequent redemptions and subscriptions of further Covered Bonds, for a period of one year or more.

If the Covered Bonds cease to be listed on a recognised stock exchange, interest on Covered Bonds issued by the Issuer's London branch may be paid without deduction on account of UK income tax if the conditions set out in section 888A of the UK Act for qualifying private placements are met. These are that the Covered Bonds should not be listed on a recognised stock exchange, that they represent a debtor loan relationship of a company, that their term should not exceed 50 years, that their value equal or exceed £10m, that they be entered into for genuine commercial reasons (by both the Issuer and Covered Bondholders), that the Issuer should reasonably believe that it is not connected to the Covered Bondholders and vice versa, and that the Issuer should hold a 'creditor certificate' (which, in turn, requires that each Covered Bondholder be resident in a jurisdiction which has a double taxation treaty with the UK containing a non-discrimination article) for each investor.

In other cases, on the basis that interest on Covered Bonds issued by the Issuer's London Branch has a UK source, an amount generally must be withheld from payments of interest on the Covered Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available, for example under the provisions of any applicable double taxation treaty, or in certain other circumstances.

Where interest has been paid under deduction of United Kingdom income tax, Covered Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer of the Covered Bonds or otherwise and does not consider the tax consequences of any such substitution.

Payments by the Guarantor

If the Guarantor makes any payment in respect of interest on Covered Bonds issued by the Issuer's London branch (or any other amounts due under such Covered Bonds other than the repayment of amounts subscribed for under the Covered Bonds) such payment may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.), whether or not the Covered Bonds are listed on a "recognised stock exchange" within the meaning of section 1005 of the UK Act, and may not be eligible for the exemption from the UK withholding tax described above.

Issue at a Discount and/or Redemption at a Premium

If Covered Bonds are issued at a price which is a discount to their nominal amount, any discount element of the redemption amount should not be subject to withholding or deduction on account of United Kingdom income tax. If Covered Bonds are issued with a premium payable on redemption (as opposed to being issued at a discount), the payment of such a redemption premium may be treated as a payment of interest for United Kingdom tax purposes and may be subject to withholding or deduction on account of United Kingdom income tax (unless it falls within one of the exemptions from withholding or deduction described above).

Other Rules Relating to United Kingdom Withholding Tax

The references to "interest" in the United Kingdom taxation section above mean "interest" as understood in United Kingdom tax law and do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions of the Covered Bonds or any related documentation. Covered Bondholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Covered Bonds which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law. Where a payment on a Covered Bond does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified in the Final Terms of the Covered Bond). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HM Revenue and Customs pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Covered Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Covered Bonds are advised to seek their own professional advice in relation to the FTT.

United States Federal Income Taxation

The following summary discusses certain U.S. federal income tax consequences of the ownership and disposition of the Covered Bonds. Except as specifically noted below, this discussion applies only to:

- Covered Bonds purchased on original issuance at their "issue price" (as defined below)
- Covered Bonds held as capital assets for U.S. federal income tax purposes; and

- U.S. holders (as defined below).

Except as expressly set out below, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder based on such holder's particular circumstances, nor does it address any aspect of state, local or non-U.S. tax laws or the possible application of the alternative minimum tax. In particular, this discussion does not describe all of the tax consequences that may be relevant to holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- tax-exempt organizations;
- real estate investment trusts;
- regulated investment companies;
- dealers in securities or foreign currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons holding Covered Bonds as part of a hedging transaction, "straddle", conversion transaction or other integrated transaction;
- persons subject to special tax accounting rules under Section 451(b) of the Code;
- persons that purchase or sell securities as part of a wash sale for tax purposes;
- persons that actually or constructively own 10% or more of our voting stock;
- persons liable for alternative minimum tax;
- persons that are U.S. expatriates;
- U.S. holders whose functional currency is not the U.S. dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes, and persons holding Covered Bonds through such entities.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, changes to any of which subsequent to the date of this Prospectus may affect the tax consequences described below. Persons considering the purchase of the Covered Bonds should consult the applicable Final Terms for any additional discussion regarding U.S. federal income taxation and should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used herein, the term "**U.S. holder**" means a beneficial owner of a Covered Bond that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States or of any state thereof;

- a trust, (i) if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) the trust has a valid election in place under U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes; or

- an estate whose income is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Covered Bonds, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Covered Bonds should consult with their tax advisers.

Characterization of the Covered Bonds

Unless otherwise indicated under the applicable Final Terms, the Issuer generally intends to treat the Covered Bonds issued under the Programme as indebtedness for U.S. federal income tax purposes. The tax treatment of Covered Bonds to which a treatment other than as debt may apply may be discussed in the applicable Final Terms. The following disclosure applies only to Covered Bonds that are treated as debt for U.S. federal income tax purposes.

This summary does not discuss Bearer Covered Bonds. In general, U.S. federal income tax law imposes significant limitations on U.S. holders of Bearer Covered Bonds. U.S. holders should consult their tax advisors regarding the U.S. federal income and other tax consequences of the acquisition, ownership and disposition of Bearer Covered Bonds.

Prospective investors should consult their own tax advisers regarding the appropriate characterisation of, and U.S. federal income tax and other tax consequences of investing in, the Covered Bonds.

Payments of Stated Interest

Interest paid on a Covered Bond will be taxable to a U.S. holder as ordinary interest income at the time it accrues or is received in accordance with the holder's method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. holder with respect to a Covered Bond will constitute non-U.S. source income for U.S. federal income tax purposes, which may be relevant in calculating the holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisors about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount Covered Bonds, short-term Covered Bonds, Covered Bonds that are "contingent payment debt instruments" and foreign currency Covered Bonds are described under "*Taxation – United States Federal Income Taxation – Original Issue Discount*," "*– Contingent Payment Debt Instruments*", and "*Foreign Currency Covered Bonds*".

Original Issue Discount

A Covered Bond that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Covered Bond**") unless the Covered Bond satisfies a *de minimis* threshold (as described below) or is a short-term Covered Bond (as defined below). The "**issue price**" of a Covered Bond generally will be the first price at which a substantial amount of the Covered Bonds are sold to the public (which does not include sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The "**stated redemption price at maturity**" of a Covered Bond generally will equal the sum of all payments required to be made under the Covered Bond other than payments of "qualified stated interest". "**Qualified stated interest**" is stated interest unconditionally payable (other than in debt instruments of the Issuer) at least annually during the entire term of the Covered Bond and equal to the outstanding principal balance of the Covered Bond multiplied by a single fixed rate of interest. In addition, qualified stated interest includes, among other things, stated interest on a "variable rate debt instrument" that is unconditionally payable (other than in debt instruments of the Issuer) at least annually at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Covered Bond is denominated.

If the difference between a Covered Bond's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of 1 per cent, of the stated redemption price at maturity multiplied by the number of complete years to maturity (or, if the Covered Bond is an installment obligation, as defined for these purposes, the weighted average maturity), the Covered Bond will not be considered to have original issue discount. U.S. holders of Covered Bonds with a *de minimis* amount of original issue discount generally will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Covered Bond.

A U.S. holder of original issue discount Covered Bonds will be required to include any qualified stated interest payments in income in accordance with the holder's method of accounting for U.S. federal income tax purposes. U.S. holders of original issue discount Covered Bonds that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received.

A U.S. holder may make an election to include in gross income all interest that accrues on any Covered Bond (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and may revoke such election only with the permission of the IRS (a "**constant yield election**").

A Covered Bond that matures one year or less from its date of issuance (a "**short-term Covered Bond**") will be treated as being issued at a discount and none of the interest paid on the Covered Bond will be treated as qualified stated interest. In general, a cash method U.S. holder of a short-term Covered Bond is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so, but may be required to include any stated interest in income as the interest is received. Holders who so elect and certain other holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. holder who is not required and who does not elect to include the discount in income currently, any gain realized on the sale, exchange, retirement, or other disposition of the short-term Covered Bond will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange, retirement or other disposition. In addition, those U.S. holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Covered Bonds in an amount not exceeding the accrued discount until the accrued discount is included in income.

The Issuer may have an unconditional option to redeem, or U.S. holders may have an unconditional option to require the Issuer to redeem, a Covered Bond prior to its stated maturity date. Under applicable regulations, if the Issuer has an unconditional option to redeem a Covered Bond prior to its stated maturity date, this option will be presumed to be exercised if, by utilizing any date on which the Covered Bond may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Covered Bond as the stated redemption price at maturity, the yield on the Covered Bond would be lower than its yield to maturity. If the U.S. holders have an unconditional option to require the Issuer to redeem a Covered Bond prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Covered Bond would be higher than its yield to maturity. If this option is not in fact exercised, the Covered Bond would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Covered Bond were issued, on the presumed exercise date for an amount equal to the Covered Bond's adjusted issue price on that date. The adjusted issue price of an original issue discount Covered Bond is defined as the sum of the issue price of the Covered Bond and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market Discount

If a U.S. holder purchases a Covered Bond (other than a short-term Covered Bond) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Covered Bond, its revised issue price (generally, the sum of its issue price and any previously accrued original issue discount), the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount, *i.e.*, 1/4th of 1 per cent, of the stated redemption price of the Covered Bond at maturity multiplied by the number of complete years to maturity (after the U.S. holder acquires the Covered Bond).

A U.S. holder will be required to treat any principal payment (or, in the case of an original issue discount Covered Bond, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Covered Bond, including dispositions in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Covered Bond at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. holder pursuant to an election by the holder to include market discount in income as it accrues, or pursuant to a constant yield election by the holder as described under "*Taxation – United States Federal Income Taxation – Original Issue Discount*" above. In addition, the U.S. holder may be required to defer, until the maturity of the Covered Bond or its earlier sale, exchange, retirement or other disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Covered Bond.

If a U.S. holder makes a constant yield election (as described under "*Taxation – United States Federal Income Taxation – Original Issue Discount*") for a Covered Bond with market discount, such election will result in a deemed election for all market discount bonds acquired by the holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium and Amortizable Bond Premium

A U.S. holder who purchases a Covered Bond for an amount that is greater than the Covered Bond's adjusted issue price but less than or equal to the sum of all amounts payable on the Covered Bond after the purchase date other than payments of qualified stated interest will be considered to have purchased the Covered Bond at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. holder must include in its gross income with respect to the Covered Bond for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. holder purchases a Covered Bond for an amount that is greater than the amount payable at maturity (defined to include all amounts payable on the Covered Bond after the purchase date through maturity other than payments of qualified stated interest), or on the earlier call date, in the case of a Covered Bond that is redeemable at the Issuer's option, the holder will be considered to have purchased the Covered Bond with amortizable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The holder may elect to amortize this premium, using a constant yield method, over the remaining term of the Covered Bond (where the Covered Bond is not optionally redeemable prior to its maturity date). If the Covered Bond may be optionally redeemed prior to maturity after the holder has acquired it, the amount of amortizable bond premium is determined by substituting the call date for the maturity date and the call price for the amount payable at maturity only if the substitution results in a smaller amount of premium attributable to the period before the redemption date. A holder who elects to amortize bond premium must reduce his tax basis in the Covered Bond by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the holder and may be revoked only with the consent of the IRS.

If a U.S. holder makes a constant yield election (as described under "*Taxation – United States Federal Income Taxation – Original Issue Discount*") for a Covered Bond with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the holder's debt instruments with amortizable bond premium.

Sale, Exchange or Retirement of the Covered Bonds

Upon the sale, exchange, retirement or other disposition of a Covered Bond, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition and the holder's adjusted tax basis in the Covered Bond. A U.S. holder's adjusted tax basis in a Covered Bond generally will equal the acquisition cost of the Covered Bond increased by the amount of original issue discount and market discount included in the Holder's gross income and decreased by the amount of any payment received from the Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. holder's foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued interest on the Covered Bond. Amounts attributable to accrued interest are treated as interest as described under "*Taxation – United States Federal Income Taxation – Payments of Stated Interest*".

Except as described below, gain or loss realized on the sale, exchange, retirement or other disposition of a Covered Bond will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other disposition the Covered Bond has been held for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Covered Bond, to the extent of any accrued discount not previously included in the holder's taxable income. See "*Taxation– United States Federal Income Taxation – Original Issue Discount*" and "*Market Discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Covered Bonds, and contingent payment debt instruments. See "*Taxation – United States Federal Income Taxation – Foreign Currency Covered Bonds*" and "*Contingent Payment Debt Instruments*".

Contingent Payment Debt Instruments

If the terms of Covered Bonds that mature more than one year from their date of issuance provide for certain contingencies that affect the timing and amount of payments (including Covered Bonds with a variable rate or rates that do not qualify as "variable rate debt instruments" for purposes of the original issue discount rules) they will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Covered Bonds qualifies as qualified stated interest. Rather, a U.S. holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Covered Bond and the Covered Bond's "projected payment schedule" as described below. The comparable yield is determined by the Issuer at the time of issuance of the Covered Bonds. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Covered Bonds. Solely for the purpose of determining the amount of interest income that a U.S. holder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. holder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments in respect of a Covered Bond treated as a contingent payment debt instrument, unless the holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. holder, regardless of the holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment debt instrument (as set forth below).

A U.S. holder will be required to recognize interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a holder would otherwise be required to include in income in the taxable year; and

- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:

    - the amount of all previous interest inclusions under the contingent payment debt instrument over

- the total amount of the U.S. holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the limitations imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realized on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated. In addition, special rules apply for purposes of determining the amount and timing of an adjustment where the amount of a contingent payment becomes fixed more than six months before the payment is due.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder's adjusted basis in the contingent payment debt instrument. A U.S. holder's adjusted basis in a Covered Bond that is a contingent payment debt instrument generally will be the acquisition cost of the Covered Bond, increased by the interest previously accrued by the U.S. holder on the Covered Bond under these rules, decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Covered Bond and, if applicable, increased or decreased by the amount of any positive or negative adjustment that such holder is required to make with respect to such holder's contingent payment debt instrument under the rules set forth above addressing purchasers of contingent payment debt instruments for an amount that differs from the instruments' adjusted issue price at the time of purchase. A U.S. holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations.

A U.S. holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument including in satisfaction of a call right equal to the fair market value of the property, determined at the time of retirement. The holder's holding period for the property will commence on the day immediately following its receipt.

Foreign Currency Covered Bonds

The following discussion summarizes certain U.S. federal income tax consequences to a U.S. holder of the ownership and disposition of Covered Bonds that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal on which are payable in a currency other than the U.S. dollar ("**foreign currency Covered Bonds**").

The rules applicable to foreign currency Covered Bonds could require some or all gain or loss on the sale, exchange, retirement or other disposition of a foreign currency Covered Bond to be recharacterized as ordinary income or loss. The rules applicable to foreign currency Covered Bonds are complex and may depend on the holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a holder should make any of these elections may depend on the holder's particular U.S. federal income tax situation. U.S. holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Covered Bonds. Special rules apply to foreign currency Covered Bonds that are contingent payment debt instruments.

A U.S. holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Covered Bond will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and this U.S. dollar value will be the U.S. holder's tax basis in the foreign currency. A cash method holder who receives a payment of qualified stated interest in U.S. dollars pursuant to an option available under such Covered Bond will be required to include the amount of this payment in income upon receipt.

An accrual method U.S. holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortizable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Covered Bond during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. holder will recognize ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period (or, where a holder receives U.S. dollars, the amount of the payment in respect of the accrual period) and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a U.S. holder that is a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortizable bond premium on a foreign currency Covered Bond are to be determined in the relevant foreign currency. Where the U.S. holder elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realized with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above.

