

STANDBY GUARANTEED INVESTMENT CONTRACT

by and among

**NBC COVERED BOND (LEGISLATIVE) GUARANTOR
LIMITED PARTNERSHIP**
as Guarantor

and

NATIONAL BANK OF CANADA
as Cash Manager and Issuer

and

ROYAL BANK OF CANADA
as Standby GIC Provider and Standby Account Bank

and

COMPUTERSHARE TRUST COMPANY OF CANADA
as Bond Trustee

October 31, 2013

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STANDBY GUARANTEED INVESTMENT CONTRACT

THIS STANDBY GUARANTEED INVESTMENT CONTRACT (this “**Agreement**”) is made as of this 31st day of October, 2013.

BY AND AMONG:

- (1) **NBC Covered Bond (Legislative) Guarantor Limited Partnership**, a limited partnership formed under the laws of the Province of Ontario, whose registered office is at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, Ontario, Canada, M5K 1E6, by its managing general partner **NBC Covered Bond (Legislative) GP Inc.** (hereinafter the “**Guarantor**”);
- (2) **National Bank of Canada** (the “**Bank**”), a bank named in Schedule I to the *Bank Act* (Canada), whose executive office is at 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2, in its capacity as Cash Manager (including any successor in such capacity, the “**Cash Manager**”) and as Issuer (the “**Issuer**”);
- (3) **Royal Bank of Canada**, a bank named in Schedule I to the *Bank Act* (Canada), acting through its branch located at 200 Bay Street, Toronto, Ontario, Canada M5J 2J5, in its capacity as Standby GIC Provider (the “**Standby GIC Provider**”) and as Standby Account Bank (the “**Standby Account Bank**”); and
- (4) **Computershare Trust Company of Canada**, a trust company existing under the laws of Canada whose registered office is at 1500 University Street, Suite 700, Montréal, Québec, Canada H3A 3S8, acting in its capacity as Bond Trustee.

WHEREAS:

- (A) As part of the transactions contemplated in the Bank’s global covered bond programme (the “**Programme**”), the Cash Manager has agreed, pursuant to the cash management agreement dated October 31, 2013 (the “**Cash Management Agreement**”) by and among the Cash Manager, the Guarantor and the Bond Trustee to provide cash management services in connection with the business of the Guarantor.
- (B) The Standby Account Bank has agreed, pursuant to the terms of the Standby Bank Account Agreement, that following service of a Standby Account Bank Notice by the Guarantor (or the Cash Manager on its behalf) the Standby Account Bank will activate the Standby Transaction Account and the Standby GIC Account as interest bearing accounts in the name of the Guarantor.
- (C) Following service of a Standby Account Bank Notice by the Guarantor (or the Cash Manager on its behalf) the Standby GIC Provider has agreed pursuant to the terms of this Agreement to pay interest on the funds standing to the credit of the Guarantor in the Standby GIC Account at specified rates determined in accordance with and pursuant to the terms of this Agreement.

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 The following terms when used in this Agreement shall have the following meanings and terms used in this Agreement and defined in the recitals hereto shall have the meanings given to such terms in such recitals:

“**Bank Act**” means the *Bank Act* (Canada);

“**Bond Trustee**” means Computershare Trust Company of Canada, in its capacity as bond trustee under the Trust Deed together with any successor or additional bond trustee appointed from time to time thereunder;

“**Canadian Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Toronto and Montréal;

“**CMHC Guide**” means the Canadian Registered Covered Bond Programs Guide published by Canada Mortgage and Housing Corporation, as the same may be amended, supplemented, restated or replaced from time to time;

“**Covered Bond**” means each covered bond issued or to be issued pursuant to the Dealership Agreement and which is or is to be constituted under the Trust Deed;

“**Dealership Agreement**” means the dealership agreement dated as of the Programme Date, as amended, supplemented or replaced, that sets out the arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, dealers;

