

**FIRST AMENDING AGREEMENT TO
ASSET MONITOR AGREEMENT**

THIS FIRST AMENDING AGREEMENT TO ASSET MONITOR AGREEMENT (this “**Agreement**”) is made as of the 12th day of September, 2017.

BY AND AMONG

- (1) **NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP**, a limited partnership formed under the laws of the Province of Ontario whose registered office is at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, Ontario, M5K 1E6, by its managing general partner **NBC COVERED BOND (LEGISLATIVE) GP INC.** (hereinafter the “**Guarantor**”);
- (2) **NATIONAL BANK OF CANADA**, a bank named in Schedule I to the *Bank Act* (Canada), whose executive office is at 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2 in its capacities as Cash Manager and Issuer (hereinafter the “**Cash Manager**” and “**Issuer**”, respectively);
- (3) **DELOITTE LLP**, a limited liability partnership formed under the laws of the Province of Québec, acting through its offices located at 1190, Canadiens-de-Montréal Avenue, Suite 500, Montréal, Québec, H3B 0M7 acting in its capacity as Asset Monitor (hereinafter the “**Asset Monitor**”); and
- (4) **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company formed under the laws of Canada, whose registered office is at 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec, Canada, H3A 3S8, acting in its capacity as Bond Trustee (hereinafter “**Bond Trustee**”).

WHEREAS the parties entered into an asset monitor agreement made as of October 31, 2013 (the “**Asset Monitor Agreement**”);

AND WHEREAS the parties hereto have agreed to amend the Asset Monitor Agreement pursuant to the terms of this Agreement in accordance with Section 16 of the Asset Monitor Agreement, Section 8.02 of the Security Agreement and Clause 21.2 of the Trust Deed;

NOW THEREFORE IT IS HEREBY AGREED that in consideration of the mutual covenants and agreements herein set forth, the parties agree as follows:

ARTICLE 1 – AMENDMENTS

1.01 **Amendments**

(1) Section 3.4 of the Asset Monitor Agreement is deleted in its entirety and is replaced with the following:

3.4 In accordance with Section 3.4 (Compliance with the Asset Coverage Test, the Amortization Test, the Pre-Maturity Test, the Valuation Calculation and the OC Valuation) of the Cash Management Agreement, the Cash Manager shall provide the

Asset Monitor with (a) the ratings assigned to the unsecured, unsubordinated and unguaranteed debt obligations and, if applicable, the critical obligations rating, the derivative counterparty rating and the counterparty risk assessment, in each case, of the Issuer by each of the Rating Agencies, and (b) following the 2017 New Guide OC Valuation Implementation Date, the figures used by the Cash Manager for the items A and B described in Schedule 11 (OC Valuation) of the Guarantor Agreement in its calculation of the Level of Overcollateralization on the relevant Calculation Date.

(2) Section 3.7 of the Asset Monitor Agreement is amended in the following manner:

(i) deleting the word “and” at the end of Section 3.7(b);

(ii) replacing the period with a semicolon followed by the word “and” at the end of Section 3.7(c); and

(iii) adding the following as a new Section 3.7(d) immediately after Section 3.7(c):

“(d) Schedule 11 (OC Valuation) to the Guarantor Agreement is set out as Schedule G to this Agreement.”

(3) The schedule attached to the Asset Monitor Agreement as Schedule A – *Specified Procedures and Related Matters* is deleted in its entirety and is replaced with the schedule attached hereto as Schedule A.

(4) The attached Schedule B to this First Amending Agreement is added to the Asset Monitor Agreement as Schedule G thereto.

ARTICLE 2 – MISCELLANEOUS

2.01 Further Assurances

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as any of the other parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

2.02 Other Amendments

Except as expressly amended, modified and supplemented hereby, the provisions of the Asset Monitor Agreement are and shall remain in full force and effect and shall be read with this Agreement, *mutatis mutandis*. Where the terms of this Agreement are inconsistent with the terms of the Asset Monitor Agreement (prior to its amendment hereby), the terms of this Agreement shall govern to the extent of such inconsistency.

