



**ROYAL BANK OF CANADA**  
(a Canadian chartered bank)

**Notes Base Prospectus**

**Pursuant to the Programme for the  
Issuance of Securities**

Pages i to 168 (inclusive) of this document comprise a base prospectus (the "**Base Prospectus**") for the purposes of Article 5.4 of the Prospectus Directive (as defined herein) in respect of notes ("**PD Notes**" or "**Notes**") to be offered to the public in the Relevant Member States (as defined herein) and/or to be admitted to the Official List of the Financial Conduct Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 as amended, the "**UK Listing Authority**") and admitted to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

Pages 169 to 251 (inclusive) of this document comprises an offering circular (the "**Offering Circular**"), which has been prepared for the Issuer in connection with the issue of Notes other than PD Notes ("**Non PD Notes**"). The Offering Circular has not been reviewed or approved by the UK Listing Authority and does not constitute a base prospectus for purposes of the Prospectus Directive.

Under this Base Prospectus pursuant to the Programme for the Issuance of Securities described under "Description of the Programme Limit" herein (the "**Programme**"), Royal Bank of Canada (the "**Issuer**" or the "**Bank**") may from time to time issue (i) unsubordinated notes which constitute deposit liabilities of the Issuer pursuant to the Bank Act (Canada) and will rank *pari passu* with all present or future deposit liabilities of the Issuer (except as otherwise prescribed by law and subject to the exercise of bank resolution powers) and without preference amongst themselves (the "**Senior Notes**") or (ii) non-viability contingent capital subordinated notes which constitute subordinated indebtedness of the Issuer for the purposes of the Bank Act (Canada) (the "**Subordinated Notes**"), and together with the Senior Notes, the "**Notes**"). The Notes may be denominated or payable in any currency agreed between the Issuer and the relevant Dealer(s) (as defined herein).

The Notes may be issued in bearer or registered form or dematerialised and uncertificated book-entry form. The maximum aggregate principal amount of all Notes and other instruments evidencing deposit liabilities under the Bank Act (Canada) outstanding under the Programme (calculated as described under "Description of the Programme Limit") at any time will not exceed U.S.\$40,000,000,000 (or its equivalent in other currencies calculated as described in the Dealership Agreement described herein), subject to increase as described herein. The maximum aggregate principal amount of Subordinated Notes that can be issued at any time will also be subject to the limits set out in the Standing Resolution of the Board of Directors of the Bank regarding subordinated indebtedness then in effect. See "General Information and Recent Developments". The price and amount of the Notes to be issued under the Base Prospectus will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Bank may issue Notes that bear interest at fixed rates or floating rates or that do not bear interest.

Application has been made to the UK Listing Authority for the PD Notes issued under the Base Prospectus during the period of twelve months after the date hereof to be admitted to the Official List of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange for such PD Notes to be admitted to trading on the London Stock Exchange's regulated market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Notes may also be admitted to trading on the regulated market of the Luxembourg Stock Exchange. Swedish Notes (as defined herein) may be listed on the securities exchange operated by NASDAQ OMX Stockholm AB (the "**Nasdaq Stockholm Exchange**"). The Nasdaq Stockholm Exchange and the Luxembourg Stock Exchange's regulated market are regulated markets for the purposes of MiFID II.

Amounts payable under the Notes may be calculated by reference to one or more "benchmarks" for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of June 8, 2016 (the "**Benchmarks Regulation**"). In this case, a statement will be included in the relevant Final Terms (as defined below) as to whether or not the relevant administrator of the "benchmark" is included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. Certain "benchmarks" may not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation and transitional provisions in Article 51 of the Benchmarks Regulation may apply to certain other "benchmarks", such that at the date of the relevant Final Terms the administrator of the "benchmark" is not required to be included in the register of administrators.

Unless otherwise specified in the applicable Final Terms, the Bank will issue Senior Notes whose Branch of Account for purposes of the Bank Act (Canada) is the main branch in Toronto. The Bank may also issue such Senior Notes whose Branch of Account for Bank Act (Canada) purposes is the London branch, if specified in the applicable Final Terms. Irrespective of any specified Branch of Account, the Bank is (a) the legal entity that is the issuer of the Notes and (b) the legal entity obligated to repay the Notes. The Bank is the only legal entity that will issue Notes pursuant to this Programme. The determination by the Bank of the Branch of Account for Senior Notes will be based on various considerations, including those relating to (i) the market or jurisdiction into which the Notes are being issued, based on factors including investors' preferences in a specific market or jurisdiction, (ii) specific regulatory requirements, such as a regulator requiring that a branch increase its liquidity through locally sourced funding, or (iii) tax implications that would affect the Bank or investors, such as the imposition of a new tax if an alternative branch was used. A branch of the Bank is not a subsidiary of the Bank or a separate legal entity from the Bank.

**Senior Notes that are Bail-inable Notes (as defined below) are subject to conversion in whole or in part– by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (Canada) (the “CDIC Act”) and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes. See Condition 3.02 and discussion under risk factors included under “Risk Factors – 2. Risks relating to the structure of a particular issue of Notes – 2.3 Risks applicable to Senior Notes and in particular Bail-inable Notes” and Condition 3.02 of the “Terms and Conditions of the Notes”. The applicable Final Terms will indicate whether the Senior Notes are Bail-inable Notes. Senior Notes are also potentially subject to resolution powers of authorities outside of Canada in exceptional circumstances. See discussions under Risk Factors included under “Risk Factors – 2. Risks related to the structure of a particular issue of Notes – 2.4 UK resolution risks applicable to the Senior Notes” and “Risk Factors – 3. Risks related to the Notes generally – Notes may be subject to write-off, write down or conversion under the resolution powers of authorities outside of Canada”.**

**Subject to the more detailed description set out in the Terms and Conditions of the Notes herein, the Subordinated Notes will automatically and immediately convert (“NVCC Automatic Conversion”) into common shares of the Bank (“Common Shares”) upon the occurrence of a Non-Viability Trigger Event (as defined in Condition 8). See discussion under risk factors under “Risk Factors – 2. Risks related to the structure of a particular issue of Notes – 2.5 Risks related to Subordinated Notes”.**

Subordinated Notes issued under this Base Prospectus will be issued with a denomination of at least Euro 100,000 (or its equivalent in any other currency), while Senior Notes may be issued with a denomination of less than Euro 100,000 (or its equivalent in any other currency).

**Prospective Investors should have regard to the material known risks described under the section headed “Risk Factors” in this Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Notes.**

Arranger  
RBC CAPITAL MARKETS

Dealers

RBC CAPITAL MARKETS  
BARCLAYS  
CREDIT SUISSE  
HSBC  
MORGAN STANLEY

BoFA MERRILL LYNCH  
CITIGROUP  
DEUTSCHE BANK  
J.P. MORGAN  
UBS INVESTMENT BANK

September 24, 2018

## CREDIT RATINGS

The Senior Notes to be issued under the Programme pursuant to the Base Prospectus have been rated Aa2 (long term senior debt) and A2 (bail-inable long term senior debt) by Moody's Canada Inc. ("**Moody's Canada**") and AA- (long term senior debt) and A (bail-inable long term senior debt) by S&P Global Ratings, acting through S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. ("**S&P Canada**"). The Subordinated Notes to be issued under the Programme have been rated Baa1 by Moody's Canada and A- by S&P Canada.

In addition to the Programme ratings provided by Moody's Canada and S&P Canada, each of Moody's Investors Service, Inc. ("**Moody's USA**"), Standard & Poor's Financial Services LLC ("**S&P USA**"), Fitch Ratings, Inc. ("**Fitch**") and DBRS Limited ("**DBRS**") has provided issuer and other ratings and assessments for the Issuer as set out in the table at paragraph 12 of "*General Information and Recent Developments*".

In accordance with Article 4.1 of the Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"), please note that the following documents (as defined in the section entitled "Documents Incorporated by Reference") incorporated by reference in this Base Prospectus contain references to credit ratings from the same rating agencies as well as Kroll Bond Rating Agency ("**KBRA**"), which provided an unsolicited rating:

- (a) the 2017 AIF (pages 12, 13, 27 and 28);
- (b) the 2017 Annual Report (page 80); and
- (c) the Third Quarter 2018 Report to Shareholders (page 41).

None of S&P Canada, S&P USA, Moody's Canada, Moody's USA, Fitch or DBRS (together, the "**non-EU CRAs**") is established or regulated in the European Union or certified under the CRA Regulation. However, Standard and Poor's Credit Market Services Europe Ltd., Moody's Investors Service Ltd., DBRS Ratings Limited and Fitch Ratings Ltd., which are affiliates of S&P Canada, S&P USA, Moody's Canada, Moody's USA, Fitch and DBRS, respectively, and which are established in the European Union and registered under the CRA Regulation have endorsed the ratings of their affiliated non-EU CRAs. KBRA is certified under the CRA Regulation.

Notes issued under the Base Prospectus may be rated or unrated. The rating of a Tranche of Notes to be issued under the Base Prospectus may be specified in the applicable Final Terms. Where a Tranche of Notes is rated, such credit rating will not necessarily be the same as the ratings assigned to the Programme, the Issuer or to notes already issued.

