

## IMPORTANT NOTICE

*In accessing the attached pricing supplement (the Pricing Supplement) you agree to be bound by the following terms and conditions.*

The information contained in the Pricing Supplement may be addressed to and/or targeted at persons who are residents of particular countries only as specified in the Pricing Supplement and/or in the Prospectus (as defined in the Pricing Supplement) and is not intended for use and should not be relied upon by any person outside those countries and/or to whom the offer contained in the Pricing Supplement is not addressed. Prior to relying on the information contained in the Pricing Supplement, you must ascertain from the Pricing Supplement and/or Prospectus whether or not you are an intended addressee of the information contained therein.

The Guarantor is not now, and immediately following the issuance of the Covered Bonds pursuant to the Trust Deed will not be, a “covered fund” for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the “Volcker Rule.” In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended, and under the Volcker Rule and its related regulations may be available, the Guarantor has relied on the exemption from registration set forth in Section 3(c)(5) of the Investment Company Act of 1940, as amended. See “Certain Investment Company Act Considerations” in the Prospectus September 3, 2021.

Neither the Pricing Supplement nor the Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

**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 PROSPECTUS. THE COVERED BONDS ARE NEITHER INSURED NOR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF. NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 (AS AMENDED), AS IT FORMS PART OF THE DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED (THE UK PROSPECTUS REGULATION) FOR THIS ISSUE OF COVERED BONDS. THE COVERED BONDS WHICH ARE THE SUBJECT OF THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE UK PROSPECTUS REGULATION AND THE FCA HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.**

March 30, 2022

**The Bank of Nova Scotia**

**Issue of CHF 250,000,000 0.278 per cent. Series CBL43 Covered Bonds (the “Covered Bonds”) unconditionally and irrevocably guaranteed as to payment of principal and interest by Scotiabank Covered Bond Guarantor Limited Partnership under the CAD\$100 billion Global Registered Covered Bond Program**

The Prospectus and the Swiss Prospectus referred to below (as completed by this Pricing Supplement) have been prepared on the basis that any offer of Covered Bonds in the UK will be made pursuant to an exemption under Regulation (EU) No 2017/1129 (as amended) as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended) (the **UK Prospectus Regulation**) from the requirement to publish a prospectus for offers of the Covered Bonds. Accordingly, any person making or intending to make an offer in the UK of the Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to the UK Prospectus Regulation or supplement a prospectus pursuant to the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorize, the making of any offer of Covered Bonds in the UK in any other circumstances.

**PART A**

**CONTRACTUAL TERMS**

Terms used herein will be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated September 3, 2021, together with the First Supplementary Prospectus dated October 18, 2021, the Second Supplementary Prospectus dated December 7, 2021 and the Third Supplementary Prospectus dated March 1, 2022 (collectively, the **Prospectus**). This document constitutes the pricing supplement of the Covered Bonds described herein and must be read in conjunction with the Prospectus and the prospectus dated March 30, 2022 prepared in connection with the listing of the Covered Bonds on SIX Swiss Exchange Ltd (the **Swiss Prospectus**). Copies of the Prospectus and the Swiss Prospectus may be obtained from UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, 8098 Zurich, Switzerland, phone: +41 44 239 47 03 (voicemail), <mailto:swiss-prospectus@ubs.com>.

The Covered Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the **Securities Act**). The Covered Bonds are being offered only to qualified institutional buyers under Rule 144A of the Securities Act and non-U.S. persons in reliance upon Regulation S under the Securities Act.

1. (a) Issuer: The Bank of Nova Scotia
- (b) Guarantor: Scotiabank Covered Bond Guarantor Limited Partnership
2. (a) Series Number: CBL43
- (b) Tranche Number: 1
3. Specified Currency or Currencies: Swiss francs (**CHF**)
4. Aggregate Nominal Amount of Covered Bonds admitted to trading: CHF 250,000,000
5. Issue Price: 100 per cent. of the Aggregate Nominal Amount.
6. (a) Specified Denominations: CHF 5,000 and integral multiples thereof.
- (b) Calculation Amount: CHF 5,000
7. (a) Issue Date: April 1, 2022
- (b) Interest Commencement Date: Issue Date
8. (a) Final Maturity Date: April 1, 2027
- (b) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: April 1, 2028
9. Interest Basis: Interest accrues from and including the Interest Commencement Date to, but excluding, the Final Maturity Date at a rate of 0.278 per cent. per annum Fixed Rate payable annually in arrears.  
  
