

NATIONAL BANK OF CANADA

Programme for the Issuance of

Covered Bonds

unconditionally and irrevocably guaranteed as to payments by
NBC Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)

DEALERSHIP AGREEMENT

Dated as of
October 31, 2013

TABLE OF CONTENTS

SECTION 1. DEFINITIONS2

SECTION 2. ISSUANCE OF COVERED BONDS7

SECTION 3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY NBC AND THE GUARANTOR14

SECTION 4. UNDERTAKINGS BY THE DEALERS27

SECTION 5. OFFERS AND SALES OF RULE 144A COVERED BONDS29

SECTION 6. REGULATION S COVERED BONDS: DETERMINATION OF END OF DISTRIBUTION COMPLIANCE PERIOD42

SECTION 7. COSTS AND EXPENSES43

SECTION 8. NOTICES AND COMMUNICATIONS44

SECTION 9. CHANGES IN DEALERS44

SECTION 10. INCREASE IN AUTHORIZED AMOUNT45

SECTION 11. ASSIGNMENT46

SECTION 12. LAW AND JURISDICTION46

SECTION 13. CURRENCY INDEMNITY46

SECTION 14. COUNTERPARTS.....47

SECTION 15. NON-PETITION.....47

SECTION 16. LIMITATION OF LIABILITY47

SECTION 17. AMENDMENT AND WAIVER47

SCHEDULE 1 SELLING AND TRANSFER RESTRICTIONS.....1

SCHEDULE 2 CONDITIONS PRECEDENT1

SCHEDULE 3 DEALER ACCESSION LETTER.....1

SCHEDULE 4 NOTICE OF INCREASE OF AUTHORIZED AMOUNT1

SCHEDULE 5 NOTICE DETAILS1

SCHEDULE 6 PART I - PRO FORMA FINAL TERMS.....1

SCHEDULE 6 PART II - PRO FORMA FINAL TERMS (N BONDS)1

SCHEDULE 6 PART III - PRO FORMA PRICING SUPPLEMENT1

SCHEDULE 7 PRO FORMA SUBSCRIPTION AGREEMENT1

SCHEDULE 8 OPERATING AND ADMINISTRATIVE PROCEDURES MEMORANDUM..1

SCHEDULE 9 FORM OF EFFECTUATION AND DISPOSAL AUTHORIZATION.....1

SCHEDULE 10 CERTIFICATES REGARDING CONFIRMATION OF SATISFACTION OF
SECTION 2.03(I) OF DEALERSHIP AGREEMENT1

SCHEDULE 11 CERTIFICATES REGARDING CONFIRMATION OF SATISFACTION OF
SECTION 5.06(D) OF DEALERSHIP AGREEMENT1

THIS DEALERSHIP AGREEMENT (this “**Agreement**”) is made as of the 31st day of October, 2013.

AMONG

- (1) National Bank of Canada (in its capacity as issuer of Covered Bonds, the “**Issuer**”; in its capacity as seller of Loans and their Related Security, the “**Seller**”; or “**NBC**”);
- (2) NBC Covered Bond (Legislative) Guarantor Limited Partnership (a limited partnership formed under the laws of Ontario) (acting in its capacity as a guarantor as to payments of interest and principal under the Covered Bonds, the “**Guarantor**”) by its managing general partner, NBC Covered Bond (Legislative) GP Inc.;
- (3) National Bank Financial Inc., RBS Securities Inc. and National Bank of Canada Financial Inc. (the “**Dealers**”, which expression shall include any institution(s) appointed as a Dealer in accordance with subsection 9.01(b), and save as specified herein, exclude any institution(s) whose appointment as a Dealer has been terminated in accordance with subsection 9.01(a), provided that where any such institution has been appointed as Dealer in relation to a particular Tranche (as defined below) the expression “Dealer” or “Dealers” shall only mean or include such institution in relation to such Tranche); and
- (4) RBS Securities Inc. and National Bank Financial Inc. (each, an “**Arranger**” and together, the “**Arrangers**”, which expression shall, save as specified herein, exclude any institution(s) whose appointment has been terminated in accordance with subsection 9.01(a)).

WHEREAS

- (A) The Issuer has established a programme (the “**Programme**”) for the issuance of covered bonds (the “**Covered Bonds**”), unconditionally and irrevocably guaranteed by the Guarantor, in connection with which Programme it has entered into the Agency Agreement referred to below.
- (B) Covered Bonds may be issued on a listed or unlisted basis. The Issuer has made applications to the UK Listing Authority (as defined below) for Covered Bonds issued under the Programme to be admitted to the Official List (as defined below) 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 Regulated Market (the “**Market**”).
- (C) Covered Bonds issued pursuant to the Prospectus will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (D) The parties wish to record the arrangements agreed between them in relation to the issuance and sale by the Issuer and the purchase by the Dealers from time to time of Covered Bonds under the Programme.

(E) In connection with the foregoing, the Issuer has prepared a Base Prospectus (as defined below) for use in connection with the Programme. The terms of the Covered Bonds to be issued under the Programme shall be documented by way of Final Terms and as may be agreed between the Issuer and the Relevant Dealer(s) from time to time.

IT IS AGREED as follows:

Section 1. Definitions

1.01 For the purposes of this Agreement:

“2010 PD Amending Directive” means Directive 2010/73/EU;

“Agency Agreement” means the agency agreement dated October 31, 2013 made among the Issuer, the Guarantor, the Bond Trustee, the Issuing and Paying Agent, the other Paying Agents, the Exchange Agent, the Registrar and the Transfer Agents, as the same may be amended, supplemented or replaced from time to time;

this **“Agreement”** includes the Schedules attached hereto and any amendment or supplement hereto (including any confirmation or agreement whereby an institution becomes a Dealer hereunder given or executed pursuant to subsection 9.01(b)) and the expressions **“herein”** and **“hereto”** shall be construed accordingly;

“Agreement Date” means each date on which the Issuer and the Guarantor conclude a Relevant Agreement which, where the Issuer and the Guarantor enter into an agreement in the form or based on the form set out in Schedule 7 with such Dealer(s) shall be the execution date of such agreement and in all other cases shall be the date of the relevant Final Terms;

“Auditors” means the auditors appointed by the Issuer in accordance with the provisions of the *Bank Act* (Canada), which at the date hereof are Deloitte s.e.n.c.r.l.;

“Authorized Amount” means, at any time, the amount of U.S.\$7,000,000,000, subject to any increase as may have been authorized pursuant to Section 10 hereof;

“Base Prospectus” means the prospectus dated on or about November 4, 2013 relating to the Programme, which constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, the preparation of which has been procured by the Issuer in connection with the application for Covered Bonds to be listed, but excluding any documents incorporated by reference in the Prospectus that are not expressly incorporated by reference in such base prospectus, as the same may be amended, supplemented, replaced or substituted from time to time;

“CGCB” means a Temporary Global Covered Bond in the form set out in the First Schedule to the Agency Agreement or a Permanent Global Covered Bond in the form set out in the Second Schedule to the Agency Agreement, in either case where the applicable Final Terms specify the Covered Bonds as not being in New Global Covered Bond form;

“**Common Safekeeper**” means a common safekeeper for the ICSDs;

“**Disclosure Documents**” means the Final Terms together with the Prospectus and, if applicable, any relevant Pricing Supplement and any Investor Presentation;

“**DTC**” means The Depository Trust Company;

“**European Economic Area**” or “**EEA**” means the member states of the European Union together with Iceland, Norway and Liechtenstein;

“**Eurosystem**” means the central banking system for the Euro;

“**Eurosystem-eligible NGCB**” means a NGCB that is intended to be held in a manner that would allow Eurosystem eligibility;

“**FCA**” means the Financial Conduct Authority;

“**Final Terms**” means the final terms issued in relation to a Series or Tranche of Covered Bonds in, or substantially in, (i) the form of Part I of Schedule 6 hereto, for use in connection with the Base Prospectus, which constitutes final terms for the purposes of Article 5.4 of the Prospectus Directive; (ii) the form of Part II of Schedule 6 hereto, for use in connection with any Series of N Covered Bonds; or (iii) such other form as may be agreed between the Issuer, the Guarantor and the Relevant Dealers for use other than in connection with the Base Prospectus in respect of any Series of Covered Bonds (other than N Covered Bonds);

“**FSMA**” means the Financial Services and Markets Act 2000, as amended;

“**ICSDs**” mean Euroclear and Clearstream, Luxembourg;

“**Investor Presentation**” has the meaning specified in the applicable Subscription Agreement;

“**Issuer-ICSDs Agreement**” means the agreement entered into between the Issuer and each of the ICSDs;

“**Issue Date**” means the date specified as such in the relevant Final Terms;

“**Issuing and Paying Agent**” means The Bank of New York Mellon, London Branch, in its capacity as issuing and paying agent, which expression shall include any successor(s) thereto;

“**listing**”, “**listed**” in relation to any Covered Bonds which are to have a “listing” or be “listed” on (i) the London Stock Exchange, shall be construed to mean that such Covered Bonds have been admitted to listing on the Official List and admitted to trading on the Market, or (ii) the Luxembourg Stock Exchange; or (iii) any Stock Exchange in the EEA (other than the London Stock Exchange or Luxembourg Stock Exchange), shall be construed to mean that such Covered Bonds have been admitted to trading on a Regulated Market, or

(iv) any other Stock Exchange (other than those referred to in (i) to (iii) above), shall be construed to mean that the Covered Bonds have been listed on that Stock Exchange and/or to trading on the relevant market, as the case may be;

“Listing Rules” means:

- (a) in the case of Covered Bonds which are, or are to be, listed on the London Stock Exchange, the Part 6 rules (including the listing rules) made by the UK Listing Authority (or such other body to which its functions have been transferred in accordance with FSMA) and the London Stock Exchange’s Admission and Disclosure Standards; and
- (b) in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange (as specified in the Final Terms), the listing rules and regulations for the time being in force for such Stock Exchange or other relevant authority;

“London business day” means 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, in London, England;

“London Stock Exchange” means The London Stock Exchange plc;

“Manager Information” has, with respect to any Tranche of Covered Bonds, the meaning set forth in the related Subscription Agreement;

“Marketing Materials” means any Investor Presentation, any other marketing materials or additional information provided in writing by or approved in writing by the Issuer or the Guarantor to any of the Relevant Dealers expressly in respect of an issue of Covered Bonds to actual and potential purchasers of Covered Bonds;

“Member State” means a Member State of the EEA;

“MiFID” means the Markets in Financial Instruments Directive (No. 2004/39/EC), as amended or replaced from time to time;

“NGCB” or **“New Global Covered Bond”** means a Temporary Global Covered Bond in the form set out in the First Schedule to the Agency Agreement or a Permanent Global Covered Bond in the form set out in the Second Schedule to the Agency Agreement, in either case where the applicable Final Terms specify the Covered Bonds as being in New Global Covered Bond form;

“Offering Document” means:

- (a) in the case of Covered Bonds admitted to trading on a Regulated Market or offered to the public in circumstances requiring publication of a prospectus under the

Prospectus Directive, the Base Prospectus for a Series or Tranche of such Covered Bonds and the Final Terms;

- (b) in relation to Rule 144A Covered Bonds that are:
 - (i) admitted to trading pursuant to (a) above, each of (1) the Base Prospectus and the pricing term sheet at the Time of Sale and (2) the Base Prospectus and the Final Terms at the date of the Final Terms and at the Issue Date; or
 - (ii) not admitted to trading pursuant to (a) above, each of (1) the Time of Sale Information at the Time of Sale and (2) the Prospectus and the Final Terms at the date of the Final Terms and at the Issue Date; or
- (c) in all other cases, the Prospectus and the Final Terms; or

in each case as may be specified in the Subscription Agreement;

“Official List” means the official list maintained by FCA in accordance with Part 6 of FSMA;

“Paying Agents” means The Bank of New York Mellon, London Branch, acting through its offices at One Canada Square, 48th Floor, London, England, and The Bank of New York Mellon, acting through its offices at 101 Barclay Street, 7th Floor East, New York, New York, in their capacities as paying agents, which expression shall also include the Issuing and Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement;

“Pricing Supplement” means the pricing supplement issued in relation to a Series or Tranche of Covered Bonds in, or substantially in, the form of Part III to Schedule 6 hereto or in such other form as may be agreed to by the Issuer, the Guarantor and the Relevant Dealer(s);

“Prospectus” means the Base Prospectus together with all documents incorporated by reference therein, as such may be amended, supplemented, replaced or substituted from time to time;

“Prospectus Directive” means Directive 2003/71/EC of the European Parliament and the Council as of 4th November, 2003, as amended by the 2010 PD Amending Directive, on the prospectus to be published when securities are offered to the public or admitted to trading (as amended from time to time) and, unless otherwise specified, includes any relevant implementing measure in the United Kingdom or any other relevant Member State;

“Prospectus Directive Regulation” means Commission Regulation (EC) No. 809/2004 of 29th April, 2004 as amended or replaced from time to time;

“Registrars” means The Bank of New York Mellon (Luxembourg) S.A. and The Bank of New York Mellon, each in its respective capacity as registrar, and any substitute or

additional registrars appointed in accordance with the Agency Agreement and, in relation to any particular Covered Bonds in registered form, “**Registrar**” means whichever Registrar is specified in the relevant Final Terms;

“**Regulated Market**” means a regulated market as defined in MiFID;

“**Relevant Agreement**” means an agreement in writing among the Issuer, the Guarantor and any Dealer(s) for the sale by the Issuer and the purchase or, as the case may be, subscription for as principal by such Dealer(s) (or on such other basis as may be agreed between the Issuer and the Relevant Dealer(s) at the relevant time) of any Covered Bonds and shall include, without limitation, any agreement in the form or based on the form set out in Schedule 7 hereto;

“**Relevant Dealer**” means, in relation to a Relevant Agreement which is made between the Issuer and more than one Dealer, the institution specified as such in such Relevant Agreement; and, in relation to a Relevant Agreement which is made between the Issuer, the Guarantor and a single Dealer, such Dealer;

“**Securities Act**” means the United States Securities Act of 1933, as amended;

“**Series**” means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and notwithstanding the foregoing, means in the case of N Covered Bonds, each N Covered Bond made out in the name of a specific N Covered Bondholder;

“**Stock Exchange**” means the London Stock Exchange, the Luxembourg Stock Exchange or any other or further stock exchange(s) or other relevant authority on which any Covered Bonds may from time to time be listed or admitted to trading and references in this Agreement to the “relevant Stock Exchange” shall, in relation to any Covered Bonds, be references to the stock exchange(s) on which such Covered Bonds are from time to time, or will be, listed or admitted to trading;

“**Subscription Agreement**” means the agreement between the Issuer, the Guarantor and the Relevant Dealers in substantially the form set out in Schedule 7;

“**Terms and Conditions**” means in relation to any Covered Bonds, the terms and conditions applicable to such Covered Bonds set out in the Prospectus and any reference to a numbered “Condition” is to the correspondingly numbered provision thereof;

“**Time of Sale**” means the time specified in the relevant Subscription Agreement or as may otherwise be agreed between the parties;

“**Time of Sale Information**” means any Pricing Supplement together with the Prospectus and any other document specified in the applicable Subscription Agreement as being “Time of Sale Information”, in each case, as of the Time of Sale;

“**Tranche**” means Covered Bonds which are issued on the same Issue Date, the terms of which are identical in all respects save that a Tranche may comprise Covered Bonds in more than one denomination and Covered Bonds in bearer form or Covered Bonds in registered form and shall, where the context so requires, be deemed to refer to a Series of N Covered Bonds, provided that for greater certainty, N Covered Bonds are only issuable in Series;

“**Transfer Agents**” means The Bank of New York Mellon, London Branch, acting through its offices at One Canada Square, 48th Floor, London, England, The Bank of New York Mellon (Luxembourg) S.A., acting through its offices at Vertigo Building – Polaris, 2-4 rue Eugene Ruppert, L-2453 Luxembourg, R.C. Luxembourg No. B, 67.654, and The Bank of New York Mellon, acting through its offices at 101 Barclay Street, 7th Floor East, New York, New York, in their capacities as transfer agents, which expression shall also include, unless the context otherwise requires, any Registrar and shall include any substitute or additional transfer agents appointed in accordance with the Agency Agreement;

“**UK Listing Authority**” means the FCA in its capacity as the “competent authority” for listing in the United Kingdom under FSMA (or, for the avoidance of doubt, such other body to which its functions have been transferred in accordance with Section 72 of FSMA).

1.02 Terms used in the Prospectus shall, unless the context otherwise admits or the contrary is indicated, have the same meaning herein.

Section 2. Issuance of Covered Bonds

2.01 The Issuer and the Dealers agree that any Covered Bonds which may, from time to time, be agreed between the Issuer and any Dealer(s) to be sold by the Issuer and purchased or, as the case may be, subscribed for by such Dealer(s) shall be sold and purchased, or, as the case may be, subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of this Agreement. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be under any obligation to sell, procure subscriptions for, purchase or subscribe for, as the case may be, any Covered Bonds.

2.02 Upon the conclusion of any Relevant Agreement and subject as provided in Section 2.03:

(a) the Issuer and the Guarantor shall promptly confirm such terms to the Issuing and Paying Agent and, if the Relevant Agreement relates to the sale of Covered Bonds in registered form, the Registrar in writing (by letter, telex, fax or e-mail), and the Relevant Dealer or, if such Relevant Dealer so agrees with the Issuer, the Issuer will prepare or procure the preparation of the Final Terms in relation to the relevant Covered Bonds for approval (such approval not to be unreasonably withheld or delayed) by the Issuer or, as the case may be, the Relevant Dealer and execution on behalf of the Issuer and the Guarantor;

(b) the Issuer shall cause the Covered Bonds, which, in the case of Bearer Covered Bonds shall be initially represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond, and, in the case of Registered Covered Bonds,

shall be initially represented by a Regulation S Global Covered Bond, a Rule 144A Global Covered Bond or N Covered Bonds, as applicable, to be issued and delivered on the agreed Issue Date:

- (i) in the case of a Temporary Global Covered Bond or a Permanent Global Covered Bond, to (A) if the Covered Bonds are CGCBs, a Common Depository, or (B) if the Covered Bonds are NGCBs, a Common Safekeeper for Euroclear and Clearstream, Luxembourg;
 - (ii) in the case of a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, either to a nominee of a Common Depository for Euroclear and Clearstream, Luxembourg or to a custodian of DTC, as specified in the applicable Final Terms;
 - (iii) in the case of N Covered Bonds, to or to the order of the prospective holders; and
 - (iv) in the case of (i) or (ii) above, the securities account(s) of the Relevant Dealer with Euroclear and/or Clearstream, Luxembourg and/or DTC (as specified by the Relevant Dealer) will be credited with the Covered Bonds on the agreed Issue Date; and
- (c) the Relevant Dealer(s) shall, subject to delivery of the Covered Bonds and the other conditions listed in Section 2.03, for value on the Issue Date of the relevant Covered Bonds procure the payment of the net purchase monies therefor (namely the agreed issue or sale price thereof plus any accrued interest and less any agreed commissions or other agreed deductibles) to or to the order of the Issuer by credit transfer to such account as may have been specified by the Issuer to the Relevant Dealer for that purpose.

2.03 The obligations of any Dealer(s) under subsection 2.02(c) are conditional upon:

- (a) in respect of the first issue of Covered Bonds, each Dealer having received in form, number and substance satisfactory to each such Dealer not less than one London business day (one New York business day in the case of an offer and sale in the United States) prior to the Issue Date of such Covered Bonds the applicable documents and confirmations described in Schedule 2 to this Agreement, provided that if any Dealer (other than any Dealer participating in the first issue of Covered Bonds under this Agreement) considers any document or confirmation described in Schedule 2 to this Agreement to be unsatisfactory in its reasonable opinion, it must notify the Arrangers and the Issuer within the earlier of the Issue Date and five London business days (five New York business days in the case of an offer and sale in the United States) of receipt of such documents and confirmations and, in the absence of notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory;

- (b) NBC and the Guarantor (i) having performed all of their respective obligations under this Agreement to be performed on or before the Issue Date of the relevant Covered Bonds, and (ii) confirming that there has been no change rendering the representations and warranties of NBC and the Guarantor set out in this Agreement inaccurate on or prior to the Issue Date, provided that for the purposes of this subsection such representations and warranties shall only be qualified by the proviso to Sections 3.01 and 3.02, as applicable, to the extent that information is disclosed to the Dealers before the date of the Relevant Agreement;
- (c) subject to Section 10, the aggregate nominal amount of the Covered Bonds to be issued, when added to the aggregate nominal amount of all Covered Bonds outstanding on the proposed Issue Date (excluding for this purpose Covered Bonds due to be redeemed on the Issue Date) not exceeding the Authorized Amount;
- (d) in the case of Covered Bonds which are to be listed on a Stock Exchange, such Stock Exchange and/or relevant authority or authorities having agreed to list the relevant Covered Bonds or admit the Covered Bonds to trading, as the case may be, subject only to their issue;
- (e) there not having occurred since the date of the Relevant Agreement:
 - (i) any change in the financial condition of the Issuer or the Guarantor that, in the reasonable judgment of the Relevant Dealers and the Arrangers, impairs or may impair the investment quality of the Covered Bonds;
 - (ii) any downgrading or withdrawal by Moody's, Fitch, DBRS or Standard & Poor's Financial Services LLC of, or the placing on "creditwatch" (or other similar publication of formal review by the relevant rating organization) by Moody's, Fitch, DBRS or Standard & Poor's Financial Services LLC of, the rating of the Issuer's debt securities;
 - (iii) in the professional opinion of the Relevant Dealers (after consultation with the Issuer and the Guarantor, if practicable), any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the view of the Relevant Dealers, be likely to prejudice materially the success of the offering and distribution of any of the relevant Covered Bonds, whether in the primary market or in respect of dealings in the secondary market; or
 - (iv) any event or circumstance that with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement will constitute an Issuer Event of Default;
- (f) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Arrangers and the Relevant Dealers and, in the case of all other issues and if requested by the Relevant Dealer, there having been delivered to such Dealer, opinions from legal counsel (in Canada, the

United States and/or England, as applicable) acceptable to the Relevant Dealer in such form as the Relevant Dealer may reasonably request on and dated as of the Issue Date of the relevant Covered Bonds;