“**Guarantor Acceleration Notice**” means a notice in writing from the Bond Trustee to the Issuer and the Guarantor, that each Covered Bond of each series is immediately due and repayable and that all amounts payable by the Guarantor in respect of its guarantee shall thereupon immediately become due and payable;

“**Guarantor Accounts**” means the Standby GIC Account and the Standby Transaction Account and such other accounts as may be maintained by the Standby Account Bank for the Guarantor pursuant to agreements between, *inter alia*, the Guarantor and the Standby Account Bank and the Standby GIC Provider;

“**Issuer**” means National Bank of Canada;

“**Material Adverse Effect**” means an effect that is materially adverse to the ability of the Standby GIC Provider to perform its obligations under this Agreement or the Standby Bank Account Agreement;

“**Person**” or “**person**” means a reference to any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, limited liability company, unlimited liability company, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or governmental authority or entity, however designated or constituted;

“**Programme Date**” means October 31, 2013;

“**Rating Agency**” means any of DBRS Limited, Moody’s Investors Service, Inc. and Fitch Ratings, Inc., to the extent that at the relevant time it provides ratings in respect of the then outstanding Covered Bonds, or their successors and “**Rating Agencies**” means more than one Rating Agency;

“**Rating Agency Condition**” means a confirmation by the Rating Agencies that the then current ratings of all series of Covered Bonds then outstanding will not be downgraded or withdrawn as a result of the relevant event or matter;

“**Security Agreement**” means the general security agreement entered into on the Programme Date by and among, *inter alia*, the Guarantor and the Bond Trustee for itself and the benefit of secured creditors of the Guarantor, as the same may be amended, supplemented or replaced in accordance with its terms;

“**Standby Account Bank Notice**” means a written notice from the Guarantor (or the Cash Manager on its behalf) to the Standby Account Bank stating that the appointment of the Standby Account Bank, under the Standby Bank Account Agreement, is to become operative and that the Standby GIC Account and the Standby Transaction Account (if indicated in such notice) are to be opened and held with the Standby Account Bank in the name of the Guarantor;

“**Standby Account Bank Ratings**” means the threshold ratings P-1 (in respect of Moody’s Investors Service, Inc.), F1 or A (in respect of Fitch Ratings, Inc.; provided that both such ratings from Fitch Ratings, Inc. are required to be at or above such ratings), and A(high) and R-1(middle) (in respect of DBRS Limited; provided that, for greater certainty, the ratings from DBRS Limited are only required to be at or above one of such ratings) of the unsecured, unsubordinated and unguaranteed debt obligations, or the issuer default rating, as applicable, of the Standby Account Bank by the Rating Agencies;

“**Standby Bank Account Agreement**” means the standby bank account agreement entered into on the Programme Date by and among the Guarantor, the Standby Account Bank, the Standby GIC Provider, the Cash Manager and the Bond Trustee, as the same may be amended, restated, supplemented or replaced in accordance with its terms;

“**Standby GIC Account**” means the account in the name of the Guarantor to be opened and held with the Standby Account Bank following delivery of a Standby Account Bank Notice and maintained subject to the terms of this Agreement, the Standby Bank Account

Agreement and subject to the security interest granted by the Guarantor in the Security Agreement and includes such additional or replacement Guarantor Account(s) as may be put in place for the Guarantor with the prior written consent of the Bond Trustee and designated as such;

“**Standby GIC Balance**” means, on any day the amount standing to the credit of the Standby GIC Account as at the opening of business on such day;