If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as on the sale, exchange, retirement or other disposition of the foreign currency Covered Bond. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realized on the sale, exchange, retirement or other disposition of a foreign currency Covered Bond with amortizable bond premium by a U.S. holder who has not elected to amortize the premium will be a capital loss to the extent of the bond premium.

A U.S. holder’s tax basis in a foreign currency Covered Bond, and the amount of any subsequent adjustment to the holder’s tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Covered Bond, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. holder who purchases a foreign currency Covered Bond with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. holder’s tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Covered Bond on the date of purchase.

Gain or loss realized upon the sale, exchange, retirement or other disposition of a foreign currency Covered Bond that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the Covered Bond, determined on the date the payment is received or the Covered Bond is disposed of, and (ii) the U.S. dollar value of the foreign currency principal amount of the Covered Bond, determined on the date the U.S. holder acquired the Covered Bond. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Covered Bonds described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the holder on the sale, exchange, retirement or other disposition of the foreign currency Covered Bond. The source of the foreign currency gain or loss will be determined by reference to the residence of the holder or the "qualified business unit" of the holder on whose books the Covered Bond is properly reflected. Any gain or loss realized by these holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of a short-term Covered Bond, to the extent of any discount not previously included in the holder's income. Holders should consult their own tax advisor with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Covered Bond accrue.

A U.S. holder will have a tax basis in any foreign currency received on the sale, exchange, retirement or other disposition of a foreign currency Covered Bond equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange, retirement or other disposition. A U.S. holder that is a cash method taxpayer who buys or sells a foreign currency Covered Bond that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. A U.S. holder that is an accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations provided that the Covered Bonds are traded on an established securities market. This election cannot be changed without the consent of the IRS. Any gain or loss realized by a U.S. holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Covered Bonds) will be ordinary income or loss.

Additional Medicare Tax

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. holder's "net investment income" for the relevant taxable year ("undistributed net investment income" in the case of an estate or trust) and (2) the excess of the U.S. Holder's modified adjusted gross income (or, in the case of an estate or trust, adjusted gross income) for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). Net investment income generally includes passive income such as interest and capital gains. U.S. holders are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and capital gains in respect of their investment in the Covered Bonds.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Covered Bonds and the proceeds from a sale, exchange, retirement or other disposition of the Covered Bonds. A U.S. holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle them to a refund, provided that the required information is furnished to the IRS.

Additionally, certain U.S. holders may be required to report to the IRS certain information with respect to their beneficial ownership of the Covered Bonds. Investors who fail to report required information could be subject to substantial penalties. Certain information reporting requirements are described more fully below under "*Taxation – United States Federal Income Taxation – Information with Respect to Foreign Financial Assets*" and "*– Reportable Transactions*".

Information with Respect to Foreign Financial Assets

Certain owners of "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances a higher threshold) may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. The Covered Bonds may be subject to these rules. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Covered Bonds.

Base Rate Amendments

Pursuant to Condition 13.02(c), the Issuer may in certain circumstances modify a Series of the Floating Rate Covered Bonds to change the relevant reference rate to an Alternative Base Rate (such change, a "**Base Rate Modification**"). It is possible that a Base Rate Modification will be treated as a deemed exchange of old Covered Bonds for new Covered Bonds, which may be taxable to U.S. holders. U.S. holders should consult with their own tax advisors regarding the potential consequences of a Base Rate Modification.

Reportable Transactions

A U.S. holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss equals or exceeds U.S. $50,000 in a single taxable year if the U.S. holder is an individual or trust, or higher amounts for other U.S. holders. In the event the acquisition, ownership or disposition of Covered Bonds constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of Covered Bonds.

Foreign Account Tax Compliance Act

Under Section 1471 through 1474 of the Code and the regulations issued thereunder ("**FATCA**"), a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Canada and the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Covered Bonds executed on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are published the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Covered Bonds are not distinguishable from previously issued Covered Bonds are executed after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds executed prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In addition, the U.S. Treasury Department and the IRS have published regulations in proposed form that state that withholding on "foreign passthrough payments" will not apply to payments made prior to two years after the date on which final regulations defining such term are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Covered Bonds.

The United States federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their own tax advisors with respect to the tax consequences to them of the ownership and disposition of the Covered Bonds, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

ERISA AND CERTAIN OTHER U.S. BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Each fiduciary of an ERISA Plan should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the Covered Bonds. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan.

Section 406 of ERISA and Section 4975 of the Code, which are among the ERISA and Code fiduciary provisions governing plans, prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and entities whose underlying assets include the assets of such plans (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" under ERISA or "**disqualified persons**" under section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any Covered Bonds are acquired by a Plan with respect to which any of the Issuer, the Guarantor, the Bond Trustee, the Dealers, the Arranger or any of their respective affiliates are a party in interest or a disqualified person. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons.

Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire Covered Bonds and the circumstances under which such decision is made. Those exemptions include prohibited transaction exemption ("**PTCE**") 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), and PTCE 84-14 (for certain transactions determined by independent qualified asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide statutory exemptive relief for certain arm's-length transactions with a person that is a party in interest solely by reason of providing services to Plans or being an affiliate of such a service provider (the "**Service Provider Exemption**"). Any Plan fiduciary considering reliance on the Service Provider Exemption is encouraged to consult with counsel regarding the availability of the exemption.

There can be no assurance that any exemption will be available with respect to any particular transaction involving the Covered Bonds, or that, if an exemption is available, it will cover all aspects of any particular transaction.

Governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to federal, state, local or other laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"). Fiduciaries of any such plans should consult with their counsel before purchasing any Covered Bonds.

Because the Issuer, the Guarantor, the Bond Trustee, the Dealers, the Arrangers, or any of their respective affiliates (the "**Transaction Parties**") may be considered a party in interest with respect to many Plans, the Covered Bonds may not be purchased, held or disposed of by any Plan, unless such purchase, holding or disposition is eligible for exemptive relief under an applicable statutory, class or individual prohibited transaction exemption, including relief available under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 or the Service Provider Exemption.

By its purchase of any Covered Bonds (or any interest in therein), each purchaser (whether in the case of the initial purchase or in the case of a subsequent transferee) will be deemed to have represented and agreed in its fiduciary or corporate capacity that either (i) it is not and for so long as it holds a Covered Bond (or any interest therein) will not be a Plan or a plan subject to Similar Law, or (ii) its acquisition and holding of the Covered Bonds will not, in the case of a Plan, constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because the conditions for relief under an applicable statutory, class or individual prohibited transaction exemption are satisfied or, in the case of a plan subject to Similar Law, result in a violation of any Similar Law.

The foregoing discussion is general in nature and not intended to be all-inclusive. Any Plan or other plan fiduciary who proposes to cause a Plan or other plan subject to Similar Law to purchase any Covered Bonds should consult with its counsel and other advisers regarding the applicability of the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code and Similar Law to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code or Similar Law.

The sale of Covered Bonds to a Plan or other plan is in no respect a representation by the Issuer, the Guarantor, the Bond Trustee, the Dealers, or the Arrangers that such an investment meets all relevant requirements with respect to investments by Plans or other plans generally or any particular Plan or other plan, or that such an investment is appropriate for Plans or other plans generally or any particular Plan or other plan.

CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

The Guarantor is not now, and solely after giving effect to any offering and sale of Covered Bonds pursuant to the Trust Deed will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "**Volcker Rule**".

In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended ("**Investment Company Act**"), and under the Volcker Rule and its related regulations may be available, we have relied on the determinations that:

- the Guarantor may rely on the exemption from registration under the Investment Company Act provided by Section 3(c)(5) thereunder, and accordingly

- the Guarantor does not rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the Investment Company Act and may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Covered Bonds may be sold from time to time by the Issuer to any one or more of National Bank Financial Inc., National Bank of Canada Financial Inc. and BNP Paribas, or such other dealer(s) as may be appointed from time to time in accordance with the Dealership Agreement, which appointment may be for a specific issue or on an ongoing basis (the "**Dealers**"). Covered Bonds may also be sold by the Issuer directly to institutions who are not Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a fifth amended and restated dealership agreement dated 2 September 2022 (as further amended, restated or supplemented from time to time, the "**Dealership Agreement**") and made between the Bank, the Guarantor, the Dealers named therein and the Arrangers. Any such agreement will, among other things, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds. The Dealership Agreement will be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer in the ordinary course of business without regard to the Issuer, the Bond Trustee, the holders of the Covered Bonds or the Guarantor.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers without regard to the Issuer, the Bond Trustee, the Holders of the Covered Bonds or the Guarantor. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Canada

The Covered Bonds have not been and will not be qualified for sale under the securities laws of any province or territory of Canada.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or delivered, and that it will not offer, sell, distribute or deliver any Covered Bonds, directly or indirectly, in Canada or to, or for the benefit of any resident thereof in contravention of the securities laws of Canada or any province or territory thereof and also without the consent of the Issuer.

If the applicable Final Terms provide that the Covered Bonds may be offered, sold or distributed in Canada, the issue of the Covered Bonds will be subject to such additional selling restrictions as the Issuer and the relevant Dealer may agree, as specified in the applicable Final Terms. Each Dealer and each further Dealer appointed under the Programme will be required to agree that it will offer, sell and distribute such Covered Bonds only in compliance with such additional Canadian selling restrictions.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, not to distribute or deliver this Prospectus, or any other offering material relating to the Covered Bonds, in Canada in contravention of the securities laws of Canada or any province or territory thereof and also without the consent of the Issuer.

United States of America

Transfer Restrictions

As a result of the following restrictions, purchasers of Covered Bonds in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of Covered Bonds.

Each purchaser of Registered Covered Bonds (other than a person purchasing an interest in a Registered Global Covered Bond with a view to holding it in the form of an interest in the same Global Covered Bond) or person wishing to transfer an interest from one Registered Global Covered Bond to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A, or (ii) it is outside the United States and is not a U.S. person and it is not purchasing (or holding) the Covered Bonds for the account or benefit of a U.S. person;

(b) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth in this section and in compliance with applicable U.S. securities laws;

(c) it agrees that neither the Issuer nor the Guarantor has any obligation to register the Covered Bonds or the Covered Bond Guarantee under the Securities Act;

(d) that, unless it holds an interest in a Regulation S Global Covered Bond and is a person located outside the United States and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(e) it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (d) above, if then applicable;

(f) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds and that Covered Bonds offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;

(g) that either (a) it is not, and is not acting on behalf of (and for so long as it holds a Covered Bond (or any interest therein) will not be and will not be acting on behalf of) a Plan or a plan subject to Similar Law, or (b) its acquisition and holding of the Covered Bonds will not, in the case of a Plan, constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because the conditions for relief under an applicable statutory, class or individual prohibited transaction exemption are satisfied or, in the case a plan subject to Similar Law, result in a violation of any Similar Law;

(h) that the Covered Bonds, other than the Regulation S Global Covered Bonds, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

> "THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE "AGENCY AGREEMENT") OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.
>
> THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).
>
> BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE AND WILL NOT BE ACTING ON BEHALF OF), (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE

(EACH OF THE FOREGOING, A "BENEFIT PLAN"), OR (IV) A PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR OTHER LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (B) ITS ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT, IN THE CASE OF A BENEFIT PLAN, RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BECAUSE THE CONDITIONS FOR RELIEF UNDER AN APPLICABLE STATUTORY, CLASS OR INDIVIDUAL PROHIBITED TRANSACTION EXEMPTION ARE SATISFIED OR, IN THE CASE OF A PLAN SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SIMILAR LAW.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.";

(i) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the Distribution Compliance Period (defined as 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Covered Bonds represented by a Regulation S Global Covered Bond and Definitive Regulation S Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE "AGENCY AGREEMENT") AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART, SALES MAY NOT BE MADE UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE AND WILL NOT BE ACTING ON BEHALF OF), (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE (EACH OF THE FOREGOING, A "BENEFIT PLAN"), OR (IV) A PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR OTHER LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (B) ITS ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT, IN THE CASE OF A BENEFIT PLAN, RESULT IN A NON-EXEMPT PROHIBITED

TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BECAUSE THE CONDITIONS FOR RELIEF UNDER AN APPLICABLE STATUTORY, CLASS OR INDIVIDUAL PROHIBITED TRANSACTION EXEMPTION ARE SATISFIED OR, IN THE CASE OF A PLAN SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SIMILAR LAW."; and

(j) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sales of Legended Covered Bonds in the United States to any one purchaser will be for less than the minimum purchase price set forth in the applicable Final Terms in respect of the relevant Legended Covered Bonds. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least an amount equal to the applicable minimum purchase price set forth in the applicable Final Terms in respect of the relevant Legended Covered Bonds.

Dealers may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A will be specified in the applicable Final Terms (or the approximate equivalent in another Specified Currency). To the extent that the Issuer and the Guarantor are not subject to or do not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer and the Guarantor have agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Selling Restrictions

Regulation S, Category 2, TEFRA D Rules apply, unless TEFRA C Rules are specified as applicable in the applicable Final Terms or unless TEFRA Rules are not applicable. Rule 144A eligible sales will be permitted, if so specified in the applicable Final Terms.

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or its territories or possessions or to or for the account or benefit of U.S. persons as defined in Regulation S and the Securities Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code, as amended, and regulations thereunder. Bearer Covered Bonds (other than Temporary Global Covered Bonds) and any Coupon appertaining thereto will bear a legend substantially to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

The sections referred to in such legend provide that a United States person who holds a Bearer Covered Bond or Coupon generally will not be allowed to deduct any loss realized on the sale, exchange or redemption of such Bearer Covered Bond or Coupon and any gain (which might otherwise be characterized as capital gain) recognized on such sale, exchange or redemption will be treated as ordinary income.

In connection with any Covered Bonds which are offered or sold outside the United States in reliance on Regulation S ("**Regulation S Covered Bonds**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulations S Covered Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bonds during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until forty days after the completion of the distribution of Covered Bonds comprising any Tranche, any offer or sale of Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

Dealers may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A will be specified in the applicable Final Terms in U.S. dollars (or the approximate equivalent in another Specified Currency).

Each Dealer appointed under the Dealership Agreement will be required to represent and agree in respect of transactions under Rule 144A that it has not (and will not), nor has (nor will) any person acting on its behalf, (a) made offers or sales of any security, or solicited officers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of Covered Bonds in the United States.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to any retail investor in the EEA. For purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II;

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of MiFID II; or

(c) not a qualified investor as defined in the Prospectus Regulation.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" is "Not Applicable", then in relation to each Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Member State except that it may make an offer of Covered Bonds to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer" in relation to any Covered Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended.

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, as amended; or

    (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

    (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Covered Bonds to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Covered Bonds referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an offer of Covered Bonds to the public in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the EUWA.

Other United Kingdom Regulatory Restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Guarantor or, in the case of the Issuer, would not, if the Issuer was not an authorized person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the UK.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that this Prospectus has not been approved by the Securities and Futures Commission in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and, accordingly:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**Securities and Futures Ordinance**") and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Covered Bonds and the distribution in France of the Prospectus or any other offering material relating to the Covered Bonds.

Italy

As of the date of this Base Prospectus, the Issuer is not licensed to "collect deposits and other funds with the obligation to reimburse" in Italy in accordance with the provisions of Legislative Decree No. 385 of 1 September 1993, as amended, and therefore, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Covered Bonds may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy until such license has been obtained.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Covered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(a) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018 of Singapore.

Belgium

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any Covered Bonds will only be offered in the Netherlands to qualified investors (as defined in the Prospectus Regulation), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

General

No action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor, the Dealers or the Bond Trustee that would permit a public offering of Covered Bonds, or possession or distribution of any offering material in relation thereto, in such country or jurisdiction where action for that purpose is required. Persons into whose hands the Prospectus or any Final Terms comes are required by the Issuer, the Guarantor, the Dealers and the Bond Trustee to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers will not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions will, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the applicable Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or (in any other case) in a supplement to this document.

