

INDEX GUIDELINE

Solactive Canada Bank Income Index

Version 1

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TABLE OF CONTENTS

Introduction	3
1. Index Specifications.....	4
1.1. Scope of the Index	4
1.2. Identifiers and Publication	4
1.3. Initial Level of the Index	4
1.4. Prices and calculation frequency	4
1.5. Licensing.....	5
1.6. Conflicts of Interest.....	5
2. Index Selection	6
2.1. Selection of the Index Components	6
2.2. Weighting of the Index Components.....	8
3. Rebalance	8
3.1. Ordinary Rebalance	8
3.2. Extraordinary Rebalance	8
4. Calculation of the Index	9
4.1. Index formula.....	9
4.2. Accuracy.....	9
4.3. Adjustments.....	9
4.4. Corporate actions.....	10
4.5. Recalculation.....	11
4.6. Market Disruption.....	12
5. Miscellaneous	12
5.1. Discretion	12
5.2. Methodology Review.....	12
5.3. Changes in calculation method.....	12
5.4. Termination.....	13
5.5. Oversight	13
6. Definitions.....	14
7. History of Index Changes	16
Contact.....	17



INTRODUCTION

This document (the "GUIDELINE") is to be used as a guideline with regard to the composition, calculation and maintenance of the Solactive Canada Bank Income Index (the "INDEX"). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE specified in Section 5.5. The INDEX is owned, calculated, administered and published by Solactive AG ("SOLACTIVE") assuming the role as administrator (the "INDEX ADMINISTRATOR") under the Regulation (EU) 2016/1011 (the "BENCHMARK REGULATION" or "BMR"). The name "Solactive" is trademarked.

The text uses defined terms which are formatted with "SMALL CAPS". Such Terms shall have the meaning assigned to them as specified in Section 6 (Definitions).

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – irrespective of possible obligations to ISSUERS – to advise third parties, including investors and/or financial intermediaries, of any errors in the INDEX. The publication of the INDEX by SOLACTIVE does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.



1. INDEX SPECIFICATIONS

1.1. SCOPE OF THE INDEX

The INDEX aims to track the performance of bonds, NVCC bonds, LRCN instruments and preferred shares issued by Canadian bank issued in CAD. The index is divided into three independent Buckets Bond, LRCN and Preferred Shares.

Buckets Bond contains bonds and NVCC bonds, the LRCN Bucket will hold Institutional preferred shares and LRCN instruments. By last the Preferred shares holds all the listed preferred shares securities.

1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
Solactive Canada Bank Income Index		CAD	TR	.SOCABNKI	SOCABNKI Index

*TR means that the INDEX is calculated as a total return index as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>

The INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Börse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.

1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on the LIVE DATE is 1000. Historical values from the LIVE DATE will be recorded in accordance with Article 8 of the BMR.

1.4. PRICES AND CALCULATION FREQUENCY

The INDEX is calculated and distributed once every BUSINESS DAY based on the LAST EVALUATED MID PRICE of the INDEX COMPONENTS. Bonds added in a rebalancing (see Section 3) are included in the INDEX at the LAST EVALUATED MID PRICE on the relevant REBALANCE DAY (as specified in Section 3.3). Bonds which are excluded from the INDEX in a rebalance are reflected in the calculation of the level of the INDEX for the REBALANCE DAY



at the LAST EVALUATED MID PRICE on the relevant REBALANCE DAY. INDEX analytical values are calculated each BUSINESS DAY using the LAST EVALUATED MID PRICE based on FIXING TIME. Prices of INDEX COMPONENTS not listed in the INDEX CURRENCY are converted using the WM 4 PM London Fixing quoted by Reuters.

1.5. LICENSING

Licenses to use the INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG.

1.6. CONFLICTS OF INTEREST

There are no conflicts of interest identified for this index.



2. INDEX SELECTION

On each SELECTION DAY, all bonds and preferred shares which meet each BUCKET COMPONENT REQUIREMENTS are eligible for inclusion in the INDEX and will be added as INDEX COMPONENT on the REBALANCE DAY. Additionally, on each SELECTION DAY, it will be evaluated whether all current INDEX COMPONENTS still meet the INDEX COMPONENT REQUIREMENTS. Each INDEX COMPONENT that does not meet the INDEX COMPONENT REQUIREMENTS will be removed from the INDEX on the next REBALANCE DAY.

2.1. SELECTION OF THE INDEX COMPONENTS

The initial composition of each INDEX, as well as any selection for a rebalance (as specified in Section 3) is determined using the following rules:

- The Ultimate Issuer should correspond to one of the below Banks:
 - Bank of Montreal
 - Bank of Nova Scotia
 - Canadian Imperial Bank of Commerce CIBC
 - Canadian Imperial Bank
 - Laurentian Bank of Canada
 - National Bank of Canada
 - Royal Bank of Canada
 - Toronto-Dominion Bank
 - Manulife Bank of Canada
 - HSBC Bank Canada
 - Concentra Bank
 - Canadian Western Bank

- For the constituents of the Bond Bucket :
 - Corporate bonds denominated in CAD (Canadian Dollar)
 - Amount Outstanding of at least 100m CAD
 - Bonds can mature in the index.
 - The issuers should be classified in the Commercial Banking sector
 - The issuers have to be domiciled in Canada



- Floating Rate Bonds, institutional preferred shares, LRCN bonds, Inflation-linked Bonds, Collateralized Debt Obligations (CDOs) are not eligible for inclusion in the index.
- A price from the PRICING PROVIDER must be available for each INDEX COMPONENT on each SELECTION DAY.

- Regarding the constituents of the LRCN Bucket:
 - Only LRCN and Institutional Preferred Shares denominated in CAD (Canadian Dollar)
 - Amount Outstanding of at least 100m CAD
 - Bonds can mature in the index.
 - The issuers should be classified in the Commercial Banking sector
 - The issuers have to be domiciled in Canada
 - Floating Rate Bonds, Inflation-linked Bonds, Collateralized Debt Obligations (CDOs) are not eligible for inclusion in the index.
 - A price from the PRICING PROVIDER must be available for each INDEX COMPONENT on each SELECTION DAY.

- For the constituents of the preferred shares Bucket :
 - Defined as Preferred Share.
 - Listed on the Toronto Stock Exchange
 - Trading in CAD.
 - A minimum Total Market capitalization of 100 m CAD. For Preferred Shares that are already part of the Solactive Canada Income Index a minimum Total Market capitalization of 50 m CAD.
 - A minimum Average daily value traded over the last 3-month 100,000 CAD is required.

(the "INDEX COMPONENT REQUIREMENTS")]

The determination of the INDEX COMPONENTS is fully rule-based and the INDEX ADMINISTRATOR has no discretion.



2.2. WEIGHTING OF THE INDEX COMPONENTS

On each SELECTION DAY each INDEX COMPONENT is weighted using the market value based on the Mid Price and accrued interest] for the bonds and Market capitalization for preferred securities as on the SELECTION DAY in order to achieve the aim of the INDEX.

While calculating the weights of the composition there is one cap rule to be respected. No Bucket can hold on its own more than 60% of the index.

3. REBALANCE

3.1. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX COMPONENTS determined on the SELECTION DAY (in accordance with Section 2.1) the INDEX is adjusted on the REBALANCE DAY after CLOSE OF BUSINESS.

For more information on the rebalance procedure please refer to the Bond Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/> for Bond and LRCN Buckets and <https://www.solactive.com/documents/equity-index-methodology/> for Preferred shares Bucket.

SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE webpage under the section "[Announcement](#)", which is available at <https://www.solactive.com/news/announcements/>

3.2. EXTRAORDINARY REBALANCE

The INDEX is not rebalanced extraordinarily.



4. CALCULATION OF THE INDEX

4.1. INDEX FORMULA

The INDEX is calculated as a gross total return index.

The calculation is performed according to the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>. for the Bond and LRCN Bucket.

The calculation for the preferred shares Bucket is performed according to the Equity Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/equity-index-methodology/>. The divisor index formula stipulates that the level of the INDEX changes based on the change of the prices of its INDEX COMPONENTS taking into account their weight in the INDEX and any currency conversion in case the price of an INDEX COMPONENT is quoted in a currency other than the INDEX CURRENCY.

The direct reinvestment formula implies a daily reinvestment in the INDEX of proceeds resulting from corporate actions. The reinvestment will be undertaken proportionately to the weights of the INDEX COMPONENTS. The direct reinvestment index formula stipulates further that the level of the INDEX changes based on the change of the prices of its INDEX COMPONENTS taking into account their weight in the INDEX.

A more detailed description of the mechanics of the daily bond and LRCN Bucket reinvestment formula can be found in the Bond index Methodology under Section 1.2.1, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>. For mechanics of the Preferred shares Bucket calculation formula can be found in the Equity Index Methodology under Section 1.2. in the website <https://www.solactive.com/documents/equity-index-methodology/>.

4.2. ACCURACY

The level of the INDEX will be rounded to 2 decimal places.