- (g) (i) (A) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Relevant Dealers a letter from the Auditors (each an “**Auditor’s Letter**”), in form and substance satisfactory to the Relevant Dealers and their counsel, and (B) in the case of all other issues, if so reasonably requested by the Relevant Dealer, there having been delivered an Auditor’s Letter, in form and substance satisfactory to the Relevant Dealers and their counsel, and (ii) on each anniversary of this Agreement, there having been delivered to the Arrangers and the Relevant Dealers an Auditor’s Letter, in form and substance satisfactory to the Arrangers and the Relevant Dealers and their counsel (which Auditor’s Letter, for greater certainty, is not required to address specified procedures with respect to the Covered Bond Portfolio);
- (h) the Issuer being permitted to issue such Covered Bonds under, and having complied with, and such Covered Bonds and the Transaction Documents complying with, all relevant laws and directives and all consents and approvals of any court, governmental department or other regulatory body that are required for the Covered Bonds to be issued and for the performance of their terms having been obtained and the Guarantor being permitted to enter into the Guarantee;
- (i) (i) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Relevant Dealers (A) a copy of the Offering Document together with a certificate, in the form set forth in Schedule 10 attached hereto, dated the Issue Date, of the President or any Senior Vice President or Vice President of each of the Issuer and the Guarantor in which such officer, to the best of his knowledge after reasonable investigation, shall state that such documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the Issuer or the Guarantor, as applicable, and nothing has happened that would require such documents to be supplemented, and (B) a certificate from each of the Issuer and the Guarantor as to its solvency, and (ii) in the case of all issues of Covered Bonds, there having been delivered to the Relevant Dealer, such opinions, documents, certificates and information relevant in the context of the issue of such Covered Bonds as the Relevant Dealer may reasonably request;
- (j) no meeting of the holders of Covered Bonds (or any of them), called to consider matters which might, in the opinion of the Relevant Dealer, be material in the context of the proposed issue and purchase of the Covered Bonds, having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and the Issuer not being aware of any circumstances which are likely to lead to the convening of such a meeting;

- (k) the forms of the Final Terms, the applicable Global Covered Bonds, Covered Bonds in definitive form and Receipts, Coupons or Talons (each as applicable) in relation to the relevant Tranche and the relevant settlement procedures having been agreed by the Issuer, the Relevant Dealer, the Bond Trustee and the Issuing and Paying Agent and, if applicable, the Registrar;
- (l) in respect of the currency in which the Covered Bonds are to be denominated, such currency being accepted for settlement by Euroclear and Clearstream, Luxembourg and, where relevant, DTC;
- (m) as applicable, the delivery to the Registrar as custodian of the Regulation S Global Covered Bond and/or the Rule 144A Global Covered Bond representing the relevant Registered Covered Bonds and/or the delivery to the Common Depository or, as the case may be, a Common Safekeeper of the Temporary Bearer Global Covered Bond and/or the Permanent Bearer Global Covered Bond representing the relevant Bearer Covered Bonds, in each case as provided in the Agency Agreement;
- (n) in the case of Covered Bonds that are NGCBs, that the Issuing and Paying Agent makes the actual instruction to the Common Safekeeper to effectuate each relevant NGCB under the Programme, and that there has been no variation to the election of the Common Safekeeper under Section 2.03 of the Agency Agreement;
- (o) the Guarantor, the Bond Trustee and the Covered Bond Swap Provider on the Issue Date entering into a Covered Bond Swap Agreement in relation to the relevant Covered Bonds;
- (p) in the case of Covered Bonds which are intended to be admitted to trading on a regulated market of an European Economic Area stock exchange or offered to the public in an European Economic Area Member State on or after the date on which the Prospectus Directive is implemented in such Member State:
 - (i) the Specified Denominations being at least €100,000 (or such other amount which is specified as the minimum denomination under Article 3(2)(b) of the Prospectus Directive) (or the equivalent in any other currency);
 - (ii) the Prospectus having been approved as a base prospectus by the UK Listing Authority, and filed with the UK Listing Authority and having been published in accordance with the Prospectus Directive; and
 - (iii) either (A) there being no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the Covered Bonds which are intended to be listed or (B) if there is such a significant new factor, material mistake or inaccuracy, a supplement to the Prospectus in relation to the issue having been published in accordance with the Prospectus Directive;

- (q) in respect of any N Covered Bond issued, the Issuer's delivery to the Relevant Dealers, of (i) legal opinions as to German law from German legal advisors to the Issuer and the Guarantor, and (ii) reports from German accountants to the Issuer, in each case as may be reasonably required by any Relevant Dealer.
- (r) the agreement by the Issuer, the Guarantor and the Relevant Dealers to the terms of the applicable Final Terms, the execution thereof by the Issuer and the Guarantor and the delivery thereof to the Dealers;
- (s) the truth and correctness of the representations and warranties contained in the Transaction Documents on the date of this Agreement, on the Issue Date of the Covered Bonds and on each intervening date, with reference in each case to the facts and circumstances then subsisting (except for (i) the representations and warranties contained in Section 4.1(g), 4.1(j) and 4.1(o) of the Mortgage Sale Agreement which shall be true and correct as of the date they are expressed to be made, and (ii) the representations and warranties contained in the Mortgage Sale Agreement for which remedy of repurchase or substitution is available and such remedy or substitution has been or will be exercised in accordance with the terms of the Mortgage Sale Agreement); and
- (t) the Issuer and the Guarantor not being in breach of this Agreement or any Transaction Document.

2.04 The Relevant Dealer, on behalf of itself only or, as the case may be, the other Dealer(s) party to the Relevant Agreement in question, may, in its absolute discretion, waive any of the conditions contemplated in Section 2.03 (other than the condition contained in paragraph (c) of Section 2.03) in writing to the Issuer in so far only as they relate to an issue of Covered Bonds by the Issuer to such Dealer(s) and any condition so waived shall be deemed to have been satisfied as regards such Dealer(s) alone and only for the purposes specified in such waiver. If any of such conditions are not satisfied or waived by the Relevant Dealer on or before the Issue Date of any relevant Tranche, the Relevant Dealer shall be entitled to terminate the Relevant Agreement and, in that event, the parties to such Relevant Agreement shall be released and discharged from their respective obligations thereunder (except for any rights or liabilities which may have arisen pursuant to Section 3, Section 4 and Section 5 of this Agreement or have been incurred prior to or in connection with such termination or any liability of the Issuer or the Guarantor under the terms of the Relevant Agreement for the expenses of the Dealer(s) party to such Relevant Agreement which shall survive such termination).

2.05 In connection with the issue of any Tranche of Covered Bonds, one or more 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, there is no obligation on the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) to undertake stabilisation action. 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 Covered Bonds is made and, if begun, may be ended 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 Covered Bonds. In carrying out such stabilisation action, such Stabilising Manager(s) shall act for itself and not as agent for the Issuer or the Guarantor and is authorized by the Issuer and the Guarantor to make all appropriate disclosure and to give all required notices in relation to any such action. Any loss or profit sustained as a consequence of any such over allotment or stabilising activity shall be for the account of such Stabilising Manager(s). Any such stabilisation action or over-allotment shall be conducted in accordance with applicable laws and rules.

- 2.06** The Dealers acknowledge that the Issuer may sell Covered Bonds issued under the Programme to any persons or institutions designated by the Issuer who do not become Dealers pursuant to Section 9 of this Agreement provided that, with respect to such sales, the Issuer agrees to comply with Sections 5.07(f) and 5.08(a), (b) (d), (h), (o), (p), (q) and (r) of this Agreement. The Issuer also hereby undertakes to each of the Dealers that it will, in relation to any such sales, comply with the provisions of Schedule 1 hereto as if it were a Dealer (or as is otherwise applicable). For greater certainty, the provisions of this Agreement shall not be applicable in respect of any sales by the Issuer of Covered Bonds to persons or institutions designated by the Issuer who do not become Dealers pursuant to Section 9 of this Agreement. In the event of such sales, the Issuer and the Guarantor shall not have any obligations to the Arrangers and Dealers under this Agreement in connection with such offering and such Covered Bonds, other than the undertaking of the Issuer pursuant to this Section 2.06, and the term “Covered Bonds” shall be interpreted accordingly.
- 2.07** Each Dealer agrees that further Covered Bonds of the same Series may be issued in subsequent Tranches at different Issue Prices and on different Issue Dates.
- 2.08** In connection with the offer and sale of Covered Bonds in the United States, except as otherwise provided below, the Issuer shall prepare a Pricing Supplement at or prior to the Applicable Time (as defined below), which includes such pricing and other necessary information (including, without limitation and if appropriate, financial or other disclosure relating to the Issuer and the Guarantor). Whenever a Subscription Agreement is entered into in connection with a specific sale of Covered Bonds in the United States, the related Pricing Supplement shall be attached, or shall be deemed to be attached, thereto. Pricing and other information will also be set forth in Final Terms or in such other form as may be approved at that time by the London Stock Exchange or other applicable Stock Exchange. Whenever a Subscription Agreement is entered into in connection with a specific sale of Covered Bonds in the United States, the related Final Terms may, but need not be, attached thereto.
- 2.09** The “**Applicable Time**” shall be a time prior to the Time of Sale such that the Dealer(s) can convey the Pricing Supplement of the Covered Bonds to the purchasers thereof at or prior to the Time of Sale.

- 2.10** Except as otherwise provided herein, (i) in the case of the offer and sale of Covered Bonds in the United States, subject to satisfaction of Section 2.08 above, Time of Sale Information will be made available by the applicable Dealer(s), or will be otherwise conveyed to the purchasers of such Covered Bonds, at or prior to the Time of Sale and (ii) in each case the Disclosure Documents will (unless otherwise required by applicable law) be made available for inspection by purchasers of such Covered Bonds on or prior to the relevant Issue Date relating to such Covered Bonds. In the event any Final Terms are provided at or prior to the Issue Date, the applicable Dealer(s) will make such Final Terms available to purchasers of the Covered Bonds at or prior to the Issue Date. The Dealers agree that sales of Covered Bonds in the United States shall not be consummated by the applicable Dealer(s) with their customers prior to the Time of Sale.
- 2.11** It is agreed by the parties hereto that none of NBC, the Guarantor or any Dealer(s) shall directly communicate to proposed purchasers of Covered Bonds in the United States any offering materials (which, for the avoidance of doubt, shall not include Bloomberg and other routine communications by a Dealer to prospective purchasers in connection with a new issue) other than the Disclosure Documents, without prior notification to and written approval from such other party or parties.
- 2.12** The Issuer and the Guarantor acknowledge and agree that in connection with the sale of the Covered Bonds to any Dealer(s) or any other services any Dealer(s) may be deemed to be providing hereunder, notwithstanding any pre-existing relationship, advisory or otherwise, between the parties or any oral representations or assurances previously or subsequently made by any Dealer(s): (i) no fiduciary relationship exists between the Issuer and the Guarantor, on the one hand, and the Dealer(s), on the other; (ii) the relationship between the Issuer or the Guarantor on the one hand, and any Dealer(s), on the other, is entirely and solely commercial and based on arm's-length negotiations; (iii) any duties and obligations that any Dealer(s) may have to the Issuer and the Guarantor shall be limited to those duties and obligations specifically stated herein; (iv) the Dealers and their respective affiliates may have interests that differ from those of the Issuer and the Guarantor; and (v) the Dealers have not provided any legal, accounting, regulatory and tax advice with respect to the transactions contemplated by this Agreement and the Issuer and the Guarantor have consulted with their own legal, accounting, regulatory and tax advisors to the extent they deemed appropriate.
- 2.13** Certain further timing and other procedures relating to the issue and subscription of the Covered Bonds and related matters are set out in Schedule 8 hereto, which may be amended from time to time as agreed between the Issuer and the Relevant Dealer.

Section 3. Representations, Warranties and Undertakings by NBC and the Guarantor

- 3.01** The following representations and warranties are made by NBC to the Dealers and the Arrangers on the date hereof and shall be deemed to be repeated on each date on which the Prospectus is amended, supplemented and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, on the date on which the Relevant Agreement is made, at the Time of Sale, on the Issue Date of such

Tranche and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:

- (a) NBC is duly incorporated and validly existing under the laws of Canada, with full power and authority to conduct its business as described in the relevant Offering Document, and is lawfully qualified in all material respects to do business in those jurisdictions in which business is conducted by it;
- (b) this Agreement, the Agency Agreement, the Mortgage Sale Agreement and the other Transaction Documents to which NBC is a party have been duly authorized, executed and delivered by NBC and constitute valid and legally binding obligations of NBC and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Relevant Agreement in respect of such Covered Bonds constitutes valid and legally binding obligations of NBC, assuming the due authorization, execution and delivery and enforceability of such documents in accordance with their respective terms by the counterparties thereto;
- (c) in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Covered Bonds have been duly authorized by NBC and, when duly completed, executed, authenticated, issued, delivered, effectuated (where required) and paid, the consideration therefor received by NBC, in accordance with this Agreement and the Agency Agreement, will constitute valid and legally binding obligations of NBC;
- (d) all actions or things required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) by NBC for or in connection with the execution and delivery of this Agreement, the Agency Agreement, (except in respect of registrations or notices of Transaction Documents in any land registry office or under any land registry statutes as stipulated in the Transaction Documents) the Mortgage Sale Agreement and the other Transaction Documents and, in respect of each Tranche, agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the issue and sale of the Covered Bonds and the entering into and, where relevant, execution and delivery of the Relevant Agreement and the performance by NBC of the obligations expressed to be undertaken by it herein and therein and the distribution of the Disclosure Documents and (in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed) the relevant Final Terms in accordance with the provisions set out in Schedule 1 hereto, either have been taken, fulfilled, done or obtained and are in full force and effect or will, on the relevant Issue Date, have been taken, fulfilled, done or obtained and will, on such Issue Date, be in full force and effect, in each case in all material respects;
- (e) the execution and delivery of this Agreement, the Agency Agreement, the Mortgage Sale Agreement, the other Transaction Documents to which NBC is a party and, in

respect of each Tranche, agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed, the entry into and, where relevant, execution and delivery of the Relevant Agreement and the issue and sale of the relevant Covered Bonds and the carrying out of the other transactions herein and therein contemplated and compliance with their terms do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, its constating documents; (ii) infringe any material existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it, or (iii) constitute a default under any agreement or instrument to which NBC or the Guarantor is a party or by which NBC or the Guarantor or any of their respective properties is bound and which is material in the context of the Covered Bonds;

- (f) (i) the Marketing Materials contain information that is true and accurate and not misleading in all material respects and any opinions, predictions or intentions expressed therein are honestly held or made based on reasonable assumptions and are not misleading in any material respect and all proper inquiries have been made to ascertain or verify the foregoing and there are no facts the omission of which when read together with the Prospectus would, in the context of the Programme or issuance of the Covered Bonds, make the Marketing Materials misleading in any material respect, (ii) the relevant Offering Document contains, as of the related Issue Date, all information that is material in the context of the issue and offering of the Covered Bonds (including all information required by applicable laws and the information that, according to the particular nature of NBC, the Covered Bonds, the Covered Bond Portfolio and the Programme, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Covered Bonds), (iii) the statements contained in it are in every material particular true and accurate and not misleading, (iv) the opinions and intentions expressed in it with regard to NBC are honestly held and are based on reasonable assumptions, (v) there are no other facts in relation to NBC, the Covered Bonds, the Covered Bond Portfolio or the Programme, the omission of which would, in the context of the issue and offering of the Covered Bonds, make any statement in the relevant Offering Document misleading in any material respect and (vi) the relevant Offering Document otherwise complies with, and has been, or will following approval by the UK Listing Authority be, published as required by the Prospectus Directive, as applicable; provided that NBC makes no representation or warranty with respect to any Manager Information;
- (g) each of the representations and warranties of NBC in the Mortgage Sale Agreement (other than those for which remedy of repurchase or substitution is available) and in any other Transaction Document to which it is a party is true and correct in all material respects as of the date it is expressed to be made;
- (h) (i) the most recently prepared consolidated financial statements of NBC either appear in the relevant Offering Document or have been delivered by NBC, or are publicly

available, to each Dealer and the Arrangers and were prepared in accordance with accounting principles generally accepted in, and pursuant to the laws of, Canada, consistently applied except to the extent (if any) disclosed in the relevant Offering Document or such financial statements and present fairly the financial position of NBC and its consolidated subsidiaries as at the date, and the results of operations and changes in financial position of NBC and its consolidated subsidiaries for the period, in respect of which they have been prepared, and (ii) since the date of the last audited financial statements of NBC, copies of which have been delivered to each Dealer and the Arrangers, there has been no change that is materially adverse to the financial condition of NBC and its consolidated subsidiaries, except to the extent (if any) disclosed in the relevant Offering Document or such financial statements;

- (i) other than publicly disclosed, there are no actions, suits or proceedings against or affecting NBC or any of its subsidiaries or properties that, if determined adversely to NBC, would individually or in the aggregate have a material adverse effect on the financial condition or profitability of NBC or on the ability of NBC to perform its obligations under the Transaction Documents or the Covered Bonds, or that are otherwise material in the context of the issue of the Covered Bonds and no such actions, suits or proceedings are pending, threatened or contemplated;
- (j) to the best of its knowledge, no event has occurred or circumstance arisen that with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement will constitute, an Issuer Event of Default (as defined in the Terms and Conditions);
- (k) as of the Issue Date of any Tranche (after giving effect to the issue of such Covered Bonds and of any other Covered Bonds to be issued, and to the redemption of any Covered Bonds to be redeemed, on or prior to such Issue Date), the aggregate principal amount outstanding (as defined in the Agency Agreement and expressed in U.S. dollars in accordance with Section 3.07 below) of Covered Bonds issued under the Programme will not exceed the Authorized Amount;
- (l) neither NBC nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act), nor any persons acting on its behalf (which, for the avoidance of doubt, shall not include any Dealer), have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds and each of them has complied or will comply with the offering restriction requirement of Regulation S (to the extent applicable) and has implemented or will implement the necessary offering restrictions in connection therewith (to the extent applicable);
- (m) neither NBC nor any of its respective “affiliates” (as defined in Rule 501(b) of Regulation D under the Securities Act), or any person acting on behalf of any of them (which, for the avoidance of doubt, shall not include any Dealer), (i) has made offers or sales of any security, or solicited offers 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 (ii) has engaged in any form of

general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with any offer or sale of the Covered Bonds in the United States;

- (n) none of the Rule 144A Covered Bonds are of the same class (within the meaning of Rule 144A) as securities listed on any national securities exchange registered under Section 6 of the United States Exchange Act of 1934, as amended (the “**Exchange Act**”) or quoted in a U.S. automated inter-dealer quotation system (as such term is used in Rule 144A);
- (o) NBC is not, and as a result of the offer and sale of the Covered Bonds contemplated herein, will not be, an “investment company” under, and as such term is defined in, the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”);
- (p) NBC is a “foreign issuer” (as such term is defined in Regulation S);
- (q) neither NBC, nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), nor any person (other than the Dealers) acting on behalf of any of them has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Covered Bonds;
- (r) that in relation to each Tranche of Covered Bonds for which a Dealer is acting as a Stabilising Manager, it has not issued and will not issue, without the prior consent of that Dealer, any press or other public announcement referring to the proposed issue of Covered Bonds unless the announcement adequately discloses that stabilising action may take place in relation to the Covered Bonds to be issued;
- (s) NBC and the Programme have each been registered 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) with effect on or about November 1, 2013 and NBC’s right to issue Covered Bonds under the Programme is not suspended by CMHC;
- (t) NBC is in compliance in all material respects with all of its obligations under Part I.1 of the *National Housing Act* (Canada) and the Canadian Registered Covered Bond Programs Guide published by CMHC on June 27, 2013, as amended from time to time (the “**Guide**”);
- (u) the statements contained in the Offering Document under the caption “Taxation – Canada” constitute an accurate summary of the principal Canadian federal income tax considerations generally applicable under the tax laws referred to therein and subject to the qualifications and assumptions referred to therein;

- (v) the Covered Bonds of each Series issued under the Programme on the applicable Issue Date are rated “Aaa” by Moody’s, “AAA” by Fitch and “AAA” by DBRS, or such other rating as to which the Issuer shall have most recently notified the Dealers prior to the acceptance by the Issuer of a particular offer for the purchase of Covered Bonds pursuant to Section 2 hereof;
- (w) as of each Issue Date the Covered Bonds will conform in all material respects to the description thereof contained in the Disclosure Documents; and
- (x) the Guarantor is the absolute legal and beneficial owner of the Covered Bond Portfolio, including the Loans,

provided always that each of the above representations, warranties and agreements shall be qualified by, and to the extent of, any information disclosed in writing for the purpose of such qualification to, and acknowledged in writing for such purpose by, the Relevant Dealers or, as the case may be, the Dealers and the Arrangers before the relevant date on which the above representations, warranties and agreements are given.