GENERAL INFORMATION

1. The listing of the Covered Bonds on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Covered Bonds which is to be listed on the Official List and to trading on the Main Market will be admitted separately upon submission of the applicable Final Terms and any other information required, subject to the issue of the relevant Covered Bonds. Prior to official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

2. The establishment of the Programme and the issue of Covered Bonds has been authorized by the Issuer. The giving of the Covered Bond Guarantee has been duly authorized by resolution of the Managing GP on behalf of the Guarantor dated 25 October 2013. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Covered Bonds and the Covered Bond Guarantee.

3. Other than as noted under the heading "Litigation" on page 112 of the Bank's 2021 Annual Report and in note 26 – "Guarantees, Commitments and Contingent Liabilities" set out at page 214 of the Bank's 2021 Annual Report, incorporated by reference herein, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor is aware) during the 12 months prior to the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole or the Guarantor.

4. There has been no significant change in the financial performance or financial position of the Issuer and its subsidiaries, including the Guarantor, taken as a whole since 31 July 2022, the last day of the financial period in respect of which the most recent interim unaudited published consolidated financial statements of the Issuer have been prepared.

5. There has been no material adverse change in the prospects of the Issuer and its subsidiaries, including the Guarantor, taken as a whole since 31 October 2021, the last day of the financial period in respect of which the most recent comparative published audited annual consolidated financial statements of the Issuer have been prepared.

6. The independent auditor of the Issuer is Deloitte LLP ("**Deloitte**") who are Chartered Professional Accountants. Deloitte is independent of the Bank within the meaning of the Code of Ethics of the Ordre des comptables professionels agréés du Québec. The address for Deloitte is set out on the last page hereof.

7. The consolidated financial statements of the Issuer for the years ended 31 October 2021 and 2020 prepared in accordance with IFRS, were audited in accordance with Canadian generally accepted auditing standards by Deloitte. Deloitte expressed an unmodified opinion thereon in their report dated 30 November 2021.

8. For so long as the Programme remains in effect or any Covered Bonds are outstanding, copies of the following *documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public* holidays excepted) at the specified offices of the Issuing and Paying Agent, the Registrar and the Issuer, namely:

    (i) the Transaction Documents (including, without limitation, the Trust Deed containing the Covered Bond Guarantee);

    (ii) the Annual Report of the Issuer for the two most recently completed fiscal years, which includes the comparative audited annual consolidated financial statements of the Issuer and the auditor's report thereon; the Guarantor is not required to prepare any audited accounts on an annual basis pursuant to applicable Canadian law;

(iii) the most recent quarterly report of the Issuer including the comparative unaudited interim condensed consolidated financial statements; the Guarantor is not required to prepare any unaudited interim accounts pursuant to applicable Canadian law;

(iv) each Final Terms for a Tranche of Covered Bonds that is admitted to trading on the Main Market in circumstances requiring publication of a prospectus in accordance with the UK Prospectus Regulation; and

(v) a copy of the Prospectus together with any supplement to the Prospectus or further Prospectus.

This Prospectus, together with any supplement to the Prospectus or further Prospectus, all documents incorporated by reference therein, and the Transaction Documents will also be available on the Issuer's website at http://www.nbc.ca/coveredbonds/legislative. The constating documents of the Issuer are available on the Issuer's website at https://www.nbc.ca/en/about-us/governance/corporate-practices.html. The constating documents of the Guarantor are available on the Issuer's website at https://www.nbc.ca/en/about-us/investors/investor-relations/capital-debt-information/debt/legislative-covered-bonds-program/legislative-covered-bonds.html. Such websites and information do not form part of this Prospectus.

9. The Prospectus and the Final Terms for Covered Bonds that are listed on the Official List and admitted to trading on the Main Market will be published on the Regulatory News Service operated by the London Stock Exchange at https://www.londonstockexchange.com/.

10. The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records in respect of the Covered Bonds. The appropriate common code and International Securities Identification Number for the relevant Covered Bonds will be contained in the Final Terms relating thereto. In addition, the Issuer may make an application for any Registered Covered Bonds to be accepted for trading in book-entry form by DTC and CDS. The CUSIP and/or CINS numbers for each Tranche of Registered Bonds, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information (including address) will be specified in the applicable Final Terms. The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream is 42 Avenue J. F. Kennedy, L-1855 Luxembourg. The address of DTC is 570 Washington Boulevard, Jersey City, New Jersey, 07310, United States of America. The address of CDS is 100 Adelaide Street West, Toronto, Ontario, M5H 1S3.

11. The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

12. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Issuing and Paying Agent or, as the case may be, the Registrar in relation to each Tranche of Covered Bonds.

13. The Issuer will provide post-issuance information to Holders of the Covered Bonds in the form of Investor Reports, which will be available on the Issuer's website at http://www.nbc.ca/coveredbonds/legislative. Please note that this website and its contents do not form part of the Prospectus, nor has its contents been approved or submitted to the FCA. The Issuer has no intention of providing any other post-issuance information to Holders of the Covered Bonds.

14. The Trust Deed provides that the Bond Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed. However, the Bond Trustee will have no recourse to the professional advisers in respect of such certificates or reports unless the professional advisers have agreed to have a duty of care for such certificates or reports to the Bond Trustee pursuant to the terms of the relevant document(s) between the Bond Trustee and such persons.

15. In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GLOSSARY

"**2021 Annual Information Form**".............	The meaning given to it in "*Documents Incorporated by Reference*" on page 84;
"**2021 Annual Report**"................................	The meaning given to it in "*Documents Incorporated by Reference*" on page 84;
"**2022 Third Quarter Report**"....................	The meaning given to it in "*Documents Incorporated by Reference*" on page 85;
"**30/360**"	The meaning given in Condition 5.09 on page 113;
"**360/360**"	The meaning given in Condition 5.09 on page 113;
"**30E/360**"...	The meaning given in Condition 5.09 on page 113;
"**30E/360 (ISDA)**"	The meaning given in Condition 5.09 on page 114;
"**$**", "**C$**", "**CAD**" or "**Canadian dollars**"...	The lawful currency for the time being of Canada;
"**€**"or "**euro**"..	The lawful currency for the time being of the Partner states of the European Union that have adopted or may adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the treaty on European Union;
"**€STR**"...	The meaning given on page 2;
"**€STR$_{i-pTBD}$**"	The meaning given on page 107;
"**€STR Fallbacks**"	The meaning given in "*Risk Factors*" on page 71;
"**€STR Index Cessation Effective Date**".....	The meaning given on page 108;
"**€STR Reference Rate**"..............................	The meaning given on page 108;
"**£**", "**Sterling**" and "**United Kingdom Pound**"...	The lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;
"**U.S.$**", "**U.S. dollars**", "**USD**" **or** "**United States dollars**"	The lawful currency for the time being of the United States of America;
"**¥**", "**Yen**" and "**Japanese Yen**"	The lawful currency for the time being of Japan;
"**ARRC**" .... ……………………..	The meaning given in "*Factors which are material for the purpose of assessing risks related to a particular issue of covered bonds - Any failure of SOFR to gain market acceptance could adversely affect any SOFR-referenced Covered Bonds*" on page 65;
"**Account Bank**"	National Bank of Canada together with any successor Account Bank appointed under the Bank Account Agreement;
"**Account Bank Threshold Ratings**"...........	The meaning given in "*Summary of the Principal Documents*" on page 221;
"**Accrual Period**"...	The meaning given in Condition 5.09 on page 112;
"**Accrued Interest**"......................................	In respect of a Portfolio Asset as at any relevant date the aggregate of all interest accrued but not yet due and payable on the Portfolio Asset from (and including) the Monthly Payment Date immediately preceding the relevant date to (but excluding) the relevant date;
"**Act**"	The meaning given in "*Taxation*" on page 250;
"**Actual/360**"..	The meaning given in Condition 5.09 on page 113;

"**Actual/365 (Fixed)**"	The meaning given in Condition 5.09 on page 113;
"**Actual/365 (Sterling)**"	The meaning given in Condition 5.09 on page 113;
"**Actual/Actual**" or "**Actual/Actual (ISDA)**"	The meaning given in Condition 5.09 on page 112;
"**Actual/Actual (ICMA)**" or **"Act/Act (ICMA)"**	The meaning given in Condition 5.09 on page 114;
"**Additional Loan Advance**"	A further drawing (including, but not limited to, Further Advances) in respect of Loans sold by the Seller to the Guarantor;
"**Adjusted Aggregate Asset Amount**"	The meaning given in "*Summary of the Principal Documents*" on page 204;
"**Adjusted Required Redemption Amount**"	The meaning given to it in "*Summary of the Principal Documents*" on page 191;
"**Agency Agreement**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**Agent**"	Each of the Paying Agents, the Registrar, the Exchange Agent and the Transfer Agent;
"**All-In-One Mortgage Segment**"	Each outstanding amortizing term loan due or owing under the relevant Mortgage Conditions by a Borrower on the security of a Multiproduct Mortgage from time to time outstanding, or, as the context may require, the Borrower's obligations in respect of the same;
"**Alternative Base Rate**"	The meaning given in Condition 13.02 on page 134;
"**AMF**"	Autorité des marchés financiers;
"**Amortization Test**"	The test as to whether the Amortization Test Aggregate Asset Amount is at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date;
"**Amortization Test Aggregate Asset Amount**"	The meaning given in "S*ummary of the Principal Documents*" on page 207;
"**Amortization Test True Balance**"	The meaning given in "*Summary of the Principal Documents*" on page 207;
"**Amortization Yield**"	The rate defined by the relevant Final Terms;
"**Amortized Face Amount**"	The meaning given in Condition 6.10 on page 122;
"**Applicable Final Terms**"	The meaning given on page 87;
"**Arrangers**"	NBF and BNP Paribas;
"**Arrears of Interest**"	As at any date in respect of any Portfolio Asset, interest (other than interest comprising Capitalized Arrears or Accrued Interest) on that Portfolio Asset which is currently due and payable and unpaid on that date;
"**Asset Coverage Test**"	The test as to whether the Adjusted Aggregate Asset Amount is at least equal to the Canadian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date and from time to time;
"**Asset Coverage Test Breach Notice**"	The notice required to be served by the Guarantor if the Asset Coverage Test has not been met on two consecutive Calculation Dates;

"**Asset Monitor**"	Deloitte, in its capacity as Asset Monitor under the Asset Monitor Agreement, together with any successor asset monitor appointed from time to time;
"**Asset Monitor Agreement**"	The meaning given in "*Removal or resignation of the Servicer*" on page 201;
"**Asset Monitor Report**"	The results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Cash Manager, the Issuer and the Bond Trustee;
"**Asset Percentage**"	The meaning given in "S*ummary of the Principal Documents*" on page 206;
"**Asset Percentage Adjusted True Balance**"	The meaning given in "*Summary of the Principal Documents*" on page 205;
"**Australian Documents**"	The documents which may be entered into in respect of issuances of Australian dollar denominated Exempt Covered Bonds, including a supplemental trust deed between the Issuer, the Guarantor and the Bond Trustee, one or more Australian deed polls of the Issuer and a supplemental agency agreement made between the Issuer, the Guarantor and an Australian issuing and paying agent and registrar in respect of Australian dollar denominated Exempt Covered Bonds, each as amended and/or supplemented and/or restated or replaced from time to time;
"**Authorized Underpayment**"	A Borrower making either no Monthly Payment under a Loan or a payment in an amount less than the Monthly Payment then due on the Loan, in each case, where the Servicer has authorized such underpayment or non-payment;
"**Available Principal Receipts**"	On a relevant Calculation Date, an amount equal to the aggregate of (without double counting): (a) the amount of Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger (but, for the avoidance of doubt, excluding any Principal Receipts received in the Calculation Period commencing on the relevant Calculation Date); (b) any other amount standing to the credit of the Principal Ledger including (i) the proceeds of any advances under the Intercompany Loan Agreement (where such proceeds have not been applied to acquire additional Covered Bond Portfolios of Portfolio Assets, refinance an advance under the Intercompany Loan, invest in Substitute Assets, or, in the Guarantor's discretion, fund the Reserve Fund), (ii) any Cash Capital Contributions (where such contributions have not, in the Guarantor's discretion, been applied directly to the Reserve Fund) and (iii) the proceeds from any sale of Portfolio Assets pursuant to the terms of the Guarantor Agreement or the Mortgage Sale Agreement but excluding any amounts received under the Covered Bond Swap Agreement in respect of principal (but, for the avoidance of doubt, excluding in each case any such amounts received in the Calculation Period commencing on the relevant Calculation Date); and (c) following repayment of any Hard Bullet Covered Bonds by the Issuer and the Guarantor on the Final Maturity Date thereof, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except

where the Guarantor has elected to or is required to retain such amounts on the Pre-Maturity Liquidity Ledger);

"**Available Revenue Receipts**"	On a relevant Calculation Date, an amount equal to the aggregate of: (a) the amount of Revenue Receipts received during the previous Calculation Period and credited to the Revenue Ledger; (b) other net income of the Guarantor including all amounts of interest received on the Guarantor Accounts, the Substitute Assets and in the previous Calculation Period but excluding amounts received by the Guarantor under the Interest Rate Swap Agreement and in respect of interest received by the Guarantor under the Covered Bond Swap Agreement; (c) prior to the service of a Notice to Pay on the Guarantor amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount; (d) the amount of any termination payment or premium received from a Swap Provider which is not applied to pay a replacement Swap Provider; (e) any other Revenue Receipts not referred to in paragraphs (a) to (d) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger; and (f) following the service of a Notice to Pay on the Guarantor, amounts standing to the credit of the Reserve Fund; *less* (g) Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller;
"**Bail-In Conversion**"	The meaning given in "*A Bank Recapitalisation "Bail-in" Regime*" on page 82;
"**Bail-In Regulations**"	The meaning given in "*A Bank Recapitalisation "Bail-in" Regime*" on page 82;
"**Bank**"	National Bank of Canada;
"**Bank Account Agreement**"	The meaning given in "*Other Provisions*" on page 220;
"**Bank Act**"	*Bank Act* (Canada);
"**Banking Day**"	The meaning given in Condition 5.09 on page 111;
"**Base Prospectus**"..	The meaning given on page 1;
"**Base Rate Modification**"	The meaning given in Condition 13.02 on page 134;
"**Base Rate Modification Certification**"	The meaning given in Condition 13.02 on page 134;
"**Bearer Covered Bonds**".............................	Covered Bonds in bearer form;
"**Bearer Definitive Covered Bond**".............	A Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond;
"**Bearer Global Covered Bonds**"	The meaning given on page 87;