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, [www.esma.europa.eu](http://www.esma.europa.eu), a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU

credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning agency and each rating should be evaluated independently of any other. Investors may suffer losses if the credit rating assigned to the Notes does not reflect the then creditworthiness of such Notes.**

## IMPORTANT NOTICES

All capitalised terms used will be defined in this Base Prospectus or the Final Terms.

### ***Responsibility for the Base Prospectus***

The Bank accepts responsibility for the information contained in the Base Prospectus and the Final Terms. To the best of the knowledge of the Bank, having taken all reasonable care to ensure that such is the case, the information contained in the Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### ***Wholesale Base Prospectus***

All sections of this Base Prospectus will comprise a base prospectus issued in compliance with the Prospectus Directive for the purpose of giving information with regard to the issue of any Notes issued by the Issuer which have a denomination of at least Euro 100,000 (or its equivalent in another currency) and which are to be admitted to the Official List and admitted to trading on the Market under the Programme during the period of 12 months after the date hereof (the "**Wholesale Base Prospectus**"), other than:

- (a) the section entitled "*Summary of the Programme relating to Low Denomination Senior Notes*" on pages 1 to 15; and
- (b) the section entitled "*Form of the Final Terms of the Notes (for each Tranche of Notes issued under this Base Prospectus with a denomination less than €100,000 (or its equivalent in another currency))*",

and all references in the Wholesale Base Prospectus to "Final Terms" shall be deemed to be a Final Terms in the form set out in the section entitled "*Form of Final Terms of Notes for each Tranche of Notes issued under this Base Prospectus with a denomination of at least €100,000 (or its equivalent in another currency)*" on pages 134 to 146.

### ***Low Denomination Base Prospectus***

All sections of this Base Prospectus will comprise a base prospectus issued in compliance with the Prospectus Directive for the purpose of giving information with regard to the issue of any Senior Notes issued by the Issuer which have a denomination of less than Euro 100,000 (or its equivalent in another currency) and which are to be admitted to the Official List and admitted to trading on the Market under the Programme during the period of 12 months after the date hereof (the "**Low Denomination Base Prospectus**"), other than the section entitled "*Form of the Final Terms of the Notes (for each Tranche of Notes issued under this Base Prospectus with a denomination of at least Euro 100,000 (or its equivalent in another currency))*". All references in the Low Denomination Base Prospectus to "Final Terms" shall be deemed to be a Final Terms in the form set out in the section entitled "*Form of Final Terms of Notes for each Tranche of Notes issued under this Base Prospectus with a denomination less than €100,000 (or its equivalent in another currency)*" on pages 120 to 133.

### ***Final Terms or Drawdown Prospectus***

Details of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms not contained herein which are applicable to each Tranche of Notes will be set forth in final terms (the "**Final Terms**") or a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms and Drawdown Prospectus" on page 59 hereof.

Copies of Final Terms or Drawdown Prospectuses for Notes (i) can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Bank and the headline “Publication of Prospectus” and (ii) will be available without charge from the Bank at 13<sup>th</sup> Floor, 155 Wellington Street West, Toronto, Ontario, Canada M5V 3K7, Attention: Senior Vice President, Performance Management and Investor Relations and the specified office of the Issuing and Paying Agent set out at the end of this Base Prospectus (see “Terms and Conditions of the Notes”).

### ***Restrictions on Distribution of this Base Prospectus and offers of Notes***

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, including restrictions in Canada, the United States, the European Economic Area (including the United Kingdom, Belgium, France, Italy, The Netherlands and Sweden), Hong Kong, Japan, Singapore and Switzerland, see “*Subscription and Sale*”.

In particular, (1) the Notes may only be offered within the EEA to qualified investors (as defined in the Prospectus Directive) on an exempt basis pursuant to Article 3(2) of the Prospectus Directive and (2) unless specifically indicated to the contrary in the applicable Final Terms no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of the Notes outside the EEA or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended and may include Notes in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

### ***MIFID II Product Governance / Target Market***

The Final Terms in respect of any Notes may include a legend entitled “**MIFID II PRODUCT GOVERNANCE**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under Commission Delegated Directive (EU) 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of such Notes, but otherwise none of the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

### ***PRIIPs Regulation Prohibition of Sales to EEA Retail Investors***

If the applicable Final Terms in respect of any Notes includes a legend entitled “**PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS**”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive as defined below. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### ***Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”)***

Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***Issue Price***

The Issue Price will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of the relevant issue and will depend, amongst other things, on the interest rate (if any) applicable to the Notes and prevailing market conditions at that time.

### ***Unauthorised Information***

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any amendment or supplement hereto or any document incorporated herein or therein by reference or entered into in relation to the Programme or any information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer.

### ***Other Relevant Information***

None of the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus, nor have they independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Arranger or Dealer nor any of its respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

This Base Prospectus should be read and construed with any amendment or supplement hereto and with any other documents which are deemed to be incorporated herein or therein by reference and

shall be read and construed on the basis that such documents are so incorporated and form part of this document. Any reference in this document to the “**Base Prospectus**” means this document together with the documents incorporated by reference herein, any supplementary prospectus approved by the UK Listing Authority and any documents specifically incorporated by reference therein. In relation to any Series (as defined herein) of Notes, this document shall also be read and construed together with the applicable Final Terms(s) (as defined herein).

### ***Independent Evaluation***

Neither this Base Prospectus or any Final Terms nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this document, any Final Terms or any other information supplied in connection with the Programme should subscribe for or purchase any Notes, nor are they intended to provide the basis of any credit or other evaluation. Each recipient of this Base Prospectus or any Final Terms and each investor contemplating purchasing any Notes shall be taken to have made its own independent investigation of the condition (financial or otherwise) and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of this document, any Final Terms or any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

### ***Currency of Information***

Subject to the Issuer’s obligations to supplement the Base Prospectus under section 87G of the Section 21 of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”), neither the delivery of this document nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

### ***Investment Considerations***

Each potential investor in the Notes must determine (at the time of the initial investment and on an on-going basis) the suitability of that investment in light of its own circumstances. In particular, each potential investor, either on its own or with the help of its financial or other professional advisers, should consider whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or Notes whose terms provide that the currency for principal or interest payments is different from the potential investor’s currency or Subordinated Notes which will be converted into Common Shares upon the occurrence of a Non-Viability Trigger Event (as defined in Condition 8) or Bail-inable Notes which will be converted (in whole or in part) into Common Shares of the Bank or an affiliate upon a Bail-in Conversion (as defined in Condition 3.02);



- (iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing, (3) Notes can be used as repo-eligible securities, and (4) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Stabilisation***

**IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES UNDER THE PROGRAMME, THE DEALER OR DEALERS (IF ANY) APPOINTED AS STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION WILL NOT NECESSARILY OCCUR. ANY STABILISATION ACTION OR OVER-ALLOTMENT MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## DEFINITIONS

Unless otherwise specified, all references in the Base Prospectus to:

- **“China”**, **“Mainland China”** and **“PRC”** means the People's Republic of China which, for the purposes of this Base Prospectus, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and references to PRC government are to the government of PRC;
- **“U.S.\$”**, **“U.S. dollars”**, **“USD”** or **“United States Dollars”** are to the lawful currency of the United States of America;
- **“\$”**, **“C\$”**, **“CAD”** or **“Canadian dollars”** are to the lawful currency of Canada;
- **“Dealers”** means, unless the context otherwise requires, the Dealers named on page 16 hereof and any future dealers that may be appointed either in respect of a particular Tranche or in respect of the Base Prospectus as a whole;
- **“euro”**, **“€”** and **“EUR”** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **“EEA”** and **“European Economic Area”** means Member States of the European Union together with Iceland, Norway and Liechtenstein;
- **“Hong Kong Dollars”** are the lawful currency of Hong Kong;
- the **“Prospectus Directive”** refer to Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in a relevant Member State;
- **“Member State”** refer to a member state of the EEA;
- **“Relevant Member State”** refer to a Member State which has implemented the Prospectus Directive;
- **“Renminbi”**, **“RMB”** and **“CNY”** mean the lawful currency of the People's Republic of China; and;
- **“Sterling”** means the currency of the United Kingdom.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Issuer makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. The Issuer may make forward-looking statements in this Base Prospectus and in the documents incorporated by reference herein, in other filings with Canadian regulators, the United States Securities and Exchange Commission (the “SEC”) or other securities regulators, in other reports to shareholders and in other communications. The forward-looking statements contained herein and in the documents incorporated by reference herein include, but are not limited to, statements relating to the Issuer’s financial performance objectives, vision and strategic goals, the economic, market and regulatory review and outlook for Canadian, U.S., European and global economies, the regulatory environment in which the Issuer operates and the “Strategic priorities” and “Outlook” sections for each of the Issuer’s business segments in the Issuer’s 2017 MD&A (as defined in the section entitled “Documents Incorporated by Reference”) contained in the Issuer’s 2017 Annual Report (as defined in the section entitled “Documents Incorporated by Reference”) and incorporated by reference herein, and the risk environment including the Issuer’s liquidity and funding risk. The forward-looking information contained in this document and in the documents incorporated by reference is presented for the purpose of assisting the holders and potential purchasers of debt or derivative securities issued by the Issuer and financial analysts in understanding the Issuer’s financial position and results of operations as at and for the periods ended on the dates presented as well as the Issuer’s financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”.

