

ISDA®

International Swaps and Derivatives Association, Inc.

NOVATION AGREEMENT

dated as of April 21, 2021 among:

Royal Bank of Canada (the "**Remaining Party**"), Laurentian Bank of Canada (the "**Transferor**")

AND

LBC Covered Bond (Legislative) Guarantor Limited Partnership (the "**Transferee**").

The Transferor and the Remaining Party have entered into a covered bond swap Transaction (the "**Old Transaction**"), evidenced by a Confirmation dated April 21, 2021 (the "**Old Confirmation**", a copy of which is attached as Annex A) subject to a 1992 ISDA Master Agreement dated as of April 16, 2001 (as amended, the "**Old Agreement**").

The Remaining Party and the Transferee have entered into an ISDA Master Agreement dated as of April 21, 2021 (identified on page 1 thereof as the "Covered Bonds 2002 Master Agreement (Series CBL1)") (as amended and supplemented from time to time, the "**New Agreement**").

With effect from and including the date on which a Covered Bond Guarantee Activation Event occurs (the "**Novation Date**") the Transferor wishes to transfer by novation to the Transferee, and the Transferee wishes to accept the transfer by novation of, all the rights, liabilities, duties and obligations of the Transferor under and in respect of the Old Transaction, with the effect that the Remaining Party and the Transferee enter into a new transaction substantially in the form of the attached Annex B (the "**New Transaction**") between them having terms identical to those of the Old Transaction, as more particularly described below.

The Remaining Party wishes to accept the Transferee as its sole counterparty with respect to the New Transaction.

The Transferor and the Remaining Party wish to have released and discharged, as a result and to the extent of the transfer described above, their respective obligations under and in respect of the Old Transactions.

Accordingly, the parties agree as follows: ---

1. Definitions.

Terms defined in the (i) Master Definitions and Construction Agreement (defined below) and (ii) in the ISDA Master Agreement (Multicurrency-Cross Border) as published in 1992 by the International Swaps and Derivatives Association, Inc., (the "**1992 ISDA Master Agreement**") are used herein as so defined, unless otherwise provided herein. In the event of any inconsistency between the Master Definitions and Construction Agreement and the 1992 ISDA Master Agreement, the Master Definitions and Construction Agreement shall govern. As used in this Novation Agreement, "**Master Definitions and Construction Agreement**" means the master definitions and construction agreement dated April 21, 2021 between Laurentian Bank of Canada, LBC Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada, LBC Covered Bond (Legislative) GP Inc., 12815273 Canada Inc., Ernst & Young LLP, Royal Bank of Canada and each other Person who may from time to time become a party thereto.

2. Transfer, Release, Discharge and Undertakings.

With effect from and including the Novation Date and in consideration of the mutual representations, warranties and covenants contained in this Novation Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties):

- (a) the Remaining Party and the Transferor are each released and discharged from further obligations to each other with respect to the Old Transaction and their respective rights against each other thereunder are cancelled, provided that such release and discharge shall not affect any rights, liabilities or obligations of the Remaining Party or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date, and all such payments and obligations shall be paid or performed by the Remaining Party or the Transferor in accordance with the terms of the Old Transaction;
- (b) in respect of the New Transaction, the Remaining Party and the Transferee each undertake liabilities and obligations towards the other and acquire rights against each other identical in their terms to the Old Transaction (and, for the avoidance of doubt, as if the Transferee were the Transferor and with the Remaining Party remaining the Remaining Party, save for any rights, liabilities or obligations of the Remaining Party or the Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Date); and
- (c) the New Transaction shall be governed by and form part of the New Agreement and the Transferee and the Remaining Party shall enter into a Confirmation specifying and evidencing the terms of the New Transaction which shall be substantially in the form of Annex B to this Novation Agreement; provided, however, that any failure of either the Transferee or the Remaining Party to enter into such Confirmation shall not affect the rights and obligations of the Transferor pursuant to this Novation Agreement, and, in the event of such failure, the Old Confirmation, in conjunction and as deemed modified to be consistent with this Novation Agreement, shall be deemed to be a Confirmation between the Remaining Party and the Transferee, and the offices of the Remaining Party and the Transferee for purposes of the New Transaction shall be as specified in Annex B.