"**Benchmarks Regulations**"	The meaning given on page 2;
"**Beneficial Owner**"......................................	The meaning given in "*Book-Entry Clearance Systems*" on page 246;
"**BIA**"	The meaning given in "*Risk Factors*" on page 78;
"**BNP Paribas"**	BNP Paribas;
"**Bond Basis**"	The meaning given in Condition 5.09 on page 113;
"**Bond Trustee**"	Computershare Trust Company of Canada, in its capacity as bond trustee under the Trust Deed together with any successor bond trustee appointed from time to time;
"**Borrower**"...	In relation to a Loan, the person or persons specified as such in the relevant Mortgage together with the person or persons (if any) from time to time assuming an obligation thereunder to repay such Loan or any part of it and in relation to an All-In-One Mortgage Segment or a Line of Credit Loan, the person or persons specified as such in the relevant Multiproduct Mortgage together with the person or persons (if any) from time to time assuming an obligation under such All-In-One Mortgage Segment or Line of Credit Loan to repay such All-In-One Mortgage Segment or Line of Credit Loan or any part of it;
"**Branch of Account**"	The meaning given in Condition 18.01 on page 143;
"**Business Day**"...	The meaning given in Condition 5.09 on page 112;
"**Business Day Convention**"	The meaning given in Condition 5.09 on page 112;
"**Calculation Agent**"....................................	In relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Guarantor pursuant to the Agency Agreement or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds;
"**Calculation Amount**".................................	The meaning given in the applicable Final Terms;
"**Calculation Date**".......................................	The meaning given in Condition 7.01 on page 123;
"**Calculation Period**"	In respect of a Calculation Date for a month, the period from, but excluding, the Calculation Date of the previous month to, and including, the Calculation Date of the current month and, for greater certainty, references to the "immediately preceding Calculation Period" or the "previous Calculation Period" in respect of a Calculation Date are references to the Calculation Period ending on such Calculation Date, provided that the first Calculation Period begins on, but excludes, the Programme Date;
"**Call Option**"	The meaning given in the applicable Final Terms;
"**Call or Redemption Option Date(s)**"........	The meaning given in Condition 6.04 on page 120;
"**Call or Redemption Option Period**".........	The meaning given in Condition 6.04 on page 120;
"**Canadian Business Day**"	The meaning given in Condition 5.09 on page 112;
"**Canadian Dollar Equivalent**"	In relation to a Covered Bond which is denominated in (i) a currency other than Canadian dollars, the Canadian dollar equivalent of such amount ascertained using (x) the relevant Covered Bond Swap Rate relating to such Covered Bond, or (y) for the purposes of the Amortization Test only, if the Covered Bond Swap Agreement relating to such Covered Bond is no longer in force by reason of termination or otherwise, the end of day spot foreign exchange rate determined by the

	Bank of Canada on the related date of determination, and (ii) Canadian dollars, the applicable amount in Canadian dollars;
"**Capital Account Ledger**"...........................	The ledger maintained by the Cash Manager on behalf of the Guarantor in respect of each Partner to record the balance of each Partner's Capital Contributions from time to time;
"**Capital Balance**"	For a Loan at any date, the principal balance of that Loan to which the Servicer applies the relevant interest rate at which interest on that Loan accrues;
"**Capital Contribution**"	In relation to each Partner, the aggregate of the capital contributed by or agreed to be contributed by that Partner to the Guarantor from time to time by way of Cash Capital Contributions and Capital Contributions in Kind as determined on each Calculation Date in accordance with the formula set out in the Guarantor Agreement;
"**Capital Contribution Balance**".................	The balance of each Partner's Capital Contributions as recorded from time to time in the relevant Partner's Capital Account Ledger;
"**Capital Contributions in Kind**"................	A contribution of Loans and their Related Security on a fully-serviced basis to the Guarantor in an amount equal to (a) the aggregate of the fair market value of those Loans as at the relevant Transfer Date, minus (b) any cash payment paid by the Guarantor for such Loans and their Related Security on that Transfer Date;
"**Capital Distribution**".................................	Any return on a Partner's Capital Contribution in accordance with the terms of the Guarantor Agreement;
"**Capital Requirements Directive**"	Directive 2006/48/EC of the European Parliament and the Council dated 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) (implementing the Basel II framework) (as the same may be varied, amended or re-enacted from time to time);
"**Capitalized Arrears**"	For any Loan at any date, interest or other amounts which are overdue in respect of that Loan and which as at that date have been added to the Capital Balance of the Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower;
"**Capitalized Expenses**"	In relation to a Loan, the amount of any expense, charge, fee, premium or payment (excluding, however, any Arrears of Interest) capitalized and added to the Capital Balance of that Loan in accordance with the relevant Mortgage Conditions;
"**Cash Capital Contributions**"	A Capital Contribution made in cash;
"**Cash Management Agreement**"	The meaning given in "*Other Provisions*" on page 214;
"**Cash Management Deposit Ratings**"........	The threshold ratings P-1 (in respect of Moody's), F1 or A (in respect of Fitch, provided that, for greater certainty, only one of such ratings from Fitch is required to be at or above such ratings), and BBB(low) (in respect of DBRS), as applicable, of, in the case of Moody's, the short term deposit rating, in the case of Fitch, the issuer default rating, and in the case of DBRS, the unsecured, unsubordinated and unguaranteed debt obligations, in each case, of the Cash Manager by the Rating Agencies;
"**Cash Manager Required Ratings**"	The threshold ratings P-2(cr), F2 and BBB(low) (in respect of Moody's, Fitch and DBRS, respectively) as applicable, of, in the case of Moody's, the short term counterparty risk assessment, in the case of Fitch, the issuer default rating, and in the case of DBRS, the unsecured,

	unsubordinated and unguaranteed debt obligations, in each case, of the Cash Manager by the Rating Agencies;
"**Cash Manager**"	National Bank of Canada, in its capacity as cash manager under the Cash Management Agreement together with any successor cash manager appointed pursuant to the Cash Management Agreement from time to time;
"**CCAA**"	The meaning given in "*Risk Factors*" on page 78;
"**CDIC**"	The Canada Deposit Insurance Corporation;
"**CDIC Act**"	The Canada Deposit Insurance Corporation Act;
"**CDS**"	CDS Clearing and Depository Services Inc.;
"**Charged Property**"	The property charged by the Guarantor pursuant to the Security Agreement;
"**Clearing Systems**"	DTC, CDS, Euroclear and/or Clearstream, Luxembourg;
"**Clearstream, Luxembourg**"	Clearstream Banking, SA;
"**CMHC**"	Canada Mortgage and Housing Corporation, a Canadian federal crown corporation, and its successors responsible for administering the Covered Bond Legislative Framework;
"**CMHC Guide**"	The Canadian Registered Covered Bond Programs Guide published by CMHC, as the same may be amended, restated or replaced from time to time;
"**Code**"	The meaning given in "*Taxation–United States Federal Income Taxation*" on page 127;
"**Commission's Proposal**"	The meaning given in "*The proposed financial transactions tax ("FTT")*" on page 254;
"**Common Depositary**"	The common depositary for Euroclear and Clearstream, Luxembourg;
"**CRS**"	The meaning given in "*Common Reporting Standard*" on page 252;
"**Common Safekeeper**"	A common safekeeper for Euroclear and/or Clearstream, Luxembourg;
"**Compounded Daily SONIA**" ………….	The meaning given in Condition 5.03 on page 101;
"**Compounded Daily €STR**"	The meaning given on page 107;
"**Conditions**"	Terms and conditions of the Covered Bonds as described under "*Terms and Conditions of the Covered Bonds*";
"**Contingent Collateral**"	On any Business Day, in respect of the Covered Bond Swap Agreement or the Interest Rate Swap Agreement, the Loans and Related Security and the Substitute Assets of the Guarantor in an aggregate amount equal to the Contingent Collateral Amount in respect of the related Swap Agreement, provided that (i) in determining the value of (x) the Loans and Related Security, the LTV Adjusted True Balance thereof is used and (y) the Substitute Assets, the Trading Value thereof is used, and (ii) such Loans, Related Security and Substitute Assets are excluded from the determination of the Asset Coverage Test and/or the Amortization Test, as applicable;
"**Contingent Collateral Amount**"	On any Business Day, in respect of the Covered Bond Swap Agreement or the Interest Rate Swap Agreement, an amount equal to the Guarantor's "Exposure" under and as defined in the related Swap Agreement, in each

	case, calculated as if the confirmation thereunder was in effect on such Business Day;
"**Contingent Collateral Notice**"	In respect of the Covered Bond Swap Agreement or the Interest Rate Swap Agreement, a notice delivered by the relevant Swap Provider, in its capacity as lender under the Intercompany Loan Agreement, to the Guarantor, that, as of the effective date of such notice and in respect of: (i) a Contingent Collateral Trigger Event in relation to the Covered Bond Swap Agreement or the Interest Rate Swap Agreement, (ii) a Downgrade Trigger Event, or (iii) an event of default (other than an insolvency event of default) or an additional termination event, in each case, under the relevant Swap Agreement in respect of which Party A is the sole defaulting party or the sole affected party, as applicable, it elects to decrease the amount of the Demand Loan with a corresponding increase in the amount of the Guarantee Loan, in each case, in an amount equal to the related Contingent Collateral Amount(s), which notice shall continue in effect until (x) the event in (i), (ii) or (iii) above, as applicable, is cured, or (y) the relevant Swap Provider and the Guarantor mutually agree to terminate such notice;
"**Contingent Collateral Trigger Event**"	The long-term, unsecured, unsubordinated and unguaranteed debt obligations (or, in the case of Fitch, the long-term issuer default rating) of the Covered Bond Swap Provider or the Interest Rate Swap Provider, as applicable, or any credit support provider or guarantor from time to time in respect of the Covered Bond Swap Provider or the Interest Rate Swap Provider, as applicable, cease to be rated at least BBB(high) by DBRS or BBB+ by Fitch or Baa1 by Moody's;
"**Contractual Currency**"	The meaning given in Condition 16 on page 143;
"**Corporate Services Agreement**"	The meaning given in "*Summary of the Principal Documents*" on page 225;
"**Corporate Services Provider**"	Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada, as corporate services provider to the Liquidation GP under the Corporate Services Agreement, together with any successor corporate services provider appointed from time to time;
"**Couponholders**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 92;
"**Coupons**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 94;
"**Counterparty Qualifications**"	The meaning given in "*Description of the Canadian Registered Covered Bond Programs Regime*" on page 244;
"**Cover Pool Collateral**"	The meaning given in "*Summary of the Principal Documents*" on page 203;
"**Covered Bond**"	Each covered bond issued or to be issued pursuant to the Dealership Agreement and which is or is to be constituted under the Trust Deed, which covered bond may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements or a Covered Bond issued pursuant to Condition 12;

"**Covered Bond Guarantee**"........................	A direct and, following the occurrence of a Covered Bond Guarantee Activation Event, unconditional and irrevocable guarantee by the Guarantor set forth in the Trust Deed for the payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment;
"**Covered Bond Guarantee Activation Event**"	The earlier to occur of (i) an Issuer Event of Default, together with the service of an Issuer Acceleration Notice on the Issuer and the service of a Notice to Pay on the Guarantor; and (ii) a Guarantor Event of Default, together with the service of a Guarantor Acceleration Notice on the Issuer and on the Guarantor (and each a "**Covered Bond Guarantee Activation Event**" as the context requires);
"**Covered Bond Legislative Framework**"...	The meaning given in "*Description of the Canadian Registered Covered Bond Programs Regime*" on page 243;
"**Covered Bond Portfolio**"...........................	The Initial Covered Bond Portfolio and each additional portfolio of Portfolio Assets acquired by the Guarantor;
"**Covered Bond Swap Activation Event Date**"...	The earlier of (i) the date on which an Issuer Event of Default occurs, and (ii) the date on which a Guarantor Event of Default occurs, together with the service of a Guarantor Acceleration Notice on the Issuer and the Guarantor;
"**Covered Bond Swap Agreement**"............	The agreement(s) (including any replacement agreements) entered into between the Guarantor and the Covered Bond Swap Provider(s) in the form of an ISDA Master Agreement, including a schedule and confirmations and credit support annex, if applicable, in relation to each Tranche or Series of Covered Bonds (as amended and/or restated and/or supplemented from time to time);
"**Covered Bond Swap Early Termination Event**"	The meaning given in "*Summary of the Principal Documents*" on page 218;
"**Covered Bond Swap Effective Date**"........	The earlier of (i) the date on which a Contingent Collateral Trigger Event occurs in respect of the Covered Bond Swap Provider, and (ii) the date on which a Covered Bond Swap Activation Event occurs; provided that the Covered Bond Swap Effective Date will be such date on which a Covered Bond Swap Activation Event occurs if (a) the Covered Bond Swap Provider is the lender under the Intercompany Loan Agreement, (b) (i) a Contingent Collateral Trigger Event has occurred in respect of the Covered Bond Swap Provider, (ii) a Contingent Collateral Notice is delivered in respect of such Contingent Collateral Trigger Event relating to the Covered Bond Swap Provider and (iii) within 10 Montréal Business Days of the occurrence of such Contingent Collateral Trigger Event and for so long as a Contingent Collateral Trigger Event continues to exist, the Guarantor has Contingent Collateral in respect of the Covered Bond Swap Agreement, and (c) the Asset Coverage Test and/or the Amortization Test, as applicable continues to be satisfied;
"**Covered Bond Swap Provider**".................	The provider(s) of the Covered Bond Swap under the Covered Bond Swap Agreement;
"**Covered Bond Swap Rate**"........................	In relation to a Covered Bond or Tranche or Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if the Covered Bond Swap Agreement has terminated, the applicable spot rate;
"**CRA Regulation**"	The meaning given to it on the cover page;

"**Current Balance**"	In relation to a Loan at any relevant date, means the aggregate principal balance of the Loan at such date (but avoiding double counting) including the following: (i) the Initial Advance; (ii) Capitalized Expenses; (iii) Capitalized Arrears; and (iv) any increase in the principal amount due under that Loan due to any form of Further Advance, in each case relating to such Loan less any prepayment, repayment or payment of the foregoing made on or prior to the determination date;
"**Custodial Agreement**"	The meaning given in "*Summary of the Principal Documents*" on page 225;
"**Custodian**"	Computershare Trust Company of Canada, as custodian for the Guarantor under the Custodial Agreement, together with any successor custodian appointed from time to time;
"**Cut-off Date**"	The second Canadian Business Day following the Calculation Date preceding a relevant Transfer Date or (in the case of a Product Switch or Further Advance) a Guarantor Payment Date, as the case may be;
"**Day Count Fraction**"	The meaning given in Condition 5.09 on page 112;
"**DBRS**"	DBRS Limited;
"**Dealers**"	NBF and BNP Paribas or such other Dealer(s) as may be appointed from time to time in accordance with the Dealership Agreement, which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the relevant Dealer(s) shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Covered Bonds;
"**Dealership Agreement**"	The meaning given in "*Subscription and Sale and Transfer and Selling Restrictions*" on page 267;
"**Default Rate**"	The meaning given to it in Condition 5.06 on page 110;
"**Definitive Covered Bond**"	A Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond;
"**Deloitte**"	Deloitte LLP;
"**Demand Loan**"	The meaning given in "*Summary of the Principal Documents*" on page 180;
"**Demand Loan Contingent Amount**"	The meaning given in "*Summary of the Principal Documents*" on page 181;
"**Demand Loan Repayment Event**"	The meaning given in "*Summary of the Principal Documents*" on page 181;
"**Designated Maturity**"	In relation to the ISDA Determination, the meaning given in the ISDA Definitions, or, in relation to Screen Rate Determination, the meaning given in Condition 5.09 on page 114;
"**Determination Date**"	The meaning given in the applicable Final Terms;
"**Determination Period**"	The meaning given in Condition 5.09 on page 114;
"**Direct Participants**"	The meaning given in "*Book-Entry Clearance Systems*" on page 246 and includes participants of CDS, as the context requires;
"**Distribution Compliance Period**"	The period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer (in