By their very nature, forward-looking statements require the Issuer to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Issuer’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the financial performance objectives, vision and strategic goals will not be achieved. Readers are cautioned not to place undue reliance on these statements as a number of risk factors could cause the actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond the Issuer’s control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risk sections of the Issuer’s 2017 MD&A incorporated by reference herein and in the “Risk management” section of the Issuer’s Third Quarter 2018 MD&A (as defined in the section entitled “Documents Incorporated by Reference”) also incorporated by reference herein; including global uncertainty and volatility; elevated Canadian housing prices and household indebtedness; information technology and cyber risk, including the risk of cyber-attacks or other information security events at or impacting the Issuer’s service providers or other third parties with whom the Issuer interacts, regulatory change, technological innovation and non-traditional competitors; global environmental policy and climate change; changes in consumer behaviour; the end of quantitative easing, the business and economic conditions in the geographic regions in which the Issuer operates; the effects of changes in government fiscal, monetary and other policies; tax risk and transparency; and environmental and social risk.

The Issuer cautions that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect the Issuer's results. When relying on the Issuer's forward-looking statements to make decisions with respect to the Issuer, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward-looking statements contained in this Base Prospectus and in the documents incorporated by reference herein are set out in the "Overview and outlook" section and for each business segment under the "Strategic priorities" and "Outlook" headings in the Issuer's 2017 MD&A contained in its 2017 Annual Report, as updated by the "Overview and outlook" section of the Issuer's Third Quarter 2018 Report to Shareholders, which sections are incorporated by reference herein.

The forward-looking statements included in this Base Prospectus are made only as at the date of this Base Prospectus. Except as required by law, none of the Issuer, any Dealer or any other person undertakes to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Issuer.

Additional information about these and other factors can be found in the risk sections in the Issuer's 2017 MD&A contained in its 2017 Annual Report and in the "Risk management" section in the Issuer's Third Quarter 2018 Report to Shareholders, which sections are incorporated by reference herein.

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## SUMMARY OF THE PROGRAMME RELATING TO LOW DENOMINATION SENIOR NOTES

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A-E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for these types of securities and this Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'. Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this Summary.

<b>Section A - Introduction and Warnings:</b>		
A.1	Warning:	This summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Senior Notes should be based on consideration of the Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the applicable Final Terms or it does not provide, when read together with the other parts of the Base Prospectus and the applicable Final Terms, key information in order to aid investors when considering whether to invest in such Senior Notes.
A.2	Consent to use of this Base Prospectus in subsequent resale or final placement of Senior Notes, indication of offer period and conditions to consent to subsequent resale or final placement and warning:	Not Applicable. The Senior Notes may only be offered within the European Economic Area (“ <b>EEA</b> ”) to qualified investors (as defined in the Prospectus Directive) on an exempt basis pursuant to Article 3(2) of the Prospectus Directive. The Issuer has not, and will not, give its consent for any financial intermediary or other offeror to use this Base Prospectus in connection with any offer of the Senior Notes.
<b>Section B - Issuer:</b>		
B.1	Legal and commercial name:	Royal Bank of Canada (the “ <b>Bank</b> ” or the “ <b>Issuer</b> ”)
B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Issuer operates:	The Issuer is incorporated and domiciled in Canada and is a Schedule 1 bank under the <i>Bank Act</i> (Canada) which constitutes its charter.

B.4b	Known trends affecting the Issuer and its Industry:	<p>The banking environment and markets in which the Issuer conducts its businesses will continue to be strongly influenced by developments in the Canadian, U.S. and European economies and global capital markets.</p> <p>As with other financial services providers, the Issuer continues to face increased supervision and regulation in most of the jurisdictions in which it operates, particularly in the areas of global and domestic standards for capital and liquidity, changes to federal mortgage rules, over-the-counter (OTC) derivatives reform, and initiatives to enhance requirements for institutions deemed systemically important to the financial sector.</p>
B.5	Group Position:	<p>Royal Bank of Canada and its subsidiaries are referred to as the “<b>RBC Group</b>”. Royal Bank of Canada is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. RBC Group's success comes from the 84,000+ employees who bring RBC Group's vision, values and strategy to life so it can help its clients thrive and communities prosper. As Canada's biggest bank, and one of the largest banks in the world based on market capitalisation, RBC Group has a diversified business model with a focus on innovation and providing exceptional experiences to its 16 million clients in Canada, the U.S. and 34 other countries. Royal Bank of Canada is the ultimate parent company and main operating company of the RBC Group.</p>
B.9	Profit Forecasts or Estimates:	Not applicable. No profit forecasts or estimates made.
B.10:	Description of any Qualifications in the Audit Report on the Historical Financial Information:	Not applicable. The audit reports on the historical financial information are not qualified.
B.12	Key Historical Financial Information; no material adverse change and no significant change statements:	<p>With the exception of the figures for return on common equity, information in the tables below for the years ended October 31, 2017 and 2016 and for the nine-month periods ended July 31, 2018 and July 31, 2017 have been extracted from the Issuer's 2017 audited consolidated financial statements and the unaudited interim condensed consolidated financial statements for the nine-month period ended July 31, 2018, respectively, all which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“<b>IFRS</b>”) and are incorporated by reference in the Base Prospectus. The amounts under return on common equity for the years ended October 31, 2017 and 2016 and for the nine-month periods ended July 31, 2018 and 2017 have been extracted from the Issuer's 2017 Management's Discussion and Analysis and Third Quarter 2018 Management's Discussion and Analysis, respectively:</p>

## Selected Consolidated Balance Sheet Information

	As at July 31, 2018	As at October 31, 2017	As at October 31, 2016
	<i>(in millions of Canadian dollars)</i>		
Loans, net of allowance for loan losses	563,097	542,617	521,604
Total assets	1,292,374	1,212,853	1,180,258
Deposits	832,261	789,635	757,589
Other liabilities	371,716	338,309	340,314
Subordinated debentures	9,129	9,265	9,762
Non-controlling interest	91	599	595
Equity attributable to shareholders	77,781	73,829	71,017

## Condensed Consolidated Statement of Income Information

	Nine-months ended July 31, 2018	Nine-months ended July 31, 2017	Year ended October 31, 2017	Year ended October 31, 2016
	<i>(in millions of Canadian dollars, except per share amounts and percentage amounts)</i>			
Net interest income	13,462	12,779	17,140	16,531
Non-interest income <sup>1</sup>	18,445	17,367	23,529	22,264
Total revenue <sup>1</sup>	31,907	30,146	40,669	38,795
Provision for credit losses (PCL) <sup>2</sup>	954	916	1,150	1,546
Insurance policyholder benefits, claims and acquisition expense	2,182	1,916	3,053	3,424
Non-interest expense <sup>1</sup>	16,951	16,183	21,794	20,526
Net Income	9,181	8,632	11,469	10,458
Earnings per share				
– basic	\$6.19	\$5.69	\$7.59	\$6.80
– diluted	\$6.16	\$5.67	\$7.56	\$6.78
Return on common equity (ROE) <sup>3,4</sup>	17.6%	17.2%	17.0%	16.3%

<sup>1</sup> Effective Q4 2017, service fees and other costs incurred in association with certain commissions and fees earned are presented on a gross basis in non-interest expense. Comparative amounts have been reclassified to conform with this presentation.

<sup>2</sup> Under IFRS 9, PCL relates primarily to loans, acceptances, and commitments, and also applies to all financial assets except for those classified or designated as fair value through profit or loss (FVTPL) and equity securities designated as fair value through other comprehensive income (FVOCI). Prior to the adoption of IFRS 9, PCL related only to loans, acceptances, and commitments. PCL on loans, acceptances, and commitments is comprised of PCL on impaired loans (Stage 3 PCL under IFRS 9 and PCL on impaired loans under IAS 39) and PCL on performing loans (Stage 1 and Stage 2 PCL under IFRS 9 and PCL on loans not yet identified as impaired under IAS 39). Refer to the Credit risk section of the Management's Discussion and Analysis and Note 2 of the Issuer's unaudited interim condensed consolidated financial statements in the Issuer's Third Quarter 2018 Report to Shareholders for further details.

<sup>3</sup> This measure may not have a standardised meaning under generally accepted accounting principles (GAAP) and may not be comparable to similar measures disclosed by other financial institutions. For further details, refer to the Key performance and non-GAAP measures section of the Management's Discussion and Analysis in the Issuer's 2017 Annual Report and the Key performance and non-GAAP measures section of the Management's Discussion and Analysis in the Issuer's Third Quarter



2018 Report to Shareholders.

4 Average amounts are calculated using methods intended to approximate the average of the daily balances for the period. This includes Average common equity used in the calculation of ROE. For further details, refer to the Key performance and non-GAAP measures section of the Management's Discussion and Analysis in the Issuer's 2017 Annual Report and the Key performance and non-GAAP measures section of the Management's Discussion and Analysis in the Issuer's Third Quarter 2018 Report to Shareholders.