“**Standby GIC Rate**” means the variable rate of interest accruing on the balance standing to the credit of the Standby GIC Account being a variable rate at a minimum of ■■■% below the average of the rates per annum for Canadian dollar banker’s acceptances having a term of 30 days that appears on the “Reuters Screen CDOR Page” as of 10:00 a.m. (Toronto time) on the date of determination, or if such day is not a Canadian Business Day, then on the immediately preceding Canadian Business Day rounded to the nearest 1/100th of 1% (with 0.005% being rounded up) as reported by the Standby GIC Provider (and if such screen is not available, any successor or similar service as may be selected by the Standby GIC Provider) (calculated on the basis of the actual number of days elapsed and a 365 day year) or such greater amount as the Guarantor (or the Cash Manager on its behalf) and the Standby GIC Provider may agree from time to time. For greater certainty, any change in the Standby GIC Rate agreed to by the Guarantor (or the Cash Manager on its behalf) and the Standby GIC Provider in accordance with the foregoing shall not constitute an amendment to, or a modification or variation of, this Agreement;

“**Standby Transaction Account**” means the account in the name of the Guarantor to be opened and held with the Standby Account Bank following delivery of a Standby Account Bank Notice and maintained subject to the terms of this Agreement, the Standby Bank Account Agreement and subject to the security interest granted by the Guarantor in the Security Agreement and includes such additional or replacement Guarantor Account(s) as may be put in place for the Guarantor with the prior written consent of the Bond Trustee and designated as such; and

“**Trust Deed**” means the trust deed entered into on the Programme Date by and among, *inter alia*, the Bond Trustee, the Issuer and the Guarantor in respect of the Programme, as the same may be amended, restated, supplemented or replaced in accordance with its terms.

1.2 In this Agreement:

- (a) words denoting the singular number only shall include the plural and *vice versa*;
- (b) words denoting one gender only shall include the other genders;
- (c) words “including” and “includes” mean “including (or includes) without limitation”;
- (d) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and

the words “to” and “until” each mean “to but excluding” and if the last day of any such period is not a Canadian Business Day, such period will end on the next Canadian Business Day;

- (e) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is excluded from the calculation and if the last day of any period is not a Canadian Business Day, such period will end on the next Canadian Business Day unless otherwise expressly stated;
- (f) references to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
- (g) references to any agreement or other document shall be deemed also to refer to such agreement or document as amended, restated, varied, supplemented or novated from time to time;
- (h) the inclusion of a table of contents, the division into Articles, Sections, clauses, paragraphs and schedules and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement;
- (i) reference to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted to the extent such amendment or re-enactment is substantially to the same effect as such statute on the date hereof;
- (j) reference to a time of day shall be construed as a reference to Toronto time unless the context requires otherwise and a “**month**” is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day which is not a Canadian Business Day, it shall end on the next Canadian Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the preceding Canadian Business Day provided that, if a period starts on the last Canadian Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Canadian Business Day in that later month (and references to “**months**” shall be construed accordingly); and
- (k) references to any person shall include references to such person’s heirs, executors, personal administrators, successors, permitted assigns and transferees, as applicable, and any person deriving title under or through such person.

2. THE STANDBY GIC ACCOUNT

The Standby GIC Provider confirms that on receipt by the Standby GIC Provider of a Standby Account Bank Notice the Standby GIC Account will be opened in its books pursuant to the terms of the Standby Bank Account Agreement in the name of the Guarantor, and it agrees to accept on deposit in the Standby GIC Account, once the Standby GIC Account has been opened, all monies transferred, from time to time, to the Standby GIC Account, subject to and upon the terms of this Agreement, the Standby Bank Account Agreement, the Cash Management Agreement and the Security Agreement.

The parties hereto agree that this Agreement is a “service agreement” as used in Section 18 of the Mandate (as defined in the Standby Bank Account Agreement) of the Standby Account Bank and Standby GIC Provider and that notwithstanding any other provision in a Mandate to the contrary, in the event of a conflict between the terms of this Agreement and the terms of such Mandate, the terms of this Agreement shall prevail to the extent of such conflict.

3. INTEREST

- 3.1 Interest shall accrue daily on the Standby GIC Balance and shall be paid monthly in arrears on the 10th Canadian Business Day of each month at the Standby GIC Rate by payment for value on the same day to the Standby GIC Account or the Standby Transaction Account.
- 3.2 On any day on which interest is payable by the Standby GIC Provider under this Agreement, the Standby GIC Provider shall pay the amount of interest then due in immediately available, freely transferable, cleared funds by no later than the close of business (Toronto time) on that day.
- 3.3 Subject to Section 2, in the event that a Guarantor Acceleration Notice is served on the Guarantor and a copy of such Guarantor Acceleration Notice is provided to the Standby GIC Provider, then, on the date of such notification to the Standby GIC Provider, the Standby GIC Provider shall pay to the Bond Trustee the aggregate of all interest accrued on the Standby GIC Account on each day during the month in which such notification to the Standby GIC Provider is served up to (but excluding) the date of such Guarantor Acceleration Notice, provided that if any such notification is received by the Standby GIC Provider after 12 noon (Toronto time) on any day it will be deemed to have been received at the opening of business on the next following Canadian Business Day. As and from the date of such Guarantor Acceleration Notice, the Standby GIC Provider shall comply with the directions of the Bond Trustee in relation to the Standby GIC Account.

4. WITHDRAWALS AND DEPOSITS

- 4.1 Subject always to the provisions of the Cash Management Agreement, the Standby Bank Account Agreement and the Security Agreement, the Guarantor (or the Cash Manager on its behalf) may on any Canadian Business Day give notice to the Standby GIC Provider that it

wishes to withdraw on such date all or part of the Standby GIC Balance from the Standby GIC Account. Subject to the provisions of the Standby Bank Account Agreement, the Standby GIC Provider shall comply with such notice and pay the amount specified in such notice to the account specified therein, provided that if any such notice is received after 12 noon (Toronto time) on any day it shall be deemed to have been received at the opening of business on the next following Canadian Business Day.

- 4.2 The Guarantor (or the Cash Manager on its behalf) may deposit, or procure the deposit of, sums in the Standby GIC Account, to the extent permitted by the terms of the Cash Management Agreement, the Standby Bank Account Agreement and the Security Agreement. Subject to the provisions of the Standby Bank Account Agreement, the Standby GIC Provider agrees to accept and credit to the Standby GIC Account such sums in accordance with its customary banking practices and the other terms hereof.
- 4.3 For greater certainty, the Standby GIC Provider shall have no responsibility for confirming than any action taken hereunder complies with the terms of the Cash Management Agreement or the Security Agreement.

5. TERMINATION

- 5.1 Following termination of the Standby Bank Account Agreement and/or closing of the Standby GIC Account in accordance with the Standby Bank Account Agreement, this Agreement will be automatically terminated.
- 5.2 The Guarantor (or the Cash Manager or the Bond Trustee on its behalf) may (with the prior written consent of the Bond Trustee, which consent shall not be withheld unless the Bond Trustee determines that the termination of this Agreement would be materially prejudicial to the holders of the Covered Bonds) terminate this Agreement in the event that default is made by the Standby GIC Provider in the performance or observance of any of its covenants and obligations, or a breach by the Standby GIC Provider is made of any of its representations and warranties, respectively, under Sections 6.1(d), 6.1(e), 6.1(f), 6.1(g), 6.1(h) and 6.1(i).

6. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 6.1 The Standby GIC Provider hereby represents and warrants to, and covenants with, each of the Guarantor and the Bond Trustee at the date hereof, on each date on which an amount is credited to the Standby GIC Account and on each Guarantor Payment Date, that:
- (a) it is a Schedule I Bank existing under the laws of Canada and duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to qualify would not have a Material Adverse Effect;
 - (b) the execution, delivery and performance by the Standby GIC Provider of this Agreement (i) are within the Standby GIC Provider's corporate powers, (ii) have

been duly authorized by all necessary corporate action, and (iii) do not contravene or result in a default under or conflict with (1) the charter or by-laws of the GIC Provider, (2) any law, rule or regulation applicable to the Standby GIC Provider, or (3) any order, writ, judgment, award, injunction, decree or contractual obligation binding on or affecting the Standby GIC Provider or its property;

- (c) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (d) it possesses the necessary experience, qualifications, facilities and other resources to perform its responsibilities under this Agreement and the other documents in connection with the Programme to which it is a party and it will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions hereunder;
- (e) it will comply with the provisions of, and perform its obligations under, this Agreement, the other documents in connection with the Programme to which it is a party and the CMHC Guide;
- (f) it is and will continue to be in good standing with OSFI;
- (g) it is and will continue to be in material compliance with its internal policies and procedures relevant to the services to be provided by it pursuant to this Agreement and the other documents in connection with the Programme to which it is a party;
- (h) it is and will continue to be in material compliance with all laws, regulations and rules applicable to it in relation to the services provided by it pursuant to this Agreement and the other documents in connection with the Programme to which it is a party; and
- (i) the unsecured, unsubordinated and unguaranteed debt obligations, and the issuer default rating, of the Standby GIC Provider are rated by each of the Rating Agencies at or above the Standby Account Bank Ratings.

6.2 The Standby GIC Provider undertakes to notify the Guarantor and the Bond Trustee immediately if, at any time during the term of this Agreement, any of the statements contained in Section 6.1 ceases to be true; provided that the failure on the part of the Standby GIC Provider to so notify the Bond Trustee in the event of a breach of a representation, warranty or covenant in Section 6.1(d) or Section 6.1(f) to 6.1(i) shall not constitute a breach of this Agreement. The representations, warranties and covenants set out in Section 6.1 shall survive the signing and delivery of this Agreement.

7. NON-PETITION

7.1 The Guarantor, the Cash Manager, the Standby Account Bank and the Standby GIC Provider agree that they will 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 will be outstanding or there will not have elapsed one year plus one day since the last day on which any such Covered Bonds will have been outstanding. The foregoing provision shall survive the termination of this Agreement by any of the parties hereto.

8. ASSIGNMENT

- 8.1 Save as otherwise contemplated in Section 8.2 of this Agreement, no party hereto (other than the Bond Trustee) may assign or transfer any of its rights or obligations hereunder, and the Standby GIC Provider may not act through any branch outside of the Province of Ontario, without the prior written consent of the Bond Trustee, and the Rating Agency Condition having been satisfied in respect of any such assignment or transfer.
- 8.2 Notwithstanding the provisions of Section 8.1 above, the parties hereto acknowledge that the Guarantor may assign all its rights, title and interest in this Agreement to the Bond Trustee, for the benefit of the secured creditors of the Guarantor, in accordance with and pursuant to the terms of the Security Agreement.

9. AGENCY

The Standby GIC Provider agrees and confirms that, unless the Standby GIC Provider is otherwise notified by the Guarantor or the Bond Trustee in accordance with the terms of this Agreement, the Cash Manager, as agent of the Guarantor, may act on behalf of the Guarantor under this Agreement.

10. INFORMATION

The Standby GIC Provider shall provide to the Bond Trustee or the Guarantor (or the Cash Manager on its behalf), or procure the provision to the Bond Trustee of, such information and evidence in respect of any dealing between the Guarantor and the Standby GIC Provider or otherwise under or in relation to this Agreement as the Bond Trustee or the Guarantor may reasonably request and each of the Guarantor and the Cash Manager hereby waives any right of confidentiality which it may have or which may be owed to it by the Standby GIC Provider in respect of the disclosure of such information and evidence pursuant to this Section 10.

11. PAYMENTS AND WITHHOLDING

The parties agree that payments required to be made hereunder shall be made in accordance with Section 2 of the Standby Bank Account Agreement and that all payments by the Standby GIC Provider under this Agreement shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise whatsoever) unless the deduction or withholding is required by law, in which event the Standby GIC Provider shall:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required, based on the advice of counsel to the Standby GIC Provider;
- (b) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding;
- (c) furnish to the Guarantor and the Bond Trustee within the period for payment permitted by the relevant law, either:
 - (i) an official receipt of the relevant taxation authorities involved in respect of all amounts so deducted or withheld; or
 - (ii) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and
- (d) account to the Guarantor in full by credit to the Standby GIC Account (as the case may be) for an amount equal to the amount of any rebate, repayment or reimbursement of any deduction or withholding which the Standby GIC Provider has made pursuant to this Section 11 and which is subsequently received by the Standby GIC Provider and, for greater certainty, the Standby GIC Provider will have no obligation to obtain any rebate, repayment or reimbursement of any such deduction or withholding.