	the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue);
"**Dodd-Frank Act**"	The meaning given in "*Risk Factors*" on page 81;
"**Downgrade CBS Trigger Event**"	an Initial CBS Downgrade Trigger Event or a Subsequent CBS Downgrade Trigger Event;
"**Downgrade IRS Trigger Event**"	an Initial IRS Downgrade Trigger Event or a Subsequent IRS Downgrade Trigger Event;
"**Downgrade Trigger Event**"	an Initial CBS Downgrade Trigger Event, an Initial IRS Downgrade Trigger Event, a Subsequent CBS Downgrade Trigger Event or a Subsequent IRS Downgrade Trigger Event;
"**D-SIB**"	The meaning given in "*A Bank Recapitalisation "Bail-in" Regime*" on page 82;
"**DTC**"	The Depository Trust Company;
"**DTC Covered Bonds**"	Covered Bonds accepted into DTC's book-entry settlement system;
"**DTCC**"	The Depository Trust & Clearing Corporation;
"**Due for Payment**"	The requirement by the Guarantor to pay any Guaranteed Amounts following the service of a Notice to Pay on the Guarantor, (i) prior to the occurrence of a Guarantor Event of Default, on: (a) the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts is reached, or, if later, the day which is two Business Days following service of a Notice to Pay on the Guarantor in respect of such Guaranteed Amounts or if the applicable Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date (the "**Original Due for Payment Date**"); and (b) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, the Extended Due for Payment Date, but only (i) if in respect of the relevant Series of Covered Bonds the Covered Bond Guarantee is subject to an Extended Due for Payment Date pursuant to the terms of the applicable Final Terms and (ii) to the extent that the Guarantor has been served a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date and does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date because the Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 7.01(a)) or (b) the Extension Determination Date, or, if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of

	prepayment, acceleration of maturity, mandatory or optional redemption or otherwise save as provided in paragraph (ii) below; or (ii) following the occurrence of a Guarantor Event of Default, the date on which a Guarantor Acceleration Notice is served on the Issuer and the Guarantor;
"**Earliest Maturing Covered Bonds**"	At any time, the Series of the Covered Bonds (other than any Series which is fully collateralized by amounts standing to the credit of the Guarantor in the Guarantor Accounts) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a Guarantor Event of Default);
"**Early Redemption Amount**"	The meaning given in the relevant Final Terms;
"**Early Redemption for Special Circumstance**"	The meaning given in the relevant Final Terms;
"**EEA**" or "**European Economic Area**"	The meaning given on page 7;
"**Eligibility Criteria**"	The meaning given in "*Summary of the Principal Documents*" on page 183;
"**EMMI**"	European Money Markets Institute;
"Enforcement Proceeds"	The meaning given in "Summary of the Principal Documents" on page 193;
"**ESMA**"	European Securities and Markets Authority;
"**EU**"	The meaning given on page 7;
"**EU Benchmarks Regulation**"	The meaning given on page 2;
"**EU CRA Regulation**"	The meaning given on the cover page;
"**EURIBOR**"	Euro-zone inter-bank offered rate;
"**Eurobond Basis**"	The meaning given in Condition 5.09 on page 113;
"**Euroclear**"	Euroclear Bank SA/NV;
"**Eurodollar Convention**"	The meaning given in Condition 5.09 on page 112;
"**European Exchange Agent**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**European Registrar**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**Euro-zone**"	The meaning given in Condition 5.09 on page 115;
"**EUWA**"	The European Union (Withdrawal) Act 2018, as amended;
"**Excess Proceeds**"	Moneys received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar official appointed in relation to the Issuer;
"**Exchange Act**"	The U.S. Securities Exchange Act of 1934, as amended;
"**Exchange Agent**"	Collectively, The Bank of New York Mellon and The Bank of New York Mellon, London Branch, in their capacity as exchange agent (which expression shall include any successor exchange agent);

"**Exchange Date**"...	The meaning specified in the relevant Final Terms;
"**Exchange Event**"...	The meaning given in "*Form of the Covered Bonds*" on page 88;
"**Excluded Holder**"..	The meaning given in Condition 18.03 on page 144;
"**Excluded Scheduled Interest Amounts**" ..	The meaning given in the definition of "Scheduled Interest" below;
"**Excluded Scheduled Principal Amounts**"	The meaning given in the definition of "Scheduled Principal" below;
"**Excluded Swap Termination Amount**"....	In relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider;
"**Exempt Covered Bonds**"	The meaning given on page 2;
"**Extended Due for Payment Date**"	In relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date;
"**Extension Determination Date**"................	In respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Series of Covered Bonds;
"**Extraordinary Resolution**"........................	Means (a) a resolution passed at a meeting of the Holders of the Covered Bonds duly convened and held in accordance with the terms of the Trust Deed by a majority consisting of not less than three-quarters of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three quarters of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the Holders of the Covered Bond holding not less than 50 per cent in Principal Amount Outstanding of the Covered Bonds, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Holders of the Covered Bonds;
"**FATCA**"	The meaning given in "*Taxation – Foreign Account Tax Compliance Act*" on page 263;
"**FATCA Withholding Tax Rules**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 127;
"**FCA**"	Financial Conduct Authority in its capacity as competent authority under the *Financial Services and Markets Act 2000*;
"**Final Maturity Date**"	The Interest Payment Date on which each Series of Covered Bonds will be redeemed at their Principal Amount Outstanding in accordance with the Conditions;
"**Final Redemption Amount**"......................	The meaning given in the relevant Final Terms;
"**Final Terms**"	Final Terms which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of the applicable Tranche of Covered Bonds;
"**Financial Centre**".......................................	The financial centre or centres specified in the applicable Final Terms;

"**First All-In-One Mortgage Segment**"	The first All-In-One Mortgage Segment made by the Seller (or an Originator) to a particular Borrower, which is owned by the Guarantor;
"**First Transfer Date**"	The Transfer Date in respect of the Initial Covered Bond Portfolio, which occurred before the first Issue Date;
"**Fitch**"	Fitch Ratings Inc.;
"**Fixed Amount Payer**"	The meaning given in the ISDA Definitions;
"**Fixed Amounts**"	The meaning specified in the applicable Final Terms;
"**Fixed Coupon Amount**"	The meaning specified in the applicable Final Terms;
"**Fixed Interest Period**"	The meaning given in Condition 5.02 on page 99;
"**Fixed Rate Covered Bonds**"......................	Covered Bonds paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s);
"**Floating Rate Covered Bonds**"	Covered Bonds which bear interest at a rate determined: (a) on the same basis as the floating rate under a notional schedule and confirmations and credit support annex, if applicable, for each Tranche and/or Series of Covered Bonds in the relevant Specified Currency governed by the Interest Rate Swap Agreement incorporating the ISDA Definitions; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service;
"**Floating Rate Option**"	The meaning given in the ISDA Definitions;
"**Following Business Day Convention**".......	The meaning given in Condition 5.09 on page 112;
"**FRBNY**"...	Federal Reserve Bank of New York;
"**FRN Convention**".......................................	The meaning given in Condition 5.09 on page 112;
"**FSMA**"..	Financial Services and Markets Act 2000, as amended;
"**Further Advance**"	In relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, excluding the amount of any retention in respect of the Initial Advance;
"**GIC Account**"...	The account in the name of the Guarantor held with the Account Bank and maintained subject to the terms of the Master Definitions and Construction Agreement, the Guaranteed Investment Contract, the Bank Account Agreement and the Security Agreement or such additional or replacement account(s) as may be for the time being be in place with the prior consent of the Bond Trustee;
"**GIC Provider**"..	National Bank of Canada, in its capacity as GIC provider under the Guaranteed Investment Contract together with any successor GIC provider appointed from time to time;
"**Global Covered Bond**"	A Bearer Global Covered Bond and/or Registered Global Covered Bond, as the context may require;
"**GOC**"	Government of Canada;
"**GST**"	GST means the taxes payable under Part IX of the *Excise Tax Act* (Canada);

"**Guarantee Loan**"	The meaning given in "*Summary of the Principal Documents*" on page 180;
"**Guarantee Priority of Payments**"	The meaning given in Condition 6.01 on page 118;
"**Guaranteed Amounts**"	Prior to the service of a Guarantor Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or after service of a Guarantor Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Guarantor under the Trust Deed;
"**Guaranteed Investment Contract**" or "**GIC**"	The guaranteed investment contract between the Guarantor, the GIC Provider, the Bond Trustee and the Cash Manager dated the Programme Date (as amended and/or restated and/or supplemented from time to time);
"**Guarantor**"	NBC Covered Bond (Legislative) Guarantor Limited Partnership;
"**Guarantor Acceleration Notice**"	The meaning given in Condition 7.02 on page 124;
"**Guarantor Accounts**"	The GIC Account, the Transaction Account (to the extent maintained) and any additional or replacement accounts opened in the name of the Guarantor, including the Standby GIC Account and the Standby Transaction Account;
"**Guarantor Agreement**"	The meaning given in "*Removal or resignation of the Servicer*" on page 202;
"**Guarantor Event of Default**"	The meaning given in Condition 7.02 on page 124;
"**Guarantor Payment Date**"	The 17th day of each month or if not a Canadian Business Day the next following Canadian Business Day;
"**Guarantor Payment Period**"	The period from and including a Guarantor Payment Date to but excluding the next following Guarantor Payment Date;
"**Guide OC Minimum**"	The meaning given in "*Summary of the Principal Documents*" on page 203;
"**Hard Bullet Covered Bonds**"	The meaning given in "*Credit Structure*" on page 229;
"**Holder of the Covered Bonds**" or "**Holder**" or "**Covered Bondholders**"	The holders for the time being of the Covered Bonds;
"**Hong Kong**"	The meaning given in "*Selling Restrictions*" on page 274;
"**IBA**"	The meaning given on the cover page;
"**IBOR**"	Interbank offered rate;
"**IDD**"	The meaning given in "*Important Notices*" on page 6;
"**IFRS**"	The meaning given in "*Risk Factors*" on page 38;
"**IGA**"	The meaning given in "*Taxation – Foreign Account Tax Compliance Act*" on page 263;

"**Independently Controlled and Governed**"	In respect of the Guarantor, (i) the general partner (having the power to carry on the business of the Guarantor) of the Guarantor is not (and cannot be) an affiliate of the Issuer and less than ten per cent, of its voting securities are (or can be) owned, directly or indirectly, by the Issuer or any of its affiliates, (ii) if an administrative agent or other analogous entity has been engaged by the general partner of the Guarantor to fulfil such general partner's responsibility or role to carry on, oversee, manage or otherwise administer the business, activities and assets of the Guarantor, the agent or entity is not (and cannot be) an affiliate of the Issuer and less than ten per cent, of its voting securities are (or can be) owned, directly or indirectly, by the Issuer or any of its affiliates, (iii) all members (but one) of the board of directors or other governing body of the general partner of the Guarantor, administrative agent or other entity are not (and cannot be) directors, officers, employees or other representatives of the Issuer or any of its affiliates, do not (and cannot) hold greater than ten per cent, of the voting or equity securities of the Issuer or any of its affiliates and are (and must be) otherwise free from any material relationship with the Issuer or any of its affiliates (hereinafter referred to as "**Independent Members**"), and (iv) the board of directors or other governing body of the general partner of the Guarantor, administrative agent or other entity is (and must be) composed of at least three members, and the non-Independent Member is not (and shall not be) entitled to vote on any resolution or question to be determined or resolved by the board (or other governing body) and shall attend meetings of the board (or other governing body) at the discretion of the remaining members thereof, provided that such board of directors or other governing body may be composed of only two Independent Members with "observer" status granted to one director, officer, employee or other representative of the Issuer or any of its affiliates;
"**Indexation Methodology**"	The meaning given in "*Risk Factors*" on page 51;
"**Indirect Participants**"	The meaning given in "*Book-Entry Clearance Systems*" on page 246;
"**Initial Advance**"	In respect of any Loan, the original principal amount advanced by the Seller to the relevant Borrower;
"**Initial CBS Downgrade Trigger Event**"	The occurrence of any of the following events: (a) (i) the short-term counterparty risk assessment or (ii) the long-term counterparty risk assessment of the Covered Bond Swap Provider or any credit support provider, as applicable, ceases to be at least P-1(cr) or A2(cr), respectively, by Moody's (provided that, for greater certainty, if the Covered Bond Swap Provider or any credit support provider, as applicable, has one of such assessments from Moody's, an Initial CBS Downgrade Trigger Event will not occur), (b) (i) the short-term issuer default rating of the Covered Bond Swap Provider or any credit support provider, as applicable, ceases to be at least as high as "F1" by Fitch or (ii) the derivative counterparty rating, if one is assigned, and if not, the long-term issuer default rating of the Covered Bond Swap Provider or any credit support provider, as applicable, ceases to be at least as high as "A-" by Fitch

(provided that, for greater certainty, if the Covered Bond Swap Provider or any credit support provider, as applicable, has one of such ratings from Fitch, an Initial CBS Downgrade Trigger Event will not occur), or

(c) the short-term unsecured, unsubordinated and unguaranteed debt obligations or the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Covered Bond Swap Provider or any credit support provider, as applicable, cease to be rated at least R-1(low) or A, respectively, by DBRS (provided that, for greater certainty, if the Covered Bond Swap Provider or any credit support provider, as applicable, has one of such ratings from DBRS, an Initial CBS Downgrade Trigger Event will not occur);

"**Initial Covered Bond Portfolio**"................ The portfolio of Loans and their Related Security, particulars of which were delivered on the First Transfer Date pursuant to the terms of the Mortgage Sale Agreement (other than any Loans and their Related Security that were redeemed in full prior to the First Transfer Date) and all right, title, interest and benefit of the Seller in and to such Loans and their Related Security, including any rights of the Seller thereunder;

"**Initial IRS Downgrade Trigger Event**".... The occurrence of any of the following events:

(a) the short-term counterparty risk assessment or the long-term counterparty risk assessment of the Interest Rate Swap Provider or any credit support provider, as applicable, ceases to be at least P-1(cr) or A2(cr), respectively, by Moody's (provided that, for greater certainty, if the Interest Rate Swap Provider or any credit support provider, as applicable, has one of such ratings from Moody's, an Initial IRS Downgrade Trigger Event will not occur), or, if such person does not have a short-term counterparty risk assessment assigned by Moody's, the long-term counterparty risk assessment of such person ceases to be at least A1(cr) by Moody's,

(b) (i) the short-term issuer default rating, or (ii) the derivative counterparty rating, if one is assigned, and if not, the long-term issuer default rating, in each case, of the Interest Rate Swap Provider or any credit support provider, as applicable, ceases to be at least F1 or A, respectively, by Fitch (provided that, for greater certainty, if the Interest Rate Swap Provider or any credit support provider, as applicable, has one of such ratings from Fitch, an Initial IRS Downgrade Trigger Event will not occur), or

(c) the short-term unsecured, unsubordinated and unguaranteed debt obligations or the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Interest Rate Swap Provider or any credit support provider, as applicable, cease to be rated at least R-1(low) or A, respectively, by DBRS (provided that, for greater certainty, if the Interest Rate Swap Provider or any credit support provider, as applicable, has one of such ratings from DBRS, an Initial IRS Downgrade Trigger Event will not occur);

"**Insolvency Event**" .... In respect of the Seller, the Servicer or the Cash Manager or any other person, any impending or actual insolvency on the part of such person, as evidenced by, but not limited to:

(a) the commencement of a dissolution proceeding or a case in bankruptcy involving the relevant entity (and where such proceeding is the result of an involuntary filing, such proceeding is not dismissed within 60 days after the date of such filing); or