3.02 The following representations and warranties are made by the Guarantor to the Dealers and the Arrangers on the date hereof and shall be deemed to be repeated on each date on which the Prospectus is amended, supplemented and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed, on the date on which the Relevant Agreement is made, at the Time of Sale, on the Issue Date of such Tranche and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:

- (a) the Guarantor is a limited partnership duly established and validly existing under the *Limited Partnerships Act* (Ontario), with full power and authority to conduct its business as described in the relevant Offering Document, and is lawfully qualified in all material respects to do business in those jurisdictions in which business is conducted by it;
- (b) this Agreement, the Covered Bond Guarantee, the Agency Agreement and the other Transaction Documents to which the Guarantor is a party have been duly authorized, executed and delivered by the Guarantor and constitute valid and legally binding obligations of the Guarantor and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Relevant Agreement in respect of such Covered Bonds constitutes valid and legally binding obligations of the Guarantor, assuming the due authorization, execution and delivery and enforceability of such documents in accordance with their respective terms by the counterparties thereto;
- (c) all actions or things required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) by the Guarantor for or in connection with the execution and delivery of

this Agreement, the Covered Bond Guarantee and the Agency Agreement and in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, and the entering into and, where relevant, execution and delivery of the Relevant Agreement and the performance by the Guarantor of the obligations expressed to be undertaken by it herein and therein and the distribution of the Offering Document and (in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed) the relevant Final Terms in accordance with the provisions set out in Schedule 1 hereto, either have been obtained and are in full force and effect or will, on the relevant Issue Date, have been obtained and will, on such Issue Date, be in full force and effect, in each case in all material respects;

- (d) the execution and delivery of this Agreement, the Covered Bond Guarantee, the Agency Agreement and the other Transaction Documents to which the Guarantor is a party and the carrying out of the other transactions herein and therein contemplated and compliance with their terms do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, its constating documents or (ii) infringe any material existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it;
- (e) (i) the relevant Offering Document contains all information with respect to the Guarantor and the Covered Bond Guarantee that is material in the context of the issue and offering of the Covered Bonds (including all information required by applicable laws and the information that, according to the particular nature of the Guarantor and the Covered Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Guarantor and of the rights attaching to the Covered Bonds), (ii) the statements contained in it relating to the Guarantor are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in it with regard to the Guarantor are honestly held and are based on reasonable assumptions, (iv) there are no other facts in relation to the Guarantor or the Covered Bond Guarantee, the omission of which would, in the context of the issue and offering of the Covered Bonds, make any statement in the relevant Offering Document misleading in any material respect and (v) the relevant Offering Document otherwise complies with, and has been published as required by the Prospectus Directive, as applicable;
- (f) there are no actions, suits or proceedings against or affecting the Guarantor or any of its subsidiaries or properties that, if determined adversely to the Guarantor, would individually or in the aggregate have a material adverse effect on the financial condition or profitability of the Guarantor or on the ability of the Guarantor to perform its obligations under the Transaction Documents or the Covered Bonds, or that are otherwise material in the context of the issue of the Covered Bonds and no such actions, suits or proceedings are pending, threatened or contemplated;

- (g) to the best of its knowledge, no event has occurred or circumstance arisen that might (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute, a Guarantor Event of Default (as defined in the Terms and Conditions);
- (h) neither the Guarantor nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act), nor any persons acting on its behalf (which, for the avoidance of doubt, shall not include any Dealer), have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds and each of them has complied or will comply with the offering restriction requirement of Regulation S (to the extent applicable) and has implemented or will implement the necessary offering restrictions in connection therewith (to the extent applicable);
- (i) the Guarantor is not, and as a result of the offer and sale of the Covered Bonds contemplated herein, will not be, an “investment company” under, and as such term is defined in, the Investment Company Act;
- (j) the Guarantor has not engaged in any activities since its establishment other than (i) those incidental to a limited partnership under the *Limited Partnerships Act* (Ontario); (ii) the authorisation and execution of the Transaction Documents to which it is a party; (iii) the activities referred to or contemplated in the Transaction Documents or in the Offering Document; and (iv) the activities necessary to hold the Covered Bond Portfolio and its other assets in accordance with the terms of the Transaction Documents;
- (k) other than as set out in any of the Transaction Documents, there exists no mortgage, lien, pledge or other charge or security interest on or over its assets;
- (l) the Partners of the Guarantor include the Managing GP, the Liquidation GP, the Limited Partner and such other limited partner or general partner who may be admitted as a Partner of the Guarantor from time to time in accordance with the Guarantor Agreement;
- (m) the sole business of the Guarantor is to provide services to the Issuer in respect of the Programme as established by the Guarantor Agreement and the other Transaction Documents, including the performance of its obligations thereunder and all things incidental and ancillary thereto;
- (n) subject to the laws of bankruptcy and other laws affecting the rights of creditors generally, its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party will be secured in the manner provided in the Security Agreement;
- (o) the Guarantor is in compliance in all material respects with all of its obligations under Part I.1 of the *National Housing Act* (Canada) and the Guide;

- (p) each of the representations and warranties of the Guarantor in the Mortgage Sale Agreement is true and correct in all material respects as of the date it is expressed to be made; and
- (q) each of the representations and warranties of Guarantor in the Transaction Documents, other than the Mortgage Sale Agreement, to which it is a party is true and correct in all material respects;

provided always that each of the above representations, warranties and agreements shall be qualified by, and to the extent of, any information disclosed in writing for the purpose of such qualification to, and acknowledged in writing for such purpose by, the Relevant Dealers or, as the case may be, the Dealers and the Arrangers before the relevant date on which the above representations, warranties and agreements are given.

3.03 NBC and the Guarantor jointly and severally undertake and agree with the Dealers and each of them that they shall do the following:

- (a) indemnify each Dealer and each of its officers, directors or employees and each person by whom it is controlled for the purposes of the Securities Act (each, an “**Indemnified Person**”) against any claim, demand, action, proceeding, liability, damages, loss, charge, cost or expense including, without limitation, legal fees or such other reasonable costs, charges or expenses paid or incurred in disputing or defending any of the foregoing, and any applicable value added tax which any of them may incur or which may be made against them or any of them as a result of, or arising out of, or in relation to, (i) any inaccuracy or alleged inaccuracy of any of the representations and warranties made by NBC and/or the Guarantor herein or in any Relevant Agreement or otherwise made by NBC or the Guarantor, as the case may be in respect of any Tranche; or (ii) any breach or alleged breach of any of the agreements or undertakings given by NBC and/or the Guarantor herein or in any Relevant Agreement or otherwise made by the Issuer, any Seller or the Guarantor, as the case may be in respect of any Tranche including, without limitation, its obligations under Section 2.02(b) hereof;
- (b) promptly notify the Relevant Dealer of any change affecting any of its representations, warranties, agreements, undertakings and indemnities in this Agreement at any time and take such steps as may be reasonably requested by the Relevant Dealer to remedy and/or publicise the same (for the avoidance of doubt, nothing in this Section 3.03(b) shall require NBC or the Guarantor to publicize information not otherwise required to be publicized pursuant to the continuous disclosure obligations of NBC or the Guarantor);
- (c) ensure that none of their affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on behalf of any of them (other than any Dealer), will engage in any “directed selling efforts” (as defined in Regulation S under the Securities Act) with respect to the Covered Bonds;

- (d) deliver, register and furnish such documents, instruments, information and undertakings to, and obtain any consent from, any relevant agency, authority, central bank, department, government, minister, official, public or statutory corporation, self-regulating organization or stock exchange as may be necessary or advisable from time to time to comply with all relevant laws and directives that are relevant to any Covered Bonds, this Agreement, any Relevant Agreement, the Agency Agreement and any other Transaction Document to which either of them is a party, and hereby authorize the Arrangers or any one of them (or, in relation to a specific issue of Covered Bonds, the Relevant Dealer) so to deliver, register and furnish such documents, instruments, information and undertakings and obtain such consents;
- (e) furnish to each of the Arrangers in each case upon request and in such numbers as may from time to time reasonably be requested by each Arranger: (i) copies of each document lodged by or on behalf of NBC or the Guarantor, as the case may be, in relation to the Programme or any Covered Bonds with any stock exchange on which Covered Bonds shall then be listed and admitted to trading or other relevant authority; (ii) copies of the most recently prepared financial statements of NBC, whether annual or interim and whether audited or unaudited, that are available to the public as soon as they are available; and (iii) such other information about NBC and the Guarantor, respectively, as may be reasonably be requested by each Arranger;
- (f) notify the Arrangers as soon as is reasonably practicable in writing if any of the persons named in the certificates of incumbency referred to in item 4 of Schedule 2 of this Agreement shall cease to be authorized to take action on behalf of the Issuer or the Guarantor, as the case may be, or if any additional person shall be so authorized and, unless and until notified of any such change, each of the Dealers and the Arrangers shall be entitled to rely upon the certificates delivered to them most recently and all instructions given in accordance with such certificates shall be binding on the Issuer or the Guarantor, as the case may be;
- (g) promptly notify each Arranger of any downgrading or withdrawal of, or the placing on “creditwatch” (with negative implications) (or other similar publication of formal review by the relevant rating organization) of, the rating of the Issuer’s debt securities by any statistical rating organization generally recognized by banks, securities houses and investors in the euro-markets, as soon as either of them learns of such downgrading or withdrawal, or placement on a “creditwatch”;
- (h) at the same time as it is dispatched, furnish each Dealer with a copy of the notice of any meeting of the holders of Covered Bonds of any Series which is called to consider any matter that is material in the context of the Programme generally and allow each Dealer and its advisers to attend and speak at any such meeting;
- (i) update or amend the relevant Offering Document (following consultation with the Arrangers on behalf of the Dealers or, in the case of an amendment affecting a specific issue of Covered Bonds only, the Relevant Dealer) by the publication of a supplement thereto or a revised version thereof in the light of any (i) requirement of

the relevant Stock Exchange(s), (ii) change to the condition of the Issuer which is material in the context of any Series or Tranche of Covered Bonds, and (iii) significant new factor, material mistake or inaccuracy relating to the information incidental to the Prospectus which is capable of affecting the assessment of any Series or Tranche of Covered Bonds, and, unless otherwise agreed with the Arrangers, on or before the first issue of Covered Bonds after each anniversary of the listing of the Programme. If, at any time after the relevant Offering Document is approved and before admission to trading on a Regulated Market or any other Stock Exchange, there arises or is noted a significant new factor, material mistake or inaccuracy relating to the information in the relevant Offering Document, which is capable of affecting the assessment by investors of the Covered Bonds, NBC or the Guarantor, as the case may be, shall promptly give to the Arrangers (or, in the case of a change affecting a specific issue of Covered Bonds, the Relevant Dealer) full information about the change or matter and shall promptly prepare a supplemental Offering Document as may be required and approved by the UK Listing Authority (after the Arrangers on behalf of the Dealers or the Relevant Dealer or Dealers, as the case may be, have (or has) had a reasonable opportunity to comment thereon) and shall otherwise comply with Section 87A of FSMA, if applicable, and the Listing Rules in that regard and shall supply to the Relevant Dealer or Dealers, as the case may be, such number of copies of the supplemental Offering Document as such Dealer or Relevant Dealer may reasonably request. NBC shall promptly publish such supplemental Offering Document once approved in accordance with Article 14 of the Prospectus Directive and Section 87G of FSMA, and, prior to admission to trading of Covered Bonds on a Regulated Market, request that the UK Listing Authority issue a certificate of approval under Article 18 of the Prospectus Directive in respect of such supplements to the relevant Offering Document and notify them to the competent authority in the host Member State along with the supplement. NBC and the Guarantor undertake that in the period from and including an Agreement Date to and including the related Issue Date of the new Covered Bonds, they will only prepare and publish a supplement to, or revised version of, the relevant Offering Document if they are required, or have reasonable grounds to believe that they are required, to do so in order to comply with Section 87G of FSMA and in such circumstances such supplement to, or revised version of, the relevant Offering Document shall for the purpose of Section 87G(7) of FSMA and subsection 2.03(b), be deemed to have been prepared and published so as to comply with the requirements of Section 87G of FSMA and the disclosure contained therein shall be deemed to be material in the context of the issuing and offering of the Covered Bonds;

- (j) save to the extent expressly contemplated in the Transaction Documents, in the case of the Issuer, it shall promptly notify each Dealer of any amendment to or termination of the Transaction Documents concerning the Programme materially adversely affecting the interests of any Dealer or any holder of any outstanding Covered Bonds;

- (k) procure that there is delivered to the Arrangers, the Dealers and the Bond Trustee (i) Canadian law and English law legal opinions of McCarthy Tétrault LLP and, if Covered Bonds are offered under Rule 144A or otherwise in the United States, U.S. legal advisors to the Issuer and the Guarantor acceptable to the Arrangers and the Relevant Dealers acting reasonably, and (ii) a comfort letter from the Auditors (which Auditor's Letter, for greater certainty, is not required to address specified procedures with respect to the Covered Bond Portfolio), on or before the first issue of Covered Bonds after each anniversary of the listing of the Programme and as may reasonably be requested by the Arrangers and the Dealers following publication of a supplement to or revised version of any relevant Offering Document;
- (l) in relation to any Covered Bonds agreed by the Issuer and the Relevant Dealer to be listed and admitted to trading on any Stock Exchange(s), use all reasonable efforts to procure the admission of the relevant Covered Bonds to listing and trading on such Stock Exchange(s) and to maintain the same until none of the Covered Bonds of the relevant Series is outstanding provided that, if it should be impracticable or unduly burdensome to maintain any such listing, the Issuer shall use all reasonable efforts to procure and maintain as aforesaid a listing or a quotation for the relevant Covered Bonds on such other Stock Exchange(s) as it and the Relevant Dealer(s) may reasonably agree and, for greater certainty, the Issuer and the Dealers agree that if any future law, rule of the London Stock Exchange or any other securities exchange or any competent authority or securities regulator or European Union directive imposes requirements (including new corporate governance requirements) on the Issuer or the Guarantor or any of their respective affiliates that either of them in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Covered Bonds, the Issuer may terminate the listing of the relevant Covered Bonds on such regulated market and shall use all reasonable efforts to procure and maintain a listing or a quotation for the relevant Covered Bonds on any major Stock Exchange(s) as it may consider appropriate. However, if such alternative listing is not available or is, in the opinion of the Issuer, impractical or unduly burdensome, an alternative listing for such Covered Bonds may not be obtained;
- (m) in the event that a New Seller accedes to the Mortgage Sale Agreement, ensure that such New Seller shall contemporaneously accede to this Agreement with such modifications as reasonably agreed between the parties hereto;
- (n) in case of the Covered Bonds which are intended to be listed on the London Stock Exchange, NBC or an agent thereof will procure that the Final Terms are lodged with the London Stock Exchange by the time required by the London Stock Exchange; and
- (o) if, following the date of any Subscription Agreement and before the issue of the relevant Covered Bonds, the Issuer or the Guarantor becomes aware that the conditions specified in Section 2.03 and Section 5.06 (in the case of Rule 144A Covered Bonds only) will not be satisfied in relation to that issue, the Issuer or the

Guarantor shall forthwith notify the relevant Dealer(s) in writing to this effect giving full details thereof. In such circumstances, the relevant Dealer(s) shall be entitled (but not bound) by written notice to the Issuer and the Guarantor to be released and discharged from its obligations under any Subscription Agreement and this Agreement. Without prejudice to the generality of the foregoing, the Issuer and the Guarantor shall from time to time promptly furnish to each Dealer a copy of any public announcement and/or press release issued by the Issuer and the Guarantor to holders of its debt securities generally and which is material in the context of the Programme and any issuance of Covered Bonds thereunder.

- 3.04** If any action, proceeding, claim or demand shall be brought or asserted against any Dealer (or other Indemnified Person or any person by whom it is controlled for the purposes of the Securities Act) in respect of which indemnity may be sought from NBC as contemplated in subsection 3.03(a), such Dealer (or other Indemnified Person) shall promptly notify the Issuer in writing thereof.
- 3.05** NBC and the Guarantor shall have the option of assuming the defence of any action, proceeding, claim or demand and retaining lawyers reasonably satisfactory to such Dealer (or other Indemnified Person) in each relevant jurisdiction, if more than one, and the Issuer or the Guarantor, as the case may be, shall be liable to pay the fees and expenses, including legal fees, related to such action or proceeding. Notwithstanding the foregoing, an Indemnified Person may employ separate legal advisors, and NBC and the Guarantor shall not be permitted to assume such defence and shall bear the fees and expenses of such legal action if:
- (a) NBC or the Guarantor, as the case may be, and such Dealer shall have mutually agreed to the retention of such lawyers; or
 - (b) the Dealer (or other Indemnified Person) has been advised in writing by legal counsel of international reputation (and such opinion has been disclosed to the Issuer and the Guarantor) that representation of all Indemnified Persons by the same legal counsel would be inappropriate due to actual or potential differing interests among them, including that such Indemnified Persons have defences additional to or different from NBC and the Guarantor; or
 - (c) NBC or the Guarantor, as the case may be, has, pursuant to this Section 3.05, elected to assume the defence itself but has failed to retain lawyers within 60 days (of such assumption) in any relevant jurisdiction pursuant to the previous sentence or having assumed such defence has not diligently pursued same.

It is understood that NBC or the Guarantor, as the case may be, shall reimburse such fees and/or expenses as are incurred in respect of (a), (b) and (c). NBC or the Guarantor, as the case may be, shall not be liable for any settlement of any such action or proceeding effected without its written consent (provided that such consent shall not be unreasonably withheld or delayed), but if settled with such consent (or without such consent in circumstances where such consent shall have been unreasonably withheld or delayed as aforesaid) or if there is a final judgement for the plaintiff, NBC

or the Guarantor, as applicable, agrees to indemnify the Dealer (or other Indemnified Person) from and against any loss or liability by reason of such settlement or judgement. NBC or the Guarantor, as the case may be, will not settle any action or proceeding relating to this Agreement or any other Relevant Agreement without the written consent of such Dealer (or other Indemnified Person) provided that such consent shall not be unreasonably withheld or delayed. The Dealer (or other Indemnified Person) will not settle any action or proceeding without the written consent of NBC or the Guarantor, as the case may be, provided that such consent shall not be unreasonably withheld or delayed.

3.06 The rights and remedies conferred upon any Dealer (or other Indemnified Person) under this Section 3 shall continue in full force and effect notwithstanding the completion of the arrangements set out herein for the issue, sale and purchase of the relevant Covered Bonds and regardless of any investigation made by such Dealer (or other Indemnified Person).

3.07 For the purposes of subsection 3.01(k):

- (a) the U.S. dollar equivalent of Covered Bonds denominated in a currency other than U.S. dollar shall be determined as of the Agreement Date for such Covered Bonds on the basis of the spot rate for the sale of U.S. dollar against the purchase of the relevant currency in the London foreign exchange market quoted by the Issuing and Paying Agent on such Agreement Date; and
- (b) the U.S. dollar equivalent of Zero Coupon Covered Bonds and other Covered Bonds issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the particular issue.

Section 4. Undertakings by the Dealers

4.01 Each Dealer (in the case of (a), party to the Relevant Agreement in question) undertakes to the Issuer that it will be bound by and comply with the selling and transfer restrictions set out in Schedule 1 hereto:

- (a) as the same may be supplemented or modified by agreement of the Issuer and the Relevant Dealer in relation to any Tranche of Covered Bonds; and
- (b) save to the extent that any of such provisions relating to any specific jurisdiction shall, as a result of change(s) after the date hereof in, or in official interpretation of, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer contained in the paragraph headed “General”.

4.02 The Issuing and Paying Agent has, in the Agency Agreement, agreed to act as Calculation Agent in respect of each Series of Covered Bonds unless the Dealer (or one of the Dealers) through whom such Covered Bonds are issued has agreed with the Issuer to act as Calculation Agent (or the Issuer otherwise agrees to appoint another institution to act as Calculation Agent) in respect of such Covered Bonds.

In relation to any Series of Covered Bonds in respect of which the Issuer and the Relevant Dealer have agreed that such Dealer shall act as Calculation Agent and such Dealer is named as such in the relevant Final Terms:

- (a) the Issuer appoints such Dealer acting through its office specified for the purposes of Section 8 as Calculation Agent in respect of such Series of Covered Bonds for the purposes specified in the Agency Agreement (and with the benefit of the provisions thereof) and in the Terms and Conditions; and
- (b) such Dealer accepts such appointment and shall perform all matters expressed to be performed by it in, and otherwise comply with, the Terms and Conditions and the provisions relating to the Calculation Agent contained in the Agency Agreement.

4.03 NBC and the Guarantor hereby both irrevocably authorize each of the Dealers, on behalf of NBC and the Guarantor, to provide copies of, and make oral statements consistent with, the relevant Offering Document and any other documents entered into in relation to the Programme and such additional written information as NBC shall provide to the Dealers or approve for the Dealers to use or such other information prepared by NBC to actual and potential purchasers of Covered Bonds. Each of the Dealers agrees to keep confidential the various documents and all information clearly labelled “Confidential” which from time to time have been or will be disclosed to it concerning the Guarantor or NBC or any of their affiliates, and agrees not to disclose any portion of the same to any person; provided that each Dealer will be permitted to disclose such information that (a) is public knowledge otherwise than as a result of the wrongful conduct of any Dealer, (b) such Dealer is required to disclose pursuant to the laws of the Province of Ontario, the federal laws of Canada applicable therein or any other relevant laws or the order of any court of the Province of Ontario or any other competent court, or pursuant to any direction, request or requirement of any governmental or other regulatory authority or taxation authority, or any Stock Exchange on which securities issued by the Issuer are listed, (c) information which was available to such Dealer on a non-confidential basis prior to its disclosure by the Guarantor or NBC, (d) information which becomes available to such Dealer from a source not known by such Dealer to be under a legal or fiduciary duty of confidentiality, (e) such Dealer discloses to its professional advisers who receive the same under a duty of confidentiality in substantially the same terms as this Section 4.03, or (f) as authorized in writing by the Guarantor or NBC or any of their affiliates. Nothing herein shall prevent any Dealer from providing either oral or written information to actual or potential purchasers of Covered Bonds on its own behalf.

4.04 The obligations of the Dealers under this Section 4 are several. Except as expressly provided herein or in the Relevant Agreement, none of the Dealers will have any responsibility or liability to any other Dealer, the Issuer, the Guarantor, the Seller, any Holder or any Relevant Account Holder (and NBC and the Guarantor hereby expressly acknowledge that such is the case) for the adequacy, accuracy or completeness of any representation, warranty, statement or information in the Offering Document, Marketing Material, this Agreement, any Relevant Agreement or any notice or other document delivered under this Agreement or any Relevant Agreement except for any Manager Information.

4.05 Each of the Dealers agrees that the Arrangers have only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and have no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Marketing Materials, the Offering Document, this Agreement and any relevant Subscription Agreement or any information provided in connection with the Programme (in each case other than any information furnished to NBC in writing by any Dealer) or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Series or Tranche of Covered Bonds, save that the Arrangers shall have only those duties, obligations and responsibilities expressly specified in this Agreement and any relevant Subscription Agreement unless otherwise agreed between the parties hereto.

Section 5. Offers and Sales of Rule 144A Covered Bonds

In addition to the other provisions of this Agreement, the provisions of this Section 5 shall apply to offers and sales of Covered Bonds in the United States or to or for the account or benefit of a U.S. Person.

5.01 Subject to the terms and conditions of this Agreement, the Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to subscribe for, Covered Bonds issued under the Programme pursuant to Rule 144A (collectively, the “**Rule 144A Covered Bonds**”), the terms of which will be set out in the applicable Offering Document. The Rule 144A Covered Bonds (1) will be issued as Registered Covered Bonds, (2) may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act), except to persons that the relevant Dealer reasonably believes are “qualified institutional buyers” (“**Qualified Institutional Buyers**” or “**QIBs**”), as defined in Rule 144A under the Securities Act (“**Rule 144A**”), and (3) will be initially represented by a Rule 144A Global Registered Covered Bond issued and delivered on each date on which the Issuer issues Rule 144A Covered Bonds under the Programme to the applicable Registrar as custodian for DTC and registered in the name of a nominee of DTC or, if applicable, delivered to and registered in the name of the applicable Registrar as Common Depository for Euroclear and Clearstream. It is understood that several Dealers propose to offer the Rule 144A Covered Bonds for sale in the United States or to U.S. persons who are QIBs pursuant to Rule 144A as set forth in the Base Prospectus. Any Dealers that are not U.S. registered broker-dealers will offer and sell the Rule 144A Covered Bonds in the United States only through their U.S. registered broker-dealers.

5.02 The Issuer agrees that it will not appoint any other person to act on its behalf, or to assist it, in the placement of the Rule 144A Covered Bonds, other than as a Dealer under this Agreement.