3. Representations and Warranties.

- (a) On the date of this Novation Agreement and on the Novation Date:
 - (i) Each of the parties makes to each of the other parties those representations and warranties set forth in Section 3(a) of the 1992 ISDA Master Agreement with references in such Section to "this Agreement" or "any Credit Support Document" being deemed references to this Novation Agreement alone.
 - (ii) the Remaining Party and the Transferee each makes to the other the representation set forth in Section 3(b) of the 1992 ISDA Master Agreement, in each case with respect to the New Agreement, as the case may be, and taking into account the parties entering into and performing their obligations under this Novation Agreement.
 - (iii) Each of the Transferor and the Remaining Party represents and warrants to each other and to the Transferee that it has made no prior transfer (whether by way of security or otherwise) in respect of the Old Transaction and, as of the Novation Date, all obligations of the Transferor and the Remaining Party under the Old Transaction required to be performed on or before the Novation Date have been fulfilled.
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- (b) The Transferor makes no representation or warranty and does not assume any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the New Transaction or the New Agreement or any documents relating thereto and assumes no responsibility for the condition, financial or otherwise, of the Remaining Party, the Transferee or any other person or for the performance and observance by the Remaining Party, the Transferee or any other person of any of its obligations under the New Transaction or the New Agreement or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

4. Counterparts.

This Novation Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

5. Costs and Expenses.

The parties will each pay their own costs and expenses (including legal fees) incurred in connection with this Novation Agreement and as a result of the negotiation, preparation and execution of this Novation Agreement.

6. Amendments.

No amendment, modification or waiver in respect of this Novation Agreement will be effective unless (i) in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system, (ii) such amendment, modification or waiver complies with the CMHC Guide, and, (ii) in respect of any material amendment, modification or waiver, it shall be subject to satisfaction of the Rating Agency Condition with respect to DBRS.

7. (a) Governing Law.

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

(b) Jurisdiction.

The terms of Section 13(b) of the 1992 ISDA Master Agreement shall apply to this Novation Agreement with references in such Section to "this Agreement" being deemed references to this Novation Agreement alone and section 13(b)(i) will be deleted and replaced with "submits to the non-exclusive jurisdiction of the courts of the Province of Ontario;"

IN WITNESS WHEREOF the parties have executed this Novation Agreement on the respective dates specified below with effect from and including the date first written above.

ROYAL BANK OF CANADA

LAURENTIAN BANK OF CANADA

.....
(Name of Remaining Party)

.....
(Name of Transferor)

signed (Jeremy Strain)
By:
Name: Jeremy Strain
Title: Authorized Signatory
Date: April 21, 2021

signed (Sivan Fox)
By:
Name: Sivan Fox
Title: Senior Vice President
Date: April 21, 2021

By:
Name:
Title:
Date:

signed (Emmanuela Fleurandin)
By:
Name: Emmanuela Fleurandin
Title: Secretary
Date: April 21, 2021

LBC COVERED BOND (LEGISLATIVE)
GUARANTOR LIMITED PARTNERSHIP, acting by its
Managing general partner, LBC COVERED BOND
(LEGISLATIVE) GP INC.

.....
(Name of Transferee)

signed (Sivan Fox)
By:
Name: Sivan Fox
Title: Senior Vice President
Date: April 21, 2021

signed (Emmanuela Fleurandin)
By:
Name: Emmanuela Fleurandin
Title: Secretary
Date: April 21, 2021

ANNEX A – Old Transaction

Issuer Swap Confirmation

May 6, 2021

To: Laurentian Bank of Canada
1360 René-Lévesque Boulevard West, Suite 600, Montréal, Québec, Canada H3G 0E5

Attn: Vice President and Deputy Treasurer

From: Royal Bank of Canada

Re: **CAD 250,000,000 1.603% Covered Bonds due May 6, 2026, Series CBL1 (CUSIP: 51925DCA2, ISIN: CA51925DCA24) under CAD 2,000,000,000 Laurentian Bank of Canada Legislative Covered Bond Programme**

Dear Sir or Madam,

The purpose of this letter is to confirm the terms and conditions of the transaction entered into between Royal Bank of Canada (“**Party A**”) and Laurentian Bank of Bank (“**Party B**”) on the Trade Date specified below (the “**Transaction**”). This letter constitutes a “**Confirmation**” as referred to in the Agreement as specified below.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of April 16, 2001, 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 April 21, 2021 between Laurentian Bank of Canada, LBC Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada (the “**Bond Trustee**”), LBC Covered Bond (Legislative) GP Inc., 12815273 Canada Inc., Ernst & Young LLP, Royal Bank of Canada 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: April 29, 2021

Effective Date: May 6, 2021

Termination Date: The earlier of:

(a) the Final Maturity Date for (or, if earlier, the date of redemption or cancellation in whole, but not in part, of) Series CBL1 or, if applicable, the final date on which an amount representing the Final Redemption Amount for Series CBL1 is paid (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 may be modified by the Final Terms for Series CBL1.

Business Day: Toronto and Montreal.

Calculation Period In respect of amounts payable by Party B, each Guarantor Calculation Period and in respect of amounts payable by Party A, each Swap Provider Calculation Period.

