

**THIRD AMENDING AGREEMENT TO
LIMITED PARTNERSHIP AGREEMENT**

THIS SECOND AMENDING AGREEMENT TO LIMITED PARTNERSHIP AGREEMENT (this “**Agreement**”) is made as of the 12th day of September, 2017.

BY AND AMONG

- (1) **NATIONAL BANK OF CANADA**, a bank named in Schedule I to the *Bank Act* (Canada), in its capacity as Limited Partner;
- (2) **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company formed under the laws of Canada, in its capacity as Bond Trustee;
- (3) **NBC COVERED BOND (LEGISLATIVE) GP INC.**, a corporation incorporated under the laws of Canada, in its capacity as Managing GP; and
- (4) **8603413 CANADA INC.**, a corporation incorporated under the laws of Canada, in its capacity as Liquidation GP.

WHEREAS the parties entered into a limited partnership agreement made as of October 31, 2013, as amended by amending agreements dated December 17, 2014 and April 7, 2016 (collectively, the “**Limited Partnership Agreement**”);

AND WHEREAS the parties hereto have agreed to amend the Limited Partnership Agreement pursuant to the terms of this Agreement in accordance with Section 13.1 of the Limited Partnership Agreement, Section 3 of the Master Definitions and Construction Agreement, Section 8.02 of the Security Agreement and Clause 21.2 of the Trust Deed;

NOW THEREFORE IT IS HEREBY AGREED that in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

ARTICLE 1 – AMENDMENTS

1.01 **Amendments**

(1) Article 5 of the Limited Partnership Agreement shall be amended by deleting the heading and replacing it with the following:

“ASSET COVERAGE TEST, AMORTIZATION TEST, PRE-MATURITY TEST, VALUATION CALCULATION AND OC VALUATION”

(2) Article 5 of the Limited Partnership Agreement shall be amended by adding a new Section 5.6 as follows:

Section 5.6 OC Valuation.

Following the 2017 New Guide OC Valuation Implementation Date, for so long as the Covered Bonds remain outstanding, the Partnership must ensure that, on each date

that the Asset Coverage Test is calculated, the Partnership (or the Cash Manager on its behalf) performs the OC Valuation as set out in Schedule 11. Once implemented, if it is determined that the Level of Overcollateralization (as defined in Schedule 11) falls below the OC Guide Minimum, the Managing GP (or the Cash Manager on its behalf) shall immediately notify in writing the Partnership, the Partners, the Bond Trustee and CMHC thereof.

(3) The Limited Partnership Agreement shall be amended by deleting the last sentence of Section 13.1 and replacing it with the following:

For certainty, any amendment to (a) a Ratings Trigger that (i) lowers the ratings specified therein; or (ii) changes the applicable rating type, in each case as provided for in this Agreement, or (b) the consequences of breaching a Ratings Trigger, or changing the applicable rating type, provided for in this Agreement that makes such consequences less onerous, shall, with respect to each affected Rating Agency only, be deemed to be a material amendment and shall be subject to confirmation of the satisfaction of the Rating Agency Condition from each affected Rating Agency.

(4) The Limited Partnership Agreement shall be amended by adding the attached Schedule A as a new Schedule 11.

ARTICLE 2 – MISCELLANEOUS

2.01 Further Assurances

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as any of the other parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

2.02 Other Amendments

Except as expressly amended, modified and supplemented hereby, the provisions of the Limited Partnership Agreement are and shall remain in full force and effect and shall be read with this Agreement, *mutatis mutandis*. Where the terms of this Agreement are inconsistent with the terms of the Limited Partnership Agreement (prior to its amendment hereby), the terms of this Agreement shall govern to the extent of such inconsistency.

2.03 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

2.04 Interpretation

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Limited Partnership Agreement (prior to its amendment hereby) and in the Master Definitions and Construction Agreement, dated as of October 31, 2013, as amended, supplemented or restated from time to time, by and among National Bank of Canada, NBC

Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada, NBC Covered Bond (Legislative) GP Inc., 8603413 Canada Inc. and Deloitte LLP, as the context requires.

[SIGNATURE PAGE FOLLOWS]

**SCHEDULE A TO
THIRD AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT**
See attached

Schedule 11 to Limited Partnership Agreement

OC Valuation

- (a) The “**OC Valuation**” consists of calculating the Level of Overcollateralization (defined below) on the relevant Calculation Date and comparing it with the Guide OC Minimum.
- (b) For purposes of the OC Valuation, the “**Level of Overcollateralization**” means the amount, expressed as a percentage, calculated as at each Calculation Date as follows:

$$A \div B$$

where:

- (A) the lesser of: (i) the total amount of the Cover Pool Collateral; and (ii) the amount of Cover Pool Collateral required to collateralize the Covered Bonds outstanding and ensure that the Asset Coverage Test is met, and
- (B) the Canadian Dollar Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

The term “**Cover Pool Collateral**” shall, for the purposes of the foregoing calculation, mean, as calculated on the relevant Calculation Date,

- (a) the Performing Eligible Loans (as defined in Annex D to the CMHC Guide) owned by the Guarantor and such Loans will be valued using their True Balance;
- (b) Substitute Assets owned by the Guarantor and such assets shall be valued using their outstanding principal amount;

provided that, the “Cover Pool Collateral” shall not include Contingent Collateral Amounts, Swap Collateral Excluded Amounts or Voluntary Overcollateralization (as defined in Section 6.3.4 of the CMHC Guide).