		<p><b>Statement of no significant or material adverse change</b>            Since October 31, 2017, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.</p> <p>Since July 31, 2018, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole.</p>
B.13	Description of Recent Events Material to the Issuer's Solvency:	Not applicable. There have been no recent events material to the Issuer's solvency.
B.14	If the Issuer is Dependent upon other Entities Within the Group, this must be Clearly Stated:	Not applicable. The Issuer is not dependent upon other entities within the RBC Group.
B.15	Issuer Principal Activities:	<p>All references to the "Bank" in this section refer to the Bank and its subsidiaries, unless the context otherwise requires.</p> <p>The Bank's business segments are Personal &amp; Commercial Banking, Wealth Management, Insurance, Investor &amp; Treasury Services and Capital Markets.</p> <p>Personal &amp; Commercial Banking operates in Canada, the Caribbean and the U.S., and comprises personal and business banking operations, as well as the Bank's auto financing and retail investment businesses.</p> <p>Wealth Management serves high net worth and ultra high net worth clients from the Bank's offices in key financial centres mainly in Canada, the U.S., the U.K., the Channel Islands and Asia with a comprehensive suite of investment, trust, banking, credit and other wealth management solutions. The Bank also provides asset management products and services directly to institutional and individual clients through the Bank's distribution channels and third-party distributors.</p> <p>Insurance provides a wide range of life, health, home, auto, travel, wealth, group and reinsurance products and solutions. In Canada, the Bank offers insurance products and services through the Bank's proprietary distribution channels, comprised of the field sales force which includes retail insurance stores, field sales representatives, advice centres and online, as well as through independent insurance advisors and affinity relationships. Outside Canada, the Bank operates in reinsurance markets globally offering life, accident and annuity reinsurance products.</p> <p>Investor &amp; Treasury Services serves the needs of institutional investing clients by providing asset services, custodial, advisory, financing and other services to safeguard assets, maximise liquidity and manage risk in multiple jurisdictions around the world. This business also provides short-term funding and liquidity management for the Bank.</p>

		Capital Markets provides public and private companies, institutional investors, governments and central banks with a wide range of products and services. In North America, the Bank offers a full suite of products and services which include corporate and investment banking, equity and debt origination and distribution, and structuring and trading. Outside North America, the Bank offers a diversified set of capabilities in the Bank's key sectors of expertise, such as energy, mining and infrastructure and the Bank has expanded into industrial, consumer, healthcare and technology in Europe.
B.16	Control of the Issuer:	Not applicable. To the extent known to the Issuer, the Issuer is not directly or indirectly controlled by any person.
B.17	Credit Ratings Assigned to the Issuer or its Debt Securities at the Request of or in Cooperation with the Issuer:	<p>The credit ratings assigned to the Issuer are:</p> <p>(i) Aa2 (long term senior debt), A2 (bail-inable long term senior debt), P-1 (short-term debt), Baa1 (subordinated debt), Baa1 (NVCC subordinated debt)<sup>1</sup>, Baa3 (preferred shares and NVCC preferred shares)<sup>1</sup>, each with a stable outlook, by Moody's Investors Services, Inc. ("<b>Moody's USA</b>"),</p> <p>(ii) AA- (long term senior debt), A (bail-inable long term senior debt), A-1+ (short-term debt), A (subordinated debt), A- (NVCC subordinated debt)<sup>1</sup>, BBB+ (preferred shares) and BBB/P-2<sup>2</sup> (NVCC preferred shares)<sup>1</sup>, each with a stable outlook, by Standard &amp; Poor's Financial Services LLC ("<b>S&amp;P USA</b>");</p> <p>(iii) AA (long term senior debt), AA (bail-inable long term senior debt), F1+ (short-term debt) and AA- (subordinated debt), each with a stable outlook, by Fitch Ratings, Inc. ("<b>Fitch USA</b>"); and</p> <p>(iv) AA (long term senior debt), AA (low) (bail-inable long term senior debt), R-1 (high) (short-term debt), A (high) (subordinated debt), A (low) (NVCC subordinated debt)<sup>1</sup>, Pfd-2 (high) (preferred shares) and Pfd-2 (NVCC preferred shares)<sup>1</sup>, each with a positive outlook, by DBRS Limited ("<b>DBRS</b>").</p> <p><sup>1</sup> Non-Viability contingent capital or NVCC.  <sup>2</sup> It is the practice of S&amp;P USA to present an issuer's preferred shares on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer.</p>
		<p>The Senior Notes issuable under the Programme have been generally rated Aa2 (long term senior debt) and A2 (bail-inable long term senior debt) by Moody's Canada Inc. ("<b>Moody's Canada</b>") and AA- (long term senior debt) and A (bail-inable long term senior debt) by S&amp;P Global Ratings, acting through S&amp;P Global Ratings Canada, a business unit of S&amp;P Global Canada Corp. ("<b>S&amp;P Canada</b>").</p> <p><i>Issue specific summary</i></p> <p>[The Senior Notes to be issued [have been/are expected to be] rated [•] by [•]]  [The Senior Notes to be issued have not been specifically rated.]</p>
<b>Section C - Notes:</b>		
C.1	Description of the Type and Class of Notes / ISIN:	<p>Senior Notes will be issued in series (each a "<b>Series</b>"). Each Series may comprise one or more tranches ("<b>Tranches</b>") issued on different issue dates.</p> <p>Senior Notes may be issued in (a) bearer, (b) registered or (c) in the case of Swedish Notes, dematerialised book-entry form settled in Euroclear Sweden AB ("<b>Swedish Notes</b>"). In respect of each Tranche of Senior Notes issued in bearer form, the Issuer will deliver a temporary global note or, in respect of Senior Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the "<b>TEFRA C Rules</b>") applies, a Permanent Global Note. Such global Senior Note will be deposited on or before the relevant issue date therefor with a depositary or a common depositary for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking S.A. ("<b>Clearstream, Luxembourg</b>") and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable either for a Permanent Global</p>

		<p>Note or, in certain cases, for Senior Notes in definitive bearer form and/or (in the case of certain Series comprising both bearer Senior Notes and Registered Notes) registered form in accordance with its terms. Each permanent global Senior Note will be exchangeable for Senior Notes in definitive bearer form and/or (in the case of certain Series comprising both bearer Notes and registered Notes) registered form in accordance with its terms. Senior Notes in definitive bearer form will, if interest-bearing, either have interest coupons (“<b>Coupons</b>”) attached and, if appropriate, a talon (“<b>Talon</b>”) for further Coupons. Senior Notes in bearer form are exchangeable in accordance with the terms thereof for Senior Notes in registered form. Senior Notes in registered form may not be exchanged for Senior Notes in bearer form.</p> <p>The Senior Notes may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.</p> <p><i>Issue specific summary</i>  Series Number: [•]  Tranche Number: [•]  Type of Notes: [Fixed Rate Note] [Floating Rate Note] [Zero Coupon Note]  [Bearer Notes:]  [Initially represented by a Temporary Global Note / Permanent Global Note]  [Temporary Global Note exchangeable for a Permanent Global Note or for Definitive Notes and/or (if the relevant Series comprises both Bearer Notes and Registered Notes) Registered Notes]  [Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or (if the relevant Series comprises both Bearer Notes and Registered Notes) Registered Notes]  [Registered Notes:]  Form of Registered Notes: [•]  [Swedish Notes]  Aggregate Nominal Amount: [•]  ISIN: [•]  Common Code: [•]  Relevant clearing system: [The Senior Notes will settle in Euroclear and Clearstream, Luxembourg [•]]</p>
C.2	Currency:	<p>Senior Notes may be denominated in any currency or currencies subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>Issue specific summary</i>  The currency of the Senior Notes is [•]</p>
C.5	A Description of any Restriction on the Free Transferability of Notes:	<p>Not Applicable. The Senior Notes will be freely transferable, subject to the primary offering and selling restrictions in United Kingdom, France, Italy, The Netherlands, Sweden, Hong Kong, Japan, Singapore and Switzerland and under the Prospectus Directive and the laws of any jurisdiction in which the relevant Senior Notes are offered or sold.</p>
C.8	A Description of the Rights Attaching to the Notes, Including Ranking and any Limitation on those Rights:	<p><b>Issue price:</b> Senior Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The issue price will be determined by the Issuer prior to the offering of each Tranche after taking into account certain factors including market conditions.</p> <p><i>Issue specific summary</i>  [[•] per cent. of the Aggregate Nominal Amount] [plus accrued interest from [•]]</p> <p><b>Denominations:</b> Senior Notes will be issued in such denominations as may be specified in the applicable Final Terms, subject to compliance with all legal and/or regulatory requirements.</p> <p><i>Issue specific summary</i>  [Specified Denomination(s): [•]]</p>

**Ranking:** Senior Notes are issued on an unsubordinated basis. None of the Senior Notes will be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada) (the “**CDIC Act**”).

Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer (including deposit liabilities), except as otherwise prescribed by law and subject to the exercise of the bank resolution powers under the CDIC Act. On the exercise of bank resolution powers under the CDIC Act, Senior Notes that are Bail-inable Notes (as defined below) may be converted, in whole or in part, into common shares of the Issuer or any of its affiliates and subject to variation or extinguishment in consequence.

**Withholding tax:** Payments in respect of Senior Notes or Coupons will be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or, if the branch of account specified in the applicable Final Terms is London, the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the Holders of Senior Notes or Coupons receiving such amounts as they would have received in respect of such Senior Notes or Coupons had no such withholding or deduction been required.

