

Covered Bond Swap Confirmation

January 12, 2017

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

Re: **Trade Reference Series CBL5 Tranche 2**

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 document constitutes a “**Confirmation**” as referred to in the Agreement as specified below. This Transaction constitutes a cross-currency rate swap transaction under the Definitions (as such term is defined below).

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. Notwithstanding Part 5(v) of the Schedule, this Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of September 27, 2016 (identified on page 1 thereof as the “Covered Bonds 2002 Master Agreement (Series CBL5)”), 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, as amended by amending agreements dated June 30, 2014 and April 7, 2016, 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: January 5, 2017

Effective Date: The earlier of (i) the date on which a Contingent Collateral Trigger Event occurs and (ii) the date on which a Covered Bond Swap Activation Event occurs; provided that the Effective Date will be such date on which a Covered Bond 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.

Covered Bond 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 a Covered Bond Swap Early Termination Event, the earlier of:

- (a) the Final Maturity Date for (or, if earlier, the date of redemption in whole, but not in part, of) the final Tranche of Series CBL5 or, if Party B notifies Party A prior to such Final Maturity Date of its inability to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount for such final Tranche of Series CBL5, the final date on which an amount representing the Final Redemption Amount for such final Tranche of Series CBL5 is paid (but in any event, not later than the Extended Due for Payment Date for such final Tranche of Series CBL5, if any) (the “**Scheduled Termination Date**”); and
- (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, as modified by the Final Terms for Series CBL5 (Tranche 2).

Currency Swap Transaction Exchange Rate:	1 GBP= 1.64 CAD
Business Day:	Toronto, London, and TARGET2.
Calculation Period	In respect of Party B Floating Amounts, each Guarantor Calculation Period and in respect of Party A Floating Amounts, each Swap Provider 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.
Party B Floating Amounts	
Floating Rate Payer:	Party B.
Party B Payment Date:	Each Guarantor Payment Date, commencing the first such date following the first Calculation Date which occurs after the Effective Date.
Party B Payment Amount:	On each Party B Payment Date, Party B will pay in Canadian Dollars to Party A the product of: <ul style="list-style-type: none"> (a) the Party B Notional Amount for the Guarantor Calculation Period ending immediately preceding such Guarantor Payment Date; (b) Party B Day Count Fraction; and (c) the Party B Floating Rate.
Party B Notional Amount:	For each Guarantor Calculation Period, the product of (x) the Party A Currency Amount on the first day of such Guarantor Calculation Period and (y) the Currency Swap Transaction Exchange Rate.
Party B Day Count Fraction:	Act/365 (Fixed)
Party B Business Day Convention:	Following.
Party B Floating Rate:	Party B Floating Rate Option <i>plus</i> Party B Base Spread.
Party B Floating Rate Option:	CAD-BA-CDOR.
Party B Designated Maturity:	1 month.
Party B Reset Dates:	The first day of each Guarantor Calculation Period

Party B Base Spread:

[REDACTED]

Party A Floating Amounts

Floating Rate Payer:

Party A.

Party A Currency Amount:

In respect of each Swap Provider Calculation Period, an amount in GBP equal to the Party A Initial Notional Amount *minus* the aggregate of each Party A Interim Exchange Amount, if applicable, paid on or prior to the first day of such Swap Provider Calculation Period.

Swap Provider Calculation Period:

Each period from and including a Swap Provider Payment Date to, but excluding, the next following applicable Swap Provider Payment Date, except that (a) the initial Swap Provider Calculation Period will commence on, and include, the Effective Date and (b) the final Swap Provider Calculation Period will end on, but exclude, the Scheduled Termination Date.

Swap Provider Payment Dates:

On or prior to the Final Maturity Date, 27th of March, June, September and December, commencing the first such date after the Effective Date up to and including the Final Maturity Date for Series CBL5, and thereafter, the 27th of each month up to and including the Scheduled Termination Date (which, for greater certainty may be a date other than the 27 of the month).

Party A Initial Notional Amount:

GBP 70,000,000

Party A Payment Amount:

On each Swap Provider Payment Date up to and including the Final Maturity Date for Series CBL5, Party A will pay to Party B the product of:

- (a) the Party A Currency Amount for the Swap Provider Calculation Period ending on, but excluding, such Swap Provider Payment Date;
- (b) the Party A Floating Rate Day Count Fraction for the Swap Provider Calculation Period ending on such Swap Provider Payment Date; and
- (c) the Party A Floating Rate.