5.03 No Dealer shall have any obligation to purchase Covered Bonds from the Issuer as principal, but a Dealer may agree from time to time to purchase Covered Bonds from the Issuer as principal for purposes of resale, as more fully described in Section 5.04.

- 5.04** The Issuer agrees that whenever the Issuer determines to sell Covered Bonds directly to a Dealer as principal it will enter into a separate written agreement with such Dealer (each, a “**Subscription Agreement**”), which will provide for the sale of such Covered Bonds to, and the purchase thereof by, such Dealer and which shall specify such other information as is referred to below. A Subscription Agreement may also specify certain provisions relating to the reoffering of such Covered Bonds by such Dealer. Each sale of Covered Bonds to any Dealer as principal, for resale to one or more investors or to another broker-dealer (acting as principal for purposes of resale), shall be made in accordance with the terms of this Agreement and the relevant Subscription Agreement. The commitment of any Dealer to purchase Covered Bonds from the Issuer as principal shall be deemed to have been made on the basis of the representations and warranties of the Issuer and the Guarantor herein contained and shall be subject to the terms and conditions herein set forth and/or otherwise set out in the Subscription Agreement. Each Subscription Agreement shall specify the principal amount and terms of the Covered Bonds to be purchased by a Dealer, the Issue Date (and time for delivery of such Covered Bonds on such Issue Date) and the place of delivery of and payment for such Covered Bonds and such other information (as applicable) as is set forth in Schedule 7 hereto. The Issuer agrees that if any Dealer purchases Covered Bonds as principal for resale, such Dealer shall receive such compensation, in the form as shall be indicated in the applicable Subscription Agreement or, if no compensation is indicated therein, in another manner agreed between the Issuer and the Dealer. Any Dealer may utilize a selling or dealer group in connection with the resale of such Covered Bonds, provided such selling group agrees to abide by the provisions set forth in this Agreement. In addition, any Dealer may offer the Covered Bonds it has purchased as principal to other Dealers. Any Dealer may sell Covered Bonds to any other Dealer at a discount and, unless otherwise specified in the applicable Final Terms, such discount allowed to any such Dealer will not be in excess of the discount to be received by such Dealer from the Issuer. Such Subscription Agreement shall also specify any requirements for delivery of opinions of counsel, accountant’s letters and officers’ certificates pursuant to Sections 2.03 and 5.06 hereof.
- 5.05** The Issuer shall not distribute any offering material in connection with the issue of the Covered Bonds, other than the Disclosure Documents, copies of which are furnished to the Dealers without charge.
- 5.06** With respect to offers and sales of Rule 144A Covered Bonds, the obligations of any Dealer(s) under Section 2.02(c) also are conditional upon the following:
- (a) the Issuer’s delivery to the Arrangers, on behalf of the Dealers (or, if no Arrangers are participating in such offer and sale, the Relevant Dealer), of (i) a DTC Letter of Representations, in the agreed form, executed by DTC and the Issuer, (ii) a CUSIP number in respect of such Covered Bonds; and (iii) confirmation that such Covered Bonds have been accepted by DTC or any alternative clearing system (as appropriate) for clearing and settlement in its or their systems, as appropriate;
 - (b) there not having occurred since the date of the Relevant Agreement any (i) suspension or material limitation in trading in securities generally on the New York

Stock Exchange, the London Stock Exchange or on the Toronto Stock Exchange; (ii) suspension or material limitation in trading in NBC's securities on the Toronto Stock Exchange or the London Stock Exchange; (iii) general moratorium on commercial banking activities declared by either United States or New York authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; or (iv) outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war or the occurrence of any other calamity or crisis or any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the Relevant Dealers' judgment, be likely to prejudice materially the success of the offering and distribution of any of the relevant Covered Bonds, whether in the primary market or in respect of dealings in the secondary market.

- (c) (i) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Arrangers and the Relevant Dealers an Auditor's Letter, in form and substance satisfactory to the Arrangers and the Relevant Dealers and their counsel (which may be a letter in the form of SAS 72, in the case of Rule 144A Covered Bonds, or SAS 76 or any letter replacing the same), confirming that they are independent public accountants within the Securities Act and the applicable rules and regulations related thereto and stating in effect that (x) they have performed certain specified procedures, all of which have been agreed to by the Relevant Dealers with respect to information of an accounting, financial or statistical nature set forth in, or included in an exhibit to, the Disclosure Documents or any related materials or documents which shall be (a) delivered on and dated as of the Time of Sale and (b) supplemented by letters confirming the conclusions set forth in the letters described in clause (a), which letters shall be delivered on and dated as of the Issue Date and (y) they have performed certain specified procedures with respect to the Covered Bond Portfolio as may be requested by the Relevant Dealers in the Subscription Agreement, which letter shall be delivered on and dated as of the Time of Sale; and (ii) in the case of all other offers and sales, if so reasonably requested by the Relevant Dealer, there having been delivered an Auditor's Letter, in form and substance satisfactory to the Relevant Dealers and their counsel (which may be a letter in the form of SAS 72, in the case of Rule 144A Covered Bonds, or SAS 76 or any letter replacing the same), confirming that they are independent public accountants within the Securities Act and the applicable rules and regulations related thereto and stating in effect that (x) they have performed certain specified procedures, all of which have been agreed to by the Relevant Dealers with respect to information of an accounting, financial or statistical nature set forth in, or included in an exhibit to, the Disclosure Documents or any related materials or documents which shall be delivered on and dated as of the Issue Date and (y) they have performed certain specified procedures with respect to the Covered Bond Portfolio as may be requested by the Relevant Dealers in the Subscription Agreement, which letter shall be delivered on and dated as of the Issue Date; and

- (d) (i) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Relevant Dealers, a copy of the Offering Document together with a certificate, in the form set forth in Schedule 11 attached hereto, dated the Issue Date, of the President or any Vice President of each of the Issuer and the Guarantor in which such officer, to the best of his knowledge after reasonable investigation, shall state that (a) the Issuer or the Guarantor, as applicable, has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Issue Date, (b) such documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the Issuer or the Guarantor, as applicable, and nothing has happened that would require such documents to be supplemented, (c) subsequent to the date of the most recent financials, there has been no change that is materially adverse to the condition (financial or otherwise) of NBC and its consolidated subsidiaries taken as a whole, except to the extent (if any) disclosed in the Time of Sale Information as of the Time of Sale and as of the Issue Date, or the Disclosure Documents, as of the date of the Final Terms and as of the Issue Date, and (d) such Offering Documents as of such times and dates do not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, under the circumstances in which they were made, not misleading and (ii) in the case of all issues of Covered Bonds, there having been delivered to the Relevant Dealer, such opinions, documents, certificates and information relevant in the context of the issue of such Covered Bonds as the Relevant Dealer may reasonably request.

5.07 With respect to offers and sales of Rule 144A Covered Bonds, the following additional representations and warranties are made by NBC and the Guarantor (except for the representations and warranties in (b), (d), (f), (g) and (h), which are made only by NBC) to the Dealers and the Arrangers on each date on which the Prospectus is amended, supplemented and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche of Rule 144A Covered Bonds agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, on the date on which the relevant Subscription Agreement is made, at the Time of Sale, on the Issue Date of such Tranche of Rule 144A Covered Bonds and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:

- (a) (i) the Offering Document as of the applicable times specified in the definition thereof for the relevant documents and the Investor Presentation, if any, as of the Time of Sale, did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (ii) the Prospectus as of the date of the Final Terms did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable

enquiries have been made to verify the foregoing, (iii) each of the representations and warranties of NBC in the Mortgage Sale Agreement (other than those for which remedy of repurchase or substitution is available) and in any other Transaction Document to which it is a party is true and correct in all material respects as of the date it is expressed to be made and (iv) each of the representations and warranties of the Guarantor in the Covered Bond Guarantee and in any other Transaction Document to which it is a party is true and correct in all material respects as of the date it is expressed to be made; provided that NBC makes no representation or warranty with respect to any Manager Information;

- (b) neither NBC nor any of its subsidiaries nor, to the knowledge of NBC, any director, officer, agent, employee or affiliate of NBC or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC-administered sanctions**”); and NBC will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities or business of or with any person, or in any country or territory, that at the time of such funding or facilitation, is the target of OFAC-administered sanctions;
- (c) neither NBC nor the Guarantor nor to the knowledge of either of them, any of their respective directors or officers or other person acting on behalf of either of them, has taken any action, directly or indirectly, that could result in a violation by such persons of the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “**FCPA**”) or the applicable statutes of the jurisdictions to which NBC or its subsidiaries are subject; and NBC and its subsidiaries have conducted their businesses in compliance with the FCPA or such other applicable statutes of the jurisdictions to which NBC or its subsidiaries are subject, and have instituted and maintain policies and procedures reasonably designed to ensure continued compliance therewith;
- (d) the operations of NBC and its consolidated subsidiaries are and have been conducted at all times in material compliance with applicable anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency, including the U.S. Bank Secrecy Act, as amended by Title III of the U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act) (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving NBC or any of its consolidated subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of NBC, threatened;
- (e) there has been no material adverse change in the condition (financial or otherwise) or general affairs or prospects of the Issuer or the Guarantor other than as set forth in the Time of Sale Information;

- (f) neither the Issuer nor any affiliate (as defined in Rule 501(b) of Regulation D under the Securities Act) of the Issuer has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of any security (as defined in the Securities Act) which is or will be integrated with the sale of the Covered Bonds in a manner that would require the registration of the Covered Bonds under the Securities Act;
- (g) assuming that the representations, warranties and covenants made by the Dealers in this Agreement (including, without limitation, Section 5.09 of this Agreement) are true and correct and have been and will be complied with, and that the Covered Bonds are offered and sold in accordance with the applicable Offering Document, no registration of the Covered Bonds under the Securities Act is required for the offer, sale and delivery of the Covered Bonds in the manner contemplated by this Agreement; and
- (h) the Issuer has not dealt with any broker, finder, commission agent or other person in connection with the sale of the Covered Bonds and the transactions contemplated by this Agreement, the Transaction Documents and the Base Prospectus other than the Dealers, and the Issuer is under no obligation to pay any broker's fee or concession in connection with such transactions, other than the concession to the relevant Dealers in such amount as shall be agreed upon.

5.08 With respect to offers and sales of Rule 144A Covered Bonds, NBC and the Guarantor jointly and severally undertake and agree with the Dealers and each of them that they will take the following additional actions:

- (a) The parties hereto agree that all of the following shall be effected only in transactions that are either exempt from the registration requirements of the Securities Act or are not subject to such requirements and that will not require the Issuer or the Guarantor to register under the Investment Company Act: (i) offers and sales of the Covered Bonds (A) directly by the Issuer through one or more Dealers acting as agents; (B) by the Issuer to any Dealer; and (C) by any Dealer, whether acting as principal or as agent of the Issuer or of any other person; (ii) reoffers, resales, pledges or other transfers of the Covered Bonds by the Holders thereof; and (iii) offers and sales of the Covered Bonds directly by the Issuer to a purchaser. Each Dealer (with respect to transactions in which it acts as principal or as agent of the Issuer or of any other person) and the Issuer (with respect to offers, sales, reoffers and resales of Covered Bonds made directly by them (or through a Dealer acting as agent of the Issuer)) hereby establishes and agrees to observe the procedures in this Section 5.08 in connection with offers, sales, reoffers, resales, pledges and transfers of the Covered Bonds;
- (b) The Issuer and the Guarantor agree to act in such manner as to ensure that no sale or other transfer of Covered Bonds will be made that would require the Issuer or the Guarantor to register as an investment company under the Investment Company Act

or would jeopardize the exemptions from registration provided under the Securities Act;

- (c) NBC and the Guarantor will cooperate with the Lead Managers and use all reasonable endeavours to permit any Registered Covered Bonds offered under Rule 144A to be eligible for clearance and settlement through DTC;
- (d) Any Registered Covered Bonds will be issued in registered form bearing the private placement legend as set forth in the form of Covered Bond scheduled to the Trust Deed and shall satisfy the eligibility requirements of paragraph (d)(3) of Rule 144A;
- (e) NBC and the Guarantor will qualify any Registered Covered Bonds offered under Rule 144A for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Lead Managers shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of such Covered Bonds; provided that neither NBC nor the Guarantor shall be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject;
- (f) For so long as any Covered Bonds or, with respect to the Guarantor, the Covered Bond Guarantee, respectively, remain outstanding and are “restricted securities” (as defined in Rule 144(a)(3) under the Securities Act), during any period in which they are neither subject to Sections 13 or 15(d) of the Exchange Act nor exempt from reporting requirements pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any holder of, or beneficial owner of an interest in, Registered Covered Bonds in connection with any resale thereof and to any prospective purchaser designed by such holder or beneficial owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act;
- (g) The Issuer and/or the Guarantor, as applicable, will promptly notify the Arranger and the Dealers, and will confirm such advice in writing, (i) of any request by the securities or other governmental authority of any jurisdiction for any additional information with respect to the Programme or the Transaction Documents (including, but not limited to, any amendments or supplements to the Base Prospectus), (ii) of the issuance by any securities or other governmental authority of any jurisdiction (including, but not limited to, the SEC) of any stop order suspending or preventing the use of the Base Prospectus or asserting that the offering and sale of the Covered Bonds is subject to the registration requirements of the Securities Act, or the initiation of any proceedings for any such purposes or the threat thereof, (iii) of the scheduling of or occurrence of a meeting of the Covered Bondholders and (iv) of receipt by the Issuer or the Guarantor or any representative or attorney of the Issuer or the Guarantor of any other communication from any securities or other similar governmental authority of any jurisdiction (including, without limitation, the SEC)

relating to the Covered Bonds or the Base Prospectus. If at any time any securities or other similar governmental authority (including, without limitation, the SEC) shall issue any order described in sub-clause (ii) of the immediately preceding sentence, the Issuer and the Guarantor will make every reasonable effort to obtain the withdrawal of such order at the earliest possible moment;

- (h) The Issuer will not make any offer or sale of securities of any type or class if, as a result of the doctrine of “integration” referred to in Rule 502 of Regulation D under the Securities Act or for any other reason, such offer or sale would render unavailable the exemption for the offers and sales of the Covered Bonds from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;
- (i) If at any time the Disclosure Documents shall contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, NBC and the Guarantor will immediately notify the Arrangers on behalf of the Dealers, and promptly update or amend the relevant Disclosure Documents (following consultation with the Arrangers on behalf of the Dealers or, in the case of an amendment affecting a specific issue of Covered Bonds only, the Relevant Dealer), so that the Disclosure Documents do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and shall supply to the Relevant Dealer or Dealers, as the case may be, such number of copies of the supplemental Disclosure Documents as such Dealer or Relevant Dealer may reasonably request;
- (j) in the event that any Covered Bond offered or to be offered by the Dealers in reliance upon Rule 144A would be ineligible for resale under Rule 144A (because such Covered Bond or the Covered Bond Guarantee is of the same class (within the meaning of Rule 144A) as other securities of NBC or the Guarantor, as applicable, which are listed on a U.S. securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system), NBC shall promptly notify the Dealers by telephone, confirmed in writing, of such fact and will promptly prepare and deliver to the Dealers an amendment or supplement to the Prospectus describing the Covered Bonds which are ineligible, the reason for such ineligibility and any other relevant information relating thereto;
- (k) The Issuer and the Guarantor have authorized the use of the Base Prospectus and, if applicable, any additional Disclosure Documents prepared on the basis of information it has furnished and to the extent that any other Disclosure Document has been specified in respect of the sale of a Series or Tranche of Covered Bonds, such Disclosure Documents. The Base Prospectus and, if applicable, any additional Disclosure Documents may be used in connection with the subscription and sale of the Covered Bonds until the Issuer or the Guarantor notifies the Dealers that the Base Prospectus and, if applicable, any additional Disclosure Documents should not be used or that a revised Base Prospectus and, if applicable, any additional Disclosure

Documents in a form approved by the Issuer and/or the Guarantor, as applicable (which shall be supplied to the Dealers in such numbers of copies as the Dealers may reasonably require) is available and should be substituted. Notwithstanding the foregoing, nothing in this Section shall be construed as preventing any Dealer from preparing and distributing its own research reports covering the Issuer, the Guarantor or any affiliate of either; however, neither the Issuer nor the Guarantor shall incur any responsibility or liability for the accuracy or veracity of any such research reports so produced and distributed;

- (l) In connection with a purchase of Covered Bonds from the Issuer as principal, the particular Dealer (or the Dealer selected by Dealers purchasing Covered Bonds from the Issuer as principal on a syndicated basis) may, as principal and not as agent of the Issuer, over-allot or effect transactions in the open market or otherwise that stabilize or maintain the market price of such Covered Bonds at levels other than those which might otherwise prevail. Such activities, if commenced, may be discontinued at any time. Any loss resulting from such activities shall be borne, and any profit arising therefrom shall be retained, by such Dealer or Dealers for its own account or their respective accounts;
- (m) Unless a Subscription Agreement shall expressly provide that the stand off agreement set forth in this Section 5.08(n) shall not be applicable with respect to such Subscription Agreement, between the date of such Subscription Agreement and the Issue Date with respect to such Subscription Agreement, the Issuer will not, without the prior written consent of each Dealer party to such Subscription Agreement, directly or indirectly, sell, offer to sell or enter into any agreement to sell, grant any option for the sale of, or otherwise dispose of, in the U.S. or international capital markets, any debt securities of the Issuer with the same maturity and currency as the Covered Bonds or any other securities convertible into or exchangeable or exercisable for such debt securities of the Issuer (other than the Covered Bonds that are to be sold pursuant to such Subscription Agreement);
- (n) neither NBC nor the Guarantor will become, for so long as the Covered Bonds and the Covered Bond Guarantee remain outstanding, an open-end investment company, unit investment trust, closed-end investment company or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act;
- (o) NBC and the Guarantor will not, and shall procure that none of their affiliates (as defined in Regulation 501(b) of Regulation D under the Securities Act) will, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) in a manner which would require the registration of the Covered Bonds under the Securities Act;
- (p) Each monthly investor report (if any) delivered by or on behalf of the Issuer or the Guarantor (each a “**Monthly Investor Report**”) shall contain the following notice:

“[If distributed through DTC and/or Euroclear and Clearstream include the following: Instruction to Participant: Please send this to the beneficial owners of the Covered Bonds]

Reminder to Holders of Covered Bonds:

In order for Holders of Covered Bonds to resell such Covered Bonds in reliance on the exemption from registration provided by Rule 144A under the Securities Act, resales, pledges and other transfers of beneficial interests in the Covered Bonds may be made only in a principal amount of not less than U.S.\$100,000 (or the approximate equivalent thereof in the Specified Currency) and integral multiples of U.S.\$1,000 (or the approximate equivalent thereof in the Specified Currency) in excess thereof to persons that are “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act.”; and

- (q) ensure that none of their affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), nor any person acting on behalf of any of them (other than any Dealer), will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with any offer or sale of the Covered Bonds.

5.09 Each Dealer severally represents and warrants to the Issuer and the Guarantor and severally agrees with the Issuer and the Guarantor that: (A) such Dealer is a Qualified Institutional Buyer; (B) to the extent such Dealer acts as agent of the Issuer in connection with the offer, sale, reoffer or resale of Covered Bonds, it will do so only in transactions with persons whom it reasonably believes to be Qualified Institutional Buyers; (C) to the extent such Dealer offers, sells, reoffers or resells Covered Bonds as principal for its own account, it will do so only in transactions with persons whom it reasonably believes to be Qualified Institutional Buyers; and (D) neither such Dealer nor any of its affiliates, or persons acting on behalf of such Dealer, has offered or sold any Covered Bonds, or will offer or sell Covered Bonds, within the United States by any form of any general solicitation or general advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act or within the meaning of Rule 502(c) of Regulation D thereunder.

5.10 A Dealer will have the right to rely upon information supplied to it by each purchaser of Covered Bonds as to the purchaser’s name and its status as a QIB. Offers and sales of the Covered Bonds will only be made to purchasers who are reasonably believed by the Dealers to be QIBs acting for their own account or acting for the account of other persons who are reasonably believed to be QIBs. Each Dealer will furnish each purchaser of the Covered Bonds through or from such Dealer with a Base Prospectus which shall be prepared by, and the contents of which shall be the sole responsibility of, the Issuer (other than for any written information or documents provided by any Dealer expressly for inclusion therein), as amended from time to time, including any amendments or supplements thereto as shall have been prepared and delivered to such Dealer (other than any such amendment or supplement that shall have been superseded by a subsequent amendment or supplement).

5.11 With respect to offers and sales of Rule 144A Covered Bonds, the indemnification provisions contained in Sections 3.03(a), 3.04, 3.05 and 3.06 will not apply and will be replaced with the following:

- (a) NBC and the Guarantor (the “**Indemnifying Parties**”) jointly and severally agree to indemnify and hold harmless each Dealer, its officers, directors, employees, agents and affiliates and each person, if any, who controls such Dealer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, an “**Indemnified Person**”), from and against any and all losses, claims, damages or liabilities to which such Indemnified Person may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the applicable Offering Document, the Investor Presentation or any other Disclosure Documents or any omission or alleged omission to state in the applicable Offering Document, the Investor Presentation or any other Disclosure Documents a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) any inaccuracy or alleged inaccuracy of any of the representations and warranties made by NBC and/or the Guarantor in this Agreement or the Subscription Agreement, as the case may be, or (iii) any breach or alleged breach of any of the agreements or undertakings given by NBC and/or the Guarantor in this Agreement or in the Subscription Agreement or otherwise made by the Issuer, any Seller or the Guarantor and will reimburse, as incurred, each Indemnified Person for any legal or other expenses and any applicable value added tax incurred by such Indemnified Person in connection with investigating, preparing, settling or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding (whether or not such Indemnified Party is a party thereto) whether threatened or commenced and in respect thereof). The indemnity agreement set forth in this paragraph (a) shall be in addition to any liability that NBC or the Guarantor may otherwise have to the Indemnified Persons.
- (b) In case any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Person in respect of which indemnification may be sought pursuant to paragraph (a) above, the Indemnified Person shall promptly notify the Indemnifying Parties in writing; provided that the failure to notify any Indemnifying Party shall not relieve such Indemnifying Party (A) from any liability that it may have under paragraph (a) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure, or (B) from any liability that it may have to the Indemnified Person otherwise than under paragraph (a). If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified an Indemnifying Party thereof, the Indemnifying Party shall retain in each relevant jurisdiction counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 5.11(b) that the Indemnifying Party may designate in such proceeding and shall pay the fees and expenses of such proceeding and shall pay the

fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (A) an Indemnifying Party and the Indemnified Person shall have mutually agreed to the contrary, (B) the Indemnifying Party has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person, (C) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person or (D) the named parties to any such proceeding (including any impleaded parties) include both an Indemnifying Party and an Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to local counsel) for all Indemnified Persons. Such firm shall be designated in writing by such Indemnified Person. The Indemnifying Parties shall not be liable for any settlement of any proceeding effected without their written consent (provided that such consent shall not be unreasonably withheld or delayed), but if settled with such consent (or without such consent in circumstances where such consent shall have been unreasonably withheld or delayed as aforesaid) or if there be a final judgment for the plaintiff, the Indemnifying Parties agree to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Person, provided that such consent shall not be unreasonably withheld or delayed, effect any settlement of or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened proceeding in respect of which such Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person from all liability on any claims that are the subject matter of such action and (y) does not include a statement as to, or admission of, fault, culpability or a failure to act by or on behalf of the Indemnified Person.