A specification of a branch of account of the Senior Notes is required by the *Bank Act* (Canada). Irrespective of any specified branch of account, the Bank is the only legal entity that issues the Senior Notes and that is obliged to repay the Senior Notes.

All payments in respect of the Senior Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto, including withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

**Issue specific summary:**

[The [Toronto main branch] [London branch] is the branch of account of the Senior Notes.]

**Events of default:** The terms of the Senior Notes provide for events of default which are limited to (a) non-payment for more than 30 business days of interest or principal; and (b) the Bank becoming insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada) or going into liquidation, either voluntarily or under an order of a court of competent jurisdiction or being ordered wound-up or otherwise acknowledging its insolvency; provided that Noteholders may only exercise rights to accelerate the Bail-inable Notes (as defined below) upon such an event where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank and, notwithstanding the exercise of any right to accelerate the Bail-inable Notes, Bail-inable Notes continue to be subject to a Bail-in Conversion (as defined below) until repaid in full. A Bail-in Conversion will not be an event of default.

**Amendments to terms and conditions:** Meetings of Holders of Senior Notes may be called, written resolutions prepared or electronic consents solicited to consider matters affecting their interests generally. The provisions governing such meetings, resolutions or consents permit defined majorities to bind all Holders of Senior Notes including Holders who did not vote on the relevant resolution or consent and Holders who voted in a manner contrary to the majority.

		<p><b>Limitation on rights attaching to the Senior Notes:</b> Senior Notes other than “structured notes” (as defined in the <i>Bank Recapitalization (Bail-in) Conversion Regulations</i> (Canada)) issued on or after September 23, 2018, with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days and that have been assigned a CUSIP or ISIN or similar identification number (“<b>Bail-inable Notes</b>”) will be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Issuer or any of its affiliates under the CDIC Act (a “<b>Bail-in Conversion</b>”).</p> <p>Senior Notes which would otherwise be bail-inable but were issued before September 23, 2018 will not be subject to a Bail-in Conversion unless the terms of such Senior Notes are amended to increase their principal amount or to extend their term to maturity on or after September 23, 2018, and such Senior Notes, as amended, meet the requirements to be a Bail-inable Note.</p> <p>The Conditions provide that holders of Bail-inable Notes attorn to the jurisdiction of courts in the Province of Ontario with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act. This term is binding on each holder or beneficial owner of Bail-inable Notes despite any provisions in the relevant Bail-inable Notes, any other law that governs the Bail-inable Notes and any other agreement, arrangement or understanding between such holder or beneficial owner of the Bail-inable Notes and the Issuer with respect to the Bail-inable Notes.</p> <p><i>Issue specific summary:</i> The Senior Notes [are][are not] Bail-inable Notes.</p> <p><b>Governing law:</b> The laws of the Province of Ontario and the federal laws of Canada applicable therein.</p>
C.9	Description of Rights Attaching to the Notes, including Nominal Interest Rate, Interest Payment Date, Maturity Date/ Repayment Procedures, Indication of Yield and Name of Representative of Debt Note Holders:	<p><b>Interest:</b> Senior Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and may be resettable periodically. The applicable interest rate or its method of calculation may differ from time to time or be constant for any Series of Senior Notes. Senior Notes may have a maximum interest rate, a minimum interest rate, or both. The length of the interest periods for the Senior Notes may also differ from time to time or be constant for any Series of Senior Notes.</p> <p><b>Fixed rate notes:</b> Fixed interest will be payable in arrear on the specified date or dates in each year. <i>Issue specific summary:</i> [Fixed Rate Notes are not being issued] [Rate(s)] of Interest: [•] per cent. per annum payable [•] in arrear on each Interest Payment Date [in the period from and including [•] to but excluding [•]] Interest Payment Date(s): [•] in each year subject to adjustment in accordance with the Business Day Convention set out below [for payment purposes only / for payment and interest calculation purposes] [Fixed Coupon Amount(s)]: [•] per Calculation Amount [Broken Amount(s): [•] per Calculation Amount payable on [•]] Business Day Convention: [•]</p> <p><b>Fixed rate resettable notes:</b> Fixed interest will be payable for each interest period up to the initial reset date and thereafter the interest rate will be periodically resettable on a specified date or dates on the basis of a specified reference rate plus a specified margin. <i>Issue specific summary:</i> [Fixed Rate Resettable Notes are not being issued] [Rate(s) of Interest: [[•] per cent. per annum payable [•] in arrear on [•]] [and thereafter the [Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond Rate] plus [•] payable on [•], the [Mid-Swap Rate] plus [•] payable on [•], [•]] [Interest Payment Date(s): [•] in each year [subject to adjustment in accordance</p>

with the Business Day Convention set out below] [for payment purposes only / for payment and interest calculation purposes]]  
[Fixed Coupon Amount(s): [•] per Calculation Amount [for the period up to [•]]  
[Broken Amount(s): [•] per Calculation Amount payable on [•]]  
Business Day Convention: [•]

**Floating rate notes:** Floating Rate Notes will bear interest determined separately for each Series.

*Issue specific summary:*

[Floating Rate Notes are not being issued]

*Rates of Interest:*

[SONIA] [[•] month [EURIBOR/LIBOR/CDOR /STIBOR/BBSW/CNH HIBOR/HIBOR]] +/- [•] per cent. per annum payable [•] in arrear on each Interest Payment Date [in the period from and including [•] to but excluding [•]]

[Specified Period(s): [•]

Interest Payment Dates: [[•] in each year, subject to adjustment in accordance with the Business Day Convention set out below]

First Interest Payment Date: [•]

Manner in which the Rate(s) of Interest is/are to be determined: [•]

Business Day Convention: [•]

**Zero coupon notes:** Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

*Issue specific summary:*

[Zero Coupon Notes are not being issued]

Accrual Yield: [•] per cent. per annum

Reference Price: [•]

**Yield:** The yield in respect of each issuance of Fixed Rate Notes is calculated at the Issue Date on the basis of the compound annual rate of return if the Senior Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. It is not an indication of future yield.

*Issue specific summary:*

Indication of yield: [[•] [up to (but excluding) [•]] [Not Applicable]

**Maturities:** Senior Notes will have such maturities as may have been agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the issuer or the relevant Specified Currency.

*Issue specific summary:*

Maturity Date: [•]

**Final redemption:** Subject to any purchases and cancellations or early redemption, Senior Notes will be redeemed on each Maturity Date at par, except in the case of Zero Coupon Notes, when it may be redeemed at a percentage of the principal of the Senior Notes equal to at least 100 per cent. thereof.

*Issue specific summary:*

The Final Redemption Amount of the Senior Note is [[par] / [•] per Calculation Amount.]

**Early redemption:** The Issuer may elect to redeem the Senior Notes prior to the Maturity Date as set forth below or in certain circumstances for tax reasons. Except for a TLAC Disqualification Event Call, all early redemptions of Senior Notes that are Bail-inable Notes are subject to the prior approval of the Superintendent of Financial Institutions (Canada) (the "**Superintendent**") where the redemption of such Senior Notes would lead to a breach of the Issuer's total loss absorbing capacity ("**TLAC**") requirements.

If a TLAC Disqualification Event Call is specified to be applicable in the Final

		<p>Terms, Bail-inable Notes may be redeemed by the Issuer prior to maturity upon giving notice following the occurrence of a TLAC Disqualification Event provided that any such redemption will be subject to the prior approval of the Superintendent in all cases.</p> <p>Senior Notes that are Bail-inable Notes may not be redeemed at the holder's election.</p> <p><i>Issue specific summary</i>  TLAC Disqualification Event Call  Event: [Applicable] / [Not Applicable]  Issuer Call Option: [Applicable] / [Not Applicable]  [Optional Redemption Date(s): [●]  Optional Redemption Amount(s): [●] per [●] in nominal amount of the Senior Notes</p> <p>If redeemable in part:  Minimum Redemption Amount: [●] per [●] in nominal amount of the Senior Notes  Maximum Redemption Amount: [●] per [●] in nominal amount of the Senior Notes</p> <p>Notice Period: [●]  Investor Put Option: [Applicable] / [Not Applicable as Notes are Bail-inable Notes]  Optional Redemption Amount: [●] per [●] in nominal amount of the Senior Notes  Optional Redemption Amount: [●] per [●] in nominal amount of the Senior Notes  Notice Period: [●]</p> <p><b>Representative of the noteholders:</b> This part of the Element is not applicable as there is no trustee appointed to act on behalf of the Noteholders.</p>
C.10	Derivative Component in Interest Payments:	<p><i>Issue specific summary:</i>  Not applicable. [There is not a derivative component in the interest payment.] [No interest is payable on the Senior Notes.]</p>
C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question:	<p>Applications have been made for Senior Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List and to trading on the London Stock Exchange's Regulated Market. Senior Notes may also be listed, or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or the Nasdaq Stockholm Exchange (once the UK Listing Authority has provided the competent authority in Luxembourg or Sweden, as the case may be, with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive together with a copy of the Base Prospectus).</p> <p><i>Issue specific summary:</i>  [[Senior Notes will be/Series [●] has been] admitted to trading on [the London Stock Exchange's Regulated Market] [the Luxembourg Stock Exchange] [the Nasdaq Stockholm Exchange] with effect from [●].]</p> <p>[The Senior Notes are not intended to be admitted to trading on any market.]</p>
C.21	Indication of the market where the securities will be traded	<p>Applications have been made for Senior Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List and to trading on the London Stock Exchange's Regulated Market. Senior Notes may also be listed, or admitted to trading, as the case may be, on the Luxembourg Stock</p>

