



# NATIONAL BANK OF CANADA

*(a Canadian chartered bank)*

**CAD 15,000,000,000**

## **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 9 July 2019, as supplemented by the first supplementary prospectus dated 29 August 2019 and the second supplementary prospectus (the “**Second Supplementary Prospectus**”) dated 5 December 2019 (together, 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**”), as that provision stood immediately prior to 21 July 2019, and is prepared in connection with the CAD 15,000,000,000 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 November 2019, December 2019 and January 2020, containing information on the Covered Bond Portfolio; and (ii) update various sections of the Prospectus as a result of the commencement of the implementation period following the United Kingdom’s exit from the European Union on 31 January 2020 (“**Brexit**”).

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 31 January 2020 (the “**2020 First Quarter Report**”):
  - (i) management’s discussion and analysis on pages 3 to 37; and
  - (ii) the unaudited interim condensed consolidated financial statements for the first three month period ended 31 January 2020, with comparative unaudited interim condensed consolidated financial statements for the first three month period ended 31 January 2019, prepared in accordance with IFRS, set out on pages 38 to 67,the remainder of the 2020 First 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 29 November 2019 (the “**November 2019 Investor Report**”);
- (c) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 31 December 2019 (the “**December 2019 Investor Report**”); and
- (d) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 31 January 2020 (the “**January 2020 Investor Report**” and together with the November 2019 Investor Report and the December 2019 Investor Report, the “**Investor Reports**”).

**II. By virtue of this Supplement the following Brexit related amendments are made to the Prospectus:**

**(a) Cover Page, Definitions and Important Notices**

- (i) References to “*European Union*” and “*non-European Union*” final three sentences of the second last paragraph and the entire last paragraph of the cover page of the Prospectus are amended to “*European Union or the United Kingdom*” and “*non-European Union or non-United Kingdom*”, respectively.
- (ii) The reference to the “*Prospectus Directive*” on the fifth line of the last paragraph on page 3 of the Prospectus is replaced with “*Regulation (EU) 2017/1129 (the “Prospectus Regulation”)*”.
- (iii) The first full paragraph on page 4 is amended as follows: (A) the definition of “*Relevant Member State*” is amended to include the words “*and the United Kingdom*” after the word “*EEA*”; (B) the words “*which has implemented the Prospectus Directive*” are deleted; (C) the defined term “*Relevant Member State*” and all and any instances thereof are replaced with “*Relevant State*”; (D) the references to the “*Prospectus Directive*” in lines 8 and 9 are replaced with “*Prospectus Regulation*”; and (E) the reference to “*Article 16*” of line 8 is replaced with “*Article 23*”.
- (iv) The notice entitled “*Important – EEA Retail Investors*” on page 4 of the Prospectus is deleted in its entirety and replaced with the following:

“**IMPORTANT – EEA AND UK RETAIL INVESTORS** – If the Final Terms in respect of any Covered Bonds includes a legend entitled “**Prohibition of Sales to EEA and UK Retail Investors**”, the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, “**IDD**”), where that customer would not qualify as a professional client as defined

in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.”

**(b) Credit Rating Agencies**

The first five paragraphs under the section entitled “*Credit Rating Agencies*” on pages 6-7 of the Prospectus are deleted in their entirety and replaced with:

“**Moody’s is not established nor is it registered in the EU or the UK** but Moody’s Investors Service Ltd, its EU CRA affiliate (i) is established in the UK; (ii) is registered under the CRA Regulation; and (iii) is permitted by ESMA to endorse credit ratings of Moody’s used in specified third countries, including the United States and Canada, for use in the EU or the UK by relevant market participants.

**DBRS is not established nor is it registered in the EU or the UK** but DBRS Ratings Limited, its EU CRA affiliate: (i) is established in the UK; (ii) is registered under the CRA Regulation; and (iii) is permitted by ESMA to endorse credit ratings of DBRS used in specified third countries, including the United States and Canada, for use in the EU or the UK by relevant market participants.

**Fitch is not established nor is it registered in the EU or the UK** but Fitch Ratings Limited, its EU CRA affiliate: (i) is established in the UK; (ii) is registered under the CRA Regulation; and (iii) is permitted by ESMA to endorse credit ratings of Fitch used in specified third countries, including the United States and Canada, for use in the EU or the UK by relevant market participants.

**Moody’s Canada Inc. is not established nor is it registered in the EU or the UK** but Moody’s Investors Service Ltd., its EU CRA affiliate (i) is established in the UK; (ii) is registered under the CRA Regulation; and (iii) is permitted by ESMA to endorse credit ratings of Moody’s Canada Inc. used in specified third countries, including the United States and Canada, for use in the EU or the UK by relevant market participants.

**Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global, Inc. is not established nor is it registered in the EU or the UK** but Standard & Poor’s Global Ratings Europe Limited, its EU CRA affiliate: (i) is established in the EU; (ii) is registered under the CRA Regulation; and (iii) is permitted by ESMA to endorse credit ratings of Standard & Poor’s Financial Services LLC used in specified third countries, including the United States and Canada, for use in the EU or the UK by relevant market participants.”

**(c) Risk Factors**

- (i) The risk factor entitled “*United Kingdom Political Uncertainty*” is deleted in its entirety and replaced with the following:

“On 23 June 2016, the United Kingdom (the “**UK**”) held a referendum to decide on its membership in the European Union (the “**EU**”). The resulting vote was to leave the EU. On 29 March 2017, the UK government invoked Article 50 of the Lisbon Treaty by giving the European Council official notice of the UK’s intention to leave the EU (such process being termed colloquially as “Brexit”). There are a number of uncertainties in connection with the future of the UK and its relationship with the EU.

On 23 January 2020, the European Union (Withdrawal Agreement) Act, the legislation that implements the withdrawal agreement negotiated by the UK and the EU, received Royal Assent. On 29 January 2020, the European Parliament ratified the withdrawal agreement. As a result, the UK left the EU at 23.00 GMT on 31 January 2020. There is now an implementation period in effect until 31 December 2020, during which time the UK will no longer be a member of the EU but will continue to be subject to EU rules and remain a member of the single market and customs union. The implementation period is subject to an extension of up to two years if agreed prior to 1 July 2020, however the UK government has, by legislation, made it illegal for the UK to seek such an extension.

The purpose of the implementation period is to enable the UK and the EU to negotiate a trade agreement for the post-Brexit relationship. To the extent, therefore, that it proves impossible to negotiate a trade agreement between the UK and the EU by the end of 2020, there is a risk that a “cliff edge” Brexit may nevertheless arise.

Until the terms and timing of the future trade agreement between the UK and the EU are clearer, it is not possible to determine the impact of Brexit and/or any related matters may have on the Issuer or any of the Issuer's Covered Bonds, including the market value or the liquidity thereof in the secondary market, or on the other parties to the transaction documents. See "*Subscription and Sale and Transfer and Selling Restrictions*" on page 247 of this Prospectus for additional information on the UK and EU selling restrictions applicable to this Programme."

- (ii) The first two sentences of the second paragraph of the risk factor entitled "*Credit ratings might not reflect all risks*" on page 47 of the Prospectus are deleted in their entirety and replaced with the following:

"In general, European and United Kingdom regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU or UK registered credit rating agency or the relevant non-EU or non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended)."

**(d) Pro Forma Final Terms**

- (i) The legend entitled "*Prohibition of Sales to EEA Retail Investors*" on page 118 to 119 of the Prospectus is deleted in its entirety and replaced with the following:

"[Prohibition of Sales to EEA and UK Retail Investors

The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering of selling the Covered Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]"

- (ii) Item 5(iii) of "*Part B – Other Information*" on page 128 of the Prospectus is deleted in its entirety and replaced with the following:

"Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]"

**(e) National Bank of Canada – Ratings**

The third paragraph under the sub-section entitled "*Ratings*" on page 132 of the Prospectus is deleted in its entirety and replaced with:

"As of the date of this Prospectus, each of S&P Financial Services LLC, Moody's, Fitch and DBRS, is established outside of the European Union or the UK but its respective EU CRA affiliate: (i) is established in the European Union or the UK; (ii) is registered under the CRA Regulation; and (iii) is permitted by ESMA to endorse the credit ratings of Standard & Poor's Financial Services LLC, Moody's, Fitch or DBRS, as applicable used in specified third countries, including the United States and Canada, for use in the European Union or the United Kingdom by relevant market participants. See also "*Credit Rating Agencies*" on page 6."

**(f) Subscription and Sale and Transfer and Selling Restrictions**

The first two paragraphs of the section entitled “*Prohibition of sales to EEA Retail Investors*” on page 241 of the Prospectus are deleted in their entirety and replaced with the following:

#### **“Prohibition of Sales to EEA and UK Retail Investors**

Unless the Final Terms in respect of any Covered Bonds specifies the “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to any retail investor in the EEA or in the UK. For purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II;
- (b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Regulation.

If the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to EEA and UK Retail Investors” is “Not Applicable”, then in relation to each Relevant State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of Covered Bonds to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer” in relation to any Covered Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129.”

#### **GENERAL**

Copies of pages 3 to 67 of the 2020 First 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 are 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.