

Interest Rate Swap Confirmation

November 14, 2013

To: NBC Covered Bond (Legislative) Guarantor Limited Partnership,
acting by its managing general partner, NBC Covered Bond (Legislative) GP Inc.
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, Ontario
Canada M5K 1E6

Attention: Corporate Treasury, c/o Éric Girard, Senior Vice-President

Fax No: (514) 394-6268

From: National Bank of Canada

Dear Sir or Madam,

The purpose of this letter is to confirm the terms and conditions of the transaction entered into between National Bank of Canada (“**Party A**”) and NBC Covered Bond (Legislative) Guarantor Limited Partnership, acting by its managing general partner, NBC Covered Bond (Legislative) GP Inc. (“**Party B**”) on the Trade Date specified below (the “**Transaction**”). This facsimile constitutes a “**Confirmation**” as referred to in the Agreement as specified below.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of October 31, 2013 (identified on page 1 thereof as the “Interest Rate 2002 Master Agreement”), as amended and supplemented from time to time, between you and us (the “**Agreement**”). All provisions contained in the Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of the Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) (the “**Definitions**”) are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern (i) this Confirmation; (ii) the Master Definitions and Construction Agreement dated October 31, 2013 between National Bank of Canada, NBC Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada, 8603413 Canada Inc., NBC Covered Bond (Legislative) GP Inc., and Samson Bélair/Deloitte & Touche s.e.n.c.r.l. and each other Person who may from time to time become a party thereto, (as amended and supplemented from time to time, the “**Master Definitions and Construction Agreement**”); and (iii) the Definitions. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Master Definitions and Construction Agreement. For the purposes of the Definitions, references herein to a “Transaction” shall be deemed to be references to a “Swap Transaction”.

The terms of the particular Transaction to which this Confirmation relates are as follows:

- Trade Date: November 14, 2013.
- Effective Date: The earlier of (i) the date on which a Contingent Collateral Trigger Event occurs and (ii) the date on which an Interest Rate Swap Activation Event occurs; provided that the Effective Date will be such date on which an Interest Rate Swap Activation Event occurs if (a) Party A is also the lender under the Intercompany Loan Agreement, (b)(i) a Contingent Collateral Trigger Event has occurred in respect of Party A, (ii) a Contingent Collateral Notice is in effect in respect of such Contingent Collateral Trigger Event and (iii) within 10 Montreal Business Days of the occurrence of such Contingent Collateral Trigger Event and for so long as a Contingent Collateral Trigger Event continues to exist, Party B has Contingent Collateral in respect of this Agreement, and (c) the Asset Coverage Test or the Amortization Test, as applicable continues to be satisfied.
- Interest Rate Swap Activation Event: The earlier to occur of (a) an Issuer Event of Default and (b) a Guarantor Event of Default, together with the service of a Guarantor Acceleration Notice on the Issuer and on the Guarantor.
- Termination Date: Unless terminated earlier by an Interest Rate Swap Early Termination Event, the earlier of:
- (a) the Final Maturity Date for the final Tranche or Series of Covered Bonds then outstanding (provided that the Issuer has not given prior written notice to Party A and Party B that it intends to issue additional Covered Bonds following such date) or, if Party B notifies Party A, prior to the Final Maturity Date for such final Tranche or Series of Covered Bonds then outstanding, of the inability of Party B to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such final Tranche or Series of Covered Bonds then outstanding, the final date on which an amount representing the Final Redemption Amount for such final Tranche or Series of Covered Bonds then outstanding is paid (but in any event not later than the Extended Due for Payment Date for such Tranche or Series of Covered Bonds);
 - (b) the date designated therefor by the Bond Trustee and notified to Party A and Party B for purposes of realizing the Security in accordance with the Security Agreement and distributing the proceeds therefrom in accordance with the Post-Enforcement Priority of Payments following the enforcement of the Security pursuant to Condition 7.03 of any final Tranche or Series of

Covered Bonds then outstanding;

- (c) the date on which the Notional Amount is reduced to zero (as a result of the reduction for the amount of any Early Redemption Amount paid pursuant to Condition 7.02 in respect of the final Tranche or Series of Covered Bonds then outstanding or any Final Redemption Amount paid pursuant to Condition 6.01 in respect of the final Tranche or Series of Covered Bonds then outstanding following the Final Maturity Date for such Tranche or Series of Covered Bonds, provided in each case that the Issuer has not given prior written notice to Party A and Party B that it intends to issue additional Covered Bonds following such date); and
- (d) the date of redemption pursuant to Condition 6.02 or 6.16 in respect of any final Tranche or Series of Covered Bonds then outstanding (provided that the Issuer has not given prior written notice to Party A and Party B that it intends to issue additional Covered Bonds following such date).

Business Day Convention: Following, except for the purposes of determining the Calculation Date.

Business Day: Toronto and Montreal.

Receipt Ratio: In respect of each Guarantor Calculation Period, the fraction, the numerator of which is the aggregate amount of payments on account of interest in respect of all Loans actually received by Party B during such period, and the denominator of which is such amounts that become due in that Guarantor Calculation Period on all Loans, in accordance with the terms of such Loans and as at the first day in such period, to receive during such period, all as calculated by the Calculation Agent in accordance with the provisions of the Cash Management Agreement.