	and for which the Base Prospectus has been published:	Exchange or the Nasdaq Stockholm Exchange (once the UK Listing Authority has provided the competent authority in Luxembourg or Sweden, as the case may be, with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive together with a copy of the Base Prospectus). <i>Issue specific summary:</i> [[Senior Notes will be/Series [●] has been] admitted to trading on [the London Stock Exchange's Regulated Market] [the Luxembourg Stock Exchange] [the Nasdaq Stockholm Exchange] with effect from [●].]
<b>Section D - Risks:</b>		
D.2	Key Information on the key risks that are specific to the Issuer:	<p>The following is a summary of the key risks relating to the Issuer:</p> <p><b>Global uncertainty:</b> Global uncertainty remained a key risk during 2017. The U.S. administration continues to advocate policy changes related to trade, financial regulation and taxation, which add to overall global uncertainty and volatility. The Canadian economy faces additional risks from the uncertain outcome of negotiations of the North American Free Trade Agreement (NAFTA) and from the U.S. government's posture on financial regulation and tax reform. Concerns remain around the social, political and economic impacts of the changing political landscape in Europe, especially the impact of mass immigration, Brexit negotiations, and the Catalan referendum. Concerns over a possible economic slowdown in China have increased in light of mixed economic data. Global tensions have also increased due to North Korea's military activities.</p> <p><b>Canadian housing and household indebtedness:</b> The housing market is a top concern for the Canadian financial system. Housing prices remain elevated in the Greater Toronto Area and Greater Vancouver Area and affordability remains stretched. The Issuer is actively monitoring the impact of recent Government of Ontario measures implemented in an attempt to help cool the housing market. As the Bank of Canada embarks on a path of gradual rate tightening, the rising interest rate environment adds an additional level of uncertainty since elevated household indebtedness is a key risk. Increasing indebtedness could have material negative credit quality implications for the Issuer's consumer lending portfolios, including residential mortgages, credit lines, indirect lending, credit cards, automotive lending and other personal loans.</p> <p><b>Information technology and cyber risk:</b> Information Technology and Cyber risks continue to be key risks, not only for the financial services sector, but for other industries in Canada and around the globe. The volume and sophistication of cyber attacks in the industry continue to increase and could result in business interruptions, service disruptions, theft of intellectual property and confidential information, litigation and reputational damage.</p> <p><b>Regulatory changes:</b> The Issuer operates in multiple jurisdictions, and the continued expansion of the breadth and depth of regulations may lead to declining profitability and slower response to market needs. Financial reforms coming on stream in multiple jurisdictions may have material impacts on the Issuer's businesses and could affect their strategies.</p> <p><b>Credit risk:</b> Credit risk is the risk of loss associated with an obligor's potential inability or unwillingness to fulfil its contractual obligations on a timely basis. Credit risk may arise directly from the risk of default of a primary obligor of the Issuer (e.g. issuer, debtor, counterparty, borrower or policyholder), or indirectly from a secondary obligor of the Issuer (e.g. guarantor or reinsurer). Credit risk includes counterparty credit risk from both trading and non-trading activities. The failure to effectively manage credit risk across all the Issuer's products, services and activities can have a direct, immediate and material impact on the Issuer's earnings and reputation.</p>



		<p><b>Market risk:</b> Market risk is defined to be the impact of market prices upon the financial condition of the Issuer. This includes potential gains or losses due to changes in market determined variables such as interest rates, credit spreads, equity prices, commodity prices, foreign exchange rates and implied volatilities.</p> <p><b>Liquidity and funding risk:</b> Liquidity and funding risk is the risk that the Issuer may be unable to generate sufficient cash or its equivalents in a timely and cost-effective manner to meet its commitments as they come due (including the Securities). Liquidity risk arises from mismatches in the timing and value of on-balance sheet and off-balance sheet cash flows. Core funding, comprising capital, longer-term wholesale liabilities and a diversified pool of personal and, to a lesser extent, commercial and institutional deposits, is the foundation of the Issuer's structural liquidity position. The Issuer's ability to access unsecured funding markets and to engage in certain collateralised business activities on a cost-effective basis are primarily dependent upon maintaining competitive credit ratings. Credit ratings and outlooks provided by rating agencies reflect their views and methodologies. Ratings are subject to change, based on a number of factors including, but not limited to, the Issuer's financial strength, competitive position, liquidity and other factors not completely within the Issuer's control. A lowering of the Issuer's credit ratings may have potentially adverse consequences for the Issuer's funding capacity or access to the capital markets, may affect the Issuer's ability, and the cost, to enter into normal course derivative or hedging transactions and may require the Issuer to post additional collateral under certain contracts, any of which may have an adverse effect on its results of operations and financial condition.</p>
D.3	Key Information on the key risks that are specified to the Notes:	<p>The following is a summary of the key risks that are specific to the Senior Notes:</p> <p><b>Withholding tax:</b> The Senior Notes may be subject to withholding taxes in circumstances in which the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Senior Notes.</p> <p><b>The Secondary market:</b> Senior Notes may not have established trading markets when issued, and one may never develop, or may be illiquid. In such case, investors may not be able to sell their Senior Notes easily or at favourable prices.</p> <p><b>Exchange rate rises and exchange controls:</b> The investment of investors whose financial activities are denominated in a currency other than the Specified Currency or any alternative currency in which payments may be made in accordance with the Conditions of the Senior Notes may be adversely affected by changes in exchange rates or currency appreciation, or by the imposition of exchange controls.</p> <p><b>Change of law:</b> A future change in the laws of administrative practice of the governing law of the Senior Notes affects conditions drafted on the basis of such law or practice prior to the relevant change(s) and could materially adversely impact the value of the Senior Notes.</p> <p><b>Modifications to conditions:</b> The conditions of the Senior Notes contain provisions which may permit their modification without the consent of all investors.</p> <p><b>Canadian resolution power:</b> In the exercise of its resolution powers, the Canada Deposit Insurance Corporation ("CDIC"), Canada's resolution authority, has the power in certain circumstances to transfer a bank's insured deposit liabilities and certain assets and other liabilities to a bridge institution wholly-owned by CDIC. Upon the exercise of that power, any assets and liabilities of the bank that are not transferred to the bridge institution would remain with the bank, which would then be wound up under the <i>Winding-up and Restructuring Act</i> (Canada). In such a scenario involving the Issuer, any liabilities of the Issuer, such as the Senior Notes,</p>

that are not assumed by the bridge institution could receive only partial or no repayment in the ensuing winding-up of the Issuer. In the case of Bail-inable Notes, see also “*Bail-in Conversion*” risk below.

*Issue specific summary*

**[Payments in alternative currency:** If the Specified Currency is unavailable on the foreign exchange markets due to circumstances beyond its control, the Issuer will be entitled to satisfy its obligations in respect of payment on the Senior Notes by making payment in [●] on the basis of the spot exchange rate (the “**Alternative Currency FX Rate**”) or in its absence, a substitute rate determined by the Issuer or its Calculation Agent in its discretion. The Alternative Currency FX Rate or any such substitute rate may be such that the resulting Alternative Currency amount is zero and in such event no amount in the Alternative Currency will be payable.]

**[Fixed rate notes:** Investment in Fixed Rate Note involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.]

**[Issuer calls:** An optional redemption feature exercisable at the option of the Issuer may reduce the return on investment provided by a Senior Note compared to the return that would have been achieved had the Senior Note been redeemed at maturity and the Issuer may chose to redeem the Senior Notes at times when prevailing interest rates may be relatively low.]

**[Benchmark uncertainty:** Uncertainty with regard to the future of “benchmarks” (such as LIBOR and EURIBOR) and other interest rates or other types of rates and indices that are deemed benchmarks may adversely affect the value of, and return on, any Senior Notes linked to a benchmark and the trading market for Senior Notes.]

**[Fixed/floating rate notes:** Fixed/Floating Rate Notes may bear interest at a rate that [the Issuer may elect to] convert[s] from a fixed rate to a floating rate, or from a floating rate to a fixed rate. [The Issuer’s ability to convert the interest rate will] [This may] affect the secondary market for, and the market value of, the Senior Notes [since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer] [in particular if the conversion arises at a time when the new rate produces a lower overall cost of borrowing for the Issuer]. [If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than prevailing spreads on comparable floating rate notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on the Issuer’s other Senior Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its other Senior Notes.]]

**[Fixed rate resettable notes:** A holder of Senior Notes that will be periodically reset during the term of the relevant Senior Notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income.]

