



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 12 September 2017, as supplemented by the first supplementary prospectus dated 13 December 2017 (the “**First Supplementary Prospectus**”) and the second supplementary prospectus dated 1 March 2018 (the “**Second 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: (i) incorporate by reference in the Prospectus NBC’s: (a) latest unaudited interim results (including management’s discussion and analysis thereof); and (b) monthly investor reports for the months of February 2018, March 2018 and April 2018, containing information on the Covered Bond Portfolio; (ii) update the section entitled “*Risk Factors*” in the Prospectus as a result of a change in law relating to Canadian bail-in regulations; (iii) update the Benchmarks Regulation registration statement; and (iv) update the list of directors of the Managing GP to accurately reflect a recent appointment.

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 Second 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.

I. By virtue of this Supplement the section entitled “Documents Incorporated by Reference” shall be supplemented as follows:

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 30 April 2018 (the “**2018 Second Quarter Report**”):
 - (i) management’s discussion and analysis on pages 3 to 38; and
 - (ii) the unaudited interim condensed consolidated financial statements for the first six month period ended 30 April 2018, with comparative unaudited interim condensed consolidated financial statements for the first six month period ended 30 April 2017, prepared in accordance with IFRS, set out on pages 39 to 83,

the remainder of the 2018 Second 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 28 February 2018 (the “**February 2018 Investor Report**”);
- (c) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 29 March 2018 (the “**March 2018 Investor Report**”); and
- (d) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 30 April 2018 (the “**April 2018 Investor Report**” and together with the February 2018 Investor Report and the March 2018 Investor Report, the “**Investor Reports**”).

II. By virtue of this Supplement the section of the Prospectus entitled “Risk Factors – Factors which are material for the purpose of assessing risks relating to the Issuer – The Issuer’s capital structure could be affected by the proposed bail-in regime” is deleted and replaced with the following:

“A Bank Recapitalisation “Bail-In” Regime

On 20 April 2016, the Government of Canada (“**GOC**”) introduced legislation to amend the Bank Act, the *Canadian Deposit Insurance Corporation Act* (the “**CDIC Act**”) and certain other federal statutes pertaining to banks to create a bank recapitalization or bail-in regime for domestic systemically important banks (“**D-SIBs**”), which include the Bank. On 22 June 2016, the proposed legislation was approved by Parliament and received Royal Assent and such amendments are now in force. Under the legislation, if the Superintendent of Financial Institutions is of the opinion that a D-SIB has ceased or is about to cease to be viable and its viability cannot be restored through the exercise of the Superintendent’s powers, the Governor in Council can, among other things and upon recommendation of the Minister of Finance that he or she is of the opinion that it is in the public interest to do so, grant an order directing the Canada Deposit Insurance Corporation (“**CDIC**”) to convert all or a portion of certain shares and liabilities of the D-SIB into common shares of the D-SIB or any of its affiliates (a “**Bail-in Conversion**”).

The Government of Canada has published regulations under the CDIC Act and the Bank Act providing the final details of conversion, issuance and compensation regimes for bail-in instruments issued by D-SIBs, including the Issuer, namely the Bank Recapitalization (Bail-in) Conversion Regulations, the Bank Recapitalization (Bail-in) Issuance Regulations and the Compensation Regulations (collectively, the “**Bail-in Regulations**”).

The Bank Recapitalization (Bail-in) Conversion Regulations provide that in general, any senior debt with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is

unsecured or partially secured and has been assigned a CUSIP or ISIN or similar identification number would be subject to a Bail-in Conversion. Shares, other than common shares, and subordinated debt would also be subject to a Bail-in Conversion, unless they are non-viability contingent capital. Other debt obligations of the Issuer such as covered bonds, including the Covered Bonds, structured notes (as defined in the Bank Recapitalization (Bail-in) Conversion Regulations) and certain derivatives would not be subject to a Bail-in Conversion.

The Bank Recapitalization (Bail-in) Conversion Regulations and the Bank Recapitalization (Bail-in) Issuance Regulations will come into force on 23 September 2018, and the Compensation Regulations came into force on 27 March 2018.

On 18 April 2018, OSFI published the final Total Loss Absorbing Capacity Guideline (“**TLAC Guideline**”) (which will come into effect on 23 September 2018) which requires the D-SIBs to maintain sufficient loss absorbing capacity to support their recapitalization in the unlikely event of a failure. D-SIBs must fully meet their minimum TLAC requirements by 1 November 2021 and public disclosure and regulatory reporting relating to TLAC will commence in the fiscal quarter commencing on 1 November 2018.

The bail-in regime and TLAC Guideline could adversely affect the Issuer’s cost of funding.”

III. By virtue of this Supplement the Benchmarks Regulation registration statement on the front page of the Prospectus is deleted and replaced by the following:

“Amounts payable under the Covered Bonds may be calculated by reference to LIBOR and EURIBOR, which are provided by ICE Benchmark Administration (“IBA”) and European Money Markets Institute (“EMMI”), respectively. As at the date of this Prospectus, IBA is on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011 (the “BMR”). EMMI does not appear on such register but, as far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that EMMI is not currently required to obtain authorisation (or, if located outside the European Union, recognition, endorsement or equivalence).”

IV. By virtue of this Supplement the section of the Prospectus entitled “NBC Covered Bond (Legislative) Guarantor Limited Partnership – Directors of the Partners of the Guarantor – Directors of the Managing GP” is deleted and replaced with the following:

“Directors of the Managing GP

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Miguel Lacasse	1155 Metcalfe, 1st Floor Montréal, Québec H3B 5G2	Senior Vice-President, Corporate Treasury, National Bank of Canada
Jean Dagenais	600 de la Gauchetière St. West, 7th Floor Montréal, Québec H3B 4L2	Senior Vice-President Finance, Taxation and Investor Relations, National Bank of Canada
Benoit Hamelin	700 de la Gauchetière West, 7th Floor Montréal, Québec H3B 3B5	Senior Manager, Financing Solutions

Each of the directors of the Managing GP is an officer and/or employee of the Bank.”

Copies of pages 3 to 83 of the 2018 Second 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.