On each Swap Provider Payment Date after the Final Maturity Date up to and including the Scheduled Termination Date for Series CBL5, Party A will pay to Party B the product of:

- (a) the Party A Currency Amount for the Swap Provider Calculation Period ending on, but excluding, such Swap Provider Payment Date;
- (b) the Party A Floating Rate Day Count Fraction for the Swap Provider Calculation Period ending on such Swap Provider Payment Date; and
- (c) the Party A Floating Rate.

Party A Floating Rate Day Count Fraction:

Actual/365 (Fixed)

Party A Floating Rate

The greater of (i) Party A Floating Rate Option plus Party A Spread and (ii) zero.

Party A Floating Rate Option

GBP-LIBOR-BBA

Party A Designated Maturity

Prior to the Final Maturity Date, 3 months, and on or after the Final Maturity Date, 1 month

Party A Spread

+ 0.37 per cent. per annum up to (but excluding) the Final Maturity Date and + 0.465 per cent. per annum from (and including) the Final Maturity Date to (but excluding) the Scheduled Termination Date.

Party A Reset Dates

The first day of each applicable Swap Provider Calculation Period.

Party A Business Day Convention

Modified Following.

Interim Exchanges

Interim Exchange Date:

If (a) an Extended Due for Payment Date is specified as applicable in the Final Terms for Series CBL5 (Tranche 2), and (b) Party B has notified Party A that the payment of any or all of the Final Redemption Amount for such Series shall be deferred until the Extended Due for Payment Date pursuant to Condition 6.01, as modified by the Final Terms, for such Series, then each Interest Payment Date for such Series falling after the Final Maturity Date up to (and including) the relevant Extended Due for Payment Date for which Party B has provided at least three Business Days' prior notice of the related Party B Interim Exchange Amount.

Party A Interim Exchange Amount:

With respect to an Interim Exchange Date, the amount in GBP notified by Party B to Party A as being the portion of the Final Redemption Amount for Series CBL5 (Tranche 2) that Party B shall pay pursuant to Condition 6.01, as modified by the Final Terms, for Series CBL5 (Tranche 2).

Party B Interim Exchange Amount: With respect to an Interim Exchange Date, the Party A Interim Exchange Amount for such Interim Exchange Date converted into Canadian Dollars at the Currency Swap Transaction Exchange Rate.

Final Exchanges

Final Exchange Date: If Party B is required to pay an Early Redemption Amount for Series CBL5 (Tranche 2) on any day pursuant to Condition 7.02, as modified by the Final Terms, for Series CBL5 (Tranche 2) and provides at least three Business Days' prior notice thereof to Party A, then the day so specified in such notice.

Party A Final Exchange Amount: The amount in GBP notified by Party B to Party A as being the Early Redemption Amount for Series CBL5 (Tranche 2) plus accrued but unpaid interest and any other amount due under such Series CBL5 (Tranche 2) (other than additional amounts payable under Condition 8, as modified by the Final Terms, for Series CBL5(Tranche 2)) that Party B shall pay pursuant to Condition 7.02, as modified by the Final Terms, for Series CBL5 (Tranche 2).

Party B Final Exchange Amount: The Party A Final Exchange Amount converted into Canadian Dollars at the Currency Swap Transaction Exchange Rate.

Other Provisions

Calculation Agent: Party A.

Account Details

Account for payments to Party A in CAD:

Bank: Banque Nationale Du Canada, Montreal
[REDACTED]
600 de la Gauchetiere West, Montreal QC H3B 4L2
[REDACTED]

or such other account as Party A may direct.

Account for payments to Party B in GBP

Bank: Banque Nationale Du Canada, Montreal [REDACTED]
600 de la Gauchetiere West, Montreal QC H3B 4L2

Beneficiary account: NBC Covered Bond (Legislative) Guarantor Limited Partnership (GBP)

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: (signed)
Name: Eric Girard
Title: Authorized Signatory

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: (signed)
Name: Eric Girard
Title: Authorized Signatory