2.03 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

2.04 Interpretation

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Asset Monitor Agreement (prior to its amendment hereby) and in the Master Definitions and Construction Agreement, dated as of October 31, 2013, as amended, supplemented or restated from time to time, by and among National Bank of Canada, NBC Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada, NBC Covered Bond (Legislative) GP Inc., 8603413 Canada Inc. and Deloitte LLP, as the context requires.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties have caused this Agreement to be executed the day and year first before written above.

**NBC COVERED BOND (LEGISLATIVE)
GUARANTOR LIMITED PARTNERSHIP**
by its general partner **NBC COVERED
BOND (LEGISLATIVE) GP INC.**

Per: _____ (*signed*)
Name: Éric Girard
Title: Authorized Signatory

NATIONAL BANK OF CANADA

Per: _____ (*signed*)
Name: Jean Dagenais
Title: Authorized Signatory

DELOITTE LLP

Per: _____ (*signed*)
Name: Carl Magnan
Title: Authorized Signatory

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: _____ (*signed*)
Name: Nathalie Gagnon
Title: Authorized Signatory

Per: _____ (*signed*)
Name: Ana Kamami
Title: Authorized Signatory

**SCHEDULE A TO THE FIRST AMENDING AGREEMENT TO THE
ASSET MONITOR AGREEMENT**

(See the Attached)

**SCHEDULE A
SPECIFIED PROCEDURES AND RELATED MATTERS**

For the purposes of this Schedule A, all capitalized terms used and not defined in this Schedule A shall be interpreted to have the meanings ascribed to them in CMHC’s Canadian Registered Covered Bond Programs CMHC Guide (the “**CMHC Guide**”) dated June 2017.

I Confirming Accuracy of Records Maintained in relation to Covered Bond Collateral

- A. The Cover Pool Monitor shall select one Monthly Report from the Monthly Reports prepared since the date of its last report (or, in the case of the report to be delivered no later than five Business Days prior to the first issuance of covered bonds under a covered bond program contemporaneous with or following its registration, the Monthly Report prepared in relation to such issuance which may be prepared on a *pro forma* basis in accordance with Section 5.5.1 of the CMHC Guide) and agree the mortgage information disclosed in the Monthly Report with the system records and extraction files used by the registered issuer to prepare the Monthly Report. Non-mortgage information disclosed in the Monthly Report shall be verified by inspection of the registered issuer's accounting records or other appropriate data provided by the registered issuer.

- B. From the system records and extraction files used by the registered issuer to prepare the Monthly Report, the Cover Pool Monitor shall select a sample of mortgage loans and a sample of Substitute Assets (together the "**Sample**"). For all reports subsequent to the Cover Pool Monitor’s initial report with respect to a covered bond program, the Cover Pool Monitor may select the Sample only from loans added since the date the Sample used to prepare the last Cover Pool Monitor Report was selected. The Sample's size must be sufficient to provide a 95% confidence level, with a tolerable deviation rate of 5% (an "**Industry Standard Sampling Size**"). The Cover Pool Monitor shall specify in its report the number of exceptions (which shall be determined on a procedure by procedure basis) permitted based on the size of the Sample selected. Where the number of exceptions for a particular procedure exceeds the number of exceptions permitted for the selected Sample size, the Cover Pool Monitor may increase the Sample size for that procedure subject to the required 95% confidence level and 5% tolerable deviation rate.

- C. The Cover Pool Monitor shall perform specified procedures in relation to the Sample by inspection of the data elements hereinafter identified (at a minimum) in system records, extraction files and original asset documents, including lender and servicer mortgage loan files ("**Underlying Source Mortgage Documents**"). Should there be no new loans added since the date the Sample used to prepare the last Cover Pool Monitor report was selected, the Cover Pool Monitor shall be required to deliver a Cover Pool Monitor report covering all sections outlined in this Schedule A, except for Part 1.C, 1.D and III.A of this Schedule A.