	(b) the appointment of a trustee or other similar court officer over, or the taking of control or possession by such officer, of the business of the relevant entity, in whole or in part, before the commencement of a dissolution proceeding or a case in bankruptcy; or (c) the relevant entity makes a general assignment for the benefit of any of its creditors; or (d) the general failure of, or the inability of, or the written admission of the inability of, the relevant entity to pay its debts as they become due;
"**Instalment Amount**"	The meaning given in Condition 1.07 on page 94;
"**Instalment Covered Bonds**"	Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms;
"**Instalment Dates**"	The meaning given in the applicable Final Terms;
"**Intercompany Loan**"	The meaning given in "*Summary of the Principal Documents*" on page 180;
"**Intercompany Loan Agreement**"	The loan agreement dated the Programme Date between the Issuer, the Guarantor and the Cash Manager (as amended on 7 April 2016 and as the same may be further amended and/or restated and/or supplemented from time to time);
"**Interest Accrual Period**"	The meaning given on page 102;
"**Interest Amount**"	The amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period;
"**Interest Basis**"	The meaning given in the applicable Final Terms;
"**Interest Commencement Date**"	The meaning given in Condition 5.09 on page 115;
"**Interest Determination Date**"	The meaning given in Condition 5.09 on page 115;
"**Interest Payment Date**"	The meaning given in Condition 5.09 on page 115;
"**Interest Period**"	The meaning given in Condition 5.09 on page 115;
"**Interest Rate Swap Activation Event Date**"	The earlier of (i) the date on which an Issuer Event of Default occurs, and (ii) the date on which a Guarantor Event of Default occurs, together with the service of a Guarantor Acceleration Notice on the Issuer and the Guarantor;
"**Interest Rate Swap Agreement**"	The agreement (including any replacement agreement) entered into between the Guarantor and the Interest Rate Swap Provider(s) in the form of an ISDA Master Agreement, including a schedule and confirmation and credit support annex, if applicable, in relation to the Covered Bond Portfolio (as amended and/or restated and/or supplemented from time to time);
"**Interest Rate Swap Early Termination Event**"	The meaning given in "*Summary of the Principal Documents*" on page 216;

"Interest Rate Swap Effective Date"	The earlier of (i) the date on which a Contingent Collateral Trigger Event occurs in respect of the Interest Rate Swap Provider, and (ii) the date on which an Interest Rate Swap Activation Event occurs, provided that the Interest Rate Swap Effective Date will be such date on which an Interest Rate Swap Activation Event occurs if (a) the Interest Rate Swap Provider is the lender under the Intercompany Loan Agreement, (b) (i) a Contingent Collateral Trigger Event has occurred in respect of the Interest Rate Swap Provider, (ii) a Contingent Collateral Notice is delivered in respect of such Contingent Collateral Trigger Event relating to the Interest Rate Swap Provider and (iii) within 10 Montréal Business Days of the occurrence of such Contingent Collateral Trigger Event and for so long as a Contingent Collateral Trigger Event in respect of the Interest Rate Swap Provider continues to exist, the Guarantor has Contingent Collateral in respect of the Interest Rate Swap Agreement, and (c) the Asset Coverage Test and/or the Amortization Test, as applicable continues to be satisfied;
"**Interest Rate Swap Provider**"	The provider(s) of the Interest Rate Swap under the Interest Rate Swap Agreement;
"**Investor Reports**"	The monthly report made available on the Issuer's website at http://www.nbc.ca/coveredbonds/legislative detailing information with respect to the Programme, each Series of Covered Bonds and the Covered Bond Portfolio, in each case as required pursuant to Annex H to the CMHC Guide;
"**IRS**"	U.S. Internal Revenue Service;
"**ISDA**"	International Swaps and Derivatives Association, Inc.;
"**ISDA Definitions**"	The meaning given in Condition 5.09 on page 115;
"**ISDA Determination**"	The meaning specified in the applicable Final Terms;
"**ISDA Master Agreement**"	The 2002 Master Agreement, as published by ISDA;
"**ISDA Rate**"	The meaning given in Condition 5.04 on page 109;
"**Issue Date**"	Each date on which the Issuer issues Covered Bonds to purchasers of such Covered Bonds;
"**Issue Price**"	The meaning specified in the applicable Final Terms;
"**Issuer**"	National Bank of Canada;
"**Issuer Acceleration Notice**"	The meaning given in Condition 7.01 on page 123;
"**Issuer Event of Default**"	The meaning given in Condition 7.01 on page 123;
"**Issuing and Paying Agent**"	The Bank of New York Mellon, London Branch, in its capacity as issuing and paying agent and any successor as such;
"**Latest Valuation**"	In relation to any Property, the value given to that Property by the most recent valuation addressed to the Seller or, as applicable, an Originator or obtained from an independently maintained risk assessment model, acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or Originator's market or the purchase price of that Property or current property tax assessment, as applicable; provided that, such value shall be adjusted at least quarterly to account for subsequent price adjustments using the Indexation Methodology;
"**Ledger**"	Each of the Revenue Ledger, the Principal Ledger, the Reserve Ledger, the Payment Ledger, the Pre-Maturity Liquidity Ledger and the Capital

	Account Ledgers maintained by the Cash Manager in accordance with the terms of the Cash Management Agreement;
"**Legended Covered Bonds**"........................	The meaning given in "*U.S. Information*" on page 4;
"**Lending Criteria**".......................................	The lending criteria of the Seller or an Originator from time to time, or such other criteria as would be acceptable to reasonable and prudent institutional mortgage lenders in the Seller's or Originator's market;
"**Level of Overcollateralization**".................	The meaning given in "*Summary of the Principal Documents*" on page 203;
"**LGP Trust**"...	The meaning given in "*Structure Overview—Ownership Structure of the Liquidation GP*" on page 20;
"**LIBOR**"	London inter-bank offered rate;
"**Limited Partner**"..	National Bank of Canada, in its capacity as a limited partner of the Guarantor, individually and together with such other person or persons who may from time to time, become limited partner(s) of the Guarantor pursuant to the terms of the Guarantor Agreement;
"**Line of Credit Agreement**"	With respect to any Borrower, the revolving credit contracts providing for the establishment of a home equity line of credit, together with any amendments, addendums and supplements thereto (including to provide for one or more All-In-One Mortgage Segments, each to be governed by a separate agreement);
"**Line of Credit Loan**"	Each outstanding home equity line of credit indebtedness created pursuant to a Line of Credit Agreement and any other indebtedness due or owing under the relevant Mortgage Conditions by a Borrower, which is not an All-In-One Mortgage Segment, on the security of a Multiproduct Mortgage from time to time outstanding, or, as the context may require, the Borrower's obligations in respect of the same;
"**Liquidation GP**"...	8603413 Canada Inc., in its capacity as liquidation general partner of the Guarantor, together with any successor liquidation general partner appointed pursuant to the terms of the Guarantor Agreement;
"**Loan**"	Any mortgage loan, including first lien residential mortgage loans and first ranking residential hypothecary loans and including, for greater certainty, an All-In-One Mortgage Segment, referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys (including all Additional Loan Advances) due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding, or, as the context may require, the Borrower's obligations in respect of the same;
"**Loan Files**"..	The file or files relating to each Loan and its Related Security (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing, among other things, the original fully executed copy of the document(s) evidencing the Loan and its Related Security, including the relevant loan agreement (together with the promissory note, if any, evidencing such Loan or, if applicable, a guarantor of the Borrower), and, if applicable, evidence of the registration thereof or filing of financing statements under the PPSA, and the mortgage documentation, Mortgage Deed and other Related Security documents in respect thereof and evidence of paper or electronic registration from the applicable land registry office, land titles office or

	similar place of public record in which the related Mortgage is registered together with a copy of other evidence, if applicable, of any applicable insurance policies in respect thereof to which the Seller or the Guarantor, as the case may be, is entitled to any benefit, a copy of the policy of title insurance or opinion of counsel regarding title, priority of the Mortgage or other usual matters, in each case, if any, and any and all other documents (including all electronic documents) kept on file by or on behalf of the Seller relating to such Loan;
"**Loan Representations and Warranties**" ..	The loan representations and warranties of the Seller set out in the Mortgage Sale Agreement;
"**local banking day**"	The meaning given in Condition 9.12 on page 131;
"**London Banking Day**"...............................	A day on which commercial banks in London are open for general business;
"**London Stock Exchange**"..........................	London Stock Exchange plc;
"**LTV**"	The meaning given in "*Loan Origination and Lending Criteria*" on page 170;
"**LTV Adjusted True Balance**"..................	The meaning given in "*Summary of the Principal Documents*" on page 204;
"**Main Market**"	The meaning given on the cover page;
"**Managing GP**"...	NBC Covered Bond (Legislative) GP Inc., in its capacity as managing general partner of the Guarantor together with any successor managing general partner;
"**Margin**"..	In respect of a Floating Rate Covered Bond, the percentage rate per annum (if any) specified in the applicable Final Terms;
"**Master Definitions and Construction Agreement**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 93;
"**Maximum Redemption Amount**"	The meaning specified in the applicable Final Terms;
"**Member States**"...	The countries united under and party to the treaties of the European Union as of the date of this Prospectus (and each individually, a "**Member State**");
"**MiFID II**"	Directive 2014/65/EU (as amended);
"**MiFID II Product Governance Rules**"	The meaning given on page 6;
"**Minimum and/or Maximum Interest Rate**"	The meaning specified in the applicable Final Terms;
"**Minimum Redemption Amount**".............	The meaning specified in the applicable Final Terms;
"**Modified Following Business Day Convention" or "Modified Business Day Convention**"	The meaning specified in Condition 5.09 on page 112;
"**Monthly Payment**"....................................	The amount which the relevant Mortgage Terms require a Borrower to pay on each Monthly Payment Date in respect of that Borrower's Loan;
"**Monthly Payment Date**"...........................	In relation to a Loan, the date in each month on which the relevant Borrower is required to make a payment of interest and, if applicable, principal for that Loan, as required by the applicable Mortgage Conditions;

"**Montréal Business Day**"	A day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Montréal;
"**Moody's**"...	Moody's Investors Service, Inc.;
"**Mortgage**"	In respect of any Loan, each first fixed charge by way of legal mortgage or first-ranking hypothec sold, transferred and assigned by the Seller to the Guarantor pursuant to the Mortgage Sale Agreement or contributed by the Seller to the Guarantor pursuant to the Guarantor Agreement, which secures the repayment of the relevant Loan including the Mortgage Conditions applicable to it and in respect of any All-In-One Mortgage Segment, the related Multiproduct Mortgage sold, transferred and assigned by the Seller to the Guarantor pursuant to the Mortgage Sale Agreement as part of the Related Security, which secures the repayment of the relevant All-In-One Mortgage Segment including the Mortgage Conditions applicable to it and "Mortgages" means more than one Mortgage;
"**Mortgage Conditions**"	All the terms and conditions applicable to a Loan, including without limitation those set out in the Seller's or the Originator's relevant mortgage conditions booklet and the Seller's or the Originator's relevant general conditions, each as varied from time to time by the relevant Loan agreement between the lender under the Loan or the Line of Credit Agreement and the Borrower, as the same may be amended from time to time, and the relevant Mortgage Deed;
"**Mortgage Deed**"	In respect of any Mortgage, the deed creating that Mortgage;
"**Mortgage Sale Agreement**"......................	The mortgage sale agreement entered into on the Programme Date, as amended by a first amending agreement dated 12 September 2017 and by a second amending agreement dated 9 September 2020, between the Seller, the Guarantor and the Bond Trustee (as may be further amended and/or restated and/or supplemented from time to time);
"**Mortgage Terms**"......................................	The terms of the applicable Mortgage;
"**Multiproduct Account**"	In respect of a Borrower, the Line of Credit Loans extended to such Borrower pursuant to a Line of Credit Agreement and the All-In-One Mortgage Segments made to such Borrower, all of which are secured by the same Multiproduct Mortgage;
"**Multiproduct Mortgage**"	A collateral mortgage or other security interest, which is security for any All-In-One Mortgage Segment or Line of Credit Loan;
"**Multiproduct Purchaser**"	Any owner of any Line of Credit Loan or All-In-One Mortgage Segment outstanding from time to time or any interest therein, including any person holding and/or having the benefit of a Multiproduct Mortgage, other than the Seller (or the applicable Originator) and the Guarantor;
"**NBC**"...	National Bank of Canada;
"**NBF**"	National Bank Financial Inc.;
"**Negative Carry Factor**"............................	The meaning given in "*Summary of the Principal Documents*" on page 206;
"**New Loan**"..	A Loan, other than a Loan comprised in the Initial Covered Bond Portfolio, which the Seller may assign or transfer to the Guarantor after the First Transfer Date pursuant to the Mortgage Sale Agreement;

"**New Portfolio Asset Type**"	A new type of mortgage loan, home equity line of credit (including a Line of Credit Loan, but not including an All-In-One Mortgage Segment) or multi-loan product originated or acquired by the Seller, which the Seller intends to transfer to the Guarantor, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Loans. For the avoidance of doubt, a mortgage loan will not constitute a New Portfolio Asset Type if it differs from the Loans due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees or due to it being originated by a new Originator;
"**New Seller**"	Any affiliate of the Bank that accedes to the relevant Transaction Documents and sells New Loans and their Related Security to the Guarantor in the future;
"**NGCB**"	The meaning given in "*Form of the Covered Bonds*" on page 87;
"**Non-Performing Loan**"	Any Loan in the Covered Bond Portfolio which is more than three months in arrears;
"**Non-Performing Loans Notice**"	A notice from the Cash Manager to the Seller identifying one or more Non-Performing Loans;
"**Non-resident Holder**"	The meaning given in "*Taxation*" on page 250;
"**Notice to Pay**"	The meaning given in Condition 7.01 on page 124;
"**NSS**"	The meaning given in "Overview of the Programme" on page 25;
"**OC Valuation**"	The meaning given in "*Summary of the Principal Documents*" on page 203;
"**OECD**"	Organisation for Economic Co-operation and Development;
"**Offer Period**"	The meaning specified in the applicable Final Terms;
"**Official List**"	Official list of the FCA;
"**Optional Redemption Amount**"	The meaning specified in the applicable Final Terms;
"**Optional Redemption Date**"	The meaning specified in the applicable Final Terms;
"**Original Due for Payment Date**"	The meaning given in paragraph (i)(a) of the definition of "*Due for Payment*";
"**Originator**"	The meaning given in "*Structure Overview*" on page 15;
"**OTC**"	The meaning given in "*Risk Factors*" on page 83;
"**OSFI**"	Office of the Superintendent of Financial Institutions;
"**Outstanding Principal Amount**"	The meaning given in Condition 5.09 on page 116;
"**Participant**"	A Direct and/or Indirect Participant;
"**Participating Debt Interest**"	The meaning given in "*Taxation*" on page 251;
"**Participating Member States**"	The meaning given in "*The proposed financial transactions tax ("FTT")*" on page 254;
"**Partners**"	The Managing GP, the Liquidation GP and the Limited Partner and any other limited partner who may become a limited partner of the Guarantor from time to time, and the successors and assigns thereof;

