FCDQ Legislative Covered Bond Programme Monthly Investor Report

Calculation Date : 07/31/2017

This report contains information regarding loans or other assets, as the case may be, (the Cover Pool) securing the obligations under the covered bonds issued by La Fédération des caisses Desjardins du Québec (FCDQ) under the Fédération des caisses Desjardins du Québec Legislative Covered Bond Programme (the Programme) as of the indicated Calculation Date. The composition of the Cover Pool will change as Loans are added and removed from the Cover Pool from time to time and, accordingly, the characteristics and performance of the Loans will vary over time.

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 REPORT. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

The Cover Pool is owned by CCDQ Covered Bond (Legislative) Guarantor Limited Partnership (Guarantor LP), which has no liabilities or claims outstanding against it other than those relating to the Programme. For further information, please refer to Desjardins' website maintained in respect of the Programme at : http://www.desjardins.com/ca/about-us/investor-relations/fixed-income-investors/ccd-covered-bonds-terms-access/index.jsp

Certain information set forth below has been obtained and based upon sources believed by Fédération des caisses Desjardins du Québec to be accurate. However, Fédération des caisses Desjardins du Québec makes no representation or warranty, expressed or implied, in relation to the accuracy, completeness or reliability of such information contained herein. Fédération des caisses Desjardins du Québec assumes no liability for any errors or any reliance you place on the information provided herein.

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In this report, currency amounts are stated in Canadian dollars ("$"), unless otherwise specified.

Programme Information

Series	ISIN	Initial Principal Amount	Translation Rate	C$ Equivalent	Expected Maturity	Legal Final Maturity	Coupon Rate	Rate Type	Maturity Type
CBL1	XS1041750404	EUR 1 000 000 000	1.52400	$1 524 000 000	2019-03-11	2020-03-11	1.125%	Fixed	Soft Bullet
CBL2	XS1125546454	EUR 1 000 000 000	1.44475	$1 444 750 000	2019-10-22	2020-10-22	0.375%	Fixed	Soft Bullet
CBL3	XS1324916151	EUR 1 000 000 000	1.42700	$1 427 000 000	2020-11-25	2021-11-25	0.375%	Fixed	Soft Bullet
Total				$4 395 750 000					

Weighted Average Maturity of Outstanding Covered Bonds (months)	28.43
Weighted Average Remaining Term of Loans in Cover Pool (months)	28.71

Series Ratings	Moody's	Fitch
CBL1	Aaa	AAA
CBL2	Aaa	AAA
CBL3	Aaa	AAA

Supplementary Information

Parties

Issuer	Fédération des caisses Desjardins du Québec
Guarantor	CCDQ Covered Bond (Legislative) Guarantor Limited Partnership
Servicer & Cash Manager	Fédération des caisses Desjardins du Québec
Swap Providers	Fédération des caisses Desjardins du Québec
Bond Trustee & Custodian	Computershare Trust Company of Canada
Cover Pool Monitor	PricewaterhouseCoopers
Account Bank & GIC Provider	Fédération des caisses Desjardins du Québec
Standby Account Bank & GIC Provider	Royal Bank of Canada
Paying Agent	The Bank of New York Mellon, London Branch

Fédération des caisses Desjardins du Québec Credit Rating

	Moody's	Fitch	DBRS	S&P
Senior Debt	Aa2	AA-	AA	A+
Subordinated Debt (CapDes)	A2	A+	AAL	A
Short-Term	P-1	F1+	R-1H	A-1
Rating Outlook	Negative	Stable	Negative	Stable

Applicable Ratings of Standby Account Bank & Standby GIC Provider (RBC)

	Moody's	Fitch	DBRS
Senior Debt	P-1	F1+ / AA	R-1H / AA

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Supplementary Information (continued)

Description of Ratings Triggers

For any trigger where both a short-term and a long-term ratings level are specified for a particular rating agency separated by (i) "or", the consequences are triggered when either such level is breached, and (ii) "and", the consequences are triggered when both such levels are breached.

A. Party Replacement

If the rating(s) of the Party falls below the level stipulated below, such party is required to be replaced or in the case of the Swap Providers transfer credit support and replace itself or obtain a guarantee for its obligations.