Eligible Loans		
Procedure Reference	Category	Specific Procedures

1.	Name	<p>Agree the borrower(s)' first name (or initials) and surname (allowing for common abbreviations) with the following:</p> <ul style="list-style-type: none"> a) Certificate of Title (COT) or Report on Title (ROT) or title search (sub search) printout from land title records, and b) Registered Mortgage document (or, if not on file, either the mortgage loan agreement or the mortgage)
2.	Address	<p>Inspect that the property address confirmed to be in Canada and agree the municipal address or the legal description to the following (allowing for common abbreviations with exceptions for spelling granted only if misspelling could not result in identification of the wrong property or other errors):</p> <ul style="list-style-type: none"> a) Certificate of Title (COT) or Report on Title (ROT) or title search (sub search) printout from land title records, and b) Valuation report, where commissioned <p>Note: for new built or new constructions where postal code(s) are not defined yet, please refer to the legal description</p>
3.	Loan/Account number	<p>Agree the loan/account number with the primary system of record</p>

4.	Term	Agree the latest agreed term of the loan with the latest mortgage offer or account statement (or agree it is a HELOC)
5.	Interest rate	Agree the interest rate (or spread to index), interest rate type, interest rate index and interest rate with the most current loan document or account statement
6.	Amortization	Agree the remaining amortization as reported with the remaining amortization on the mortgage administration system as of cut-off date (or agree it is a HELOC)
7.	Amount advanced	Agree the total amount advanced to the latest offer/loan documents
8.	Mortgage balance	Agree the mortgage balance (and the limit in the case of a HELOC) on the mortgage administration extraction file with the balance on the mortgage loan processing system at the cut-off date
9.	Maturity date	Agree the maturity date of each mortgage on the primary system of record with the latest offer document or account statement, and that it is within a 30 day range (or agree it is a HELOC)
10.	Valuation amount	Agree the valuation amount in the extraction file is less than or equal to the amount from the latest valuation, based on the underwriting policy of the registered issuer or its Affiliate (if it is the regulated lender) that was valid at the valuation date. Where there is no valuation record, please ensure lack of valuation record is compliant with the issuer`s underwriting policy.
11.	Valuation date	Agree the valuation date in the extraction file with the date on the latest valuation report and check whether it is within one year of the closing date. Where there is no valuation record, please ensure lack of valuation record is compliant with the issuer`s underwriting policy.
12.	Repayment type	Agree the repayment type (amortizing/interest only etc.) with supporting documents (which can include mortgage loan offer document or system record)
13.	Property type	Agree the property type (single-family detached, condominium, multi-residential or other) with the valuation record, land registry records or report on title
14.	Flag	Inspect that the mortgage loan in the primary system of record (or primary medium where loans are being flagged) has a flag to indicate it is used solely for the purpose of the covered bond pool
15.	Credit Bureau Score	Agree the credit score with the score information reflected on the issuer's records for updated credit scores

16.	Employment & Income Verification	Agree there is evidence that the issuer has carried out income verification in accordance with the issuer`s underwriting policy, to the extent that income verification is required under issuer`s underwriting policy. Where evidence of income is unavailable, agree (a) that income verification was not required by the issuer`s underwriting policy in effect at the time of loan origination and (b) that such underwriting policy has been disclosed to investors in each Public Offering Document or, in the case of a private placement, offering memorandum or similar disclosure document prepared in connection with the issuance of a series or tranche of covered bonds under the registered covered bond program following its registration.
17.	Title	Inspect that there is evidence of title or title insurance
Substitute Assets		
18.	CUSIP	Agree the CUSIP recorded with the primary system of record
19.	Maturity Date	Agree the maturity date recorded with the primary system of record
20.	Face Value	Agree the face value recorded with the primary system of record
21.	Coupon	Agree the coupon recorded with the primary system of record