- (c) If the indemnification provided for in paragraph (a) is unavailable to or insufficient to hold harmless an Indemnified Person in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each of the Indemnifying Parties shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by NBC on the one hand and the Indemnified Person on the other from the offering of the Covered Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Party shall contribute to such amount paid or payable by such Indemnified Person in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of NBC on the one hand and the

Indemnified Person on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by NBC on the one hand and the Indemnified Person on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by NBC bear to the total management and underwriting discounts and commissions received by the Indemnified Person, in each case as set forth in this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by NBC on the one hand or the Indemnified Person on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. NBC, the Guarantor and the Dealers agree that it would not be just and equitable if contribution pursuant to this paragraph (c) were determined by pro rata allocation (even if the Indemnified Persons were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the above provisions of this paragraph, no Indemnified Person shall be required to contribute any amount in excess of the commissions it received from the sale of the Covered Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Dealers' obligations in this paragraph (c) to contribute are several in proportion to their respective underwriting obligations and not joint.

- (d) The indemnity and contribution agreements contained in this Agreement and the Subscription Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by any Dealer or any person controlling any Dealer or by or on behalf of either of the Issuer or the Guarantor, as applicable, together with its respective directors or officers or any person controlling such party, and (iii) acceptance of, and payment for, any of the Covered Bonds.

5.12 The rights and remedies conferred upon any Indemnified Person under Section 3 and this Section 5 of this Agreement shall continue in full force and effect notwithstanding (i) the completion of the arrangements set out herein for the issue, sale and purchase of the relevant Covered Bonds or (ii) any such termination of this Agreement and regardless of any investigation made by any Indemnified Person.

5.13 With respect to offers and sales of Covered Bonds in the United States, Section 2.10 of this Agreement will not apply.

- 5.14** With respect to offers and sales of Covered Bonds in the United States, Section 4.03 of this Agreement will not apply and will be replaced with the following:

NBC and the Guarantor hereby both irrevocably authorize each of the Dealers, on behalf of NBC and the Guarantor, to provide copies of, and make oral statements consistent with, the relevant Offering Document, any Marketing Materials and any other documents entered into in relation to the Programme and such additional written information as NBC shall provide to the Dealers or approve for the Dealers to use or such other information prepared by NBC to actual and potential purchasers of Covered Bonds; provided that the Dealers shall only provide copies of the relevant Offering Document unless NBC shall provide express written approval to provide any other written information. Each of the Dealers agrees to keep confidential the various documents and all information clearly labelled “Confidential” which from time to time have been or will be disclosed to it concerning the Guarantor or NBC or any of their affiliates, and agrees not to disclose any portion of the same to any person; provided that each Dealer will be permitted to disclose such information that (a) is public knowledge otherwise than as a result of the wrongful conduct of any Dealer, (b) such Dealer is required to disclose pursuant to the laws of the Province of Ontario, the State of New York, the federal laws of Canada or the United States applicable therein or any other relevant laws or the order of any court of the Province of Ontario or the State of New York or any other competent court, or pursuant to any direction, request or requirement of any governmental or other regulatory authority or taxation authority, or any Stock Exchange on which securities issued by the Issuer are listed, (c) information which was available to such Dealer on a non-confidential basis prior to its disclosure by the Guarantor or NBC, (d) information which becomes available to such Dealer from a source not known by such Dealer to be under a legal or fiduciary duty of confidentiality, (e) such Dealer discloses to its professional advisers who receive the same under a duty of confidentiality in substantially the same terms as this Section 5.14, or (f) as authorized in writing by the Guarantor or NBC or any of their affiliates. Nothing herein shall prevent any Dealer from providing either oral or written information to actual or potential purchasers of Covered Bonds on its own behalf.

Section 6. Regulation S Covered Bonds: Determination of End of Distribution Compliance Period

- 6.01** In the case of a Tranche of Regulation S Covered Bonds in respect of which there is only one Dealer, such Dealer will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the date certified by such Dealer as being the date as of which distribution of the Covered Bonds of that Tranche was completed.
- 6.02** In the case of a Tranche of Regulation S Covered Bonds in respect of which there is more than one Dealer but which is not subscribed on a syndicated basis, the Relevant Dealer will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the latest of the dates certified by all the applicable Dealers to the Relevant Dealer as being the respective dates as of which distribution of the Covered Bonds of that Tranche purchased by each such Dealer was completed.

- 6.03** In the case of a Tranche of Regulation S Covered Bonds subscribed pursuant to a Subscription Agreement, the Lead Manager specified therein will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the date certified by the Lead Manager as being the date as of which distribution of the Covered Bonds of that Tranche was completed.
- 6.04** Immediately after it determines the end of the Distribution Compliance Period in respect of any Tranche of Regulation S Covered Bonds, the Relevant Dealer (in the case of an issue of Covered Bonds not subscribed pursuant to a Subscription Agreement) or the Lead Manager (in the case of an issue of Covered Bonds subscribed pursuant to a Subscription Agreement) shall notify such determination to the Issuing and Paying Agent, the Issuer, the Guarantor, the Bond Trustee, the Registrar (if applicable), Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be.

Section 7. Costs and Expenses

- 7.01** Unless otherwise specifically agreed with a Relevant Dealer in connection with a specific Tranche, the Issuer and the Guarantor are responsible for payment of the proper costs, charges and expenses (and any applicable value added tax):
- (a) of any legal, accountancy and other professional advisers instructed by the Issuer in connection with the establishment and maintenance of the Programme, the preparation of the Prospectus and the Disclosure Documents, or the issue and sale of any Covered Bonds or the compliance by the Issuer or the Guarantor with their obligations hereunder or under any Relevant Agreement including, without limitation, the provision of legal opinions and Auditors' Letters as and when required by the terms of this Agreement or any Relevant Agreement;
 - (b) of any legal and other professional advisers instructed by the Dealers in connection with the establishment and maintenance of the Programme, provided that the Issuer and the Guarantor collectively shall only be responsible for an aggregate amount as previously agreed between the Arrangers, the Issuer and the Guarantor (or such other amount as may be agreed between the Arrangers, the Issuer and the Guarantor), plus any applicable value added taxes, in connection with such proper costs, charges and expenses for the initial establishment of the Programme and shall only be responsible for such reasonable amount as may be agreed between the Relevant Dealer(s), the Issuer and the Guarantor, plus any applicable value added taxes, in connection with such proper costs, charges and expenses for each Tranche;
 - (c) incurred in connection with the preparation and delivery of this Agreement, the Agency Agreement and any other Transaction Documents or documents connected with the Programme or any Covered Bonds;
 - (d) of and incidental to the setting, proofing, printing and delivery of the Prospectus, any Final Terms and any Covered Bonds (whether in global or definitive bearer form or in registered form) including inspection and authentication; and

- (e) incurred at any time in connection with the application for any Covered Bonds to be listed and admitted to trading on any stock exchange(s) and the maintenance of any such listing(s).

7.02 Save in the circumstances described in the Terms and Conditions, the Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which may be payable upon or in connection with the establishment and maintenance of the Programme, the issue, sale or delivery of Covered Bonds and the entry into, execution and delivery of this Agreement, the Agency Agreement, each Relevant Agreement, each other Transaction Document and Final Terms and shall, to the extent permitted by law, indemnify each Dealer against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur or which may be made against it as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

Section 8. Notices and Communications

8.01 All notices and communications hereunder or under any Relevant Agreement shall be made in writing (by letter or fax) and shall be sent to the addressee at the address or fax number specified against its name in Schedule 5 to this Agreement (or, in the case of a Dealer not originally party hereto, specified by notice to the Issuer and the other Dealers at or about the time of its appointment as a Dealer) and for the attention of the person or department therein specified (or as aforesaid) or, in any case, to such other address or fax number and for the attention of such other person or department as the addressee has by prior notice to the sender specified for the purpose.

8.02 Whenever a notice or other communication shall be given as aforesaid by fax it shall be deemed received (subject to the transmission report showing that the fax has been sent) on the day of despatch provided that if the time of despatch is after 4.00 p.m. (local time of the recipient) on any day which is a business day in the place of the recipient, it shall be deemed to have been received on the next business day in the place of the recipient and whenever a notice or other communication is sent by post as aforesaid it shall be deemed received three days (in the case of inland post) or seven days (in the case of cross border post) after being posted in a properly prepaid envelope and whenever a notice or other communication is delivered by hand, it shall be deemed received upon actual delivery.

Section 9. Changes in Dealers

9.01 The Issuer may without the consent of any third parties:

- (a) by 30 days' notice in writing to any Dealer, terminate this Agreement in relation to such Dealer (including such Dealer's capacity as Arranger, as applicable) but without prejudice to any rights or obligations accrued or incurred on or before the effective date of termination and in particular without prejudice to (i) the rights of such terminated Dealer and each of its officers, directors or employees and each person by whom it is controlled for the purposes of the Securities Act to be indemnified

pursuant to paragraph (a) of Section 3.03 or Section 5.11, as applicable, with respect only to those matters that occurred or were in existence while such terminated Dealer was a Dealer pursuant to this Agreement and which rights to indemnity shall terminate on the date that is two years after the effective date of termination; and (ii) the validity of any Relevant Agreement; and/or

- (b) nominate any reputable institution as a new Dealer hereunder either generally in respect of the Programme or only in relation to a particular Tranche, in which event, upon the confirmation by such institution of a letter in the terms or substantially in the terms set out in Schedule 3 or pursuant to an agreement in or substantially in the form of Schedule 7 or on any other terms acceptable to the Issuer and such institution, such institution shall, subject to the limitations set out below, become a party hereto with all the authority, rights, powers, duties and obligations of a Dealer hereunder; provided that an institution which has become a Dealer in relation to a particular Tranche only shall have the benefit of the undertaking contained in paragraph (f) of Section 3.03 only if such Dealer requests the benefit of such undertaking, in which case the Dealer shall have the benefit of such undertaking to the extent so requested, and shall have the benefit of the undertakings contained in subsections (e), (g) and (l) of Section 3.03 and the benefit of Section 10 only up to and including the Issue Date of the relevant Tranche of Covered Bonds.

9.02 Any Dealer may, by 30 days' written notice to the Issuer, resign as a Dealer under this Agreement but without prejudice to any rights or obligations accrued or incurred on or before the effective date of resignation and in particular the validity of any Relevant Agreement.

9.03 The Issuer will notify existing Dealers appointed generally in respect of the Programme, the Arrangers, the Bond Trustee and the Issuing and Paying Agent of any change in the identity of other Dealers appointed generally in respect of the Programme as soon as reasonably practicable thereafter.

Section 10. Increase in Authorized Amount

10.01 The Issuer and the Guarantor may, from time to time, by giving 20 days' notice by letter in substantially the form set out in Schedule 4 to each of the Dealers (with a copy to the other Paying Agents and the Registrars), increase the Authorized Amount.

10.02 Notwithstanding the provisions of Section 10.01 above, no increase shall be effective unless and until (i) each of the Dealers shall have received in form, number and substance satisfactory to each such Dealer, the documents and confirmations described in Schedule 2 to this Agreement (with such changes as may be relevant having regard to the circumstances at the time of the proposed increase) and such further documents and confirmations as may be requested by the Dealers including, without limitation, Auditors' Letters and a supplemental Prospectus as required by the UK Listing Authority or other relevant Stock Exchange and (ii) the Issuer and the Guarantor shall have complied with all legal and regulatory requirements necessary for the issuance of, and performance of obligations under, Covered

Bonds up to such new Authorized Amount and upon such increase taking effect, all references in this Agreement to the Authorized Amount being in a certain principal amount shall be to the increased principal amount.

Section 11. Assignment

11.01 This Agreement shall be binding upon and shall inure for the benefit of the Issuer, the Guarantor and the Dealers and their respective successors and permitted assigns. For greater certainty, any New Company established as a substitute issuer pursuant to the Trust Deed shall be bound by and enjoy the benefit of this Agreement.

11.02 Neither the Issuer nor the Guarantor may assign its rights or transfer its obligations under this Agreement, in whole or in part, and any purported assignment or transfer shall be void. No Dealer may assign any of its rights or delegate or transfer any of its obligations under this Agreement or any Relevant Agreement, in whole or in part, without the prior written consent of the Issuer and the Guarantor and any purported assignment or transfer without such consent shall be void. Upon the date when such transfer and assumption becomes effective and to the extent permitted by applicable law, and without further formality such Dealer shall be relieved of, and fully discharged from, all obligations hereunder and any Relevant Agreement, whether such obligations arose before or after such transfer and assumption.

Section 12. Law and Jurisdiction

12.01 This Agreement and each Relevant Agreement is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and of Canada applicable therein and each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 13. Currency Indemnity

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or analogous process of the Issuer or for any other reason, any payment under or in connection with this Agreement is made or falls to be satisfied in a currency (the “**other currency**”) other than that in which the relevant payment is expressed to be due (the “**required currency**”), then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for any Dealer to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of liquidation, insolvency or analogous process of the Issuer, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by any Dealer falls short of the amount due under the terms of this Agreement, the Issuer and the Guarantor shall, as a separate and independent obligation, indemnify and hold harmless such Dealer against the amount of such shortfall. For the purpose of this Section “**rate of exchange**” means the rate at which the Relevant Dealer is able on the relevant date to purchase the required currency with the other currency and shall take into account any premium and the reasonable costs of exchange.

Section 14. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Any party may enter into this Agreement by signing such counterpart.

Section 15. Non-Petition

NBC and the Dealers agree that they shall not institute or join any other Person or entity in instituting against, or with respect to, the Guarantor, or any of the general partners of the Guarantor, any bankruptcy or insolvency event so long as any Covered Bonds issued by the Issuer under the Programme shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Covered Bonds shall have been outstanding. The foregoing provision shall survive the termination of this Agreement by any of the parties hereto.

Section 16. Limitation of Liability

The Guarantor is a limited partnership formed under the *Limited Partnerships Act* (Ontario), a limited partner of which is, except as expressly required by law, only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital.

Section 17. Amendment and Waiver

Any amendments to this Agreement will be made only with the prior written consent of each party to this Agreement. No waiver of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorized by) each of the parties. Each proposed amendment or waiver of this Agreement that is considered by the Guarantor to be a material amendment or waiver shall be subject to Rating Agency Confirmation and the Guarantor (or the Cash Manager on its behalf) shall deliver notice to the Rating Agencies of any amendment or waiver which does not require Rating Agency Confirmation provided that failure to deliver such notice shall not constitute a breach of the obligations of the Guarantor under this Agreement. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

IN WITNESS whereof this Agreement has been entered into as of the day and year first above written.

SIGNATURES

NATIONAL BANK OF CANADA

By: “Eric Girard”
Eric Girard
Senior Vice-President, Corporate
Treasury

By: _____

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP, by its managing general partner **NBC COVERED BOND (LEGISLATIVE) GP INC.**

By: “Eric Girard”
Eric Girard
President

By: _____

The Dealers

RBS SECURITIES INC.

By: "Timothy Blair"
Timothy Blair
Vice President

NATIONAL BANK FINANCIAL INC.

By: "Nicky Bell"
Senior Manager – Compliance &
Administration
National Bank of Canada

NATIONAL BANK OF CANADA FINANCIAL INC.

By: "Maxime Brunet"
Maxime Brunet
Managing Director

The Arrangers

RBS SECURITIES INC.

By: *"Timothy Blair"*
Timothy Blair
Vice President

NATIONAL BANK FINANCIAL INC.

By: *"Nicky Bell"*
Senior Manager – Compliance &
Administration
National Bank of Canada

SCHEDULE 1

Selling and Transfer Restrictions

Canada:

Each Dealer acknowledges and agrees that 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 represents and agrees, and each further Dealer appointed pursuant to Section 9.01(b) 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.

If the applicable Final Terms provide that 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 represents and agrees that it has offered, sold, or distributed, and that it will offer, sell and distribute such Covered Bonds only in compliance with such additional Canadian selling restrictions.

Each Dealer agrees, and each further Dealer appointed pursuant to Section 9.01(b) will be required to agree, not to distribute or deliver the 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.

United States of America:

Transfer Restrictions

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;

- (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 prior to the date that is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (i) to the Issuer or any affiliate thereof, (ii) 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, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) 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 (i) it is not and for so long as it holds a Covered Bond (or any interest therein) will not be (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (B) a “plan” as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), (C) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 the Code, or (D) a governmental, church, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state, local or non-U.S. law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its acquisition and holding of the Covered Bonds will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of such a governmental, church, non-U.S. or other employee benefit plan, any such substantially similar U.S. federal, state, local or non-U.S. law for which an exemption is not available;
- (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”) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY, 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 REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES 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 FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (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, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

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 IN THE UNITED STATES OR TO U.S. PERSONS 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 FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (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, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE; 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. Each Dealer will acknowledge, and each further Dealer appointed under the Dealership Agreement will be required to acknowledge, that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or under any state securities laws and may not be offered or sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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. Each Dealer has agreed it will not offer, sell or deliver a Covered Bond in bearer form within the United States or to U.S. persons. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

In connection with any Covered Bonds that 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 the Tranche of Covered Bonds of which such Covered Bonds are a part, an 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 Rule 144A under the Securities Act.

With respect to the issuance of Rule 144A Covered Bonds, the Dealership Agreement provides that selected Dealers, through their selling agents which are registered broker dealers in the United States, may resell Covered Bonds in the United States to QIBs pursuant to Rule 144A under the Securities Act.

With respect to the issuance of Rule 144A 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 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.

Public Offer Selling Restriction under the Prospectus Directive:

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) 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 Article 3(2) of the Prospectus Directive;

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the publication by the Issuer or any Dealer(s) of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds in any Relevant 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 the Covered Bonds, as the same

may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Selling Restrictions addressing additional United Kingdom Securities Laws:

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Covered Bonds having a maturity of less than one year, (i) it is a person whose ordinary activities involve it acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of 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
- (c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to such Covered Bonds in, from or otherwise involving the United Kingdom.

Hong Kong:

In relation to each Tranche of Covered Bonds issued by the Issuer each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (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 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 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 purpose 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 of Hong Kong and any rules made under that Ordinance.

Republic of France:

The Issuer and each Dealer represents and agrees, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the applicable Final Terms or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account and/or (iii) a restricted circle of investors (*cercle restreint d’investisseurs*) acting for their own account provided that a prospectus in relation to those Covered Bonds has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive and that such approval has been notified to the AMF together with a translation of the summary of the prospectus in French, all as defined in, and in accordance with, articles L 411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

In addition, each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Prospectus or any other offering material relating to the Covered Bonds other than to investors to whom offers and sales of Covered Bonds in the Republic of France may be made as described above.

Republic of Italy:

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, the Covered Bonds may not be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”), and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or

- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of the Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”);
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of the Covered Bonds on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Covered Bonds being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

Japan:

Each Dealer understands that the Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the “**FIEA**”) and each Dealer represents and agrees, 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 Control Law (Law 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.

N Covered Bonds:

Each Dealer represents and agrees that it has only offered or sold and will only offer or sell N Covered Bonds in Germany in compliance with all applicable legislation and regulation in Germany governing the offering and the sale of N Covered Bonds, in particular:

MT DOCS 12391685v7B

- (a) only in compliance with the provisions of the German Capital Investments Act (*Vermögensanlagegesetz*), as amended from time to time; and
- (b) only to institutional investors (*institutionelle Investoren*) within the meaning of the note of the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) on the deposit taking business of 4 August 2011 (*Merkblatt Hinweise zum Tatbestand des Einlagengeschäfts*), as amended from time to time, and not in any other way which may result in a licence requirement of the Issuer under the German Banking Act (*Kreditwesengesetz – KWG*).

General:

Each Dealer acknowledges that 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 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 provided that such supplement or modification is not inconsistent with Section 5 of this Agreement and does not adversely affect the Issuer’s ability to rely on Rule 144A. 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 the Offering Document.

SCHEDULE 2

Conditions Precedent

1. **Legal Opinions:** Canadian and English law legal opinions from McCarthy Tétrault LLP, Canadian and English legal advisors to the Issuer and the Guarantor (and, if the Covered Bonds are offered under Rule 144A or otherwise in the United States, such opinions or other documents as agreed between the parties from U.S. legal advisors to the Issuer and the Guarantor) and, if requested by the Arrangers, Osler, Hoskin & Harcourt LLP and/or Morrison & Foerster LLP, legal advisors to the Dealers.
2. **Internal Authorizations of the Issuer and the Guarantor:** certified copies of constitutive documents of the Issuer and the Guarantor and internal authorizations (if any) of the Issuer and the Guarantor authorizing (i) the issue of the Covered Bonds, as applicable, (ii) any increase in the Programme, as applicable, and (iii) the execution of the Transaction Documents to which it is a party.
3. **Auditors' Letter:** any letters, in such form as the Dealers may reasonably request, from Deloitte s.e.n.c.r.l. (as the auditors of NBC), including the most recent specified procedures report delivered to CMHC in accordance with the Guide.
4. **Certificate of Incumbency:** a certificate from each of the Issuer and the Guarantor certifying the names, titles and specimen signatures of the persons authorized on behalf of each of such parties and where applicable: (i) to execute the Transaction Documents to which it is a party or the Covered Bonds (as appropriate); (ii) to authorize issues of Covered Bonds and sign or give or deliver all notices and other documents to be delivered in connection with the Transaction Documents; and (iii) to take any other action in relation to the Transaction Documents.
5. **Solvency Certificates:** a certificate from each of the Issuer and the Guarantor as to its solvency.
6. **Transaction Documents and Base Prospectus:** copies of the Transaction Documents duly executed by the parties thereto and of the Base Prospectus and confirmation that the executed copies of each Transaction Document have been delivered, in the case of the Trust Deed, to the Bond Trustee and in the case of the Agency Agreement, to the Bond Trustee and the Issuing and Paying Agent.
7. **Approval and Listing:** a copy of the confirmation from the UK Listing Authority that the Base Prospectus has been approved as a base prospectus for the purposes of the Prospectus Directive and confirmation that the UK Listing Authority will list on the Official List and that the London Stock Exchange will admit to trading on the Market any Covered Bonds to be issued under the Programme (including any increase in the Programme, as applicable).
8. **Publication:** confirmation from the Issuer that the Prospectus has been published as required by the Prospectus Directive.