Interest accrues from and including the Final Maturity Date to, but excluding, the Extended Due for Payment Date at a rate of SARON Floating Rate payable monthly in arrears. For further particulars, see below.
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest Basis or Redemption/Payment Basis: Fixed to Floating  
  
Paragraph 14 is applicable for the period from and including the Interest Commencement Date to but

excluding the Final Maturity Date.

Paragraph 15 is applicable for the period from and including the Final Maturity Date to but excluding the Extended Due for Payment Date.

12. Put/Call Options: Not Applicable
13. Date of Board approval for issuance of Covered Bonds: Not Applicable

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Covered Bond Provisions: Applicable from and including the Interest Commencement Date to but excluding the Final Maturity Date.
- (a) Rate(s) of Interest: 0.278 per cent. per annum payable annually in arrears on each Interest Payment Date.
  - (b) Interest Payment Date(s): April 1 in each year, commencing on April 1, 2023, up to and including the Final Maturity Date .
  - (c) Business Day Convention: Following Business Day Convention
  - (d) Additional Business Centre(s): In addition to Zurich, London, New York and Toronto
  - (e) Fixed Coupon Amount(s): CHF 13.90 per Calculation Amount payable on each Interest Payment Date
  - (f) Broken Amount(s): Not Applicable
  - (g) Day Count Fraction: 30/360 (not adjusted)
  - (h) Determination Date(s): Not Applicable
  - (i) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: Not Applicable
15. Floating Rate Covered Bond Provisions: Applicable from and including the Final Maturity Date to but excluding the Extended Due for Payment Date, if applicable in respect of the Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee.
- (a) Specified Period(s): Not Applicable.
  - (b) Specified Interest Payment Date(s): 1<sup>st</sup> calendar day of each month from but excluding

- the Final Maturity Date until and including the earlier of:
- (i) the date on which the Covered Bonds are redeemed in full; and
  - (ii) the Extended Due for Payment Date.
- (c) First Interest Payment Date: May 1, 2027
- (d) Business Day Convention: Modified Following Business Day
- (e) Additional Business Centre(s): In addition to Zurich, London, New York and Toronto
- (f) Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination
- (g) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): Swiss Principal Paying Agent
- (h) Screen Rate Determination: Applicable
- Reference Rate and Relevant Financial Centre: Reference Rate: SARON (see Annex 1)
- Interest Determination Date(s): Fifth Zurich Banking Day prior to the end of each Interest Period
- Calculation Method: Compounded Daily Rate
- Observation Method: Shift
- Relevant Screen Page: Not Applicable
- SONIA Compound Index: Not Applicable
- Relevant Number: Not Applicable
- Observation Look-Back Period: Not Applicable
- Observation Period Shift: Five Zurich Banking Days
- (i) ISDA Determination: Not Applicable
- (j) Floating Rate Covered Bond Margin(s): Not applicable
- (k) Minimum Rate of Interest: 0.00 per cent. per annum

- (l) Maximum Rate of Interest: 60 per cent. per annum
- (m) Day Count Fraction: Actual/360 (adjusted)
- (n) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds which are Exempt Covered Bonds, if different from those set out in the Conditions: See Annex 1

16. Zero Coupon Covered Bond Provisions: Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

17. Issuer Call: Not Applicable

18. Put Option: Not Applicable

19. Final Redemption Amount of each Covered Bond: CHF 5,000 per Calculation Amount

20. Early Redemption Amount of each Covered Bond payable on redemption for taxation reasons or illegality or upon acceleration following an Issuer Event of Default or Guarantor Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in Condition 6.7): CHF 5,000 per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

21. Form of Covered Bonds: Bearer Covered Bonds:

Permanent Global Covered Bond exchangeable for definitive Covered Bonds (*Wertpapiere*) with Coupons attached in the limited circumstances specified in the Permanent Global Covered Bond.

The Covered Bonds and all rights in connection therewith are documented in the form of a permanent global covered bond (the **Permanent Global Covered Bond**) substantially in the form scheduled to the supplemental trust deed dated April 1, 2022 between the Issuer, the Guarantor and Computershare Trust Company of Canada (the **Trustee**).

The Permanent Global Covered Bond shall be deposited by the Swiss Principal Paying Agent (as defined below) with SIX SIS Ltd (**SIS**) or any other intermediary (*Verwahrungsstelle*) in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIS or any such other intermediary, the **Intermediary**) until final redemption of the Covered Bonds or the exchange of the Permanent Global Covered Bond for definitive Covered Bonds (*Wertpapiere*) with Coupons attached as set out below. Once the Permanent Global Covered Bond is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Covered Bonds will constitute intermediated securities (*Bucheffekten*) (**Intermediated Securities**) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Covered Bondholder shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Covered Bond to the extent of its claim against the Issuer, provided that, for so long as the Permanent Global Covered Bond remains deposited with the Intermediary, the co-ownership interest shall be suspended and the Covered Bonds may only be transferred by entry of the transferred Covered Bonds in a securities account of the transferee.

Neither the Issuer nor the Covered Bondholders shall at any time have the right to effect or demand the conversion of the Permanent Global Covered Bond into, or the delivery of, uncertificated securities (*Wertrechte*) or definitive Covered Bonds (*Wertpapiere*).

The records of the Intermediary will determine the number of Covered Bonds held through each participant in that Intermediary. In respect of the Covered Bonds held in the form of Intermediated Securities, the Covered Bondholders will be (i) the persons, other than intermediaries (*Verwahrungsstellen*), holding the Covered Bonds in a securities account (*Effektenkonto*) which is in their name and (ii) the intermediaries (*Verwahrungsstellen*) holding the Covered Bonds for their own account in a securities account (*Effektenkonto*) which is in their name (and the expressions “Covered Bondholder” and “holder” and related expressions shall be construed accordingly).

No physical delivery of the Covered Bonds shall be made unless and until definitive Covered Bonds (*Wertpapiere*) with Coupons attached shall have been printed. Covered Bonds may only be printed, in whole, but not in part, if the Swiss Principal Paying Agent determines, in its sole discretion, that the printing of the definitive Covered Bonds (*Wertpapiere*) is necessary or useful, for instance if the presentation of definitive Covered Bonds (*Wertpapiere*) is required by Swiss or other applicable laws in connection with the enforcement of the rights of the Covered Bondholders or SIS ceases business and no successor intermediary is available.

In such circumstances, the Swiss Principal Paying Agent shall provide for the security printing of definitive Covered Bonds (*Wertpapiere*) with Coupons attached without cost to the Covered Bondholders. If printed, the definitive Covered Bonds (*Wertpapiere*) with Coupons attached shall be executed by affixing thereon the facsimile signature of two authorised officers of the Issuer. Upon delivery of the definitive Covered Bonds (*Wertpapiere*) with Coupons attached, the Permanent Global Covered Bond will immediately be cancelled by the Swiss Principal Paying Agent and the definitive Covered Bonds (*Wertpapiere*) with Coupons attached shall be delivered to the relevant Covered Bondholders against cancellation of the Covered Bonds in such relevant Covered Bondholders' securities accounts.

**Condition 1. (Form, Denomination and Title) shall be construed accordingly. The section “Form of the Covered Bonds” in the Prospectus shall not apply.**

- |     |  |   |
|-----|--|---|
| 22. | New Global Covered Bond:   | No  |
| 23. | Global Covered Bond held under the New Safekeeping Structure:  | No  |
| 24. | Financial Centre(s) or other special provisions relating to payment dates:   | In addition to Zurich, London, New York and Toronto |
| 25. | Talons for future Coupons to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature): | No.   |
| 26. | Redenomination, renominalisation and reconventioning provisions:   | Not Applicable                                      |



27. Other terms or special conditions:

**Payments**

Subject to applicable fiscal and other laws, regulations and directives, but without prejudice to Condition 7, payments of principal and interest in respect of the Covered Bonds will be made available in good time in freely disposable Swiss Francs which will be placed by the Issuer at the free disposal of the Swiss Principal Paying Agent.

The receipt by the Swiss Principal Paying Agent of the due and punctual payment of the funds in Swiss Francs in Zurich, in the manner provided by the Conditions and this Pricing Supplement, shall release the Issuer from its obligations under the Covered Bonds and Coupons for the payment of interest and principal due on the respective Interest Payment Dates and on the Final Maturity Date and Extended Due for Payment Date, as the case may be, and to the extent of such payment.

In respect of the Covered Bonds, the Issuer will at all times maintain a paying agent having a specified office in Switzerland and will at no time maintain a paying agent having a specified office outside of Switzerland.

**Condition 5.3. (Payments in respect of Bearer Global Covered Bonds) shall be construed accordingly.**

**Notices**

So long as the Covered Bonds are listed on SIX Swiss Exchange Ltd (**SIX Swiss Exchange**) and so long as the rules of SIX Swiss Exchange so require, all notices in respect of the Covered Bonds will be validly given by the Issuer without cost to the Covered Bondholders through the Swiss Principal Paying Agent either (i) by means of electronic publication on the internet website of SIX Swiss Exchange (<https://www.six-group.com/en/home.html>, where notices are currently published under [https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#](https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/)/) or (ii) otherwise in accordance with the regulations of SIX Swiss Exchange. Any notices so given will be deemed to have been validly given on the date of such publication or if published more than once, on the first date of such publication.

**Condition 13. (Notices) shall be construed accordingly.**

**Agents**

For the purposes of this Series of Covered Bonds only, the Issuer has, pursuant to the Swiss Paying Agency Agreement, appointed UBS AG with its registered office located at the following address as the Swiss principal paying agent (the Swiss Principal Paying Agent):

UBS AG  
P.O. Box  
CH-8098 Zurich  
Switzerland

None of the existing Agents appointed under the Amended and Restated Agency Agreement dated September 4, 2020, as amended by an amending agreement dated September 4, 2021, in connection with the Programme will act as paying agents for the Covered Bonds and any reference in the Conditions to the "Fiscal Agent" or the "Paying Agents" shall, so far as the context permits, be construed as references to the Swiss Principal Paying Agent.

**Condition 11 (*Principal Paying Agent, Paying Agents, Registrar, Transfer Agent and Exchange Agent*) shall be construed accordingly.**

**Condition 14 shall be amended to replace the eighth paragraph with the following:**

The consent or approval of the Covered Bondholders shall not be required in the case of amendments to the Conditions pursuant to Condition 4.2(f) or the SARON provisions of Condition 4.2(b)(ii) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Covered Bonds or for any other variation of these Conditions and/or the Swiss Principal Paying Agency Agreement and/or the Trust Deed to be made in the circumstances described in Condition 4.2(f) or the SARON provisions of Condition 4.2(b)(ii), where the Issuer had delivered to the Bond Trustee a certificate pursuant to Condition 4.2(f) or the SARON provisions of Condition 4.2 (b)(ii).

## **PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the pricing supplement required for issue of Exempt Covered Bonds described herein pursuant to the CAD\$100 billion Global Registered Covered Bond Program of The Bank of Nova Scotia.

## **RESPONSIBILITY**

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: "*Darren Potter*"

*Duly authorized*

Signed on behalf of the Guarantor:

By: "*Darren Potter*"

*Duly authorized*

**PART B**  
**OTHER INFORMATION**

**1. LISTING AND ADMISSION TO TRADING**

(a) Listing and admission to trading: The Covered Bonds have been provisionally admitted to trading on SIX Swiss Exchange with effect from March 30, 2022. The last trading day of the Covered Bonds will be two trading days prior to redemption of the Covered Bonds.

Application for definitive listing of the Covered Bonds on SIX Swiss Exchange will be made as soon as practicable and (if granted) will only be granted after the Issue Date.

(b) Estimate of total expenses related to admission to trading: CHF 9,500

**2. RATINGS**

Ratings: The Covered Bonds to be issued are expected to be rated:

Fitch: AAA

Moody's: Aaa

DBRS: AAA

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save as discussed in *Selling Restrictions*, so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

**4. YIELD (*Fixed Rate Covered Bonds only*)**

Indication of yield: 0.278 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

## 5. OPERATIONAL INFORMATION

- (a) ISIN Code: CH1167887251
- (b) Common Code: 245974957
- (c) CFI: Not Applicable
- (d) FISN: Not Applicable
- (e) WKN Code: Not Applicable
- (f) Any clearing system(s) other than DTC, Euroclear or Clearstream, Luxembourg and the relevant identification number(s) or codes such as CUSIP and CINS codes: SIX SIS Ltd  
Swiss Security Number: 116.788.725
- (g) Names and addresses of additional Paying Agent(s)/Transfer Agent(s) (if any): Swiss Principal Paying Agent:  
UBS AG  
P.O. Box  
CH-8098 Zurich  
Switzerland
- (h) Intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable

## 6. DISTRIBUTION

- (a) If syndicated, names of Managers: UBS AG  
Scotiabank Europe plc
- (b) Stabilising Manager (if any): Not Applicable
- (c) If non-syndicated, name and address of Dealer: Not Applicable
- (d) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D Rules in accordance with Swiss market practice
- Each of the Managers covenants that:
- (i) it has offered and sold and will offer and sell the Notes only in accordance with practices and documentation customary in Switzerland;
- (ii) it has used and will use reasonable efforts to sell the Notes only in Switzerland; and
- (iii) it will use reasonable efforts to ensure that more

than 80 per cent. by value of the Notes will be offered and sold to non-distributors by distributors maintaining an offer in Switzerland (“**distributors**” having the meaning ascribed thereto in the U.S. Internal Revenue Code and regulations thereunder).

- (e) ERISA: No
- (f) Non-exempt Offer: Not Applicable
- (g) Additional selling restrictions: Switzerland:  
  
A public offer based on the Swiss Prospectus is permitted in Switzerland and therefore limb (b) of the Switzerland selling restriction in “Selling Restrictions” of the Prospectus is applicable to the Covered Bonds.
- (h) Prohibition of Sales to EEA Retail Investors: Not Applicable
- (i) Prohibition of Sales to UK Retail Investors: Not Applicable

7. **UNITED STATES TAX CONSIDERATIONS** Not Applicable

## ANNEX 1

### SARON PROVISIONS

The following provision shall be added at the end of Condition 4.2 (b)(ii):

#### SARON

(A) Where “**Screen Rate Determination**” is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is respect of the relevant Series of Covered Bonds is specified in the applicable Pricing Supplement as being “**SARON**”, the Calculation Method is specified in the applicable Pricing Supplement as being “**Compounded Daily Rate**” and where “**Shift**” is specified as the Observation Method in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be SARON Compounded (as defined below) for such Interest Period, plus or minus (as specified in the applicable Pricing Supplement) the applicable Margin.

“**SARON Compounded**” means, in respect of an Interest Period, the rate of return of a daily compound interest investment (with the daily overnight interest rate of the secured funding market for Swiss franc) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_b} \left( 1 + \frac{SARON_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d_c}$$

where:

“ **$d_b$** ” means the number of Zurich Banking Days in the relevant Observation Period;

“ **$d_c$** ” means the number of calendar days in the relevant Observation Period;

“ **$i$** ” indexes a series of whole numbers from one to  $d_b$ , representing the Zurich Banking Days in the relevant Observation Period in chronological order from, and including, the first Zurich Banking Day in such Observation Period;

“ **$n_i$** ” means, in respect of any Zurich Banking Day  $i$ , the number of calendar days from, and including, the Zurich Banking Day  $i$  up to, but excluding, the first following Zurich Banking Day;

“**Observation Period**” means, in respect of an Interest Period, the period from, and including, the date falling “**p**” Zurich Banking Days prior to the first day of such Interest Period and ending on, but excluding, the date falling “**p**” Zurich Banking Days prior to (A) the Interest Payment Date for such Interest Period or (B) such earlier date on which the Covered Bonds become due and payable;

“**Observation Period Shift**” is as specified in the applicable Pricing Supplement;

“**p**” means, for the relevant Interest Period, the number of Zurich Banking Days specified to be the Observation Period Shift in the applicable Pricing Supplement;

“ **$SARON_i$** ” means, in respect of any Zurich Banking Day  $i$ , SARON for such Zurich Banking Day  $i$ .

“**SARON**” means, in respect of any Zurich Banking Day, the Swiss Average Rate Overnight for such Zurich Banking Day published by the SARON Administrator on the SARON Administrator Website at the Relevant Time on such Zurich Banking Day; or

(B) if SARON does not so appear on the SARON Administrator Website or is not so published by the Relevant Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred on or prior to such Zurich Banking Day, the Swiss Average Rate Overnight published by the SARON Administrator on the SARON Administrator Website for the first preceding Zurich Banking Day on which the Swiss Average Rate Overnight was published by the SARON Administrator on the SARON Administrator Website; or

(C) if such rate does not so appear on the SARON Administrator Website or is not so published by the Relevant Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have both occurred on or prior to such Zurich Banking Day,

- (i) the rate resulting from calculating SARON for such Zurich Banking Day in accordance with clause (A) above as if the reference to Swiss Average Rate Overnight in such definition were a reference to the Recommended Replacement Rate, giving effect to the Recommended Adjustment Spread, if any; or
- (ii) if there is no Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the “**SNB Policy Rate**”) for such Zurich Banking Day, giving effect to the SNB Adjustment Spread, if any;

Any substitution of the SARON rate by the SARON Recommended Replacement Rate or the SNB Policy Rate as specified above (the “**SARON Replacement Rate**”) will remain effective for the remaining term to maturity of the Covered Bonds.

Notwithstanding the above, if the provisions of this paragraph fail to provide a means of determining the Rate of Interest, Condition 4.2(f) (Benchmark Discontinuation (Independent Adviser)) shall apply.

In connection with the SARON provisions above, the following definitions apply:

“**Recommended Replacement Rate**” means the rate that has been recommended as the replacement for the Swiss Average Rate Overnight by any working group or committee in Switzerland organized in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland (any such working group or committee, the “**Recommending Body**”).

“**Recommended Adjustment Spread**” means, with respect to any Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread,

- (a) that the Recommending Body has recommended be applied to such Recommended Replacement Rate in the case of fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon; or
- (b) if the Recommending Body has not recommended such a spread, formula or methodology as described in clause (a) above, to be applied to such Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Swiss Average Rate Overnight with such Recommended Replacement Rate for purposes of



determining SARON, which spread will be determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), acting in good faith and a commercially reasonable manner, and be consistent with industry-accepted practices for fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon.

“**Relevant Time**” means, in respect of any Zurich Banking Day, close of trading on SIX Swiss Exchange on such Zurich Banking Day, which is expected to be on or around 6 p.m. (Zurich time);

“**SARON Administrator**” means SIX Swiss Exchange or any successor administrator of SARON;

“**SARON Administrator Website**” means the website of the SARON Administrator;

“**SARON Index Cessation Event**” means the occurrence of one or more of the following events:

- (a) a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the Swiss Average Rate Overnight permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Swiss Average Rate Overnight; or
- (b) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the Swiss Average Rate Overnight is no longer representative or will as of a certain date no longer be representative, or (y) the Swiss Average Rate Overnight may no longer be used after a certain date, which statement, in the case of subclause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives.

“**SARON Index Cessation Effective Date**” means, in respect of a SARON Index Cessation Event, the earliest of:

- (a) (in the case of a SARON Index Cessation Event described in clause (a) of the definition thereof) the date on which the SARON Administrator of the Swiss Average Rate Overnight ceases to provide the Swiss Average Rate Overnight;
- (b) (in the case of a SARON Index Cessation Event described in clause (b)(x) of the definition thereof) the latest of
  - (i) the date of such statement or publication;
  - (ii) the date, if any, specified in such statement or publication as the date on which the Swiss Average Rate Overnight will no longer be representative; and
  - (iii) if a SARON Cessation Event described in clause (b)(y) of the definition of SARON Index Cessation Event has occurred on or prior to either or both dates specified in subclauses (i) and (ii) of this clause (b), the date as of which the Swiss Average Rate Overnight may no longer be used; and
- (c) (in the case of a SARON Index Cessation Event described in clause (b)(y) of the definition thereof) the date as of which the Swiss Average Rate Overnight may no longer be used.

“**SIX Swiss Exchange**” means SIX Swiss Exchange AG and any successor thereto;

“**SNB Adjustment Spread**” means, with respect to the SNB Policy Rate, the spread to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Swiss Average Rate Overnight with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), acting in good faith and a commercially reasonable manner, taking into account the historical median between the Swiss Average Rate Overnight and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred); and

“**Zurich Banking Day**” means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

(D) (i) If the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) (i) is required to use a Recommended Replacement Rate or the SNB Policy Rate pursuant to clause (c)(i) or (c)(ii) of the definition of “**SARON**” for purposes of determining SARON for any Zurich Banking Day, and (ii) determines that any changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Period, Observation Period, Relevant Time, SARON, SARON Administrator, SARON Administrator Website or Zurich Business Day or any other amendments to the Conditions and/or the Swiss Principal Agency Agreement and/or the Trust Deed (collectively, the “**SARON Benchmark Amendments**”) are necessary in order to use such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, for such purposes, then the Issuer shall, subject to giving notice thereof as specified below, vary these Conditions and/or the Agency Agreement and/or the Trust Deed to give effect to such SARON Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Bond Trustee of a certificate signed by two authorised signatories of the Issuer as specified below, the Bond Trustee shall, without any requirement for the consent or approval of the Covered Bondholders, be obliged to concur with the Issuer in effecting any SARON Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) and the Bond Trustee shall not be liable to any party for any consequences thereof.

No consent or approval of Covered Bondholders shall be required in connection with effecting the Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may, and/or any SARON Benchmark Amendments, or varying these Conditions and/or the Agency Agreement and/or the Trust Deed to give effect to such changes pursuant to these provisions, including the execution of any documents or the taking of any steps by the Issuer or any parties to any relevant documents (if required).

In connection with any such variation in accordance with these provisions, the Issuer shall comply with the rules of any stock exchange on which the Covered Bonds are for the time being listed or admitted to trading.

(ii) (a) The occurrence of a SARON Index Cessation Event and SARON Index Cessation Effective Date and the specific terms of any SARON Benchmark Amendments, determined under these provisions will be (i) subject to the Rating Agency Condition (as specified in Condition 17) with respect to each Rating Agency and (ii) notified promptly by the Issuer to the Bond Trustee, the Principal Paying Agent and the Calculation Agent and, in accordance with Condition 13 (Notices), the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date(s) for such and for the Benchmark Amendments, if any.

(b) No later than the date of notifying the Bond Trustee of the same, the Issuer shall deliver to the Bond Trustee a certificate signed by two Authorised Signatories of the Issuer:

- (i) confirming (i) that a SARON Index Cessation Event and SARON Index Cessation Effective Date have occurred, (ii) Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may, and/or the specific terms of any SARON Benchmark Amendments, in each case as determined in accordance with these provisions; and
- (ii) certifying that the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) has determined that the SARON Benchmark Amendments are necessary to ensure the proper operation of such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may.

The Bond Trustee shall display such certificate at its offices for inspection by the Covered Bondholders at all reasonable times during normal business hours. The Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may, specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may, and the SARON Benchmark Amendments (if any)) be binding on the Issuer, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), the Paying Agents and the Covered Bondholders.

(c) The Issuer shall pay (or arranges for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Bond Trustee in connection with such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may, and the specific terms of any SARON Benchmark Amendments.

(E) If the relevant Series of Covered Bonds become due and payable following an Issuer Event of Default or a Guarantor Event of Default, the final Rate of Interest shall be calculated for the Interest Period to (but excluding) the date on which the Covered Bonds become due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4.4 and the Trust Deed.