Guarantor Calculation Period Each period from but excluding the last Business Day of each month to, and including, 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.

Calculation Agent: Party A.

Party B Amounts

Floating Rate Payer: Party B.

Party B Notional Amount: For each Guarantor Calculation Period, the Party A Notional Amount on the first day of such Guarantor Calculation Period.

Party B Payment Amount: On each Party B Payment Date, Party B will pay to Party A the product of:

- (a) the Party B Notional Amount for the Guarantor Calculation Period ending immediately prior to such Party B Payment Date;
- (b) the Party B Day Count Fraction; and
- (c) the Party B Floating Rate.

Party B Payment Date: Each Guarantor Payment Date.

Party B Day Count Fraction: Actual/365.

Party B Business Day Convention: Following Business Day Convention.

Party B Floating Rate: Party B Floating Rate Option *plus* Party B Spread.

Party B Floating Rate Option: CAD-BA- CDOR.

Designated Maturity: 1 month.

Party B Spread: ██████████ per annum.

Reset Date: First Business Day of each Guarantor Calculation Period.

Party A Amounts

Fixed Rate Payer: Party A.

Party A Notional Amount: In respect of each Swap Provider Calculation Period, an amount equal to CAD 250,000,000 minus the aggregate of each portion of the Final Redemption Amount for Series CBL1 paid or that was redeemed or cancelled pursuant to Condition 6.08 as may be modified by the Final Terms for Series CBL1, in each case, 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 Termination Date.

Swap Provider Payment Date: On or prior to the Final Maturity Date, the 6th day of May and November, subject to adjustment in accordance with the Party A Business Day Convention specified below.

Party A Payment Amount: On each Swap Provider Payment Date, Party A will pay to Party B the product of:

- (a) the Party A Notional Amount for the Swap Provider Calculation Period ending immediately prior to such Swap Provider Payment Date;
- (b) the Party A Day Count Fraction; and
- (c) the Party A Fixed Rate.

Party A Fixed Rate: 1.603%

Party A Day Count Fraction: 30/360.

Party A Business Day Convention: Following Business Day Convention (unadjusted).

Other Provisions

The parties acknowledge that this Transaction is entered into concurrently with the novation agreement (as such agreement may be amended, the “**Novation Agreement**”) dated the date hereof between Party A (as “**Remaining Party**”), Party B (as “**Transferor**”) and LBC Covered Bond (Legislative) Guarantor Limited Partnership, acting by its managing general partner, LBC Covered Bond (Legislative) GP Inc. (as “**Transferee**”) under which the parties agree that, upon the occurrence of a Covered Bond Guarantee Activation Event, this Transaction automatically novates from the Transferor to the Transferee, with Party A as the Remaining Party, pursuant to the terms of the Novation Agreement.

Account Details

Account for payments to Party A in CAD:

Bank: 
SWIFT: 
Beneficiary account: 
Beneficiary account number: 
Beneficiary SWIFT ID: 

or such other account as Party A may direct from time to time.

Account for payments to Party B in CAD:

Bank: 
SWIFT: 
Account: 

Contact Details for notices

Party A

Royal Bank of Canada
South Tower, 30th Floor
Royal Bank Plaza
200 Bay Street
Toronto, Ontario CANADA M5J 2J5

Attention: Managing Director – Trading Documentation

Facsimile No.: (416) 842-4302

Party B

Laurentian Bank of Canada
1360 René-Lévesque Boulevard West, Suite 600, Montréal,
Québec, Canada H3G 0E5

Attention: Vice President and Deputy Treasurer

Facsimile No: 514-284-7819

[Remainder of page intentionally left blank]

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,

ROYAL BANK OF CANADA

Per: signed (Beth Loyola)
Name: Beth Loyola
Title: Authorized Signature

Per: _____
Name:
Title:

Confirmed as of the date first written above:

LAURENTIAN BANK OF CANADA

By: signed (Sivan Fox)
Name: Sivan Fox
Title: Senior Vice President
Date:

By: signed (Emmanuela Fleurandin)
Name: Emmanuela Fleurandin
Title: Assistant Secretary
Date:

ANNEX B – New Transaction

**ANNEX B
to the
NOVATION AGREEMENT**

Covered Bond Swap Confirmation

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To: LBC Covered Bond (Legislative) Guarantor Limited Partnership, acting by its managing general partner, LBC Covered Bond (Legislative) GP Inc.
199 Bay Street, Suite 600
Toronto, Ontario M5L 0A2

Attn: Assistant Vice President and Head of Securitization Laurentian Bank of Canada
Email: Philippe-Olivier.Gibouleau@BanqueLaurentienne.ca