- D. Using the Sample, the Cover Pool Monitor shall inspect the Underlying Source Mortgage Documents and agree that the cover pool assets comprise Eligible Loans and Substitute Assets, including cash, meet the criteria specified in Sections 4.1.1, 4.1.2 and 4.1.3 of the CMHC Guide. In order to assess whether assets are Eligible Loans pursuant to Section 4.1.1(a) of the CMHC Guide, the Cover Pool Monitor must agree that the assets meet the criteria for Eligible Loans as set out in Sections 4.2.1(a), (b), (c), (d), (e), (g), (j) of the CMHC Guide and report any exceptions. The criteria for Eligible Loans set out in Sections 4.2.1(f), (h) and (i) of the CMHC Guide are to be the subject of a legal opinion, as outlined in section III.A of this Schedule A below.
- E. Using the Sample, agree the data provided to the Custodian with the Underlying Source Mortgage Documents.

II Confirming Arithmetical Accuracy of Tests and Calculations

- A. The Cover Pool Monitor shall annually select at random a Monthly Report prepared in respect of the registered covered bond program in the preceding year and subsequent to the last Cover Pool Monitor report selected for this purpose.
- B. The Cover Pool Monitor shall recalculate the results of the Asset Coverage Test, level of overcollateralization pursuant to Section 4.3.8 of the CMHC Guide and/or Amortization Test disclosed in the selected Monthly Report.
- C. The Cover Pool Monitor shall recalculate the Valuation Calculation disclosed in the selected Monthly Report. In addition, the Cover Pool Monitor shall enquire whether, in calculating the Present Value for purposes of the Valuation Calculation disclosed in the selected Monthly Report, expected future cash flows are discounted using the publicly posted mortgage rates or using the current market interest rates for mortgage loans with credit risks similar to those of the Performing Eligible Loans, and report findings/responses. Where current market interest rates for mortgage loans with credit risks similar to those of the Performing Eligible Loans are used to discount expected future cash flows, the Cover Pool Monitor shall enquire whether the same discounting methodology has been used as that used as part of the fair value disclosure in the registered issuer's audited financial statements, and report findings/responses. The Cover Pool Monitor shall agree the Valuation Calculation to the requirements set forth in Annex E and Section 4.6 of the CMHC Guide. Additionally, the Cover Pool Monitor shall enquire as to the determination of the Trading Values of (i) all Substitute Assets, (ii) assets pledged or otherwise transferred to the guarantor entity as collateral for the obligations of the Counterparty under or pursuant to a Covered Bond Collateral Hedge and (iii) the covered bond liabilities, in each case used in the Valuation Calculation disclosed in the selected Monthly Report, and report findings/responses.
- D. The Cover Pool Monitor shall obtain from the registered issuer the ratings, if any, assigned to the registered issuer by each Rating Agency and relevant to the Ratings Trigger contemplated by Section 3.5.2(e) of the CMHC Guide. Following the occurrence of a Ratings Trigger contemplated by Section 3.5.2(e) of the CMHC

Guide, if the registered issuer has issued one or more series of hard bullet covered bonds, obtain a schedule from the registered issuer computing the covered bond collateral required by the Ratings Trigger, and perform recalculation procedures on the schedule. Additionally, the Cover Pool Monitor shall enquire whether the registered issuer's covered bond collateral complies with the Ratings Trigger, and report findings/responses.

- E. The Cover Pool Monitor shall obtain from the registered issuer the ratings, if any, assigned to the registered issuer by each Rating Agency and relevant to the Ratings Trigger contemplated by Section 3.5.2(d) of the CMHC Guide. Following the occurrence of Ratings Trigger contemplated by Section 3.5.2(d) of the CMHC Guide, obtain a schedule from the registered issuer of the Reserve Fund required by the Ratings Trigger, and perform recalculation procedures on the schedule. Additionally, enquire whether the registered issuer's covered bond collateral complies with the Ratings Trigger, and report findings/responses.
- F. If an arithmetical inaccuracy is found in the disclosed results of any such test or calculation, the Cover Pool Monitor shall be required to recalculate the results of each such test and calculation disclosed in the Monthly Reports prepared in respect of the registered covered bond program (i) for the last month of each quarter of the preceding year (ii) for each month of the next succeeding year until the results of each test are found to be free of arithmetical error for three consecutive months and (iii) thereafter, for the last month of each remaining quarter in the next succeeding year.