12. NOTICES

Any notice, direction or other communication given under this Agreement shall be in writing and given by delivering it or sending it by prepaid first class mail to the registered office of such person set forth above unless an alternative address is provided below, in which case delivery shall be to the address provided below, or by facsimile transmission to the facsimile number set forth below, as applicable:

- (a) in the case of the Guarantor, to:

NBC Covered Bond (Legislative) Guarantor Limited Partnership
66 Wellington Street West, Suite 5300
TD Bank Tower
Toronto, Ontario
Canada M5K 1E6

Attention: Corporate Treasury
c/o Éric Girard, Senior Vice-President
Facsimile number: (514) 394-8974

(b) in the case of the Cash Manager, to:

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

Attention: Corporate Treasury
c/o Éric Girard, Senior Vice-President
Facsimile number: (514) 394-8974

(c) in the case of the Standby GIC Provider or the Standby Account Bank, to:

Royal Bank of Canada
Main Branch
200 Bay Street
Toronto, Ontario
Canada M5J 2J5

Attention: Hiren Laloo
Facsimile number: (416) 842-3888

(d) in the case of the Bond Trustee to:

Computershare Trust Company of Canada
1500 University Street
Suite 700
Montréal, Québec
Canada H3A 3S8

Attention: General Manager, Corporate Trust Services
Facsimile number: (514) 982-7677

Any such communication will be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Canadian Business Day and such delivery was made prior to 5:00 p.m. (Toronto time) and otherwise on the next Canadian Business Day, (ii) in the case of prepaid first class mail, when it would be received in the ordinary course of the mail or (iii) if transmitted by facsimile transmission, on the date of such transmission if such date is a Canadian Business Day and such transmission was made prior to 5:00 p.m. (Toronto time) and provided the transmitter receives a confirmation of successful transmission and otherwise on the next Canadian Business Day that the transmitter receives a confirmation of successful transmission.

Any party may change its address for notice, or facsimile contact information for service from time to time by notice given in accordance with the foregoing and any subsequent

notice shall be sent to such party at its changed address, or facsimile contact information, as applicable.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts (manually, electronically or by facsimile), and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

14. THE BOND TRUSTEE

14.1 If there is any change in the identity of the Bond Trustee, the parties to this Agreement shall execute such documents and take such action as the successor Bond Trustee and the outgoing Bond Trustee may reasonably require for the purpose of vesting in the successor Bond Trustee the rights and obligations of the outgoing Bond Trustee under this Agreement.

14.2 It is hereby acknowledged and agreed that by its execution of this Agreement the Bond Trustee shall not assume or have any of the obligations or liabilities to the other parties to this Agreement notwithstanding any provision herein and that the Bond Trustee has agreed to become a party to this Agreement for the purpose only of taking the benefit of this Agreement and agreeing to amendments to this Agreement pursuant to Section 15. For the avoidance of doubt, the parties to this Agreement acknowledge that the rights and obligations of the Bond Trustee are governed by the Trust Deed and the Security Agreement. Any right which may be exercised or determination which may be made under this Agreement by the Bond Trustee may be exercised or made in the Bond Trustee's absolute discretion without any obligation to give reasons therefor, and the Bond Trustee shall not be responsible for any liability occasioned by so acting, if acting in accordance with the terms of the Trust Deed and the Security Agreement, but without prejudice to the obligation of the Bond Trustee to act reasonably.