From: Royal Bank of Canada

Re: **Covered Bond Transaction (re CAD 250,000,000 1.603% Covered Bonds due May 6, 2026, Series CBL1 (CUSIP: 51925DCA2, ISIN: CA51925DCA24) under CAD 2,000,000,000 Laurentian Bank of Canada Legislative Covered Bond Programme unconditionally and irrevocably guaranteed as to payments by LBC Covered Bond (Legislative) Guarantor Limited Partnership)**

Dear Sir or Madam,

The purpose of this letter is to confirm the terms and conditions of the transaction entered into between Royal Bank of Canada (“**Party A**”) and LBC Covered Bond (Legislative) Guarantor Limited Partnership, acting by its managing general partner, LBC Covered Bond (Legislative) GP Inc. (“**Party B**”) on the Trade Date specified below (the “**Transaction**”). This letter constitutes a “**Confirmation**” as referred to in the Agreement as specified below.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of April 21, 2021 (identified on page 1 thereof as the “**Covered Bonds 2002 Master Agreement (Series CBL1)**”), 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 April 21, 2021 between Laurentian Bank of Canada, LBC Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada (the “**Bond Trustee**”), LBC Covered Bond (Legislative) GP Inc., 12815273 Canada Inc., Ernst & Young LLP, Royal Bank of Canada 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: April 29, 2021

Effective Date: [insert the date on which a Covered Bond Swap Activation Event occurs]

Termination Date: The earlier of:

- (a) the Final Maturity Date for (or, if earlier, the date of redemption or cancellation in whole, but not in part, of) Series CBL1 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 Series CBL1, the final date on which an amount representing the Final Redemption Amount for Series CBL1 is paid (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 may be modified by the Final Terms for Series CBL1.

Business Day: Toronto and Montreal.

Calculation Period In respect of amounts payable by Party B, each Guarantor Calculation Period and in respect of amounts payable by Party A, each Swap Provider Calculation Period.

Guarantor Calculation Period Each period from but excluding the last Business Day of each month to, and including, 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 Amounts

Floating Rate Payer: Party B.

Party B Notional Amount: For each Guarantor Calculation Period, the Party A Notional Amount on the first day of such Guarantor Calculation Period.

Party B Payment Amount: On each Guarantor Payment Date, Party B will pay to Party A the product of:

- (a) the Party B Notional Amount for the Guarantor Calculation Period ending immediately prior to such Guarantor Payment Date;
- (b) the Party B Day Count Fraction; and
- (c) the Party B Floating Rate.

Party B Payment Date: Each Guarantor Payment Date.

Party B Day Count Fraction: Actual/365.

Party B Business Day Convention: Following Business Day Convention.

Party B Floating Rate: Party B Floating Rate Option *plus* Party B Spread.

Party B Floating Rate Option: CAD-BA- CDOR.

Designated Maturity: 1 month.

Party B Spread: ██████████ per annum.

Reset Date: First Business Day of each Guarantor Calculation Period.

Party A Amounts

Fixed Rate Payer: Party A.

Party A Notional Amount: In respect of each Swap Provider Calculation Period, an amount equal to CAD 250,000,000 minus the aggregate of each portion of the Final Redemption Amount for Series CBL1 paid or that was redeemed or cancelled pursuant to Condition 6.08 as may be modified by the Final Terms for Series CBL1, in each case, 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 Termination Date.

Swap Provider Payment Date: On or prior to the Final Maturity Date, the 6th day of May and November, subject to adjustment in accordance with the Party A Business Day Convention specified below.

Party A Payment Amount: On each Swap Provider Payment Date, Party A will pay to Party B the product of:

- (a) the Party A Notional Amount for the Swap Provider Calculation Period ending immediately prior to such Swap Provider Payment Date;
- (b) the Party A Day Count Fraction; and
- (c) the Party A Fixed Rate.

Party A Fixed Rate: 1.603%

Party A Day Count Fraction: 30/360.

Party A Business Day Convention: Following Business Day Convention (unadjusted).

Other Provisions

Calculation Agent: Party A.

Account Details

Account for payments to Party A in CAD:

Bank: [REDACTED]
SWIFT: [REDACTED]
Beneficiary account: [REDACTED]
Beneficiary account number: [REDACTED]
Beneficiary SWIFT ID: [REDACTED]

or such other account as Party A may direct from time to time.

Account for payments to Party B in CAD:

Bank: [REDACTED]
SWIFT: [REDACTED]
Account: [REDACTED]

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,

ROYAL BANK OF CANADA

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Confirmed as of the date first written above:

LBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP, by its managing general partner, LBC Covered Bond (Legislative) GP Inc.

By: _____
Name:
Title:
Date:

By: _____
Name:
Title:
Date: