



# NATIONAL BANK OF CANADA

*(a Canadian chartered bank)*

**CAD 10,000,000,000**

## **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 Supplement (the “**Supplement**”) to the base prospectus dated 7 April 2016, as supplemented by the 1<sup>st</sup> supplementary prospectus dated 20 June 2016 (the “**1<sup>st</sup> Supplementary Prospectus**”), (the “**Prospectus**”), which comprises a base prospectus under Article 5.4 of the Prospectus Directive for National Bank of Canada (“**NBC**”, the “**Bank**” or the “**Issuer**”), constitutes a supplementary prospectus in respect of the base prospectus for NBC for purposes of Section 87G of the *Financial Services and Markets Act 2000* (as amended, the “**FSMA**”) and is prepared in connection with the CAD 10,000,000,000 Legislative Global Covered Bond Programme of NBC, unconditionally and irrevocably guaranteed as to payments by NBC Covered Bond (Legislative) Guarantor Limited Partnership (the “**Guarantor**”), established by NBC.

Terms defined in the Prospectus have the same meaning when used in this Supplement. The Supplement is supplemental to, and shall be read in conjunction with, the Prospectus. This Supplement has been approved by the United Kingdom Financial Conduct Authority, which is the United Kingdom competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom, as a supplement to the Prospectus.

NBC and the Guarantor accept responsibility for the information in this Supplement. To the best of the knowledge of NBC and the Guarantor, having taken reasonable care to ensure that such is the case, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to: (1) augment the section of the Prospectus entitled “Risk Factors” in order to provide a risk factor related to the political uncertainty surrounding the United Kingdom’s decision to leave the European Union; and (2) incorporate by reference in the Prospectus, NBC’s latest: (i) unaudited interim results (including management’s discussion and analysis thereof); and (ii) monthly investor reports for the months of May 2016, June 2016 and July 2016, containing information on the Covered Bond Portfolio.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme has arisen or been noted, as the case may be, since the publication of the 1<sup>st</sup> Supplementary Prospectus.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION (“**CMHC**”) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SUPPLEMENTARY PROSPECTUS. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in, or incorporated by reference in, the Prospectus prior to the date of this Supplement, the statements in (a) above will prevail.

## ADDITION TO THE PROSPECTUS

*By virtue of this Supplement, the “Risk Factors” section of the Prospectus is augmented by adding the following after the end of the risk factor entitled “Financial Regulatory Reforms in the U.S. and Canada Could Have a Significant Impact on the Issuer or the Guarantor” on page 36 of the Prospectus:*

### **United Kingdom Political Uncertainty**

On June 23, 2016 the United Kingdom held a referendum to decide on its membership in the EU. The resulting vote was to leave the EU. There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the EU, including the terms of the agreement it reaches in relation to its withdrawal from the EU. The negotiation of the United Kingdom’s exit terms is likely to take a number of years. Until the terms and timing of the United Kingdom’s exit from the EU are clearer, it is not possible to determine the impact that the referendum, the United Kingdom’s departure from the EU and/or any related matters may have on any of the Issuer’s debt and derivative securities, including the market value or the liquidity thereof in the secondary market, or on the other parties to the transaction documents.

## DOCUMENTS INCORPORATED BY REFERENCE

*The following documents which have previously been published by the Issuer or are published simultaneously with this Supplement are hereby incorporated in, and form part of, the Prospectus:*

- (a) the following sections of the Bank’s Report to Shareholders for the quarter ended 31 July 2016 (the “**2016 Third Quarter Report**”):
  - (i) management’s discussion and analysis on pages 3 to 39; and
  - (ii) the unaudited interim condensed consolidated financial statements for the third quarter and first nine month period ended 31 July 2016, with comparative unaudited interim condensed consolidated financial statements for the third quarter and first nine month period ended 31 July 2015, prepared in accordance with IFRS, set out on pages 40 to 75,

the remainder of the 2016 Third Quarter Report is either not relevant for prospective investors or is covered elsewhere in the Prospectus and is not incorporated by reference;
- (b) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 31 May 2016 (the “**May Investor Report**”);
- (c) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 30 June 2016 (the “**June Investor Report**”); and
- (d) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 29 July 2016 (the “**July Investor Report**” and together with the May Investor Report and the June Investor Report, the “**Investor Reports**”).

Copies of pages 3 to 75 of the 2016 Third Quarter Report and the Investor Reports have been filed with Morningstar plc (appointed by the United Kingdom Financial Conduct Authority to act as the National Storage Mechanism), and is available for viewing at <http://www.morningstar.co.uk/uk/NSM>.

To the extent that any document or information incorporated by reference in this Supplement, itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Supplement for the purposes of the Prospectus Directive, except where such information or documents are stated within this Supplement as

specifically being incorporated by reference or where this Supplement is specifically defined as including such information.

Copies of this Supplement, the Prospectus and the documents incorporated by reference in either can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline “Publication of Prospectus” and (ii) obtained without charge from the Issuer at 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2, Attention: Investor Relations and the specified office each Paying Agent set out at the end of the Prospectus.