4.3. ADJUSTMENTS

Under certain circumstances, an adjustment of the INDEX may be necessary between two regular REBALANCE DAYS. Basically, such adjustment is need to be made if a corporate action (as specified in Section 4.4 below) in relation to an INDEX COMPONENT occurs. Such adjustment may need to be done in relation to an INDEX COMPONENT and/or may also affect the number of INDEX COMPONENTS and/or the weighting of certain INDEX COMPONENTS and will be made in compliance with the Bond Index



Methodology, which is available which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/> and : <https://www.solactive.com/documents/equity-index-methodology/>.

4.4. CORPORATE ACTIONS

As part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Corporate actions will be implemented from the cum-day to the ex-day of the corporate action, so that the adjustment to the INDEX coincides with the occurrence of the price effect of the respective corporate action.

Adjustments to the INDEX to account for corporate actions will be made in compliance with the Bond Index Methodology, which is available which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/> for Bond and LRCN Buckets and : <https://www.solactive.com/documents/equity-index-methodology/> for the preferred shares Bucket. These documents aim for each corporate action a brief definition and specifies the relevant adjustment to the INDEX variables.

While SOLACTIVE aims at creating and maintaining its methodology for treatment of corporate actions as generic and transparent as possible and in line with regulatory requirements, it retains the right in accordance with the Bond Index Methodology to deviate from these standard procedures in case of any unusual or complex corporate action or if such a deviation is made to preserve the comparability and representativeness of the INDEX over time.

Solactive considers following, but not conclusive, list of corporate actions as relevant for INDEX maintenance:

- > Early Redemption (an event that leads to a redemption of a bond before the regular maturity date)
- > Flat Trading (e.g. a bond ISSUER fails to meet its coupon payment obligation)
- > Bond Default (e.g. when the ISSUER fails to meet its coupon payment obligation or repay the principal at maturity)
- > Tender Offers (a holder of a bond is invited to tender the bond for a specific price at a specific time before the regular maturity date)
- > Exchange Offers (type of a tender offer where the ISSUER offers its bondholders to exchange their existing bonds for an asset other than cash)
- > Distressed Debt Exchange (form of debt exchange when bondholders agree to reduce the principal amount of debt securities in order to obtain higher payment priority in the form of secured debt)



- > Bond Funge (bond issue that is attached to an existing one (parent bond). On a defined date the parent bond absorbs the funged bond)
- > Payment-in-Kind Bonds (a situation where a bond pay interest in additional bonds rather than in cash)
- > Conversion of CoCo Bonds
- > Debt Issuance
- > Bond Maturity
- > Cash Distributions (e.g. payment of a dividend)
- > Stock distributions (e.g. payment of a dividend in form of additional shares)
- > Stock distributions of another company (e.g. payment of a dividend in form of additional shares of another company (e.g. of a subsidiary))
- > Share splits (company's present shares are divided and therefore multiplied by a given factor)
- > Reverse splits (company's present shares are effectively merged)
- > Capital increases (such as issuing additional shares)
- > Share repurchases (a company offer its shareholders the option to sell their shares to a fixed price)
- > Spin-offs (the company splits its business activities into two or more entities and distributes new equity shares in the created entities to the shareholders of the former entity)
- > Mergers & Acquisitions (transaction in which the ownership of a company (or other business organizations) are transferred or consolidated with other entities, e.g. fusion of two or more separate companies into one entity)
- > Delistings (company's shares are no longer publicly traded at a stock exchange)
- > Nationalization of a company (effective control of a legal entity is taken over by a state)
- > Insolvency

4.5. RECALCULATION

SOLACTIVE makes the greatest possible efforts to accurately calculate and maintain its indices. However, errors in the determination process may occur from time to time for variety reasons (internal or external) and therefore, cannot be completely ruled out. SOLACTIVE endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of "a reasonable period of time" as well as the general measures to be taken are generally depending on the underlying and is specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.



4.6. MARKET DISRUPTION

In periods of market stress SOLACTIVE calculates its indices following predefined and exhaustive arrangements as described in the Solactive Disruption Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/disruption-policy/>. Such market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for one or more INDEX COMPONENTS. The determination of the INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.

5. MISCELLANEOUS

5.1. DISCRETION

Any discretion which may need to be exercised in relation to the determination of the INDEX (for example the determination of the INDEX COMPONENTS or any other relevant decisions in relation to the INDEX) shall be made in accordance with strict rules regarding the exercise of discretion or expert judgement established by the INDEX ADMINISTRATOR.

5.2. METHODOLOGY REVIEW

The methodology of the INDEX is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the INDEX, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Methodology Policy, which is incorporated by reference available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Such change in the methodology will be announced on the SOLACTIVE webpage under the Section "Announcement", which is available at <https://www.solactive.com/news/announcements/>. The date of the last amendment of this INDEX is contained in this GUIDELINE.