Role (Current Party)	Moody's	Fitch
Account Bank & GIC Provider (FCDQ)	P-1	F1 or A
Standby Account Bank & GIC Provider (RBC)	P-1	F1 or A
Cash Manager (FCDQ)	P-2	F2
Servicer (FCDQ)	Baa2	F2
Interest Rate Swap Providers (FCDQ)	P-2 and A3	F3 or BBB-
Covered Bond Swap Providers (FCDQ)	P-2 and A3	F3 or BBB-
Title Holder on Hypothecs (Mortgages) (FCDQ)	Baa1	BBB-

B.Specified Rating Related Action

i. The following actions are required if the rating of the Cash Manager (FCDQ) falls below the stipulated rating

	Moody's	Fitch
(a) Amounts held by the Cash Manager belonging to the Guarantor are required to be deposited directly into the Transaction Account or the GIC *Account as applicable within 5 business days*	P-1	F1 or A
(b) Amounts received by the Servicer are to be deposited directly to the GIC Account and not provided to the Cash Manager	P-1	F1 or A

ii. The following actions are required if the rating of the Servicer (FCDQ) falls below the stipulated rating

	Moody's	Fitch
a) Servicer is required to transfer amounts to belonging to the Guarantor, the Cash Manager or GIC Account, as applicable, within 2 business days	P-1	F1 or A

iii. The following actions are required if the rating of the Issuer (FCDQ) falls below the stipulated rating

	Moody's	Fitch
(a) Repayment of the Demand Loan	N/A	F2 or BBB+
(b) Establishment of the Reserve Fund	P-1	F1 or A
(c) Fund Pre-Maturity Liquidity Required Amount on Hard Bullet Covered Bonds	P-1	F1+

iv. The following actions are required if the rating of the Issuer (FCDQ) falls below the stipulated rating

	Moody's	Fitch
(a) Cashflows will be exchanged under the Covered Bond Swap Agreement (to the extent not already occurring) except as otherwise provided in the Covered Bond Swap Agreement	Baa1	BBB+

v. Each Swap Provider is required to replace itself, transfer credit support or obtain a guarantee of its obligations if the rating of such Swap Provider falls below the specified rating

	Moody's	Fitch
(a) Interest Rate Swap Provider	P-1 and A2 [(1)]	F1 or A
(b) Covered Bond Swap Provider	P-1 and A2 [(1)]	F1 or A

[(1)] If no short-term rating, long-term trigger is A1

Events of Default & Test Compliance

Issuer Event of Default	No
Guarantor Event of Default	No

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Asset Coverage Test (C$)

Outstanding Covered Bonds	**$4 395 750 000**		
A = lower of (i) LTV Adjusted True Balance	$5 679 569 997	A(i) :	$6 239 794 275
(ii) Asset Percentage Adjusted True Balance		A(ii) :	$5 679 569 997
B = Principal Receipts	$0		
C = Cash Capital Contributions	$0	Asset Percentage :	91.00%
D = Substitute Assets	$0	Minimum Asset Percentage :	80.00%
E = Reserve Fund	$0	Maximum Asset Percentage :	97.00%
Y = Contingent Collateral Amount	$0		
Z = Negative Carry Factor Calculation	$52 074 979		
Total: A + B + C + D + E - Y - Z	**$5 627 495 018**		
Asset Coverage Test	**Pass**		

Valuation Calculation Test (C$)

Trading Value of Covered Bonds	**$4 466 202 693**		
A = lower of (i) Present Value of the relevant Loan [1]	$6 179 800 609	A(i) :	$6 179 800 609
(ii) 80% of the Latest Valuation relating to that Loan		A(ii) :	$11 116 342 862
B = Principal Receipts	$0		
C = Cash Capital Contributions	$0		
D = Trading Value of any Substitute Assets	$0		
E = Reserve Fund	$0		
F = Trading Value of Swap Collateral	$0		
Total: A + B + C + D + E + F	**$6 179 800 609**		
The actual weighted average rate used for discounting is	3.588%		

[1] *Present value of expected future cash flows of Loans using current market interest rates offered to Desjardins clients.*

Intercompany Loan Balance

Guarantee Loan	$4 833 352 497
Demand Loan	$1 414 979 413
Total	**$6 248 331 910**

Covered Bonds Outstanding vs AMF Covered Bond Limit

Covered Bonds Currently Outstanding (CAD Equivalent) Issued under the Legislative Covered Bond Programme	$4 395 750 000
AMF Covered Bond Limit [1]	$8 941 262 638

[1] *The current maximum supervisory limit set by the Autorité des marchés financiers (the "AMF"), the regulatory body which supervises the issuance of covered bonds by Federation des caisses Desjardins du Québec from a prudential standpoint, is 4 % of the Total Assets of Desjardins Group.*

Cover Pool Summary Statistics

Previous Month Ending Balance ($)	$5 983 238 162		
Current Month Ending Balance ($)	$6 248 331 910		
Number of Mortgage Loans	51 599		
Average Loan Balance ($)	$121 094		
Number of Properties	51 599		
Number of Borrowers	49 588		
	Original		**Indexed**
Weighted Average Current LTV	58.64%		56.18%
Weighted Average Original LTV	68.64%		
Weighted Average Authorized LTV	68.64%		
Weighted Average Rate	2.86%		
Weighted Average Original Term	49.23	(months)	
Weighted Average Remaining Term	28.71	(months)	
Weighted Average Seasoning	20.53	(months)	
Weighted Average Maturity of Outstanding Covered Bonds	28.43	(months)	

Provincial Distribution

Province	Number of Loans	Percentage	Principal Balance	Percentage
Québec	51 599	100.00%	$6 248 331 910	100.00%
Ontario	0	0.00%	$0	0.00%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Credit Score Distribution

Credit Score	Number of Loans	Percentage	Principal Balance	Percentage
Score Unavailable	267	0.52%	$43 026 173	0.69%
599 and below	924	1.79%	$116 422 461	1.86%
600 - 650	2 307	4.47%	$302 326 543	4.84%
651 - 700	5 539	10.73%	$755 135 950	12.09%
701 - 750	11 894	23.05%	$1 532 156 505	24.52%
751 - 800	18 160	35.19%	$2 179 056 304	34.87%
> 800	12 508	24.24%	$1 320 207 973	21.13%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

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Rate Type Distribution

Rate Type	Number of Loans	Percentage	Principal Balance	Percentage
Fixed rate	40 997	79.45%	$4 950 548 168	79.23%
Floating rate	10 602	20.55%	$1 297 783 742	20.77%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Occupancy Type Distribution

Occupancy Type	Number of Loans	Percentage	Principal Balance	Percentage
Owner occupied	44 225	85.71%	$5 077 802 078	81.27%
Not owner occupied	7 374	14.29%	$1 170 529 832	18.73%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Mortgage Asset Type Distribution

Asset type	Number of Loans	Percentage	Principal Balance	Percentage
Conventional Mortgage	51 599	100.00%	$6 248 331 910	100.00%
Versatile Loan	0	0.00%	$0	0.00%
Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Loan Interest Rate Distribution

Loan Interest Rate (in %)	Number of Loans	Percentage	Principal Balance	Percentage
< 2.0000	542	1.05%	$75 480 678	1.21%
2.0000 to 2.4999	4 678	9.07%	$861 216 435	13.78%
2.5000 to 2.9999	35 802	69.39%	$4 183 764 691	66.96%
3.0000 to 3.4999	6 237	12.09%	$689 088 210	11.03%
3.5000 to 3.9999	3 576	6.93%	$364 235 737	5.83%
4.0000 to 4.4999	365	0.71%	$36 776 487	0.59%
4.5000 to 4.9999	241	0.47%	$23 519 709	0.38%
5.0000 to 5.4999	99	0.19%	$9 763 967	0.16%
5.5000 to 5.9999	25	0.05%	$2 267 980	0.04%
6.0000 to 6.4999	17	0.03%	$1 160 141	0.02%
6.5000 to 6.9999	13	0.03%	$861 477	0.01%
> 7.0000	4	0.01%	$196 399	0.00%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Remaining Term Distribution

Remaining Term (in months)	Number of Loans	Percentage	Principal Balance	Percentage
Less than 12	10 269	19.90%	$1 129 064 260	18.07%
12 - 23	12 040	23.33%	$1 472 124 752	23.56%
24 - 35	12 535	24.29%	$1 485 539 557	23.77%
36 - 47	10 299	19.96%	$1 364 554 168	21.84%
48 - 59	6 346	12.30%	$783 104 430	12.53%
60 - 71	40	0.08%	$4 394 866	0.07%
72 - 83	15	0.03%	$1 687 382	0.03%
84 and above	55	0.11%	$7 862 495	0.13%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Remaining Principal Balance Distribution

Remaining Principal Balance (C$)	Number of Loans	Percentage	Principal Balance	Percentage
Less than 100 000	25 448	49.32%	$1 582 502 240	25.33%
100 000 - 149 999	12 248	23.74%	$1 512 071 260	24.20%
150 000 - 199 999	7 042	13.65%	$1 213 121 332	19.42%
200 000 - 249 999	3 168	6.14%	$704 358 207	11.27%
250 000 - 299 999	1 708	3.31%	$464 950 171	7.44%
300 000 - 349 999	890	1.72%	$287 314 662	4.60%
350 000 - 399 999	516	1.00%	$191 410 645	3.06%
400 000 - 449 999	246	0.48%	$103 585 382	1.66%
450 000 - 499 999	145	0.28%	$68 528 860	1.10%
500 000 - 549 999	82	0.16%	$42 796 841	0.68%
550 000 - 599 999	43	0.08%	$24 536 052	0.39%
600 000 - 649 999	18	0.03%	$11 263 474	0.18%
650 000 - 699 999	11	0.02%	$7 441 517	0.12%
700 000 - 749 999	6	0.01%	$4 367 267	0.07%
750 000 - 799 999	6	0.01%	$4 654 777	0.07%
800 000 - 849 999	5	0.01%	$4 063 376	0.07%
850 000 - 899 999	3	0.01%	$2 604 597	0.04%
900 000 - 949 999	0	0.00%	$0	0.00%
950 000 - 999 999	5	0.01%	$4 821 545	0.08%
1 000 000 and above	9	0.02%	$13 939 705	0.22%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Property Type Distribution

Property Type	Number of Loans	Percentage	Principal Balance	Percentage
Detached	30 328	58.78%	$3 169 811 066	50.73%
Semi Detached	2 136	4.14%	$256 505 559	4.11%
Rows (Townhouse)	641	1.24%	$85 213 232	1.36%
Condominium	7 551	14.63%	$1 006 936 777	16.12%
Multiplex	7 367	14.28%	$1 270 139 406	20.33%
Secondary Homes	3 573	6.92%	$459 064 227	7.35%
Other	3	0.01%	$661 643	0.01%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

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Current Indexed LTV Distribution

Current Indexed LTV (in %)	Number of Loans	Percentage	Principal Balance	Percentage
<= 20.00	6 555	12.70%	$298 272 361	4.77%
20.01 - 25.00	3 161	6.13%	$210 673 413	3.37%
25.01 - 30.00	3 417	6.62%	$261 663 795	4.19%
30.01 - 35.00	3 333	6.46%	$286 919 345	4.59%
35.01 - 40.00	3 228	6.26%	$318 883 401	5.10%
40.01 - 45.00	3 113	6.03%	$339 300 288	5.43%
45.01 - 50.00	3 266	6.33%	$385 559 893	6.17%
50.01 - 55.00	3 175	6.15%	$413 482 136	6.62%
55.01 - 60.00	3 369	6.53%	$479 989 515	7.68%
60.01 - 65.00	3 644	7.06%	$575 893 332	9.22%
65.01 - 70.00	4 694	9.10%	$794 434 405	12.71%
70.01 - 75.00	5 451	10.56%	$948 163 911	15.17%
75.01 - 80.00	4 632	8.98%	$829 195 227	13.27%
> 80.00	561	1.09%	$105 900 889	1.69%
Grand Total	**51 599**	**100.00%**	**$6 248 331 910**	**100.00%**

Current Indexed LTV / Delinquency Distribution

Province of Quebec

Current Indexed LTV (in %)	Current and less than 30 days past due	30 to 59 days past due	60 to 89 days past due	90 or more days past due	Grand Total	Percentage
<= 20.00	$298 023 356	$117 374	$131 631	$0	$298 272 361	4.77%
20.01 - 25.00	$210 453 790	$219 623	$0	$0	$210 673 413	3.37%
25.01 - 30.00	$261 267 022	$396 773	$0	$0	$261 663 795	4.19%
30.01 - 35.00	$286 490 682	$188 126	$240 537	$0	$286 919 345	4.59%
35.01 - 40.00	$318 040 046	$782 820	$60 535	$0	$318 883 401	5.10%
40.01 - 45.00	$338 609 851	$388 804	$301 633	$0	$339 300 288	5.43%
45.01 - 50.00	$384 782 076	$441 001	$336 816	$0	$385 559 893	6.17%
50.01 - 55.00	$413 257 751	$224 386	$0	$0	$413 482 136	6.62%
55.01 - 60.00	$478 697 098	$782 030	$225 318	$285 069	$479 989 515	7.68%
60.01 - 65.00	$574 588 547	$1 244 145	$60 640	$0	$575 893 332	9.22%
65.01 - 70.00	$791 573 438	$1 217 899	$1 332 094	$310 973	$794 434 405	12.71%
70.01 - 75.00	$945 691 426	$2 385 941	$86 543	$0	$948 163 911	15.17%
75.01 - 80.00	$828 405 451	$378 893	$410 883	$0	$829 195 227	13.27%
> 80.00	$105 744 145	$0	$0	$156 743	$105 900 889	1.69%
Grand Total	**$6 235 624 679**	**$8 767 814**	**$3 186 631**	**$752 786**	**$6 248 331 910**	**100.00%**
Percentage	**99.80%**	**0.14%**	**0.05%**	**0.01%**	**100.00%**	

Province of Ontario

Current Indexed LTV (in %)	Current and less than 30 days past due	30 to 59 days past due	60 to 89 days past due	90 or more days past due	Grand Total	Percentage
<= 20.00	$0	$0	$0	$0	$0	0.00%
20.01 - 25.00	$0	$0	$0	$0	$0	0.00%
25.01 - 30.00	$0	$0	$0	$0	$0	0.00%
30.01 - 35.00	$0	$0	$0	$0	$0	0.00%
35.01 - 40.00	$0	$0	$0	$0	$0	0.00%
40.01 - 45.00	$0	$0	$0	$0	$0	0.00%
45.01 - 50.00	$0	$0	$0	$0	$0	0.00%
50.01 - 55.00	$0	$0	$0	$0	$0	0.00%
55.01 - 60.00	$0	$0	$0	$0	$0	0.00%
60.01 - 65.00	$0	$0	$0	$0	$0	0.00%
65.01 - 70.00	$0	$0	$0	$0	$0	0.00%
70.01 - 75.00	$0	$0	$0	$0	$0	0.00%
75.01 - 80.00	$0	$0	$0	$0	$0	0.00%
> 80.00	$0	$0	$0	$0	$0	0.00%
Grand Total	**$0**	**$0**	**$0**	**$0**	**$0**	**0.00%**
Percentage	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	

Current Indexed LTV / Credit Score Distribution

Current Indexed LTV (in %)	599 and below	600 - 650	651 - 700	701 - 750	751 - 800	> 800	Score Unavailable	Grand Total	Percentage
<= 20.00	$956 012	$6 437 278	$16 987 986	$51 391 905	$111 653 569	$109 863 839	$981 771	$298 272 361	4.77%
20.01 - 25.00	$1 906 188	$4 860 055	$14 810 518	$42 975 945	$78 294 149	$66 632 042	$1 194 517	$210 673 413	3.37%
25.01 - 30.00	$3 297 156	$7 466 173	$21 023 863	$50 890 840	$96 627 046	$80 230 999	$2 127 719	$261 663 795	4.19%
30.01 - 35.00	$4 344 703	$10 021 903	$26 907 570	$60 552 701	$102 430 847	$80 925 798	$1 735 823	$286 919 345	4.59%
35.01 - 40.00	$5 222 631	$12 935 362	$28 155 680	$67 971 588	$112 533 217	$88 076 368	$3 988 555	$318 883 401	5.10%
40.01 - 45.00	$4 555 319	$14 943 649	$35 586 473	$79 283 142	$120 096 648	$80 221 439	$4 613 617	$339 300 288	5.43%
45.01 - 50.00	$9 930 970	$21 031 184	$48 434 164	$94 188 122	$124 604 170	$82 744 175	$4 627 107	$385 559 893	6.17%
50.01 - 55.00	$9 003 041	$19 692 080	$50 974 582	$104 082 701	$140 943 326	$84 136 825	$4 649 581	$413 482 136	6.62%
55.01 - 60.00	$11 919 254	$26 797 736	$60 618 515	$118 584 947	$161 426 775	$94 048 920	$6 593 368	$479 989 515	7.68%
60.01 - 65.00	$10 980 869	$34 933 668	$82 278 808	$132 127 231	$200 571 903	$109 341 915	$5 658 939	$575 893 332	9.22%
65.01 - 70.00	$16 960 369	$45 980 198	$110 242 342	$209 587 187	$274 960 356	$134 458 234	$2 245 718	$794 434 405	12.71%
70.01 - 75.00	$25 147 589	$49 759 620	$132 958 927	$242 048 296	$333 837 120	$161 861 172	$2 551 187	$948 163 911	15.17%
75.01 - 80.00	$10 648 845	$42 931 718	$113 422 778	$243 120 040	$287 528 970	$129 484 604	$2 058 271	$829 195 227	13.27%
> 80.00	$1 549 516	$4 535 919	$12 733 743	$35 351 859	$33 548 207	$18 181 644	$0	$105 900 889	1.69%
Grand Total	**$116 422 461**	**$302 326 543**	**$755 135 950**	**$1 532 156 505**	**$2 179 056 304**	**$1 320 207 973**	**$43 026 173**	**$6 248 331 910**	**100.00%**
Percentage	**1.86%**	**4.84%**	**12.09%**	**24.52%**	**34.87%**	**21.13%**	**0.69%**	**100.00%**	