**[Renminbi notes:** Senior Notes denominated in Renminbi are subject to additional risks; Renminbi is not completely freely convertible or transferable and there are still significant restrictions on remittance of Renminbi into and out of the People's Republic of China (excluding Hong Kong, Macao Special Administrative Region of the People's Republic of China and Taiwan) (the “**PRC**”) which may adversely affect the liquidity of Senior Notes denominated in Renminbi; there is only limited availability of Renminbi outside the PRC, which may affect the liquidity of such Senior Notes and the Issuer's ability to source Renminbi outside the PRC to service such Senior Notes; if the Issuer is unable to source Renminbi, it may pay holders of such Senior Notes in U.S. dollars; payments in respect of Senior Notes denominated in Renminbi will only be made to investors in the manner

		<p>specified under the relevant terms and conditions.]</p> <p><b>[Alternative currency payments:</b> The Senior Notes contemplate that amounts may be payable in an alternative currency in the event of certain exchange or currency related events. The value of the Senior Notes could be affected by fluctuations in the value of the currency in which they were originally due to be payable, as compared to that alternative currency. There is a risk that the exchange rate (or the exchange rates) used to determine the alternative currency amount of any such payments may significantly change (including changes due to devaluation or revaluation of the original currency) or that authorities with jurisdiction over such currencies could cause a decrease in (1) the alternative currency equivalent yield on the Senior Notes, (2) the alternative currency equivalent value of any other amount payable in respect of the Senior Notes and (3) the alternative currency equivalent market value of the Senior Notes. Therefore, there is a possibility that the alternative currency value of the Senior Notes at the time of any sale or payment, as the case may be, of the Senior Notes may be below the alternative currency value of the Senior Notes on the Issue Date, depending on the exchange rate at the time of any such sale or payment, as the case may be.]</p> <p><b>Bail-in Conversion:</b> [The Senior Notes are Bail-inable Notes. If the Superintendent is of the opinion that the Issuer has ceased or is about to cease to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers, in certain circumstances, the Senior Notes may be subject to conversion and consequent variation or extinguishment pursuant to the CDIC Act, the <i>Bank Act</i> (Canada) and regulations thereunder.]</p> <p>[The Senior Notes issued before September 23, 2018 are not currently Bail-inable Notes. However if, on or after that day, the terms of the Senior Notes are amended to increase their principal amount or to extend their term to maturity the Senior Notes will become Bail-inable Notes if such Senior Notes, as amended, meet the requirements to be subject to a bail-in conversion.]</p> <p><b>[SONIA:</b> The market continues to develop in relation to SONIA as a reference rate. The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used for the Senior Notes. Interest under the Senior Notes is determined at the end of the relevant Interest Period and cannot be estimated in advance.]</p>
<b>Section E – Offer:</b>		
E.2b	Reasons for Offer and Use of Proceeds:	<p>The net proceeds of the issue of the Senior Notes will be used by the Issuer for general funding purposes or used by the Issuer and/or its affiliates for hedging the Senior Notes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.</p> <p><i>Issue specific summary</i> [The net proceeds after the issue of the Senior Notes will be applied by the Issuer for [•].]</p>
E.3	A Description of the Terms and Conditions of the Offer:	Not Applicable. The Senior Notes may only be offered within the EEA to qualified investors (as defined in the Prospectus Directive) on an exempt basis pursuant to Article 3(2) of the Prospectus Directive.
E.4	A Description of any Interest that is Material to the Issue/Offer, including Conflicting Interests:	<p>The relevant Dealers may be paid fees in relation to any issue of Senior Notes under the Programme. Any such Dealer and its affiliates may also 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.</p> <p><i>Issue specific summary:</i> The [Dealer(s)/Managers] will be paid [aggregate] commissions [equal to [•] per cent. of the [nominal amount][issue prices] of the Senior Notes]. Any</p>

		<p>[Dealer/Manager] and its affiliates may also 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.</p> <p>[Other than as mentioned above and save for [•], ]/[Not Applicable:] so far as the Issuer is aware, no person involved in the offer of the Senior Notes has an interest material to the offer, including conflicting interests.]</p>
E.7	Estimated Expenses Charged to the Investor by the Issuer or the offeror:	Not Applicable.

## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to the Base Prospectus and any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference.*

*This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC.*

*Words and expressions defined in “Forms of the Notes” and “Terms and Conditions of the Notes” and in the remainder of the Base Prospectus shall have the same meanings in this overview.*

<b>Issuer:</b>	Royal Bank of Canada
<b>Legal Entity Identifier (LEI):</b>	ES7IP3U3RHIGC71XBU11
<b>Branch of Account:</b>	The Bank will initially issue Senior Notes through its London or Toronto branch or any other branch as may be specified in the applicable Final Terms. The relevant branch is the branch of account for the purposes of the <i>Bank Act</i> (Canada).
<b>Description:</b>	Programme for the Issuance of Securities
<b>Arranger:</b>	RBC Europe Limited
<b>Dealers:</b>	RBC Europe Limited Barclays Bank PLC Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley & Co. International plc UBS Limited
<b>Issuing and Principal Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>Registrar:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch
<b>Swedish Issuing and Paying Agent:</b>	Skandinaviska Enskilda Banken AB (publ)
<b>Size:</b>	The maximum aggregate principal amount of all Notes and other instruments evidencing deposit liabilities under the <i>Bank Act</i> (Canada) issued under the Programme (calculated as described under “ <i>Description of the Programme Limit</i> ”) will not exceed U.S.\$40,000,000,000 (or its equivalent in other currencies calculated in

accordance with the Dealership Agreement described herein). The Issuer may increase the amount of the Programme in accordance with the terms of the Dealership Agreement. The maximum aggregate principal amount of Subordinated Notes that can be issued at any time will also be subject to the limits set out in the Standing Resolution of the Board of Directors of the Issuer regarding subordinated indebtedness then in effect. See “*General Information and Recent Developments*”.

**Distribution:** Subject to applicable selling restrictions, Notes may be distributed by way of private placement and on a syndicated or non-syndicated basis.

**Currencies:** Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer.

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*” in the Base Prospectus).

If Alternative Currency Payment is specified to be applicable in the applicable Final Terms or the Notes are denominated in Renminbi, and such currency is unavailable on the foreign exchange markets due to circumstances beyond its control, the Bank will be entitled to satisfy its obligations in respect of such payment by making payment in the Alternative Currency (or U.S. dollars in the case of Notes denominated in Renminbi) on the basis of the spot exchange rate.

**Maturities:** Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five (5) years.

**Issue Price:** Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Terms and Conditions:**

Final Terms will be prepared in respect of each Tranche of Notes. The terms and conditions applicable to each Tranche will be those set out herein under “*Terms and Conditions of the Notes*” as supplemented, modified or replaced by the applicable Final Terms.

**Status of Senior Notes:**

Senior Notes will constitute deposit liabilities of the Bank for the purposes of the *Bank Act* (Canada) (the “**Bank Act**”) and constitute unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer (including deposit liabilities), except as otherwise prescribed by law and subject to the exercise of bank resolution powers.

Senior Notes that are Bail-inable Notes (as defined in Condition 3.02) are subject to a Bail-in Conversion (as defined below) under subsection 39.2(2.3) of the *Canada Deposit Insurance Corporation Act* (Canada) (the “**CDIC Act**”) and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes. See “*Risk Factors – 2. Risks relating to the structure of a particular issue of Notes – 2.3 Risks applicable to Senior Notes and in particular Bail-inable Notes*”.

The Senior Notes will not be deposits insured under the CDIC Act.

**Agreement with respect to the exercise of Canadian Bail-in powers in relation to Bail-inable Notes:**

By acquiring Bail-inable Notes, each Noteholder (including each beneficial owner) is deemed to:

(i) agree to be bound, in respect of the Bail-inable Notes, by the CDIC Act, including the conversion of the Bail-inable Notes, in whole or in part – by means of a transaction or series of transactions and in one or more steps - into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Bail-inable Notes in consequence, and by the application of the laws of of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes (a “**Bail-in Conversion**”);

(ii) attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and those laws;

(iii) have represented and warranted that the Bank has not directly or indirectly provided financing to the Noteholder for the express purpose of investing in the Bail-inable Notes; and

(iv) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on that Noteholder despite any provisions in

the Conditions, any other law that governs the Bail-inable Notes and any other agreement, arrangement or understanding between that Noteholder and the Bank with respect to the Bail-inable Notes.

Each holder or beneficial owner of the Bail-inable Notes that acquires an interest in the Bail-inable Notes in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such holder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders or beneficial owners that acquire an interest in the Bail-inable Notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Bail-inable Notes related to the Bail-in Regime.

**Status of Subordinated Notes:**

Subordinated Notes will be direct unsecured obligations of the Issuer constituting subordinated indebtedness for the purposes of the Bank Act, which, if the Issuer becomes insolvent or is wound-up (prior to the occurrence of a Non-Viability Trigger Event), will rank *pari passu* with all other present or future subordinated indebtedness of the Issuer other than subordinated indebtedness having priority to the Notes by virtue of any law now or hereafter in force.

The subordinated indebtedness evidenced by the Subordinated Notes will, in the event of the insolvency or winding-up of the Issuer, be subordinate in right of payment to all deposit liabilities of the Issuer, including Senior Notes and all other liabilities of the Issuer except those that, by their terms, rank equally with or are subordinate to such subordinated indebtedness and except as otherwise prescribed by law.

On the occurrence of a Non-Viability Trigger Event, the Subordinated Notes are subject to mandatory and automatic conversion into Common Shares as further described in Condition 8 of the Terms and Conditions of the Notes.