9. **Global Covered Bonds:** confirmation that master temporary and permanent global Covered Bonds and global registered Covered Bonds, duly executed by the Issuer, have been delivered to the Issuing and Paying Agent.
10. **Process Agent:** confirmation that the agent appointed to receive service of process on behalf of the Issuer in the United States of America and/or England, as applicable, has accepted its appointment.
11. **ISIN. Common Code and CUSIP:** an ISIN, Common Code and CUSIP (as applicable) relating to the Covered Bonds of the Issuer.
12. **Clearing System:** confirmation that the Covered Bonds have been accepted by DTC, Euroclear, Clearstream, Luxembourg or any alternative clearing system (as appropriate) for clearing and settlement in its or their systems, as appropriate.
13. **Ratings:** confirmation from the Issuer of the rating for the Programme obtained from Moody's Investors Service, Inc., Fitch Ratings, Inc. and DBRS Limited to the extent any such rating agency is then rating the Covered Bonds or any other rating agency as shall have issued at the request of the Issuer a rating in connection with any Covered Bonds.
14. **Issuer ICSD / Effectuation Agreements:** confirmation of the execution and delivery by the Issuer of the programme effectuation authorization in or substantially in the form required by each of Euroclear and Clearstream, Luxembourg, the execution and delivery of an Issuer-ICSD Agreement in or substantially in the form required by each Euroclear and Clearstream, Luxembourg and the making by the Issuing and Paying Agent of a Common Safekeeper election in accordance with the requirements of Euroclear and Clearstream, Luxembourg.
15. **DTC Letter of Representation:** with respect to the initial Tranche or Series of Covered Bonds registered in the name of DTC or its nominee, a blanket letter of representation of the Issuer to DTC.
16. **External Authorizations of the Issuer and the Guarantor:** external authorizations (if any) of the Issuer and the Guarantor authorizing (i) the issue of the Covered Bonds, (ii) any increase in the Programme, as applicable, and (iii) the execution of the Transaction Documents to which it is a party.
17. **Registered Issuer and Registered Programme:** evidence that the Issuer is registered as a registered issuer (and is not suspended) and the Programme is registered in the Registry.

SCHEDULE 3

Dealer Accession Letter

[Date]

[New Dealer]
[Address]

Dear Sirs/Mesdames,

**National Bank of Canada
Programme for the Issuance of Covered Bonds
unconditionally and irrevocably guaranteed as to payments by
NBC Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)**

We refer to the dealership agreement dated as of October 31, 2013 and entered into in respect of the above Programme for the Issuance of Covered Bonds (such agreement, as modified, amended or restated from time to time, the “**Dealership Agreement**”) between ourselves and the Dealers from time to time party thereto, and have pleasure in inviting you to become a Dealer upon the terms of the Dealership Agreement [but only in respect of [specify Tranche of Covered Bonds]]*, a copy of which has been supplied to you by us. You have been supplied with a copy of the Prospectus and the legal opinions referred to in item 1 of Schedule 2 to the Dealership Agreement, together with copies of such other documents listed in Schedule 2 as you have requested. [We are enclosing copies of the Auditors’ Letter [together with letters from such Auditors addressed to you and giving you the full benefit of the Auditors’ Letter].]** Please return to us a copy of this letter signed by an authorized signatory whereupon you will become a Dealer for the purposes of the Dealership Agreement with [, subject as hereinafter provided,]* all the authority, rights, powers, duties and obligations of a Dealer under the Dealership Agreement [except that you shall not have the benefit of the undertaking contained in subsection (f) of Section 3.03 and shall have the benefit of the undertakings contained in subsections (e) and (g) of Section 3.03 and the benefit of Section 10 only up to and including the Issue Date of [describe the relevant Tranche of Covered Bonds]]*.

This letter is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Yours faithfully,
National Bank of Canada

By:

* Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche.

** Applies only where incoming Dealer is being appointed a Dealer in relation to the Programme generally, the Dealer has requested the benefit of an existing Auditors’ Letter and arrangements acceptable to the Dealer and the Auditors have been made for the Dealer to obtain the benefit of such Auditors’ Letter.

NBC Covered Bond (Legislative) Guarantor Limited Partnership
by its managing general partner **NBC Covered Bond (Legislative) GP Inc.**

By:

CONFIRMATION

We hereby accept the appointment as a Dealer and accept all the duties and obligations under, and terms and conditions of, the Dealership Agreement upon the terms of this letter [but only in respect of [specify Tranche of Covered Bonds]]*

We confirm that we are in receipt of all the documents [(other than those which have been waived by agreement between us)] referred to in the second sentence of your letter and have found them to be satisfactory [and waived the production of the documents referred to in subsection (f) of Section 3.03 of the Dealership Agreement]**.

For the purposes of the Dealership Agreement our communications details are as set out below.

[NEW DEALER]

By:

Date:

Address: []

Telex: []

Facsimile: []

Attention: []

[]

By:

***[Copies to:

1. all existing Dealers who have been appointed in respect of the Programme generally; and
2. the existing Issuing and Paying Agent.]

* Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche.

** Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche. To be modified if incoming Dealer requests the benefit of the undertaking in paragraph (f) of Section 3.03.

*** Applies only where the incoming Dealer is being appointed in respect of the Programme generally.

SCHEDULE 4

Notice of Increase of Authorized Amount

To: [list all current Dealers appointed in respect of the Programme generally, Paying Agents and Registrars]

Dear Sirs/Mesdames,

National Bank of Canada
Programme for the Issuance of Covered Bonds
unconditionally and irrevocably guaranteed as to payments by
NBC Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)

We refer to the dealership agreement dated as of October 31, 2013 and entered into in respect of the above Programme for the Issuance of Covered Bonds (such agreement, as modified or amended from time to time, the “**Dealership Agreement**”), between ourselves and the Dealers from time to time party thereto). Terms used in the Dealership Agreement shall have the same meaning in this letter.

Pursuant to Section 10.01 of the Dealership Agreement, we hereby notify you that the Authorized Amount of the Programme shall be increased from [] to [] with effect from [date] or such later date upon which the requirements of Section 10.02 of the Dealership Agreement shall be fulfilled, subject always to the provisions of Section 10.02 of the Dealership Agreement.

From the date upon which the increase in the Authorized Amount becomes effective, all references in the Dealership Agreement to the Programme and the Authorized Amount being in a certain principal amount shall be to the increased principal amount as specified herein.

This letter is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Yours faithfully,
National Bank of Canada

By:

NBC Covered Bond (Legislative) Guarantor Limited Partnership
by its managing general partner **NBC Covered Bond (Legislative) GP Inc.**

By:

SCHEDULE 5

Notice Details

The Issuer

National Bank of Canada

600 De La Gauchetière Street West
Montreal, Québec
Canada H3B 4L2

Tel.: +1 514-390-7966
Fax: +1 514-394-6268
Attention: Corporate Treasury c/o Éric Girard, Senior Vice-President

The Guarantor

NBC Covered Bond (Legislative) Guarantor Limited Partnership

c/o NBC Covered Bond (Legislative) GP Inc.
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, Ontario
Canada M5K 1E6

Tel.: +1 514-390-7966
Fax: +1 514-394-6268
Attention: Corporate Treasury c/o Éric Girard, Senior Vice-President

The Dealers

RBS Securities Inc.

600 Washington Blvd.
Stamford, CT 06901

Tel: +1 203 897 6166
Fax: +1 203 873 4634
Attention: Syndicate

National Bank Financial Inc.

71 Fenchurch Street
London, United Kingdom
EC3M 4HD

Tel: +44 20 7265 6517
Fax: +44 20 7265 6525
Attention: Nicky Bell

National Bank of Canada Financial Inc.

65 East 55th Street, 31st Floor
New York, NY 10022

Tel: +1 212-546-7544
Fax: +1 202-546-
Attention: Barbara Kearney

The Arrangers

RBS Securities Inc.

600 Washington Blvd.
Stamford, CT 06901

Tel: +1 203 897 6166
Fax: +1 203 873 4634
Attention: Syndicate

National Bank Financial Inc.

71 Fenchurch Street
London, United Kingdom
EC3M 4HD

Tel: +44 20 7265 6517
Fax: +44 20 7265 6525
Attention: Nicky Bell

SCHEDULE 6

Part I - Pro Forma Final Terms

- See Attached -

SCHEDULE 6

Part II - Pro Forma Final Terms (N Bonds)

- See Attached -

SCHEDULE 6
Part III - Pro Forma Pricing Supplement*

Pricing Supplement dated []

This document does not constitute an offer to sell or the solicitation of an offer to buy any shares, debentures or securities of the Issuer. It does not comprise a prospectus or Final Terms for the purposes of EU Directive 2003/71/EC, as amended, and has not been approved by the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 or by any other regulatory authority.

[Logo]

NATIONAL BANK OF CANADA
(a Canadian chartered bank)

Issue of [Aggregate Principal Amount of Series] [Series Number] [Title of Covered Bonds]
under the

U.S. \$7,000,000,000

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 is the Pricing Supplement in relation to the Series of Covered Bonds referred to above. Words included in this document have the definition ascribed to them in the Prospectus. The particulars to be specified in relation to such Series are as follows:

1. (i) Issuer: National Bank of Canada
Branch: [Main branch of the Bank in Montreal] [● branch]
- (ii) Guarantor: NBC Covered Bond (Legislative) Guarantor Limited Partnership
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
3. Specified Currency or Currencies: []
4. Aggregate Principal Amount: []
5. Issue Price: [] per cent of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]

* To be used for Covered Bonds that are issued in connection with Rule 144A.

6. Specified Denominations: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [*Specify*/Issue Date /Not Applicable]
8. (i) Final Maturity Date:
- (ii) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:
9. Interest Basis: [•] per cent. Fixed Rate]
- [*specify reference rate*] +/- [•] per cent. Floating Rate]
- [Zero Coupon]
- [Other (*specify*)]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
- [Hard Bullet Covered Bond]
- [Instalment]
- [Other (*specify*)]
- (further particulars specified below)
11. Change of Interest of Redemption/Payment Basis: [*Specify details of any provision for convertibility of Covered Bonds into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(further particulars specified below)]
13. (i) Status of the Covered Bonds: Senior
- (ii) Status of the Guarantee: Senior secured with recourse limited to assets of

Guarantor

14. Calculation Agent (if not the Agent under the Conditions) [...]
15. Issuer Swap Provider [...]
16. Method of distribution: [Syndicated/Non-syndicated]
[if syndicated, *names of Managers*]
[if not syndicated, *name of Dealer*]
17. Stabilising Manager(s) (if any) [Not Applicable / *give names*]
18. Fixed Rate Covered Bond Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: []
- (ii) Interest Payment Date(s): []
- (iii) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)/other]
- (iv) Determination Dates: []
19. Floating Rate Covered Bond Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): []
- (ii) Specified Interest Payment Dates: []
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate
Determination/ISDA
Determination/other (*give details*)]
- (v) Screen Rate Determination:

- Reference Rate: []
- Interest Determination Date(s): []
- Relevant Screen Page: []
- (vi) ISDA Determination: Issuer is [Fixed Rate/Fixed Amount/Floating Rate/Floating Amount] Payer
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (vii) Margin(s): [+/-][] per cent per annum
- (viii) Minimum Interest Rate: [] per cent per annum
- (ix) Maximum Interest Rate: [] per cent per annum
- (x) Day Count Fraction: []
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: []
- Zero Coupon Covered Bond Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (xii) Amortization Yield: [] per cent per annum
- (xiii) Reference Price: []
- (xiv) Any other formula/basis of determining amount payable: []
- Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details.]
- CUSIP Number: [...]

Listing:

Additional Information: [...]

SCHEDULE 7

Pro Forma Subscription Agreement

[Illustrative form of Subscription Agreement where an issue of Covered Bonds is syndicated among a group of institutions]

NATIONAL BANK OF CANADA

- and -

OTHERS

SUBSCRIPTION AGREEMENT

in respect of

[insert principal amount]

[description of Series]

issued under the

U.S.\$7,000,000.000

Programme for the Issuance of Covered Bonds
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 AGREEMENT is made on []

BETWEEN:

- (1) **National Bank of Canada** (the “**Issuer**”);
- (2) **NBC Covered Bond (Legislative) Guarantor Limited Partnership** (the “**Guarantor**”)
- (3) [] as lead manager(s) (the “**Lead Manager(s)**”); and
- (4) [], [], and [] (together with the Lead Manager(s), (the “**Managers**”).

WHEREAS

- (A) The Issuer has established a programme for the issuance of Covered Bonds unconditionally and irrevocably guaranteed as to payments by the Guarantor in connection with which it entered into a dealership agreement dated as of October 31, 2013, (the “**Dealership Agreement**”, which expression shall include any amendments or supplements thereto or restatements thereof) and made between the Issuer and certain other institutions named therein.
- (B) Pursuant to the Dealership Agreement, the Issuer is entitled to sell Covered Bonds (as defined in the Dealership Agreement) issued under the Programme to institutions who become Dealers in relation to a particular Tranche of Covered Bonds only. Each of the Managers is either a Dealer in relation to the Programme or has agreed to become a Dealer in relation to the Covered Bonds (as defined below) pursuant to the provisions of this Agreement.
- (C) The Issuer proposes to issue [principal amount] [description of Series] (the “**Covered Bonds**”) and the Managers wish to subscribe such Covered Bonds.
- (D) This Agreement is supplemental to the Dealership Agreement.

IT IS HEREBY AGREED as follows:

1. **Definitions**

All words and expressions defined in the Dealership Agreement shall, where the context so requires and admits, have the same meanings in this Agreement. In the event of any conflict or inconsistency between the provisions of this Agreement and the Dealership Agreement, the provisions of this Agreement shall apply. Each of the Managers hereby acknowledges receipt of a copy of the Dealership Agreement and the Prospectus.

Additionally, it is agreed that the following terms, when used herein, shall have the meanings set forth below:

“**Time of Sale**” means [specify] a.m./p.m. ([specify] time) on [specify].

“**Time of Sale Information**” means [specify] as of the Time of Sale.

“**Investor Presentation**” means [specify].

2. Subscription of the Covered Bonds

- (a) The Issuer hereby agrees to issue and sell the Covered Bonds in accordance with the provisions of this Agreement, the Dealership Agreement and the Agency Agreement and the Managers severally and not jointly agree with the Issuer to subscribe for the principal amount of Covered Bonds set forth opposite their respective names in Annex 1 hereto in same day funds on [] or such other date not being later than [] as shall be agreed by the Issuer and the Lead Manager acting on behalf of the Managers (the “**Issue Date**”) at their issue price of [] per cent. of their principal amount plus (if the Issue Date is postponed) any accrued interest in respect thereof, [less a selling commission of [] per cent. of the principal amount of the Covered Bonds (plus any applicable value added tax) and a combined management and underwriting commission of [] per cent. of the principal amount of the Covered Bonds (plus any applicable value added tax) and less the amount which the Issuer has agreed to pay to the Lead Manager in respect of certain expenses pursuant to Section [5/6] below (each of which the Issuer agrees to pay to the Managers [or, as the case may be, the Lead Manager] and authorizes the deduction thereof from the subscription moneys payable to the Issuer on the Issue Date), against delivery of the Covered Bonds, duly executed on behalf of the Issuer in the manner contemplated by the Agency Agreement, in the form agreed between the Issuer and the Lead Manager (on behalf of the Managers).
- (b) The Issuer and the Guarantor confirm that they have approved the final terms (the “**Final Terms**”) dated [] in connection with the issue of the Covered Bonds and have authorized the Managers to distribute copies of the Prospectus and the Final Terms and any other documents prepared in connection with the Programme and the issue of the Covered Bonds, in connection with the offering and sale of the Covered Bonds.

3. Dealership Agreement

The Covered Bonds are issued under the Programme and accordingly are Covered Bonds as defined in and for the purposes of the Dealership Agreement and the Agency Agreement. For the purposes of the Dealership Agreement, this Agreement is a Relevant Agreement and the Lead Manager is the Relevant Dealer and each of the Managers is a Dealer on the terms set out in the Dealership Agreement.

4. Additional Representations and Warranties [and Undertakings]

- (a) The Issuer hereby represents and warrants to the Managers that as at the date hereof (i) no event has occurred which would render untrue or incorrect any of the representations and warranties of the Issuer contained in Section 3.01 and Section 5.07 (with respect to issuances of Rule 144A Covered Bonds) of the Dealership Agreement, (ii) that the conditions set out in Section 2.03 and Section 5.06 (with respect to issuances of Rule 144A Covered Bonds) of the Dealership Agreement have been satisfied or, other than with respect to the condition in paragraph (c) thereof, waived, (iii) that the relevant Prospectus contains all material information relating to the assets and liabilities, financial position, profits and losses of the Issuer and nothing has happened or is expected to happen which would require such document to be supplemented, (iv) there is no

material adverse change in the condition (financial or otherwise) or general affairs or prospects of the Issuer from that set forth in the Prospectus and the Disclosure Documents, [(v) no withholding tax imposed under the federal laws of Canada will be payable in respect of the payment or crediting of any commission or fee as contemplated by this Agreement to a Dealer that is not resident in Canada for the purposes of the Income Tax Act (Canada) (a “Non-Resident Dealer”) or on any interest or deemed interest on the resale of Covered Bonds by a Non-Resident Dealer, provided that such Non-Resident Dealer deals at arm’s length with the Issuer and the Guarantor and that any such commission or fee is payable in respect of services rendered by such Non-Resident Dealer outside of Canada that are performed by such Non-Resident Dealer in the ordinary course of a business carried on by it that includes the performance of such services for a fee; and (vi) no goods and services tax imposed under the federal laws of Canada will be collectible by any Non-Resident Dealer in respect of the payment or crediting of any commission or fee as contemplated by any applicable Subscription Agreement to any Non-Resident Dealer, provided that any such commission or fee is payable in respect of services performed by such Non-Resident Dealer wholly outside of Canada.]*

- (b) The Guarantor hereby represents and warrants to the Managers that as at the date hereof (i) no event has occurred which would render untrue or incorrect any of the representations and warranties of the Guarantor contained in Section 3.02 and Section 5.07 (with respect to issuances of Rule 144A Covered Bonds) of the Dealership Agreement, (ii) that the conditions set out in Section 2.03 and Section 5.06 (with respect to issuances of Rule 144A Covered Bonds) of the Dealership Agreement have been satisfied or, other than with respect to the condition in paragraph (c) thereof, waived, (iii) that the relevant Prospectus contains all material information relating to the assets and liabilities, financial position, profits and losses of the Guarantor and nothing has happened or is expected to happen which would require such document to be supplemented and (iv) there is no material adverse change in the condition (financial or otherwise) or general affairs or prospects of the Guarantor from that set forth in the Prospectus and the Disclosure Documents.
- (c) Each Manager, severally and not jointly, agrees to indemnify and hold harmless each of the Issuer and the Guarantor, its respective directors, its respective officers and any person controlling either of the Issuer or the Guarantor, as applicable, from and against any and all losses, claims, damages and liabilities (i) caused by any untrue statement or alleged untrue statement of a material fact contained in the applicable Offering Document or (ii) caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading in each case solely insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any Manager Information. “Manager Information” means information relating to any Manager furnished to the Issuer in writing by such Manager expressly for use and contained in the applicable Offering Document, or any supplement or amendment thereto, it being understood and agreed that the only such information consists of the following: [] in the applicable Offering Document.

* The bracketed representations regarding tax matters to be finalized at the time of entering into this Agreement to address any specific circumstances of the Dealers. If no unusual circumstances exist, the bracketed representations would be included in this Agreement.

[Insert any additional representations and warranties and/or undertakings which may be required in relation to the Covered Bonds.]

5. Conditions Precedent

In accordance with the provisions of Section 2.03 and Section 5.06 (with respect to issuances of Rule 144A Covered Bonds) of the Dealership Agreement (but without prejudice to the provisions of Section 2.04 thereof), the Issuer and the Guarantor hereby acknowledge that the Managers' obligations to subscribe and pay for the Covered Bonds on the Issue Date are subject to the satisfaction of the conditions precedent set out in the said Section 2.03 and Section 5.06 (with respect to issuances of Rule 144A Covered Bonds)[, as well as the following additional conditions precedent:]

[set out a list of additional conditions precedent required by the Managers pursuant to subsection 2.03(i) of the Dealership Agreement, which may include, in the case of Rule 144A Covered Bonds, delivery of disclosure letters from U.S. counsel; consider also whether any additional signature authority or a closing certificate will be required].

6. Expenses

The Issuer shall pay to the Lead Manager on demand [amount] in lieu of reimbursement of any legal fees and expenses and any travelling, communication, courier, postage and other out-of-pocket expenses incurred by it in connection with the management of the issue of the Covered Bonds ([plus/excluding] any applicable value added tax). Such amount may be deducted from the proceeds of the issue in accordance with subsection 2(a).

OR

The Issuer and the Guarantor shall reimburse the Lead Manager on demand for all legal fees and expenses and any travelling, communication, courier, postage and other out-of-pocket expenses incurred by it in connection with the management of the issue of the Covered Bonds (plus any applicable value added tax); [provided, however, that the aggregate liability of the Issuer or the Guarantor under this Section shall not exceed [amount] ([inclusive/exclusive] of value added tax)].

It is expressly agreed for the purposes of Section 2.04 of the Dealership Agreement that the Issuer shall remain liable pursuant to this Section [5/6] in respect of such fees and expenses incurred by the Lead Manager prior to or in connection with such termination notwithstanding the termination of this agreement.

OR

The expenses relating to the issue have been agreed in a separate side letter of even date herewith between the Issuer and the Lead Manager(s). Such agreed sum relating to such expenses may be deducted from the proceeds of the issue in accordance with subsection 2(a).

7. New Dealer(s)

In accordance with the provisions of subsection 9.01(b) of the Dealership Agreement the Issuer hereby appoints those of the Managers who are not Dealers (for the purposes of this Section, a “New Dealer”) as dealers upon the terms of the Dealership Agreement in respect of the Covered Bonds only with the authority, rights, powers, duties and obligations of a Dealer under the Dealership Agreement to the extent provided in such subsection 9.01(b) save that each New Dealer [shall not have the benefit of the undertakings contained in subsection (f) of Section 3.03 of the Dealership Agreement]^{*}.

