



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**”), (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 November 2017, December 2017 and January 2018, containing information on the Covered Bond Portfolio; (ii) update the Prospectus as a result of a change in law related to the EU benchmarks regulation; (iii) update the general legends and disclaimers section and the Pro Forma Final Terms of the Prospectus as a result of a change in law related to the MiFID II product governance regime; and (iv) update the legal advisers section of the Prospectus as a result of a change in US legal advisers.

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 First 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 2018 (the “**2018 First 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 three month period ended 31 January 2018, with comparative unaudited interim condensed consolidated financial statements for the first three month period ended 31 January 2017, prepared in accordance with IFRS, set out on pages 39 to 83,

the remainder of the 2018 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 30 November 2017 (the “**November 2017 Investor Report**”);
- (c) NBC’s monthly (unaudited) Investor Report containing information on the Covered Bond Portfolio as at the Calculation Date falling on 29 December 2017 (the “**December 2017 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 2018 (the “**January 2018 Investor Report**” and together with the November 2017 Investor Report and the December 2017 Investor Report, the “**Investor Reports**”).

II. By virtue of this Supplement the following paragraph is added to the front page of the Prospectus preceding the US Volcker Rule disclaimer:

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

III. By virtue of this Supplement, the Prospectus shall be supplemented as follows:

- A. The following new disclaimer is added to the general legends and disclaimers section, following the legend entitled “Important – EEA Retail Investors”:**

“MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Covered Bonds may include a legend entitled “*MiFID II Product Governance*” which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Covered

Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.”

B. The following new legend is added to the Pro Forma Final Terms, following the legend “*Prohibition of Sales to EEA Retail Investors*”:

“**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** - Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.]”

IV. By virtue of this Supplement the section entitled “*Legal Advisers*” shall be supplemented as follows:

The reference to “Morrison & Foerster LLP 250 West 55th Street New York, NY 10019-9601” shall be deleted and replaced with:

“Mayer Brown LLP 1221 Avenue of the Americas New York, NY 10020-1001”

Copies of pages 3 to 83 of the 2018 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 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.