"**Paying Agents**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**Payment Day**"	The meaning given in Condition 9.12 on page 131;
"**Payment in Kind**"	The meaning given in "*Summary of the Principal Documents*" on page 182;
"**Payment Ledger**"	The ledger of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record payments by or on behalf of the Guarantor in accordance with the terms of the Guarantor Agreement;
"**Permanent Global Covered Bond**"	The meaning given in "*Form of the Covered Bonds*" on page 87;
"**Portfolio Asset Offer Notice**"	A notice from the Guarantor served on the Seller offering to sell Portfolio Assets for an offer price equal to the greater of (a) the fair market value of such Portfolio Assets and (b) (i) if the sale is following a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Guarantor, the Adjusted Required Redemption Amount of the relevant Series of Covered Bonds, otherwise (ii) the True Balance of such Portfolio Assets;
"**Portfolio Asset Repurchase Notice**"	A notice from the Guarantor (or the Cash Manager on its behalf) to the Seller identifying a Portfolio Asset in the Covered Bond Portfolio which does not, as at the relevant Transfer Date, comply with the Loan Representations and Warranties set out in the Mortgage Sale Agreement and which materially and adversely affects the interest of the Guarantor in such Portfolio Asset or the value of such Portfolio Asset, or identifying Portfolio Assets otherwise subject to repurchase by the Seller;
"**Portfolio Assets**"	Loans and their Related Security in the Covered Bond Portfolio;
"**Post-Default Collections**"	The meaning given in "*Summary of the Principal Documents*" on page 193;
"**Post-Enforcement Priority of Payments**"	The meaning given in "*Cashflows*" on page 240;
"**Post Issuer Event of Default Yield Shortfall Test**"	The meaning given in "*Summary of the Principal Documents*" on page 199;
"**Potential Guarantor Event of Default**"	The meaning given in Condition 13 on page 141;
"**Potential Issuer Event of Default**"	The meaning given in Condition 13 on page 141;
"**Pre-Acceleration Principal Priority of Payments**"	The meaning given in "*Cashflows*" on page 236;
"**Pre-Acceleration Revenue Priority of Payments**"	The meaning given in "*Cashflows*" on page 234;
"**Preceding Business Day Convention**"	The meaning given in Condition 5.09 on page 112;
"**Pre-Maturity Liquidity Ledger**"	The ledger on the GIC Account established to record the credits and debits of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test has been breached;
"**Pre-Maturity Liquidity Required Amount**"	Nil, unless the Pre-Maturity Test has been breached in respect of one or more Series of Hard Bullet Covered Bonds, and then an amount equal to the aggregate for each affected Series (without double counting) of (i) the Required Redemption Amount for such affected Series, (ii) the Required Redemption Amount for all other Series of Hard Bullet Covered Bonds which will mature within 12 months of the date of the calculation, and (iii) the amount required to satisfy paragraphs (a) through (f) of the Guarantee Priority of Payments on the Final Maturity of the affected

	Series of Hard Bullet Covered Bonds and on the Final Maturity Date of all other Series of Hard Bullet Covered Bonds which will mature within 12 months of the date of the calculation;
"**Pre-Maturity Minimum Ratings**"............	The meaning given in "*Credit Structure*" on page 229;
"**Pre-Maturity Test**"	The meaning given in "*Credit Structure*" on page 229;
"**Pre-Maturity Test Date**"	The meaning given in "*Credit Structure*" on page 229;
"**Prescribed Cash Limitation**"	The meaning given in "*Summary of Principal Documents*" on page 213;
"**Present Value**"..	For any Loan, the value of the outstanding loan balance of such Loan, calculated by discounting the expected future cash flow (on a loan level basis) using current market interest rates for mortgage loans with credit risks similar to those of the Loan (using the same discounting methodology as that used as part of the fair value disclosure in the Issuer's audited financial statements), or using publicly posted mortgage rates;
"**Price Option**"..	The meaning specified in the ISDA Definitions;
"**Principal Amount Outstanding**"...............	In respect of a Covered Bond the principal amount of that Covered Bond on the relevant Issue Date thereof less all principal amounts received by the relevant holder of the Covered Bonds in respect thereof;
"**Principal Ledger**".......................................	The ledger of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of Principal Receipts held by the Cash Manager for and on behalf of the Guarantor and/or in the Guarantor Accounts;
"**Principal Receipts**"	Receipts in respect of Loans which are not Revenue Receipts including the following (to the extent that such amounts are not Revenue Receipts): (a) principal repayments under the Loans in the Covered Bond Portfolio (including payments of arrears, Capitalized Expenses and Capitalized Arrears); (b) recoveries of principal from defaulting Borrowers under Loans in the Covered Bond Portfolio being enforced (including the proceeds of sale of the relevant Property); (c) any repayments of principal (including payments of arrears, Capitalized Expenses and Capitalized Arrears) received pursuant to any insurance policy (that is not a mortgage insurance policy provided by a Prohibited Insurer) in connection with a Loan in the Covered Bond Portfolio or the related Property; and (d) the proceeds of the purchase of any Loan in the Covered Bond Portfolio by a Purchaser from the Guarantor (excluding, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant purchase date);
"**Priorities of Payments**"..............................	The orders of priority for the allocation and distribution of amounts standing to the credit of the Guarantor in different circumstances;
"**Product Switch**"	A variation to the financial terms or conditions included in the Mortgage Conditions applicable to a Loan other than: (a) any variation agreed with a Borrower to control or manage arrears on a Loan; (b) any variation in the maturity date of a Loan;

(c) any variation imposed by statute or any variation in the frequency with which the interest payable in respect of the Loan is charged;

(d) any variation to the interest rate as a result of the Borrower switching to a different rate;

(e) any change to a Borrower under the Loan or the addition of a new Borrower under a Loan; or

(f) any change in the repayment method of the Loan;

"**Programme**" — CAD 20 billion Legislative Global Covered Bond Programme;

"**Programme Date**" — 31 October 2013;

"**Programme Resolution**" — The meaning given in Condition 13 on page 133;

"**Prohibited Insurer**" — CMHC, Canada Guaranty Mortgage Insurance Company, the Genworth Financial Mortgage Insurance Company of Canada, the PMI Mortgage Insurance Company Canada, any other private mortgage insurer recognized by CMHC for purposes of the Covered Bond Legislative Framework or otherwise identified in the *Protection of Residential Mortgage or Hypothecary Insurance Act* (Canada), or any successor to any of them;

"**Property**" — A freehold, leasehold or commonhold property (or owned immovable property in the Province of Québec) which is subject to a Mortgage;

"**Prospectus**" — The meaning given on page 1;

"**Prospectus Regulation**" — The meaning given on the cover page;

"**Purchaser**" — Any third party or the Seller to whom the Guarantor offers to sell Portfolio Assets;

"**Put Notice**" — The meaning given in Condition 6.06 on page 121;

"**Put Option**" — The meaning given in the applicable Final Terms;

"**QIB**" — A "qualified institutional buyer" within the meaning of Rule 144A;

"**Randomly Selected Loans**" — Loans selected in accordance with the terms of the Guarantor Agreement on a basis that (i) is not designed to favour the selection of any identifiable class or type or quality of Loans over all the other Loans in the Covered Bond Portfolio, except with respect to identifying such Loans as having been acquired by the Guarantor from a particular Seller, if applicable, and (ii) will not (and is not reasonably expected to) adversely affect the interests of the Covered Bondholders;

"**Rate of Interest**" — The meaning given in Condition 5.09 on page 116;

"**Rate Option**" — The meaning given in the ISDA Definitions;

"**Rating Agency**" or "**Rating Agencies**" — The meaning given in Condition 6.01 on page 118;

"**Rating Agency Condition**" — The meaning given in Condition 20.01 on page 144;

"**ratings**" — includes, in respect of any Person, a rating or assessment (a) by a Rating Agency in respect of (i) such Person's senior long-term or short-term rating of the unsecured, unsubordinated and unguaranteed debt obligations, (ii) short-term deposit rating, or (iii) issuer default rating, or (b) by a Rating Agency of the counterparty risk rating of such Person, including the critical obligations rating (in the case of DBRS), the derivative counterparty rating if one is assigned (in the case of Fitch) or the counterparty risk assessment (in the case of Moody's), and in the event such relevant Rating Agency replaces such rating or assessment with a successor rating or assessment that uses a substantially similar methodology for assessing counterparty risk, such successor rating or assessment, in each case as the context requires or permits;

"**Receiptholders**"	The holders of the Receipts;
"**Receipts**"	The meaning given in Condition 1.07 on page 94;
"**Record Date**"	The meaning given in Condition 9.09 on page 130;
"**Redemption Amount**"	The meaning given in Condition 6.09 on page 121;
"**Redemption/Payment Basis**"	The meaning given in the applicable Final Terms;
"**Reference Banks**"	The meaning given in Condition 5.09 on page 116;
"**Reference Rate**"	The meaning given in Condition 5.09 on page 116;
"**Register**"	The register of holders of the Registered Covered Bonds maintained by the Registrar;
"**Registered Covered Bonds**"	Covered Bonds in registered form;
"**Registered Definitive Covered Bonds**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**Registered Global Covered Bonds**"	The Rule 144A Global Covered Bonds together with the Regulation S Global Covered Bonds;
"**Registered Title Event**"	The meaning given in "*Summary of the Principal Documents*" on page 185;
"**Registrar**" or "**Registrars**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**Registry**"	The meaning given on the cover page;
"**Regulation S**"	Regulation S under the Securities Act;
"**Regulation S Covered Bonds**"	The meaning given in "*Subscription and Sale and Transfer and Selling Restrictions*" on page 272;
"**Regulation S Global Covered Bond**"	The meaning given in "*Form of the Covered Bonds*" on page 88;
"**Regulations**"	The meaning given in "*Taxation*" on page 250;
"**Related Loans**"	The meaning given in "*Summary of the Principal Documents*" on page 193;
"**Related Security**"	In relation to a Loan, the security granted by the Borrower for the repayment of that Loan (including, without limitation, the payment and performance of all obligations under the relevant Mortgage), insurance (other than blanket insurance coverage maintained by the Seller) and any guarantees and any security relating to such guarantees and all other matters applicable thereto acquired as part of the Covered Bond Portfolio and all proceeds of the foregoing; provided that in relation to any such Mortgage, insurance, guarantees and security securing one or more Line of Credit Loans or All-In-One Mortgage Segments, the Guarantor's ownership interest in such Mortgage, insurance, guarantees, security and the related Property shall be to the extent of the amount of indebtedness owing under all Loans secured by such Mortgage and owned by the Guarantor, and will not extend to the Seller's and/or applicable Multiproduct Purchaser's ownership interest in such Mortgage, insurance, guarantees, security and the related Property to the extent of

	any amounts of indebtedness owing under any Loans which are owned by such Seller or Multiproduct Purchaser and outstanding under the related Multiproduct Account from time to time, and the respective interests of the Guarantor, the Seller and any Multiproduct Purchaser in such Mortgage, insurance, guarantees, security and the related Property shall be subject, in all respects, to the terms of the Security Sharing Agreement;
"**Relevant Account Holder**"	The meaning given in Condition 1.02 on page 93;
"**Relevant Banking Day**"	The meaning given in Condition 2.08 on page 97;
"**Relevant Date**".	The meaning given in Condition 8.02 on page 127;
"**Relevant Jurisdiction**"	The meaning given in Condition 18.03 on page 144;
"**Relevant Screen Page**"...............................	The meaning given in the applicable Final Terms;
"**Relevant Time**"	The meaning given in the applicable Final Terms;
"**Replacement Agent**"	The meaning given in Condition 12 on page 132;
"**Replacement Servicer**"	The meaning given in "*Summary of the Principal Documents*" on page 193;
"**Requesting Party**"......................................	The meaning given in Condition 20.04 on page 145;
"**Required Redemption Amount**"...............	The meaning given in "*Summary of the Principal Documents*" on page 191;
"**Required True Balance Amount**".............	The meaning given in "*Summary of the Principal Documents*" on page 210;
"**Reserve Fund**"..	The reserve fund that the Guarantor will be required to establish in the GIC Account which may be credited with the proceeds of advances made under the Intercompany Loan and with Cash Capital Contributions (in each case in the Guarantor's discretion), the proceeds of Available Principal Receipts and the proceeds of Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount;
"**Reserve Fund Required Amount**"............	Nil, unless the applicable ratings of the Issuer from one or more Rating Agencies fall below the Reserve Fund Required Amount Rating, as applicable, and then an amount equal to the Canadian Dollar Equivalent of scheduled interest due on all outstanding Series of Covered Bonds over the next three months together with an amount equal to three-twelfths of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (d) of the Pre-Acceleration Revenue Priority of Payments;
"**Reserve Fund Required Amount Ratings**"	The threshold ratings P-1(cr) (in respect of Moody's), R-1 (low) and A(low) (in respect of DBRS; for greater certainty, the ratings from DBRS are only required to be at or above one of such ratings), and F1 or A (in respect of Fitch, provided that, for greater certainty, only one of such ratings from Fitch is required to be at or above such ratings), as applicable, of, in the case of Moody's, the short term counterparty risk assessment, in the case of Fitch, the issuer default rating, and in the case of DBRS, the unsecured, unsubordinated and unguaranteed debt obligations, in each case, of the Issuer by the Rating Agencies;
"**Reserve Ledger**"...	The ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the crediting of Revenue Receipts to the Reserve Fund and the debiting of

	such Reserve Fund in accordance with the terms of the Guarantor Agreement;
"**Reset Date**"	The meaning given in the ISDA Definitions;
"**Retained Loans**"	The meaning given in "*Summary of the Principal Documents*" on page 193;
"**Reuters Screen Page**"	The meaning given in Condition 5.09 on page 116;
"**Revenue Ledger**"	The ledger of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record credits and debits of Revenue Receipts held by the Cash Manager for and on behalf of the Guarantor Accounts;
"**Revenue Receipts**"	Receipts of yield on the Loans including the following (to the extent that such amounts represent yield on the Loans): (a) payments of interest (including Accrued Interest and Arrears of Interest as at the relevant Transfer Date of a Loan) and fees due from time to time under the Loans in the Covered Bond Portfolio and other amounts received by the Guarantor in respect of the Loans in the Covered Bond Portfolio other than the Principal Receipts including payments pursuant to any insurance policy (that is not a mortgage insurance policy provided by a Prohibited Insurer) in respect of interest amounts; (b) recoveries of interest from defaulting Borrowers under Loans in the Covered Bond Portfolio being enforced; and (c) recoveries of interest and/or principal from defaulting Borrowers under Loans in the Covered Bond Portfolio in respect of which enforcement procedures have been completed;
"**Rule 144A**"	Rule 144A under the Securities Act;
"**Rule 144A Global Covered Bond**"	The meaning given in Condition 2.08 on page 97;
"**Scheduled Interest**"	An amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 5.03 (but excluding any additional amounts relating to premiums, default interest or interest upon interest ("**Excluded Scheduled Interest Amounts**") payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a Guarantor Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date and, if the Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8.01;
"**Scheduled Payment Date**"	In relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date;
"**Scheduled Principal**"	An amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest

	Payment Date or the Final Maturity Date (as the case may be) as specified in the applicable Final Terms (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest ("**Excluded Scheduled Principal Amounts**") payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a Guarantor Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date and, if the Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date;
"**Screen Rate Determination**"	The meaning specified in the applicable Final Terms;
"**SEC**"	U.S. Securities and Exchange Commission;
"**Secured Creditors**"	The Bond Trustee (in its own capacity and on behalf of the holders of the Covered Bonds), the holders of the Covered Bonds, the Receiptholders, the Couponholders, the Issuer, the Seller, the Servicer, the Account Bank, the GIC Provider, the Standby Account Bank, the Standby GIC Provider, the Cash Manager, the Swap Providers, the Corporate Services Provider, the Paying Agents and any other person which becomes a Secured Creditor pursuant to the Security Agreement except, pursuant to the terms of the Guarantor Agreement, to the extent and for so long as such person is a Limited Partner;
"**Securities Act**"	U.S. Securities Act of 1933, as amended;
"**Securities and Exchange Law**"	The Securities and Exchange Law of Japan;
"**Security**"	The meaning given in "*Summary of the Principal Documents*" on page 224;
"**Security Agreement**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 92;
"**Security Sharing Agreement**"	The Security Sharing Agreement dated the Programme Date and made between the Seller, the Guarantor, the Bond Trustee and the Custodian (as amended and/or restated and/or supplemented from time to time);
"**Seller**"	National Bank of Canada, any New Seller, or other party for whom the Rating Agency Condition has been satisfied, who may from time to time accede to, and sell Loans and their Related Security and New Loans and their Related Security to the Guarantor;
"**Seller Arranged Policy**"	Any property insurance policy arranged by the Seller for the purposes of the Borrower insuring the Property for an amount equal to the full rebuilding cost of the Property;
"**Series**"	A Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
"**Series Reserved Matter**"	The meaning given in Condition 13 on page 141;
"**Servicer**"	National Bank of Canada, in its capacity as servicer under the Servicing Agreement together with any successor servicer appointed from time to time;
"**Servicer Deposit Threshold Ratings**"	The threshold ratings P-1(cr) (in respect of Moody's), BBB(low) (in respect of DBRS) and F1 or A (in respect of Fitch, provided that, for

	greater certainty, only one of such ratings from Fitch is required to be at or above such ratings), as applicable, of, in the case of Moody's, the short term counterparty risk assessment, in the case of Fitch, the issuer default rating, and in the case of DBRS, the unsecured, unsubordinated and unguaranteed debt obligations, in each case, of the Servicer;
"**Servicer Event of Default**"	The meaning given in "*Summary of the Principal Documents*" on page 199;
"**Servicer Replacement Threshold Ratings**"	The meaning given in "*Summary of the Principal Documents*" on page 197;
"**Servicer Termination Event**"	The meaning given in "*Summary of the Principal Documents*" on page 199;
"**Servicing Agreement**"	The meaning given in "*The Servicer*" on page 174;
"**SFA**"	The meaning given in "*Selling Restrictions*" on page 275;
"**SOFR**"……………………………………	The meaning given on the cover page;
"**SONIA**"	Sterling Overnight Index Average;
"**Special Circumstance**"	The meaning given in Condition 6.03 on page 119;
"**Specified Currency**"	Subject to any applicable legal or regulatory restrictions, euro, Sterling, U.S. dollars, Canadian dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Issuing and Paying Agent and the Bond Trustee and specified in the applicable Final Terms;
"**Specified Denomination**"	In respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms;
"**Specified Interest Payment Date**"	The meaning given in the applicable Final Terms;
"**Standardised Approach**"	Annex VI (Standardised Approach) to the Capital Requirements Directive (or, after any amendment, variation, enactment or implementation of such Directive, the corresponding Annex);
"**Standby Account Bank**"	Royal Bank of Canada, in its capacity as Standby Account Bank under the Standby Bank Account Agreement, together with any successor Standby Account Bank;
"**Standby Account Bank Notice**"	The meaning given in "*Summary of the Principal Documents*" on page 222;
"**Standby Account Bank Threshold Rating" ....**	The meaning given in "*Summary of the Principal Documents*" on page 222
"**Standby Bank Account Agreement**"	The meaning given in "*Summary of the Principal Documents*" on page 222;
"**Standby GIC Account**"	The meaning given in "*Summary of the Principal Documents*" on page 222;
"**Standby GIC Provider**"	Royal Bank of Canada, in its capacity as Standby GIC Provider under the Standby Guaranteed Investment Contract, together with any successor Standby GIC Provider;
"**Standby Guaranteed Investment Contract**"	The meaning given in "*Summary of the Principal Documents*" on page 223;

"**Standby Transaction Account**"................	The meaning given in "*Summary of the Principal Documents*" on page 222;
"**Subsequent CBS Downgrade Trigger Event**"	The occurrence of any of the following events: (a) the short-term counterparty risk assessment or the long-term counterparty risk assessment of the Covered Bond Swap Provider or any credit support provider, as applicable, ceases to be at least P-2(cr) or A3(cr), respectively, by Moody's (provided that, for greater certainty, if the Covered Bond Swap Provider or any credit support provider, as applicable, has one of such ratings from Moody's, a Subsequent CBS Downgrade Trigger Event will not occur), or (b) (i) the short-term issuer default rating or (ii) the derivative counterparty rating, if one is assigned, and if not, the long-term issuer default rating of the Covered Bond Swap Provider or any credit support provider, as applicable, ceases to be at least F3 or BBB-, respectively, by Fitch (provided that, for greater certainty, if the Covered Bond Swap Provider or any credit support provider, as applicable, has one of such ratings from Fitch, a Subsequent CBS Downgrade Trigger Event will not occur), or (c) the short-term unsecured, unsubordinated and unguaranteed debt obligations or the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Covered Bond Swap Provider or any credit support provider, as applicable, cease to be rated at least R-2(middle) or BBB, respectively, by DBRS (provided that, for greater certainty, if the Covered Bond Swap Provider, or any credit support provider, as applicable, has one of such ratings from DBRS, a Subsequent CBS Downgrade Trigger Event will not occur);
"**Subsequent IRS Downgrade Trigger Event**"	The occurrence of any of the following events: (a) the short-term counterparty risk assessment or the long-term counterparty risk assessment of the Interest Rate Swap Provider or any credit support provider, as applicable, ceases to be at least P-2(cr) or A3(cr), respectively, by Moody's (provided that, for greater certainty, if the Interest Rate Swap Provider or any credit support provider, as applicable, has one of such ratings from Moody`s, a Subsequent IRS Downgrade Trigger Event will not occur), or (b) (i) the short-term issuer default rating, or (ii) the derivative counterparty rating, if one is assigned, and if not, the long-term issuer default rating, in each case, of the Interest Rate Swap Provider or any credit support provider, as applicable, ceases to be at least F2 or BBB+, respectively, by Fitch (provided that, for greater certainty, if the Interest Rate Swap Provider or any credit support provider, as applicable, has one of such ratings from Fitch, a Subsequent IRS Downgrade Trigger Event will not occur), or (c) the short-term unsecured, unsubordinated and unguaranteed debt obligations or the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Interest Rate Swap Provider or any credit support provider, as applicable, cease to be rated at least R-2(middle) or BBB, respectively, by DBRS (provided that, for greater certainty, if the Interest Rate Swap Provider or any credit support provider, as applicable, has one of such ratings from DBRS, a Subsequent IRS Downgrade Trigger Event will not occur);

"**Subsidiary**"	Any Person which is for the time being a subsidiary (within the meaning of the Bank Act or the *Canada Business Corporations Act*, as applicable);
"**Substitute Assets**"	The classes and types of assets from time to time eligible under the Covered Bond Legislative Framework and the CMHC Guide to collateralise covered bonds which, as of the date of this Prospectus, include the following: (a) securities issued by the Government of Canada, and (b) repos of Government of Canada securities having terms acceptable to CMHC; provided that the total exposure to Substitute Assets shall not exceed 10 per cent of the aggregate value of (x) the Portfolio Assets; (y) any Substitute Assets; and (z) all cash held by the Guarantor (subject to the Prescribed Cash Limitation); in each case, provided that: (i) such exposures will have certain minimum long-term and short-term ratings from the Rating Agencies, as specified by such Rating Agencies from time to time; (ii) the maximum aggregate total exposures in general to classes of assets with certain ratings by the Ratings Agencies will, if specified by the Rating Agencies, be limited to the maximum percentages specified by such Rating Agencies; and (iii) in respect of investments of Available Revenue Receipts in such classes and types of assets, the Interest Rate Swap Provider has given its consent to investments in such classes and types of assets.
"**Superintendent**"	The meaning given in "*Risk Factors*" on page 77;
"**Swap Agreements**"	The Covered Bond Swap Agreement together with the Interest Rate Swap Agreement, and each a "**Swap Agreement**";
"**Swap Collateral**"	At any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the Guarantor (and not transferred back to the Swap Provider) as credit support to support the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;
"**Swap Collateral Excluded Amounts**"	At any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement;
"**Swap Provider Default**"	The occurrence of an Event of Default or Termination Event (each as defined in each of the Swap Agreements) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in relevant Swap Agreement), as applicable, other than a Swap Provider Downgrade Event;
"**Swap Provider Downgrade Event**"	The occurrence of an Additional Termination Event or an Event of Default (each as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement;

"**Swap Providers**"	Covered Bond Swap Provider and Interest Rate Swap Provider, and each a "**Swap Provider**";
"**Talon**"	The meaning given in Condition 1.06 on page 94;
"**TARGET2 Business Day**"	The meaning given in Condition 5.09 on page 116;
"**TARGET2 System**"	Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System;
"**taxes**"...	The meaning given in Condition 18.03 on page 144;
"**TEFRA**"..	The U.S. *Tax Equity and Fiscal Responsibility Act of 1982*;
"**TEFRA C Rules**"..	U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
"**TEFRA D Rules**"..	U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
"**Temporary Global Covered Bond**"	The meaning given in "*Form of the Covered Bonds*" on page 87;
"**Third Party Amounts**"	Each of: (a) payments of insurance premiums, if any, due to the Seller in respect of any Seller Arranged Policy to the extent not paid or payable by the Seller (or to the extent such insurance premiums have been paid by the Seller in respect of any Further Advance which is not purchased by the Seller to reimburse the Seller); (b) amounts under an unpaid direct debit which are repaid by the Seller to the bank making such payment if such bank is unable to recoup that amount itself from its customer's account; (c) payments by the Borrower of any fees (including early repayment fees) and other charges which are due to the Seller; (d) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the Guarantor; which amounts may be paid daily from moneys on deposit in the Guarantor Accounts or the proceeds of the sale of Substitute Assets;
"**TLAC Guideline**"	The meaning given in "*A Bank Recapitalisation "Bail-in" Regime*" on page 82;
"**Total Assets**"...	The meaning given in "*Risk Factors*" on page 78;
"**Total Credit Commitment**".......................	The combined aggregate amount available to be drawn by the Guarantor under the terms of Intercompany Loan Agreement, subject to increase and decrease in accordance with the terms of the Intercompany Loan Agreement, which amount is CAD 23 billion as of the date of this Prospectus;

"**Trading Value**"	The value determined with reference to one of the methods set forth in (a) through (f) below which can reasonably be considered the most accurate indicator of institutional market value in the circumstances: (a) the last selling price; (b) the average of the high and low selling price on the calculation date; (c) the average selling price over a given period of days (not exceeding 30) preceding the calculation date; (d) the close of day bid price on the calculation date (in the case of an asset); (e) the close of day ask price on the calculation date (in the case of a liability); (f) such other value as may be indicated by at least two actionable quotes obtained from appropriate market participants instructed to have regard for the nature of the asset or liability, its liquidity and the current interest rate environment, plus accrued return where applicable (with currency translations undertaken using the average foreign exchange rates posted on the Bank of Canada website for the month in relation to which the calculation is made); provided that, in each case, the methodology selected, the reasons therefor and the determination of value pursuant to such selected methodology shall be duly documented;
"**Tranche**" or "**Tranches**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 92;
"**Transaction Account**"................................	The account (to the extent maintained) designated as such in the name of the Guarantor held with the Account Bank and maintained subject to the terms of the Bank Account Agreement and the Security Agreement or such other account as may for the time being be in place with the prior consent of the Bond Trustee and designated as such;
"**Transaction Documents**"...........................	(a) Mortgage Sale Agreement; (b) Servicing Agreement; (c) Asset Monitor Agreement; (d) Intercompany Loan Agreement; (e) Guarantor Agreement; (f) Cash Management Agreement; (g) Interest Rate Swap Agreement; (h) Covered Bond Swap Agreement; (i) Guaranteed Investment Contract; (j) Standby Guaranteed Investment Contract; (k) Bank Account Agreement; (l) Standby Bank Account Agreement; (m) Corporate Services Agreement; (n) Custodial Agreement;

(o) Security Agreement (and any documents entered into pursuant to the Security Agreement);

(p) Trust Deed;

(q) Agency Agreement;

(r) Dealership Agreement;

(s) each set of Final Terms (as applicable in the case of each Tranche of listed Covered Bonds subscribed pursuant to a subscription agreement);

(t) each subscription agreement (as applicable in the case of each Tranche of listed Covered Bonds subscribed pursuant to a subscription agreement);

(u) Security Sharing Agreement;

(v) Australian Documents; and

(w) Master Definitions and Construction Agreement;

"**Transfer Agent**" .... Collectively, The Bank of New York Mellon, The Bank of New York Mellon, London Branch and The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.), together with any successor;

"**Transfer Certificate**" .... The meaning given in Condition 2.11 on page 97;

"**Transfer Date**" .... Each of the First Transfer Date and the date of transfer of any New Loans and their Related Security to the Guarantor in accordance with the Mortgage Sale Agreement;

"**True Balance**" .... With respect to any Loan as at any given date, the aggregate (but avoiding double counting) of:

(a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage; and

(b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalized in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by that Loan; and

(c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalized in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by that Loan, as at the end of the Canadian Business Day immediately preceding that given date;

minus

(d) any repayment or payment of any of the foregoing made on or before the end of the Canadian Business Day immediately preceding that given date and excluding (i) any retentions made but not released and (ii) any Additional Loan Advances committed to be made but not made by the end of the Canadian Business Day immediately preceding that given date;

"**Trust Deed**"	The meaning given in "*Terms and Conditions of the Covered Bonds*" on page 91;
"**UK Act**"	The meaning given in "*Taxation*" on page 252;
"**UK Banking Act**"	The meaning given in "*Risks Factors*" on page 76;
"**UK Benchmarks Regulation**"	The meaning given on page 2;
"**UK CRA Regulation**"	The meaning given on the cover page;
"**United Kingdom**" or the "**UK**"	The meaning given on page 1;
"USSF&I"	The meaning given in "*National Bank of Canada –Business*" on page 162;
"**Valuation Calculation**"..............................	The meaning given in "*Description of the Canadian Registered Covered Bond Programs Regime*" on page 243;
"**Voluntary Overcollateralization**".............	The meaning given in "*Credit Structure"* on page 231;
"**WURA**"...	The meaning given in "*Risk Factors*" on page 77; and
"**Zero Coupon Covered Bonds**"..................	Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.

NATIONAL BANK OF CANADA

Head Office
600 De La Gauchetière Street West
Montréal, Québec
Canada H3B 4L2

London Branch
71 Fenchurch Street
London EC3M 4HD
United Kingdom

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP
Suite 5300, TD Bank Tower
Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1E6

DEALERS

National Bank of Canada Financial Inc.
65 East 55th Street, 31st Floor
New York, NY 10022

National Bank Financial Inc.
71 Fenchurch Street
London EC3M 4HD
United Kingdom

BNP Paribas
16 Boulevard des Italiens
75009 Paris
France

BOND TRUSTEE

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, Suite 700
Montréal, Québec
Canada H3A 3S8

ISSUING AND PAYING AGENTS, TRANSFER AGENT AND EXCHANGE AGENT

The Bank of New York Mellon, London Branch
One Canada Square, 48th Floor
London E14 4AL
United Kingdom

EUROPEAN REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugene Ruppert
L-2453 Luxembourg
R.C. Luxembourg No. B 67.654

U.S. REGISTRAR, TRANSFER AGENT AND EXCHANGE AGENT

The Bank of New York Mellon
240 Greenwich Street, 7th Floor East
New York, NY 10286

LEGAL ADVISERS

to the Issuer and the Guarantor

McCarthy Tétrault LLP

McCarthy Tétrault

Registered Foreign Lawyers & Solicitors

1 Angel Court, 18th floor
London EC2R 7HJ
England

McCarthy Tétrault LLP

66 Wellington Street West, Suite 5300
TD Bank Tower
Toronto Dominion Centre
Toronto, Ontario
M5K 1E6
Canada

to the Issuer and the Guarantor as to United States Law

Mayer Brown LLP
1221 Avenue of the Americas
New York, NY 10020-1001

to the Arrangers and Dealers as to Canadian Law

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6100, P.O. Box 50
Toronto ON M5X 1B8

to the Arrangers and Dealers as to United States Law

Arnold & Porter Kaye Scholer LLP
250 West 55th street
New York, NY 10019- 9710

ARRANGERS

National Bank Financial Inc.
71 Fenchurch Street
London EC3M 4HD
United Kingdom

BNP Paribas
16 Boulevard des Italiens
75009 Paris
France

INDEPENDENT AUDITOR

to the Issuer

Deloitte LLP
Chartered Professional Accountants
1190, Canadiens-de-Montréal Avenue, Suite 500
Montréal QC H3B 0M7

NATIONAL BANK OF CANADA