Notional Amount: In respect of each Guarantor Calculation Period, the sum of (i) an amount in Canadian Dollars equal to the Average Loan Balance multiplied by the Receipt Ratio, (ii) the balance of the GIC Account and (iii) without double counting, the principal balance of the Substitute Assets, in each case, on the Calculation Date immediately following the last day of the relevant Guarantor Calculation Period.

Payment Dates: In respect of each Guarantor Calculation Period, the Guarantor Payment Date following the last day of such Guarantor Calculation Period, subject to the Business Day Convention.

Calculation Period: Each Guarantor Calculation Period.

Guarantor Calculation Period: Each period from and including the last Business Day of each month to, but excluding, the last Business Day of the next succeeding month, provided that (a) the first Guarantor Calculation Period begins on, and includes, the Effective Date and (b) the final Guarantor Calculation Period shall end on, but exclude, the Termination Date.

Blended Amounts

Blended Rate Payer: Party B.

Party B Payment Amount: On each Payment Date, Party B shall pay to Party A in accordance with the then-applicable Priority of Payments an amount equal to (a) the sum of:

(i) the amount of interest received by Party B under the Loans;

(ii) the amount of interest received by Party B on the GIC Account; and

(iii) the amount of interest received by Party B in respect of any Substitute Assets; less

(b) any Guarantor Expenses paid by Party B;

in each of (a)(i), (a)(ii), (a)(iii) and (b) during the immediately preceding Guarantor Calculation Period.

Party B Day Count Fraction Actual/Actual (ISDA) as defined in the Terms and Conditions of the Covered Bonds

Floating Amounts

Floating Rate Payer: Party A.

Floating Rate Payer Calculation Amount: Notional Amount.

Floating Rate Option: CAD-BA-CDOR.

Designated Maturity: 1 Month.

Party A Reset Date: The first day of each Guarantor Calculation Period.

Party A Spread: ████ per cent. per annum, or such other percentage as determined by Party A from time to time and which satisfies the Rating Agency Condition.

Party A Due Amount: In respect of a Payment Date, Party A will pay to Party B the product of:

- (a) the Floating Rate Payer Calculation Amount;
- (b) the Party A Day Count Fraction in respect of the relevant Guarantor Calculation Period; and
- (c) the sum of the Floating Rate Option and the Party A Spread in respect of the relevant Guarantor Calculation Period.

Party A Day Count Fraction: Actual / 365 (Fixed).

Other Provisions

Calculation Agent: Party A.

Partial Termination: If at any time a portion of the Portfolio is sold, an amount equal to the Partial Termination Payment may be paid by Party B to Party A or by Party A to Party B, as applicable.

Partial Termination Payment: The Partial Termination Payment is equal to the difference in (a) the present value of the projected cash flows yielding the Floating Rate Option plus Spread (as determined on the most recent Floating Rate Payer Payment Date) associated with the portion of the Portfolio that is being sold and discounted at the then-current forward rates derived from the Canadian dollar swap market minus (b) the present value of the projected cash flows yielding the effective rate associated with such portion of the Portfolio that is being sold and discounted at the then-current forward rates derived from the Canadian dollar swap market, in each of (a) and (b), taking into account the remaining life of the underlying loans of such portion of the Portfolio and assuming that Party B is the sole Affected Party. If such difference is positive, Party A will pay such difference to Party B; if such difference is negative, Party B will pay the absolute value of such difference to Party A. The projected cash flows will be determined in a commercially reasonable manner by Party A. The Partial Termination Payment will be determined by Party A as soon as practicable after Party B notifies Party A of the specific details of the sale and the Partial Termination Payment will be made on the Guarantor Payment Date immediately following the date of such determination. Party B is obligated to provide Party A with at least 5 Business Days notice of any planned sale of all or part of the Portfolio.

Account Details

Account for payments to Party A:

Bank: Banque Nationale Du Canada, Montreal (BNDCCAMMIMM)
600 De La Gauchetière West, Montreal QC H3B 4L2
Account No.: [REDACTED]

or such other account as Party A may direct.

Account for payments to Party B:

Bank: Banque Nationale Du Canada, Montreal (BNDCCAMMINT)
600 de la Gauchetiere West, Montreal QC H3B 4L2
Beneficiary account: NBC Covered Bond (Legislative) Guarantor Limited Partnership
(CAD-GIC)
Transit: [REDACTED]
Beneficiary account number: [REDACTED]

or such other account as Party B may direct.

Contact Details for notices

Party A As set out in Part 4 of the Agreement.

Party B As set out in Part 4 of the Agreement.

Confirmation

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us. We are delighted to have executed this Transaction with you and look forward to working with you again.

Time of trading is available upon request.

Yours sincerely,

NATIONAL BANK OF CANADA

By: "*Éric Girard*"
Name: Éric Girard
Title: Senior Vice-President, Corporate Treasury

Confirmed as of the date first written above:

NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP,
acting by its managing general partner, NBC Covered Bond (Legislative) GP Inc.

By: "*Éric Girard*"
Name: Éric Girard
Title: President