III Other Tests Regarding Assets and Liabilities of Registered Covered Bond Program

- A. The Cover Pool Monitor shall select a sample of assets comprising Eligible Loans to be used by the issuer's legal counsel to agree that the assets meet the criteria for Eligible Loans set out in Sections 4.2.1(f), (h) and (i) of the CMHC Guide. The random sample selected must be of an Industry Standard Sampling Size in accordance with Part 1.B of this Schedule A and may be the same as, a subset of, or a smaller or larger sample than the Sample used to complete procedures in Part I of the Cover Monitor Report. For all reports subsequent to the initial Section 4.2.5 of the CMHC Guide opinion with respect to a covered bond program, the Cover Pool Monitor may select the sample only from loans added since the sample used to prepare the last Section 4.2.5 of the CMHC Guide opinion was selected. The criteria for Eligible Loans set out in Sections 4.2.1(f), (h) and (i) of the CMHC Guide are to be the subject of a legal opinion, delivered contemporaneously with the report of the Cover Pool Monitor pursuant to Section 4.2.5 of the CMHC Guide.
- B. For each offering of a series or tranche of covered bonds under a registered covered bond program, enquire of the guarantor entity as to whether, at the time of issuance, the guarantor entered into one or more contracts the purpose or effect of which was to mitigate its risk of financial loss or exposure from fluctuations in interest rates or currency exchange rates affecting, or which may come to affect, its obligations to make one or more payments and report findings/responses. Additionally, enquire whether the Covered Bond Collateral Hedge has been documented using ISDA documentation, and report findings/responses.

- C. The Cover Pool Monitor shall select one month falling subsequent to the date of its last report (or, in the case of the report to be delivered no later than five Business Days prior to the first issuance of covered bonds under a covered bond program contemporaneous with or following its registration, a month ending not more than 45 days prior to the date of the report) and obtain a schedule of Market Value calculations with respect to all Eligible Loans as of the last day of that month. Using an Industry Standard Sampling Size, inspect that: (x) on or before July 1, 2014, the calculation of the "Market Value" of the residential property has been determined by either adjusting its Original Market Value, at least quarterly, to account for subsequent price developments, or by reference to the Original Market Value and (y) after July 1, 2014, the calculation of the Market Value of the residential property has been determined by adjusting its Original Market Value, at least quarterly, to account for subsequent price developments.

**SCHEDULE B TO THE FIRST AMENDING AGREEMENT TO THE
ASSET MONITOR AGREEMENT**

(See the Attached)

SCHEDULE G
OC VALUATION
(SEE ATTACHED)

Schedule 11 to Limited Partnership Agreement

OC Valuation

- (a) The “**OC Valuation**” consists of calculating the Level of Overcollateralization (defined below) on the relevant Calculation Date and comparing it with the Guide OC Minimum.
- (b) For purposes of the OC Valuation, the “**Level of Overcollateralization**” means the amount, expressed as a percentage, calculated as at each Calculation Date as follows:

$$A \div B$$

where:

- (A) the lesser of: (i) the total amount of the Cover Pool Collateral; and (ii) the amount of Cover Pool Collateral required to collateralize the Covered Bonds outstanding and ensure that the Asset Coverage Test is met, and
- (B) the Canadian Dollar Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

The term “**Cover Pool Collateral**” shall, for the purposes of the foregoing calculation, mean, as calculated on the relevant Calculation Date,

- (a) the Performing Eligible Loans (as defined in Annex D to the CMHC Guide) owned by the Guarantor and such Loans will be valued using their True Balance;
- (b) Substitute Assets owned by the Guarantor and such assets shall be valued using their outstanding principal amount;

provided that, the “Cover Pool Collateral” shall not include Contingent Collateral Amounts, Swap Collateral Excluded Amounts or Voluntary Overcollateralization (as defined in Section 6.3.4 of the CMHC Guide).