Each Manager that is a New Dealer confirms that it has found the Dealership Agreement and the Prospectus satisfactory, has received a copy of or waived the production of a copy of the other conditions precedent set out in Schedule 2 to the Dealership Agreement, in each case as most recently delivered to the Dealers in respect of the Programme [and waived production of a copy of the documents referred to in subsection (f) of Section 3.03 of the Dealership Agreement.][†]

8. Communications

Any notification hereunder to the Issuer shall be made in accordance with the provisions of Section 8 of the Dealership Agreement and, in the case of notification to the Managers, shall be to the Lead Manager by telex or fax or in writing at:

[
]
Telex: []
Fax: []
Attention: []

9. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

10. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

IN WITNESS whereof this Agreement has been entered into as of the day and year first above written.

The Issuer

^{*} To be modified if New Dealer requests the benefit of the undertaking contained in paragraph (f) of Section 3.03 of the Dealership Agreement.

[†] To be modified if New Dealer requests the benefit of the undertaking contained in paragraph (f) of Section 3.03 of the Dealership Agreement.]

NATIONAL BANK OF CANADA

By:

The Guarantor

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP
by its managing general partner **NBC COVERED BOND (LEGISLATIVE) GP INC.**

By:

ANNEX 1

[List Managers and Subscription Amounts]

SCHEDULE 8

Operating and Administrative Procedures Memorandum

DATED ●, 201●

NATIONAL BANK OF CANADA

U.S.\$7,000,000,000

Programme for the Issuance of Covered Bonds

The aggregate nominal amount of all Covered Bonds outstanding at any time will not, subject as provided below, exceed U.S.\$7,000,000,000 or its equivalent in other currencies at the time of agreement to issue, subject to increase as provided in the Dealership Agreement (as defined below). The Dealership Agreement provides for the increase in the principal amount of Covered Bonds that may be issued under the Programme. In that event, this Operating and Administrative Procedures Memorandum shall apply to the Programme as increased.

The documentation of the Programme provides for the issue of Covered Bonds denominated in any currency or currencies as may be agreed between National Bank of Canada (the “**Issuer**”), the Guarantor and the Relevant Dealer (subject to certain restrictions as to minimum and/or maximum maturities as set out in the Prospectus relating to the Programme) and being any of:

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

All terms with initial capitals used herein without definition shall have the meanings given to them in the Prospectus dated on or about November 4, 2013 as supplemented or replaced from time to time (the “**Prospectus**”), or, as the case may be, the dealership agreement dated as of October 31, 2013 as amended, supplemented or restated (the “**Dealership Agreement**”) between the Issuer, the Guarantor and the Dealers named therein pursuant to which the Issuer may issue Covered Bonds.

As used herein in relation to any Covered Bonds which are to have a “**listing**” or be “**listed**” on (i) the London Stock Exchange, “**listing**” and “**listed**” shall be construed to mean that such Covered Bonds have been admitted to the Official List and admitted to trading on the Market, (ii) the Luxembourg Stock Exchange, (iii) any other Stock Exchange in the EEA (other than the London Stock Exchange or the Luxembourg Stock Exchange), “**listing**” and “**listed**” shall be construed to mean that such Covered Bonds have been admitted to trading on a Regulated Market, or (iv) on any other Stock Exchange (other than those referred to in (i) to (iii) above), “**listing**” and “**listed**” shall be construed to mean that the Covered Bonds have been listed on that Stock Exchange and/or to trading on the relevant market, as the case may be.

This Operating and Administrative Procedures Memorandum applies to Covered Bonds issued on and after October 31, 2013. The procedures set out in Annex I may be varied by agreement between the Issuer, the Issuing and Paying Agent or the Registrar (in the case of Registered Covered Bonds) and the Relevant Dealer or Lead Manager (as defined below), as the case may be, including to take account of any standardised procedures published by the ICSDs and/or the International Capital Markets Securities Association and/or the International Capital Markets Association. The timings set out in these procedures represent optimum timings to ensure a smooth settlement process. Each of the ICSDs has its own published deadlines for taking certain of the actions described herein (which may be later than the timings described herein). The Issuer, the Issuing and Paying Agent, the Registrar, the Relevant Dealer or the Lead Manager, as the case may be, and the Common Depository, or Common Service Provider and Common Safekeeper, as the case may be, may agree to vary the timings described herein subject to compliance with such deadlines.

OPERATING PROCEDURES

Dealers must confirm all trades directly with the Issuer and the Issuing and Paying Agent or the Registrar in the case of an issue of Registered Covered Bonds.

1. RESPONSIBILITIES OF THE ISSUING AND PAYING AGENTS

The Issuing and Paying Agent will, in addition to the responsibilities in relation to settlement described in Annex 1, be responsible for the following: (i) in the case of Covered Bonds which are to be listed on a Stock Exchange, distributing to the Stock Exchange and any other relevant authority such number of copies of the applicable Final Terms required by the Stock Exchange and any such other relevant authority; and (ii) in the case of Covered Bonds which are to be listed on a Stock Exchange, immediately notifying the Issuer and the Relevant Dealer if at any time the Issuing and Paying Agent are notified that the listing of a Tranche of Covered Bonds has been refused or otherwise will not take place.

2. RESPONSIBILITIES OF DEALER/LEAD MANAGER

Each Dealer/Lead Manager will confirm the terms of a Tranche and agree Final Terms with the Issuer (substantially in the form of Part I of Schedule 6 to the Dealership Agreement) giving details of each Tranche of Covered Bonds to be issued.

The Relevant Dealer or Lead Manager, as the case may be, will determine the end of the Distribution Compliance Period in respect of a Tranche of Regulation S Covered Bonds in accordance with Section 6 of the Dealership Agreement. Such Relevant Dealer or Lead Manager, as the case may be, shall upon determining the end of the Distribution Compliance Period in respect of any Tranche notify the Issuing and Paying Agent, the Issuer, the Guarantor, the Registrar, Euroclear, Clearstream, Luxembourg and/or DTC (as the case may be).

3. SETTLEMENT

The settlement procedures set out in Annex 1 shall apply to each issue of Covered Bonds (Part 1 in the case of issues closed on a non-syndicated basis and Part 2 in the case of issues closed on a syndicated basis, in each case whether or not subscribed under a Subscription

Agreement), unless otherwise agreed between the Issuer, the Issuing and Paying Agent or the Registrar, as the case may be, and the Relevant Dealer or the Lead Manager, as the case may be. With issues of Covered Bonds to be listed on a Stock Exchange other than the London Stock Exchange more time may be required to comply with the relevant Stock Exchange's or any other relevant authority's listing requirements.

Notice details are set out in Schedule 5 to the Dealership Agreement.

ANNEX 1

PART 1A

SETTLEMENT PROCEDURES FOR ISSUES OF BEARER COVERED BONDS CLOSED ON A NON-SYNDICATED BASIS

Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.

Prior to launch

The Issuer and the Relevant Dealer(s) agree whether Covered Bonds are to be offered in Canada or subject to certification of non-Canadian beneficial ownership upon exchange of the Temporary Global Covered Bond for a Permanent Global Covered Bond or Definitive Covered Bonds after the Exchange Date.

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and, if so, this will alter the timetable suggested below.

At or Shortly After Launch

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

Day	London time	Action
No later than Issue Date minus 2	5.00 p.m.	The Issuer may agree terms with one or more of the Dealers for the issue and purchase of Covered Bonds (whether pursuant to an unsolicited bid from a Dealer or pursuant to an enquiry by the Issuer). The Relevant Dealer instructs the Issuing and Paying Agent to obtain a common code and ISIN or, if relevant, a temporary common code and ISIN for the Covered Bonds from one of the ICSDs.
Issue Date minus 2	5.00 p.m.	<p>If a Dealer has reached agreement with the Issuer by telephone, the Dealer confirms the terms of the agreement to the Issuer by electronic communication attaching a copy of the applicable Final Terms. The Dealer sends a copy of that electronic communication to the Issuing and Paying Agent.</p> <p>The Issuer confirms its agreement to the terms on which the issue of Covered Bonds is to be made (including the form of the Final Terms) by signing and returning a copy of the Final Terms to the Relevant Dealer and the Issuing and Paying Agent. The Issuer also sends a copy of the signed Final Terms to the Bond Trustee. The details set out</p>

in the signed Final Terms shall be conclusive evidence of the agreement (save in the case of manifest error) and shall be binding on the parties accordingly. The Issuer also confirms its instructions to the Issuing and Paying Agent (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by the Issuing and Paying Agent under these Operating and Administrative Procedures and the Agency Agreement including preparing and authenticating either (a) a Temporary Global Covered Bond for the Tranche of Covered Bonds which is to be purchased and, in the case of the first Tranche of a Series, where the applicable Final Terms do not specify that the Temporary Global Covered Bond is to be exchangeable only for Covered Bonds in definitive form, a Permanent Global Covered Bond for the Series or (b) if so specified in the applicable Final Terms, a Permanent Global Covered Bond for the Series, in each case giving details of the Covered Bonds.

In the case of Floating Rate Covered Bonds, the Issuing and Paying Agent notifies the ICSDs, the Issuer, (if applicable) the relevant Stock Exchange and any other relevant authority and the Relevant Dealer of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.

No later than Issue 2.00 p.m.
Date minus 1

In the case of Covered Bonds which are to be listed on a Stock Exchange or publicly offered in a European Economic Area Member State, the Issuing and Paying Agent also notifies the Stock Exchange and/or any other relevant authority, as the case may be, by electronic communication or by hand of the details of the Covered Bonds to be issued by sending the Final Terms to the Stock Exchange and/or any other relevant authority, as the case may be.

In respect of Covered Bonds to be admitted to trading on the London Stock Exchange, the Issuer shall file the Final Terms with the UK Listing Authority along with an application for admission to the Official List and the Issuing and Paying Agent shall file the Final Terms with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.

Issue Date minus 1	10.00 a.m. (for prior day ^{***} currencies) 12.00 noon (for other currencies)	<p>The Relevant Dealer and the Issuing and Paying Agent give settlement instructions to the Common Depository and the relevant ICSD(s) to effect the payment of the purchase price, against delivery of the Covered Bonds, to the Issuing and Paying Agent’s account with the relevant ICSD(s) on the Issue Date.</p> <p>The parties (which for this purpose shall include the Issuing and Paying Agent) may agree to arrange for “free delivery” to be made through the relevant ICSD(s) if specified in the applicable Final Terms, in which case these Operating and Administrative Procedures will be amended accordingly.</p>
Issue Date minus 1	ICSD deadlines for the relevant currency	For prior day currencies, the Issuing and Paying Agent instructs the relevant ICSD(s) to debit its account and pay for value on the Issue Date the aggregate purchase monies received by it to the account of the Issuer previously notified to the Issuing and Paying Agent.
Issue Date minus 1	3.00 p.m.	<p>The Issuing and Paying Agent prepares and authenticates a Temporary Global Covered Bond for each Tranche of Covered Bonds which is to be purchased and/or, where required as specified above, a Permanent Global Covered Bond in respect of the relevant Series, in each case attaching the applicable Final Terms.</p> <p>Each Global Covered Bond which is a CGCB is then delivered by the Issuing and Paying Agent to the Common Depository. Each Global Covered Bond which is an NGCB is then delivered by the Issuing and Paying Agent to the Common Safekeeper, together (if applicable) with an effectuation instruction. In the event that the Common Service Provider and the Common Safekeeper are not the same entity, the Issuing and Paying Agent should also deliver the applicable Final Terms to the Common Service Provider.</p> <p>For Global Covered Bonds in NGCB form, the Issuing and Paying Agent then instructs the mark up of the issue outstanding amount of the Global Covered Bond to the ICSDs through the Common Service Provider.</p>
Issue Date minus 1	5.00 p.m.	In the case of each Global Covered Bond which is an NGCB, the Common Safekeeper confirms deposit and

^{***} The most common prior day currencies are Australian dollars (AUD), Hong Kong Dollars (HKD), Japanese yen (JPY) and New Zealand dollars (NZD) but other currencies in similar time zones may also be prior day currencies. The parties should establish whether or not a particular currency is a prior day currency as soon as possible.

		effectuation (if applicable) ⁺⁺⁺ of the Global Covered Bond to the Issuing and Paying Agent, the Common Service Provider and the ICSDs.
Issue Date minus 1	6.00 p.m.	In the case of each Global Covered Bond which is a CGCB, the Common Depositary confirms deposit of the relevant Global Covered Bond to the Issuing and Paying Agent and the ICSDs.
		In the case of each Global Covered Bond which is an NGCB, the Common Service Provider relays the Issuing and Paying Agent's instruction to mark up the issue outstanding amount of the Global Covered Bond to the ICSDs.
Issue Date	Agreed time	The conditions precedent in the Dealership Agreement are satisfied and/or waived.
Issue Date	According to ICSD settlement procedures	The ICSDs debit and credit accounts in accordance with instructions received from the Issuing and Paying Agent and the Relevant Dealer.
Issue Date	ICSD deadlines for the relevant currency	For non-prior day currencies, the Issuing and Paying Agent instructs the relevant ICSD(s) to debit its account and pay for value on the Issue Date the aggregate purchase moneys received by it to the account of the Issuer previously notified to the Issuing and Paying Agent for the purpose.
Issue date	5.00 p.m.	The Issuing and Paying Agent forwards a copy of the signed Final Terms to each ICSD.
On or subsequent to the Issue Date		<p>The Issuing and Paying Agent notifies the Issuer immediately in the event that a Dealer does not pay the purchase price due from it in respect of a Covered Bond.</p> <p>The Issuing and Paying Agent notifies the Issuer of the issue of Covered Bonds giving details of the Global Covered Bond(s) and the nominal amount represented thereby.</p> <p>The Issuing and Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.</p>

⁺⁺⁺ This assumes that an effectuation authorization has been delivered by the issuer to the Common Safekeeper (ie. Euroclear or Clearstream, Luxembourg) at the establishment or update of the programme. If this is not the case, such an authorization should be delivered at least 2 business days prior to the closing of the first issue of Eurosystem-eligible NGCBs under the Programme.

PART 1B

SETTLEMENT PROCEDURES FOR ISSUES OF REGISTERED COVERED BONDS CLOSED ON A NON-SYNDICATED BASIS

Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.

In the case of issued Registered Covered Bonds (other than issues of Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds closing through DTC), the settlement procedures set out below can be replaced in part, at the discretion of the Issuing and Paying Agent, by the settlement procedures set out in Annex 1 Part 1A. Such election will be made by the Issuing and Paying Agent and communicated by electronic means to the Issuer and the Relevant Dealer(s).

Prior to launch

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and, if so, this will alter the timetable suggested below.

At or Shortly After Launch

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

Day	London time	Action
No later than Issue Date minus 4	2.00 p.m.	The Issuer may agree terms with one of the Dealers for the issue and purchase of Covered Bonds (whether pursuant to an unsolicited bid from a Dealer or pursuant to an enquiry by the Issuer). The Dealer instructs the Registrar and/or the Issuing and Paying Agent to obtain the necessary security identification numbers. Each relevant number is notified by the Registrar and/or the Issuing and Paying Agent to the Issuer and each Dealer which has reached agreement with the Issuer.
	3.00 p.m.	If a Dealer has reached agreement with the Issuer by telephone, the Dealer confirms the terms of the agreement to the Issuer by electronic communication attaching a copy of the applicable Final Terms. The Dealer sends a copy of that electronic communication to the Issuing and Paying Agent and the Registrar for information.
	5.00 p.m.	The Issuer confirms its agreement to the terms on which the issue of Covered Bonds is to be made (including the form of the Final Terms) by signing and returning a copy of the Final Terms to the Relevant Dealer. The Issuer also confirms its instructions to the Issuing and Paying Agent (including, in the

Day	London time	Action
		<p>case of Floating Rate Covered Bonds, for the purposes of rate fixing) and the Registrar to carry out the duties to be carried out by the Issuing and Paying Agent and the Registrar under these Operating and Administrative Procedures and the Agency Agreement including, in the case of the Registrar, preparing, authenticating and issuing one or more Registered Global Covered Bonds.</p> <p>The Issuer confirms such instructions by sending a copy by fax of the signed Final Terms to the Issuing and Paying Agent and the Registrar. The Issuer also sends a copy of the signed Final Terms to the Bond Trustee.</p> <p>In the case of any Registered Covered Bonds to be registered in the name of a nominee for DTC, the Relevant Dealer notifies DTC of the participation accounts to be credited with interests in the Registered Global Covered Bond(s) to be issued. In respect of Covered Bonds sold pursuant to Regulation S, the Relevant Dealer notifies Euroclear and/or Clearstream, Luxembourg of the relevant accounts to be credited with Covered Bonds represented by interests in the Regulation S Global Covered Bonds(s) to be issued.</p>
No later than Issue Date minus 3	2.00 p.m.	<p>If required by applicable legislation or stock exchange rules, the Issuer shall file the Final Terms with the UK Listing Authority along with an application for admission to the Official List and the Issuing and Paying Agent shall file the Final Terms with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.</p>
Issue Date minus 3	5.00 p.m.	<p>In the case of any Registered Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in U.S. dollars, the Relevant Dealer instructs DTC, subject to further instructions, to debit its account, or such account as it directs, on the Issue Date or, in the case of Covered Bonds denominated in a currency requiring a pre-closing, the Issue Date minus 1, and pay the purchase price to the account of the closing bank as agreed between the Issuer, the Registrar, the Issuing and Paying Agent and the Relevant Dealer from time to time (in such capacity, the “Closing Bank”) notified by DTC to the Relevant Dealer for such purpose.</p>
Issue Date minus 2	3.00 p.m.	<p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Relevant Dealer instructs Euroclear and/or Clearstream, Luxembourg</p>

Day	London time	Action
		<p>to debit its account and pay the purchase price, against delivery of the relevant Covered Bonds, to the Issuing and Paying Agent's account with Euroclear and/or Clearstream, Luxembourg on the Issue Date and the Issuing and Paying Agent receives details of the instructions through the records of Euroclear and/or Clearstream, Luxembourg.</p> <p>Where the Relevant Dealer is not purchasing Covered Bonds through Euroclear and/or Clearstream, Luxembourg and such Covered Bonds are denominated in a Specified Currency other than U.S. dollars, the Relevant Dealer instructs its paying bank on the Issue Date or, in the case of Covered Bonds denominated in a currency requiring a pre-closing, the Issue Date minus 1, to pay the purchase price to the account of the Closing Bank notified to the Relevant Dealer for such purpose.</p>
Issue Date minus 2	3.00 p.m.	<p>In the case of Floating Rate Covered Bonds, the Issuing and Paying Agent notifies (as applicable) the Bond Trustee, the Registrar, the relevant clearing systems, the Issuer, (in the case of Listed Covered Bonds) the relevant Stock Exchange and any other relevant authority and the Relevant Dealer by electronic communication of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.</p>
Issue Date minus 1 (in the case of pre-closed issues) or Issue Date (in any other case) (the Payment Instruction Date)	agreed time	<p>The Registrar (or its agent on its behalf) prepares and authenticates the Registered Global Covered Bond(s) for each Tranche of Covered Bonds which is to be purchased. The conditions precedent in the Dealership Agreement are satisfied or waived. The Registrar enters details of the principal amount of Covered Bonds to be issued and the registered holder(s) of such Covered Bonds in the Register.</p> <p>Each Registered Global Covered Bond registered in the name of the nominee for DTC is then delivered by, or on behalf of, the Registrar to a custodian for DTC to credit the principal amount of the relevant Tranche of Covered Bonds to the appropriate participants' accounts of DTC previously notified by the Relevant Dealer and each Registered Global Covered Bond registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg and instructions are given by the Issuing and Paying Agent to Euroclear or, as the case may be, Clearstream, Luxembourg to credit the Covered Bonds represented by the relevant</p>

Day	London time	Action
		Global Covered Bond to the Issuing and Paying Agent's distribution account.
Issue Date:		<p>The Relevant Dealer instructs DTC to credit the interests in any Global Covered Bond(s) registered in the name of a nominee for DTC to such accounts as the Relevant Dealer has previously notified to DTC. The Issuing and Paying Agent further instructs Euroclear or, as the case may be, Clearstream, Luxembourg to debit from the distribution account the nominal amount of any Global Covered Bonds registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg and to credit that nominal amount to the account of the Relevant Dealer with Euroclear or Clearstream, Luxembourg against payment to the account of the Issuing and Paying Agent of the purchase price for those Covered Bonds for value on the Issue Date. The Relevant Dealer gives corresponding instructions to Euroclear and Clearstream, Luxembourg.</p> <p>The relevant clearing systems debit (if applicable) and credit accounts in accordance with instructions received by them.</p> <p>The Closing Bank receives payment for the account of the Issuer and for value on the Issue Date of the aggregate amount paid to it by DTC or, as the case may be the Relevant Dealer through its paying bank in respect of any Global Covered Bonds registered in the name of a nominee for DTC. The Issuing and Paying Agent pays to the Issuer for value on the Issue Date the aggregate purchase moneys received by it in respect of any Global Covered Bonds registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg to the account of the Issuer previously notified to the Issuing and Paying Agent.</p>
On or subsequent to the Issue Date:		<p>The Registrar notifies the Issuer immediately in the event that a Dealer does not pay the purchase price due from it in respect of the Covered Bonds.</p> <p>The Issuing and Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.</p> <p>The Relevant Dealer notifies the Issuing and Paying Agent, the Issuer, the Guarantor, the Bond Trustee, the Registrar, DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, of the date of the end of the Distribution Compliance Period with respect to the relevant Tranche of Regulation S Covered Bonds.</p>

PART 2A

SETTLEMENT PROCEDURES FOR ISSUES OF BEARER COVERED BONDS CLOSED ON A SYNDICATED BASIS

The procedures set out below for the period up to and including “Issue Date minus 2” apply to all syndicated closings whatever the currency concerned. The timing of the procedures to take place thereafter varies by reference to the deadlines imposed by the Issuing and Paying Agent, the Common Depositary or, as the case may be, the Common Service Provider and the ICSDs for the particular currency concerned and it is not possible to specify all variations in this memorandum.

Accordingly, all parties should contact each other as early as possible in the process to agree the relevant settlement deadlines. In particular, the Issuing and Paying Agent, the Bond Trustee, the ICSDs and the Common Depositary or, as the case may be, the Common Safekeeper and Common Service Provider should be involved in these discussions.

The procedures and timings set out below to take place on the Issue Date relating to an illustrative syndicated closing of securities denominated in euro. Whilst the procedures will apply to all syndicated closings in whatever currency, the timings will vary significantly and, in many cases, steps will need to be taken on Issue Date minus 1.

Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.

