

*2<sup>nd</sup> SUPPLEMENTARY PROSPECTUS DATED 6 MARCH 2015*



# NATIONAL BANK OF CANADA

*(a Canadian chartered bank)*

**U.S.\$7,000,000,000**

**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 17 December 2014, as supplemented by the 1<sup>st</sup> supplementary prospectus dated 14 January 2015 (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 U.S.\$7,000,000,000 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: (a) update the “Risk Factors” section of the Prospectus with an explanation of revised conditions prescribed by the Office of the Superintendent of Financial Institutions pursuant to which Canadian deposit taking institutions may issue covered bonds (the “**Revised 4 per cent. Test**”); and (b) incorporate by reference in the Prospectus NBC’s latest: (i) unaudited interim results (including management’s discussion and analysis thereof); (ii) information regarding independent auditor’s fees contained in the Bank’s management proxy circular; and (iii) monthly investor reports for the months of January and February 2015, 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 dated 14 January 2015.

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.

Investors should be aware of their rights under Section 87Q(4)-(6) of the FSMA. An investor which has agreed, prior to the date of publication of this Supplement, to purchase or subscribe for Covered Bonds issued under the Programme, where the securities have not been delivered prior to the publication of this Supplement, may withdraw such acceptance before the end of the period of two working days beginning with the first working day after the date on which this

Supplement is published in accordance with the Prospectus Directive. This right to withdraw shall expire by close of business on 10 March 2015. Investors wishing to withdraw their acceptances should contact their brokers for details.

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, the statements in (a) above will prevail.

### **UPDATE TO THE PROSPECTUS**

By virtue of this Supplement, the risk factor entitled “Remedial Powers of the Superintendent under the Bank Act” set out in the “Risk Factors” section of the Prospectus is updated to reflect the Revised 4 per cent. Test, an explanation of which follows:

The letter from OSFI dated June 27, 2007 (the “**June 2007 letter**”), which confirmed that Canadian deposit taking institutions may issue covered bonds, provided certain conditions are met, was updated in a letter dated December 19, 2014 from OSFI to Canadian deposit taking institutions issuing covered bonds (the “**December 2014 letter**”). The conditions set out in the June 2007 letter are as follows: (i) at the time of issuance, the covered bonds must not make up more than 4 per cent. of the Total Assets of the relevant deposit taking institution; (ii) if at any time after issuance the 4 per cent. limit is exceeded, the relevant deposit taking institution must immediately notify OSFI; (iii) excesses (above the 4 per cent. limit) due to factors not under the control of the issuing institution, such as foreign exchange fluctuations, will not require the relevant deposit taking institution to take action to reduce the amount outstanding, however, for other excesses, the relevant deposit taking institution must provide a plan showing how it proposes to eliminate the excess quickly. In accordance with the December 2014 letter, the conditions set forth in the June 2007 letter remain in place with the following exception: “Total Assets” for the purpose of the foregoing limit will now be defined using a select number of data points from the 2015 Leverage Requirements Return and 2015 Basel Capital Adequacy Return filed with OSFI by the relevant deposit taking institution. The implication of the Revised 4 per cent. Test is that the Bank is now required to satisfy this new requirement in connection with the issuance of covered bonds. As of January 31, 2015, each of the full Programme amount and the total aggregate amount of covered bonds issued by the Bank is less than 4 per cent. of the Total Assets of the Bank under the Revised 4 per cent. Test. The December 2014 letter also provides that relevant deposit taking institutions are expected to (x) amend the pledging policies they are required to maintain under the Bank Act or other applicable federal law to take into account the issuance of covered bonds consistent with the above limits and (y) obtain board or committee approval of these specific changes prior to the issuance of any further covered bonds.

### **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 January 2015 (the “**2015 First Quarter Report**”):
  - (i) management’s discussion and analysis on pages 3 to 36; and
  - (ii) the unaudited interim condensed consolidated financial statements for the three- month period ended 31 January 2015, with comparative unaudited interim condensed consolidated financial statements for the three-month period ended 31 January 2014, prepared in accordance with IFRS, set out on pages 37 to 67,

the remainder of the 2015 First Quarter Report is either not relevant for prospective investors or is covered elsewhere in the Prospectus and is not incorporated by reference;
- (b) information regarding independent auditor’s fees on page 7 of the Bank’s Management Proxy Circular dated 20 February 2015 (the “**2014 Management Proxy Circular**”),

the remainder of the 2014 Management Proxy Circular is either not relevant for prospective investors or is covered elsewhere in the Prospectus and is not incorporated by reference;

- (c) NBC's monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 30 January 2015 (the "**January Investor Report**"); and
- (d) NBC's monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 27 February 2015 (the "**February Investor Report**" and together with the January Investor Report, the "**Investor Reports**").

Copies of pages 3 to 67 of the 2015 First Quarter Report, page 7 of the 2014 Management Proxy Circular 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.