5.3. CHANGES IN CALCULATION METHOD

The application by the INDEX ADMINISTRATOR of the method described in this document is final and binding. The INDEX ADMINISTRATOR shall apply the method described above for the composition and calculation of the INDEX. However, it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The INDEX ADMINISTRATOR may also make changes to the terms and conditions of the INDEX and the method applied to calculate the INDEX that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The INDEX ADMINISTRATOR is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the INDEX ADMINISTRATOR will



take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

5.4. TERMINATION

SOLACTIVE makes the greatest possible efforts to ensure the resilience and continued integrity of its indices over time. Where necessary, SOLACTIVE follows a clearly defined and transparent procedure to adapt index methodologies to changing underlying markets (see Section 5.2 “Methodology Review”) in order to maintain continued reliability and comparability of the indices. Nevertheless, if no other options are available the orderly cessation of the INDEX may be indicated. This is usually the case when the underlying market or economic reality, which the INDEX is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the INDEX, the INDEX rules, and particularly the selection criteria, can no longer be applied coherently or the INDEX is no longer used as the underlying value for financial instruments, investment funds and financial contracts.

SOLACTIVE has established and maintains clear guidelines on how to identify situations in which the cessation of the INDEX is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

5.5. OVERSIGHT

An oversight committee composed of staff from SOLACTIVE and its subsidiaries (the “OVERSIGHT COMMITTEE”) is responsible for decisions regarding any amendments to the rules of the INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the OVERSIGHT COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.



6. DEFINITIONS

"BENCHMARK REGULATION" shall have the meaning as defined in Section "Introduction".

"BMR" shall have the meaning as defined in Section "Introduction".

"BUSINESS DAY" with respect to the INDEX is any day other than a Saturday or Sunday or a day on which the Investment Industry Association of Canada (IIAC) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in domestic bond and money markets. The IIAC recommended closings of the domestic Canadian bond and money markets are set out on the following website (or any successor page): <http://iiac.ca/market-closure-schedule/>.

"CLOSE OF BUSINESS" is a time stamp when an INDEX is calculated. This occurs at [22:30][CET] every BUSINESS DAY.

"COUNTRY OF DOMICILE" is defined by SOLACTIVE based on the assessment of market data providers as the location of the company's management board.

"FIXING TIME" is the time when the prices for the INDEX COMPONENTS are fixed for index calculation. [This is specified in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>.]

"FLOATING RATE NOTES" are bonds with a floating coupon rate, i.e. the coupon payments fluctuate in line with the underlying level of a pre-specified interest rate.

"GUIDELINE" shall have the meaning as defined in Section "Introduction".

"INDEX" shall have the meaning as defined in Section "Introduction".

"INDEX ADMINISTRATOR" shall have the meaning as defined in Section "Introduction".

"INDEX CALCULATOR" is SOLACTIVE or any other appropriately appointed successor in this function.

"INDEX COMPONENT" is each bond reflected in the INDEX.

"INDEX COMPONENT REQUIREMENTS" shall have the meaning as defined in Section 2.1.

"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"INFLATION-LINKED BONDS" are bonds whose principal and coupon payments are indexed to inflation.]

"ISSUER" is the issuing entity of the respective bond.

"LAST EVALUATED ASK PRICE" the last available evaluated ask price by the designated PRICING PROVIDER.

"LAST EVALUATED BID PRICE" the last available evaluated bid price by the designated PRICING PROVIDER.

"LAST EVALUATED MID PRICE" is the average between LAST EVALUATED ASK PRICE and LAST EVALUATED BID PRICE.

"LIVE DATE" is 17-01-2022

"LCRN" Limited Recourse Capital Note is a bond with the capital structure ranking like preferred shares



"OVERSIGHT COMMITTEE" shall have the meaning as defined in Section 5.5.

"PRICING PROVIDER" is in respect of an Index Component, specified in the List of Bond Pricing Provider which is incorporated by reference and available on the SOLACTIVE website (<https://www.solactive.com/documents/bond-pricing-provider/>).

"REBALANCE DAY" is the last BUSINESS DAY of the month.

"SELECTION DAY" is 4 BUSINESS DAYS before the scheduled REBALANCE DAY, disregarding any potential change of the REBALANCE DAY.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

"STEP-UP COUPON BONDS" are bonds whose coupons increase while the bond is outstanding. The coupon amounts are determined at issuance.

ZERO COUPON BONDS" means bonds which do not pay interest but are issued at a discount.



7. HISTORY OF INDEX CHANGES

Version	Date	Description
1.0	20 January 2022	Index Guideline creation (<i>initial version</i>)

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