Prior to launch

The Issuer and the Relevant Dealer(s) agree whether Covered Bonds are to be offered in Canada or subject to certification of non-Canadian beneficial ownership upon exchange of the Temporary Global Covered Bond for a Permanent Global Covered Bond or Definitive Covered Bonds after the Exchange Date.

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and, if so, this will alter the timetable suggested below.

At or Shortly After Launch

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

Day	London time	Action
No later than Issue Date minus 3	5.00 p.m.	The Issuer may, subject to the execution of the Subscription Agreement referred to below, agree terms with a Dealer (which expression in this Part 2A includes any entity to be appointed as a dealer under the Subscription Agreement referred to below) (the “ Lead Manager ”) for the issue and purchase of Covered Bonds to

Day	London time	Action
		<p>be subscribed under a Subscription Agreement (whether pursuant to an unsolicited bid from by such Lead Manager or pursuant to an enquiry by the Issuer). The Lead Manager may invite other Dealers (new and additional) approved by the Issuer to join an underwriting syndicate either on the basis of an invitation telex agreed between the Issuer and the Lead Manager or on the terms of the Final Terms referred to below and the Subscription Agreement. The Lead Manager and any such Dealers are together referred to as the “Managers”.</p> <p>The Issuer and the Lead Manager agree a form of Final Terms which is submitted to the lawyers rendering a legal opinion in connection with the relevant issue for approval. A draft Subscription Agreement is also prepared and agreed. The Subscription Agreement may, if so agreed, be called by another name. The Lead Manager sends a copy of the draft Subscription Agreement to each other Manager at least two full business days before the Subscription Agreement is intended to be signed. At the same time the Lead Manager sends a copy of the Prospectus and Dealership Agreement to each other Manager which has not previously received these documents if so requested by any such Manager.</p> <p>The Lead Manager instructs the Issuing and Paying Agent to obtain a common code and ISIN or, if relevant, a temporary common code and ISIN for the Covered Bonds from one of the ICSDs.</p> <p>The Lead Manager delivers its allotment list to each of the ICSDs.</p>
Issue Date minus 2	2.00 p.m.	<p>In the case of Covered Bonds which are to be listed on a Stock Exchange, the Issuing and Paying Agent notifies the relevant Stock Exchange and/or any other relevant authority, as the case may be, by electronic communication or by and of the details of the Covered Bonds to be issued by sending the Final terms to the relevant Stock Exchange and/or any other relevant authority, as the case may be.</p> <p>If the Covered Bonds are to be admitted to trading on the London Stock Exchange, the Issuer shall file the Final Terms with the UK Listing Authority along with an application for admission to the Official List and the Issuing and Paying Agent shall file the Final Terms with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK</p>

Day	London time	Action
		Listing Authority on behalf of the Issuer.
	3.00 p.m.	In the case of Floating Rate Covered Bonds, the Issuing and Paying Agent notifies the ICSDs, the Issuer, (if applicable) the relevant Stock Exchange and any other relevant authority and the Lead Manager of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.
No later than Issue Date minus 2	5.00 p.m.	The Lead Manager provides all necessary payment instructions and contact details to the ICSDs and to the Common Depository or the Common Service Provider, as the case may be.
Issue Date minus 2 (in the case of pre closed issues) or Issue date minus 1 (in any other case)	Agreed time	The Subscription Agreement and the Final Terms are agreed and executed and a copy of the Final Terms is sent by electronic communication to the Issuing and Paying Agent which shall act as the Issuing and Paying Agent's authorization (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by it under these Operating and Administrative Procedures and the Agency Agreement including preparing and authenticating either (a) a Temporary Global Covered Bond for the Tranche of Covered Bonds which is to be purchased and, in the case of the first Tranche of a Series, where the applicable Final Terms do not specify that the Temporary Global Covered Bond is to be exchangeable only for Covered Bonds in definitive form, a Permanent Global Covered Bond for the Series or (b) if so specified in the applicable Final Terms, a Permanent Global Covered Bond for the Series, in each case giving details of the Covered Bonds. The Issuing and Paying Agent forwards a copy of the signed Final Terms to the Common Depository or the Common Service Provider, as the case may be.

The timings set out below relate to a syndicated closing of Covered Bonds denominated in euro only.

Issue Date	10.00 a.m.	For Global Covered Bonds in NGCB form, the Issuing and Paying Agent instructs the conditional mark up of the issue outstanding amount of the Global Covered Bond to each ICSD through the Common Service Provider.
	12.00 noon	<p>The Issuing and Paying Agent prepares and authenticates a Temporary Global Covered Bond for each Tranche of Covered Bonds which is to be purchased and/or, where required as specified above, a Permanent Global Covered Bond in respect of the relevant Series, in each case attaching the applicable Final Terms. Each Global Covered Bond which is a CGCB is then delivered by the Issuing and Paying Agent to the Common Depository.</p> <p>Each Global Covered Bond which is a CGCB is then delivered by the Issuing and Paying Agent to the Common Depository.</p> <p>Each Global Covered Bond which is an NGCB is then delivered by the Issuing and Paying Agent to the Common Safekeeper, together with an effectuation instruction, if applicable.</p>
	1.00 p.m.	In the case of each Global Covered Bond which is an NGCB, the Common Safekeeper confirms deposit and effectuation (if applicable) ^{***} of the Global Covered Bond to the Issuing and Paying Agent, the Common Service Provider and the ICSDs.
	2.30 p.m.	The Lead Manager confirms that all conditions precedent in the Subscription Agreement and the Dealership Agreement have been satisfied and/or waived to the Common Depository or the Common Service Provider, as the case may be, and, in the case of an issue of NGCBs, authorizes the Common Service Provider to relay the Issuing and Paying Agent's mark up instruction to the ICSDs.
	3.00 p.m.	Payment is released to the Issuer by the Common Service Provider or the Common Depository, as the case may be.
	5.00 p.m.	In the case of an issue of NGCBs, the Common Service Provider relays the Issuing and Paying Agent's instruction to mark up the issue outstanding amount of the Global

^{***} This assumes that an effectuation authorization has been delivered by the issuer to the Common Safekeeper (ie. Euroclear or Clearstream, Luxembourg) at the establishment or update of the programme. If this is not the case, such an authorization should be delivered at least 2 business days prior to the closing of the first issue of Eurosystem-eligible NGCBs under the Programme.

Covered Bond to the ICSDs.

In the case of an issue of CGCBs, the Common Depository confirms deposit of the Global Covered Bond to the ICSDs.

According to ICSD settlement procedures The ICSDs debit and credit accounts in accordance with instructions received from the Lead Manager and the allottees and, in the case of NGCBs, mark up their records appropriately.

On or subsequent to the Issue Date

The Issuing and Paying Agent notifies the Issuer of the issue of Covered Bonds giving details of the Global Covered Bond(s) and the nominal amount represented thereby.

The Issuing and Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.

The Issuing and Paying Agent forwards a copy of the signed Final Terms to each ICSD.

Explanatory Notes to Annex I

Each day is a day on which banks and foreign exchange markets are open for business in London, counted in reverse order from the proposed Issue Date.

The Issue Date must be a Business Day. For the purposes of this Memorandum, “**Business Day**” means a day which is:

- (a) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and any other place as is specified in the applicable Final Terms as a Financial Centre;
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London or any Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open; and
- (c) a day on which the ICSDs and any other relevant clearing system are open for general business.

PART 2B

SETTLEMENT PROCEDURES FOR ISSUES OF REGISTERED COVERED BONDS CLOSED ON A SYNDICATED BASIS

Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.

In the case of issued Registered Covered Bonds (other than issues of Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds closing through DTC), the settlement procedures set out below can be replaced in part, at the discretion of the Issuing and Paying Agent, by the settlement procedures set out in Annex 1 Part 2A. Such election will be made by the Issuing and Paying Agent and communicated by electronic means to the Issuer and the Relevant Dealer(s).

Prior to launch

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and, if so, this will alter the timetable suggested below.

At or Shortly After Launch

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

Day	London time	Action
No later than Issue Date minus 10 (or such other number of days agreed between the Issuer, the Lead Manager, the Issuing and Paying Agent and the Registrar)		<p>The Issuer may, subject to the execution of the Subscription Agreement referred to below, agree terms with a Dealer (which expression in this Part 2B includes any entity to be appointed as a dealer under the Subscription Agreement referred to below) (the “Lead Manager”) for the issue and purchase of Covered Bonds to be subscribed on a syndicated basis (whether pursuant to an unsolicited bid by such Lead Manager or pursuant to an enquiry by the Issuer). The Lead Manager invites other Dealers (new or additional) approved by the Issuer to join an underwriting syndicate either on the basis of an invitation telex agreed between the Issuer and the Lead Manager or on the terms of the Final Terms referred to below and the Subscription Agreement. The Lead Manager and such Dealers are together referred to as the “Managers”.</p> <p>The Lead Manager instructs the Registrar and/or the Issuing and Paying Agent to obtain the necessary security identification numbers. Each relevant number is notified by the Registrar and/or the Issuing and Paying Agent to the Issuer and the Lead Manager.</p> <p>The Issuer and the Lead Manager agree a form of Final Terms</p>

Day	London time	Action
		<p>prepared by or on behalf of the Lead Manager which is submitted to the lawyers rendering a legal opinion in connection with the relevant issue for approval. A draft Subscription Agreement is also prepared and agreed. The Lead Manager sends a copy of the draft Subscription Agreement to each other Manager at least two full business days before the Subscription Agreement is intended to be signed. At the same time the Lead Manager sends a copy of the Prospectus and the Dealership Agreement to each other Manager which has not previously received those documents if so requested by any such Manager. The Subscription Agreement and Final Terms are agreed and executed and a copy of the Final Terms is sent by electronic communication to the Issuing and Paying Agent and the Registrar which shall act as the Issuing and Paying Agent's and the Registrar's authorization (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by it under these Operating and Administrative Procedures and the Agency Agreement including preparing, authenticating and issuing one or more Registered Global Bonds.</p> <p>In the case of Registered Global Covered Bonds to be registered in the name of a nominee for DTC, each Manager notifies DTC of the participation accounts to be credited with interests in the Registered Global Covered Bond(s) to be issued.</p>
<p>No later than Issue Date minus 3</p>	<p>2.00 p.m.</p>	<p>Where permitted by applicable legislation or stock exchange rules, in the case of Covered Bonds which are to be listed on a Stock Exchange, the Issuing and Paying Agent notifies the relevant Stock Exchange and/or any other relevant authority, as the case may be, by electronic communication of the details of the Covered Bonds to be issued by sending the Final Terms to the relevant Stock Exchange and/or any other relevant authority, as the case may be.</p>
	<p>5.00 p.m.</p>	<p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in U.S. dollars, the Lead Manager instructs DTC, subject to further instructions, on the Issue Date, to debit its account, or such accounts as it directs and pay the purchase price for those Covered Bonds to the Issuer's account with the Closing Bank notified to DTC by the Lead Manager for such purpose.</p> <p>In the case of any Registered Global Covered Bonds to be</p>

Day	London time	Action
		<p>registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in a Specified Currency other than U.S. dollars, the Lead Manager instructs its paying bank to pay the purchase price for those Covered Bonds to the account of the Issuer with the Closing Bank for value on the Issue Date.</p>
No later than Issue Date minus 2	3.00 p.m.	<p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the relevant Manager instructs Euroclear and/or Clearstream, Luxembourg to debit its account and pay the purchase price, against delivery of the relevant Covered Bonds, to the Issuing and Paying Agent's account with Euroclear and/or Clearstream, Luxembourg on the Issue Date and the Issuing and Paying Agent receives details of the instructions through the records of Euroclear and/or Clearstream, Luxembourg.</p> <p>In the case of Floating Rate Covered Bonds, the Issuing and Paying Agent notifies (as applicable) the Bond Trustee, the Registrar, the relevant clearing systems, the Issuer, (in the case of listed Covered Bonds) the relevant Stock Exchange and any other relevant authority and the Lead Manager by electronic communication of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.</p>
No later than Issue Date minus 1	2.00 p.m.	<p>If required by applicable legislation or stock exchange rules, the Issuer shall file the Final Terms with the UK Listing Authority along with an application for admission to the Official List and the Issuing and Paying Agent shall file the Final Terms with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.</p>
Issue Date minus 1 (in the case of pre-closed issues) or Issue date (in any other case) (the " Payment Instruction Date ")	agreed time	<p>The Registrar prepares and authenticates the Registered Global Covered Bond(s) for each Tranche of Covered Bonds which is to be purchased. The conditions precedent in the Subscription Agreement and the Dealership Agreement are satisfied or waived. The Registrar enters details of the principal amount of the Covered Bonds to be issued and the registered holder(s) of such Covered Bonds in the Registered.</p>
		<p>Each Registered Global Note registered in the name of a nominee for DTC is then delivered by, or on behalf of, the Registrar to a custodian for DTC to credit the principal amount</p>

Day	London time	Action
		<p>of the relevant Covered Bonds to the appropriate participants' accounts of DTC previously notified by the relevant Manager and each Registered Global Covered Bond registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg is then delivered to the common depositary for Euroclear and Clearstream, Luxembourg and instructions are given by the Issuing and Paying Agent to Euroclear or, as the case may be, Clearstream, Luxembourg to credit the Covered Bonds represented by the relevant Global Covered Bond to the Issuing and Paying Agent's distribution account.</p>
Issue Date:		<p>The Lead Manager instructs DTC to credit the interests in any Global Covered Bond(s) registered in the name of a nominee for DTC to such participation accounts as have previously been notified to DTC. The Issuing and Paying Agent further instructs Euroclear or, as the case may be, Clearstream, Luxembourg to debit from the distribution account the principal amount of any Global Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and to credit that nominal amount to the account of the relevant Manager with Euroclear or Clearstream, Luxembourg against payment to the account of the Issuing and Paying Agent of the purchase price for those Covered Bonds for value on the Issue Date. The relevant Manager gives corresponding instructions to Euroclear or Clearstream, Luxembourg.</p> <p>The relevant clearing systems debit (if applicable) and credit accounts in accordance with instructions received by them.</p> <p>The Closing Bank receives payment for the account of the Issuer and for value on the Issue Date of the aggregate amount paid to it by DTC or, as the case may be, the Lead Manager through its paying bank in respect of any Global Covered Bonds registered in the name of a nominee for DTC. The Issuing and Paying Agent pays to the Issuer for value on the Issue Date the aggregate purchase moneys received by it in respect of any Global Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg to the account of the Issuer previously notified to the Issuing and Paying Agent for the purpose.</p>
On or subsequent to the Issue Date:		<p>If so requested, the Registrar notifies the Issuer and the Issuing and Paying Agent of the issue of Covered Bonds giving details of each Registered Global Covered Bond and the principal</p>

Day	London time	Action
		amount represented thereby.
		The Issuing and Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.
		Each other Manager which has purchased Covered Bonds notifies the Lead Manager when the distribution of the Covered Bonds purchased by it has been completed. The Lead Manager promptly notifies the Issuing and Paying Agent, the Issuer, the Guarantor, the Registrar, the Bond Trustee, DTC, Euroclear and Clearstream, Luxembourg, as the case may be, of the date of the end of the Distribution Compliance Period with respect to the relevant Tranche of Regulation S Covered Bonds.

SCHEDULE 9

Form of Effectuation and Disposal Authorization

**National Bank of Canada
600 De La Gauchetière Street West
Montreal, Québec
Canada H3B 4L2**

Toronto, Canada, ●, 201●

To: **[Euroclear Bank SA/NV
New Issues Department
1 Boulevard du Roi Albert II
B-1210 Brussels, Belgium]** **OR** **[Clearstream Banking
CSK-DESK
Neue Börsenstrasse 8
60487 Frankfurt am Main, Germany]**

Dear Sirs/Mesdames,

**National Bank of Canada
U.S.\$7,000,000,000
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 “Programme”)**

With respect to each global covered bond representing securities issued under the Programme received from time to time by **[Euroclear Bank SA/NV / Clearstream Banking]** (the “CSK”) from ourselves or any agent acting on our behalf (each a “**Global Covered Bond**”), we hereby authorize and instruct the CSK to:

- (i) act as our agent with respect to the effectuation of each Global Covered Bond and, as such, sign each Global Covered Bond as the final act making such covered bond a valid security in accordance with the terms of such Global Covered Bond; and
- (ii) destroy each Global Covered Bond in accordance with the normal procedures of the CSK upon maturity and final redemption (or, in the case of each temporary global covered bond, full exchange for the relative permanent global covered bond) of such Global Covered Bond.

We expressly authorize the CSK to sub-delegate the effectuation authorization set out in paragraph (i) above to any other party acting for such CSK.

Very truly yours,

On behalf of National Bank of Canada

By: *[Signature of Authorized Officer of Issuer]*

[Print Name]

[Street Address]

[City]

[Country]

[Postal Code]

[Phone Number]

[E-mail]

By: *[Signature of Authorized Officer of Issuer]*

[Print Name]

[Street Address]

[City]

[Country]

[Postal Code]

[Phone Number]

[E-mail]

SCHEDULE 10

Certificates regarding confirmation of satisfaction of Section 2.03(i) of Dealership Agreement

Form of Issuer Certificate

To: [●]
(the **Relevant Dealers**)

c/o [●]
[insert date]

Dear Sirs/Mesdames,

**National Bank of Canada
NBC Covered Bond (Legislative) Guarantor Limited Partnership
Covered Bond Programme – Series ●**

I understand that your obligation to purchase the Covered Bonds is subject to the satisfaction of the condition set out in Section 2.03(i) of the dealership agreement dated as of October 31, 2013 (the “**Dealership Agreement**”) between National Bank of Canada, NBC Covered Bond (Legislative) Guarantor Limited Partnership, RBS Securities Inc., National Bank Financial Inc. and National Bank of Canada Financial Inc., as Dealers, and RBS Securities Inc. and National Bank Financial Inc., as Arrangers.

Accordingly I can confirm that, to the best of my knowledge, after reasonable investigation, the [insert description of applicable **Offering Document**] dated ● (the “**Offering Document**”) contains all material information relating to the assets and liabilities and financial position, profits and losses and prospects of the Issuer and that nothing has happened that would require the Offering Document to be supplemented.

Unless otherwise stated, terms used in this letter have the meanings given to them in the Dealership Agreement.

Yours faithfully

.....
Authorised Officer of National Bank of Canada

Form of Guarantor Certificate

To: [●]
(the **Relevant Dealers**)

c/o [●]
[insert date]

Dear Sirs/Mesdames,

**National Bank of Canada
NBC Covered Bond (Legislative) Guarantor Limited Partnership
Covered Bond Programme – Series ●**

I understand that your obligation to purchase the Covered Bonds is subject to the satisfaction of the condition set out in Section 2.03(i) of the dealership agreement dated as of October 31, 2013 (the “**Dealership Agreement**”) between National Bank of Canada, NBC Covered Bond (Legislative) Guarantor Limited Partnership, RBS Securities Inc., National Bank Financial Inc. and National Bank of Canada Financial Inc., as Dealers, and RBS Securities Inc. and National Bank Financial Inc., as Arrangers.

Accordingly I can confirm that, to the best of my knowledge, after reasonable investigation, the **[insert description of applicable Offering Document]** dated ● (the “**Offering Document**”) contains all material information relating to the assets and liabilities and financial position, profits and losses and prospects of the Guarantor and that nothing has happened that would require the Offering Document to be supplemented.

Unless otherwise stated, terms used in this letter have the meanings given to them in the Dealership Agreement.

Yours faithfully

.....
Authorised Officer of NBC Covered Bond (Legislative) Guarantor Limited Partnership

SCHEDULE 11

Certificates regarding confirmation of satisfaction of Section 5.06(d) of Dealership Agreement

Form of Issuer Certificate

To: [●]
(the **Relevant Dealers**)

c/o [●]
[insert date]

Dear Sirs/Mesdames,

**National Bank of Canada
NBC Covered Bond (Legislative) Guarantor Limited Partnership
Covered Bond Programme – Series ●**

I understand that your obligation to purchase the Covered Bonds is subject to the satisfaction of the condition set out in Section 5.06(d) of the dealership agreement dated as of October 31, 2013 (the “Dealership Agreement”) between National Bank of Canada, NBC Covered Bond (Legislative) Guarantor Limited Partnership, RBS Securities Inc., National Bank Financial Inc. and National Bank of Canada Financial Inc., as Dealers, and RBS Securities Inc. and National Bank Financial Inc., as Arrangers.

Accordingly I can confirm that, to the best of my knowledge, after reasonable investigation, the Issuer has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Issue Date; such documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the Issuer and nothing has happened that would require such documents to be supplemented; subsequent to the date of the most recent financials, there has been no change that is materially adverse to the condition (financial or otherwise) of NBC and its consolidated subsidiaries taken as a whole, except to the extent (if any) disclosed in the Time of Sale Information and Investor Presentation, if any, as of the Time of Sale and as of the Issue Date, or the Disclosure Documents, as of the date of the Final Terms and as of the Issue Date; and such Offering Documents as of such times and dates do not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, under the circumstances in which they were made, not misleading.

Unless otherwise stated, terms used in this letter have the meanings given to them in the Dealership Agreement.

Yours faithfully

.....
Authorised Officer of National Bank of Canada

Form of Guarantor Certificate

To: [●]
(the **Relevant Dealers**)

c/o [●]
[insert date]

Dear Sirs/Mesdames,

**National Bank of Canada
NBC Covered Bond (Legislative) Guarantor Limited Partnership
Covered Bond Programme – Series ●**

I understand that your obligation to purchase the Covered Bonds is subject to the satisfaction of the condition set out in Section 5.06(d) of the dealership agreement dated as of October 31, 2013 (the “**Dealership Agreement**”) between National Bank of Canada, NBC Covered Bond (Legislative) Guarantor Limited Partnership, RBS Securities Inc., National Bank Financial Inc. and National Bank of Canada Financial Inc., as Dealers, and RBS Securities Inc. and National Bank Financial Inc., as Arrangers.

Accordingly I can confirm that, to the best of my knowledge, after reasonable investigation, the Guarantor has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Issue Date; such documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the Guarantor and nothing has happened that would require such documents to be supplemented; subsequent to the date of the most recent financials, there has been no change that is materially adverse to the condition (financial or otherwise) of the Guarantor and its consolidated subsidiaries taken as a whole, except to the extent (if any) disclosed in the Time of Sale Information and Investor Presentation, if any, as of the Time of Sale and as of the Issue Date, or the Disclosure Documents, as of the date of the Final Terms and as of the Issue Date; and such Offering Documents as of such times and dates do not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, under the circumstances in which they were made, not misleading.

Unless otherwise stated, terms used in this letter have the meanings given to them in the Dealership Agreement.

Yours faithfully

.....
Authorised Officer of NBC Covered Bond (Legislative) Guarantor Limited Partnership