15. SCOPE OF DUTY

The Standby GIC Provider undertakes to perform only such duties as are expressly set forth in this Agreement and to deal with the Guarantor Accounts with the degree of skill and care that the Standby GIC Provider accords to all accounts and funds maintained and held by it on behalf of its customers. Notwithstanding any other provision of this Agreement, the parties hereto agree that the Standby GIC Provider shall not be liable for any action taken by it or any of its directors, officers or employees in accordance with this Agreement except for its or their own gross negligence or willful misconduct, and if necessary, as determined by a court of competent jurisdiction in a final non-appealable decision. In no event shall the Standby GIC Provider be liable for (i) losses or delays resulting from force majeure, computer malfunctions, interruption of communication facilities or other causes beyond the Standby

GIC Provider's control or for indirect or consequential damages, or (ii) any loss due to any altered, forged, fraudulent or unauthorized Financial Instruments.

16. AMENDMENTS

- (a) Any amendment, modification or variation to this Agreement or waiver of rights under this Agreement requires the prior written consent of the Standby GIC Provider and subject to Section 8.02 of the Security Agreement, any amendment, modification or variation to this Agreement or waiver of rights under this Agreement will also require the prior written consent of each other party to this Agreement.
- (b) Each proposed amendment, modification, variation or waiver of rights under this Agreement that is considered by the Guarantor to be a material amendment, modification, variation or waiver of rights under this Agreement, shall be subject to satisfaction of the Rating Agency Condition. For certainty, any amendment to (i) the definition of "Standby Account Bank Ratings" that lowers the ratings specified therein, or (ii) the consequences of breaching a Standby Account Bank Rating 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. The Guarantor (or the Cash Manager on its behalf) shall deliver notice to the Rating Agencies from time to time of any amendment, modification, variation or waiver of rights under this Agreement for which satisfaction of the Rating Agency Condition is not required, provided that failure to deliver such notice shall not constitute a breach of the obligations of the Guarantor under this Agreement.
- (c) For greater certainty, this Agreement may only be amended, modified, varied or waived by written agreement between the parties hereto and any failure or delay by a party hereto in enforcing, or insisting upon strict performance of, any provision of this Agreement will not be considered to be a waiver, amendment, modification or variation of such provision or in any way affect the validity or enforceability of this Agreement.

17. ENTIRE AGREEMENT

This Agreement and the Standby Bank Account Agreement contain the entire agreement and understanding between the parties hereto in relation to the services to be performed hereunder and supercede any prior agreements, understandings, arrangements, statements or representations relating to such services. Nothing in this Section or Agreement will operate to limit or exclude any liability for fraud.

18. EXCLUSION OF THIRD PARTY RIGHTS

Except as otherwise expressly provided in this Agreement, the parties hereto intend that this Agreement will not benefit, or create any right or cause of action on behalf of, any Person other than a party hereto and that no Person, other than a party hereto, will be entitled to rely on the provisions of this Agreement in any proceeding.

19. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.

20. SUBMISSION TO JURISDICTION

Each of the parties hereto irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the courts of the Province of Ontario are an inconvenient forum for the maintenance or hearing of such action or proceeding.

21. LIABILITY OF LIMITED PARTNERS

NBC Covered Bond (Legislative) Guarantor Limited Partnership 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.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first before written.

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

Per: "Eric Girard"

Name: Eric Girard

Title: Authorized Signatory

NATIONAL BANK OF CANADA

Per: "Eric Girard"

Name: Eric Girard

Title: Authorized Signatory

Per: _____

Name:

Title:

ROYAL BANK OF CANADA

Per: "Michael Pavkovic"

Name: Michael Pavkovic

Title: Managing Director

Per: "Stan Proszek"

Name: Stan Proszek

Title: Director

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

Per: "*Carole Bedard*"

Name: Carole Bedard

Title: Authorized Signatory

Per: "*Nathalie Gagnon*"

Name: Nathalie Gagnon

Title: Authorized Signatory