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Cover Pool - Substitute Assets

Type	Canadian Government Bonds
CMHC Guide Limit [1]	$624 833 191

[1] The CMHC Guide limit Substitute Assets to 10% of the total Cover Pool Collateral.

Indexation Methodology

As of the date of this Investor Report, the Guarantor uses the methodology described below (which methodology is, as of the date hereof, the "Indexation Methodology"), to establish the current market loan to value ratios ("LTV ratio") of residential properties securing loans included in the Covered Bond Portfolio on a quarterly basis for purposes of the Asset Coverage Test, the Amortization Test, the Valuation Calculation and for other purposes as may be required by the CMHC Guide from time to time. Changes to the Indexation Methodology may only be made

(i) upon notice to CMHC and satisfaction of any other conditions specified by CMHC in relation thereto, (ii) if such change constitutes a material change, subject to Rating Agency Confirmation, and (iii) if such change is materially prejudicial to the Covered Bondholders, subject to the consent of the Bond Trustee. The Indexation Methodology must at all times comply with the requirements of the CMHC Guide.

The index used by the Guarantor to determine the updated market value of a Property is the Teranet-National Bank Regional and Property Type Sub-IndicesTM ("TNB RPTSIs"). The TNB RPTSIs product is available by subscription at www.housepriceindex.ca. This website and its contents do not form part of this Investor Report.

The TNB RPTSIs product is an independent representation of the rate of change of Canadian single-family home prices. The measurements are based on the property records of public land registries, grouped into individual Forward Sortation Areas (or clusters of FSAs). At this time all Properties in the Covered Bond Portfolio are located in FSAs covered by the TNB RPTSIs. Sub-indices are further segmented by property type (all types vs. single-detached homes vs. condominiums) in areas where this data is available. For areas where the TNB RPTSIs are not subdivided by property type, the Guarantor will use the all types sub-index.

All properties that have been sold at least twice are considered in the calculation of the TNB RPTSIs; this is known as the repeat sales methodology. Properties that are affected by endogenous factors are not considered in the estimation. These factors may include: a) nonarms-length sale, b) change of type of property, for example after renovations, c) data error, and d) high turnover frequency (biannual or higher). In the repeat sales methodology, the averaging of price appreciation from different pairs of sales is done using an estimation process in which each pair is a separate observation.

For purposes of the Covered Bond Portfolio, each Property is assigned an original index value based on its appraisal date or re-evaluation date, if more recent information is available. On at least a quarterly basis, the latest index value for a Property is compared to the original index value. The relative change is used to calculate an updated market value. This market value is used as the denominator in the current market LTV ratio.

Material risks associated with using the Indexation Methodology include, but are not limited to, the following: the accuracy, adequacy and timeliness of the TNB RPTSIs being relied upon; the consistency in underlying methodology of such TNB RPTSIs; the continued availability of the home sale price data provided to Teranet; and in the case of Properties located within the areas where the TNB RPTSIs are not subdivided by property type, the risk that the all-types sub-index may not account for differences in property value changes based on property type.

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