The Subordinated Notes are not deposit liabilities of the Bank and will not be deposits insured under the CDIC Act or any other deposit insurance regime.

**Covenant (Subordinated Notes):**

If specified in the applicable Final Terms as being applicable, the Bank will not create, issue or incur any indebtedness subordinate in right of payment to the deposit liabilities of the Bank which, in the event of insolvency or winding-up of the Bank, would rank in right of payment in priority to the Subordinated Notes.

**Issuance in Series:**

Notes will be issued in series (each, a “**Series**”). Each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that (i) the issue date and the amount



of the first payment of interest may be different in respect of different Tranches and (ii) a Series may comprise Notes in bearer form and Notes in registered form and Notes in more than one denomination. The Notes of each Tranche will be subject to identical terms in all respects save that a Tranche may comprise Notes in bearer form and Notes in registered form and may comprise Notes of different denominations.

The Issuer does not intend to re-open a Series of Senior Notes where such re-opening would have the effect of making the relevant Senior Notes subject to Bail-in Conversion.

**Forms:**

Notes may be issued in (a) bearer, (b) registered or (c) in the case of Swedish Notes, dematerialised book-entry form settled in Euroclear Sweden AB ("**Swedish Notes**"). In respect of each Tranche of Notes issued in bearer form, the Issuer will deliver a temporary global note or, in respect of Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") applies, a permanent global Note. Such global Note will be deposited on or before the relevant issue date therefor with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system. Each temporary global Note will be exchangeable either for a permanent global Note or, in certain cases, for Notes in definitive bearer form and/or (in the case of certain Series comprising both bearer Notes and registered Notes) registered form in accordance with its terms. Each permanent global Note will be exchangeable for Notes in definitive bearer form and/or (in the case of certain Series comprising both bearer Notes and registered Notes) registered form in accordance with its terms. Notes in definitive bearer form will, if interest-bearing, either have interest coupons ("**Coupons**") attached and, if appropriate, a talon ("**Talon**") for further Coupons. Notes in bearer form are exchangeable in accordance with the terms thereof for Notes in registered form. Notes in registered form may not be exchanged for Notes in bearer form.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated the applicable Final Terms) and on redemption and will either be fixed amounts or will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms.

**Fixed Rate Resettable Notes:**

Fixed Rate Resettable Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to a Mid-Swap Rate, a Benchmark Gilt Rate or a Reference Bond Rate and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the applicable

Final Terms. Interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes:**

Floating Rate Notes (as defined in the applicable Final Terms) will bear interest at a rate determined either:

(i) on the same basis as the floating rate under a notional interest–rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

**Benchmark Discontinuation:**

On the occurrence of a Benchmark Event the Issuer may (subject to certain conditions and following consultation with an Independent Adviser (as defined in “*Terms and Conditions of the Notes*”)) determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments in accordance with Condition 5.11.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at par or at a discount to their nominal amount and will not bear interest other than in the case of late payment.

**Change of Interest Basis:**

Notes may be converted from one interest basis to another if so provided in the applicable Final Terms.

**Redemption:**

The Final Terms relating to each Tranche of Notes will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than following an Event of Default pursuant to Condition 7 or for taxation reasons as described in Condition 6.02 or, in the case of Subordinated Notes only, for a Regulatory Event as described below) or that such Notes will be redeemable prior to their stated maturity at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or

such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms); provided that, except in the case of an early redemption of Bail-inable Notes for a TLAC Disqualification Event, where a redemption of Bail-inable Notes would lead to a breach of the Bank's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent of Financial Institutions (Canada) (the "**Superintendent**"). All early redemptions of Bail-inable Notes for a TLAC Disqualification Event and of Subordinated Notes require the prior approval of the Superintendent in all cases. Bail-inable Notes may not be redeemed prior to maturity at the option of Noteholders. As at the date hereof, Subordinated Notes may only be redeemed at the option of the Issuer with the prior approval of the Superintendent on or after the fifth anniversary of the closing date of the latest Tranche of a Series of Notes.

If so specified in the applicable Final Terms, Bail-inable Notes may be redeemed at the option of the Issuer prior to maturity at any time within 90 days following the occurrence of a TLAC Disqualification Event, as described in Condition 6.02A.

Subordinated Notes may be redeemed at the option of the Issuer prior to maturity, upon the occurrence of a Regulatory Event, as described in Condition 6.02B.

A notice of redemption shall be irrevocable, except that the making of an order under subsection 39.13(1) of the CDIC Act in respect of Bail-inable Notes or the occurrence of a Non-Viability Trigger Event in respect of Subordinated Notes prior to the date fixed for redemption shall automatically rescind such notice of redemption and, in such circumstances, no Bail-inable Notes or Subordinated Notes, as the case may be, shall be redeemed and no payment in respect of the Bail-inable Notes or Subordinated Notes shall be due and payable.

**Denominations:**

Senior Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms.

Subordinated Notes will be issued with a minimum denomination of at least Euro 100,000 (or its equivalent in any other currency).

Subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

<b>Taxation:</b>	<p>Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada or any province or territory thereof, or of the country in which the branch of account for Senior Notes is located or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the holders of Notes or Coupons receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required (see “<i>Terms and Conditions of the Notes – Taxation</i>”). See also the discussion under the caption “<i>Taxation – Canada</i>” and “<i>Taxation – United Kingdom</i>” in the Base Prospectus.</p>
<b>Cross Default:</b>	None.
<b>Negative Pledge:</b>	None.
<b>Events of Default for Senior Notes:</b>	<p>The terms of the Senior Notes provide for events of default which are limited to (a) non-payment for more than 30 business days of interest or principal; and (b) the Bank becoming insolvent or bankrupt or subject to the provisions of the <i>Winding-up and Restructuring Act</i> (Canada) (“<b>WURA</b>”) or goes into liquidation, either voluntarily or under an order of a court of competent jurisdiction or being ordered wound-up or otherwise acknowledging its insolvency; provided that Noteholders may only exercise rights to accelerate the Bail-inable Notes upon such an event where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank and, notwithstanding the exercise of any right to accelerate the Bail-inable Notes, Bail-inable Notes continue to be subject to a Bail-in Conversion until repaid in full. Neither a Bail-in Conversion nor an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event will constitute an event of default under the Senior Notes.</p>
<b>Events of Default for Subordinated Notes:</b>	<p>The events of default for the Subordinated Notes are limited to the Bank becoming insolvent or bankrupt or subject to the provisions of the WURA or going into liquidation, either voluntarily or under an order of a court of competent jurisdiction or being ordered wound-up or otherwise acknowledging its insolvency.</p> <p>Neither an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event nor a Bail-in Conversion will constitute an event of default under the Subordinated Notes.</p>
<b>Waiver of Set-Off – Bail-inable Notes:</b>	Bail-inable Notes are not subject to set-off or netting rights.

- Rating:** The current credit ratings assigned to the Issuer and the Programme will be set out in the applicable Final Terms.
- Notes issued under the Programme may be rated or unrated.
- Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Such rating(s) will not necessarily be the same as the ratings assigned to the Issuer, the Programme or to Notes already issued.
- A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Investors may suffer losses if the credit rating assigned to the Notes does not reflect the then creditworthiness of such Notes.
- Risk Factors:** There are certain risks relating to any issue of Notes, which investors should ensure they fully understand. A non-exhaustive description of such Notes is set out under “*Risk Factors*” in the Base Prospectus, incorporated herein by reference.
- Listing and Admission to Trading:** Application has been made for Notes (other than Non PD Notes) issued under the Programme to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Regulated Market.
- The Programme provides that Non PD Notes may be unlisted or listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) (provided that such exchange or market is not a regulated market for the purposes of MiFID II) as may be agreed between the Issuer and the relevant purchaser(s) in relation to such issue as may be specified in the applicable Pricing Supplement.
- Governing Law and Jurisdiction:** The Notes and all non-contractual obligations arising out of, or in connection with them, will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Ontario Courts have jurisdiction in the event of litigation in respect of the Notes.
- Clearing Systems:** Euroclear, Clearstream, Luxembourg and/or, in relation to any Notes, any other clearing system as may be specified in the relevant Final Terms.
- Selling Restrictions:** There are selling restrictions in relation to Canada, the European Economic Area (including the United Kingdom, Italy, France, The Netherlands, Belgium and Sweden), Switzerland, Japan and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “*Subscription and Sale*” in the Base Prospectus, which is incorporated by reference into the Base Prospectus.

The relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree in respect of any Tranche of Notes and as shall be set out in the applicable Final Terms.

**U.S. Selling Restrictions:**

The Issuer is Category 2 for Regulation S purposes.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transfer to which TEFRA is not applicable.

## RISK FACTORS

*The Issuer believes that the following factors are material for the purpose of assessing risks associated with the Issuer. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring or the likelihood or extent to which any such contingencies may affect the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes. In addition, factors, although not exhaustive, which could be material for the purpose of assessing the market risk associated with Notes issued under the Programme are also described below. Except as required by law, the Bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Bank or on the Bank's behalf.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on the business operations of the Issuer or affect the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes. Prospective Investors should also read the detailed information set out elsewhere in this document (including information incorporated by reference) to reach their own views prior to making any investment decisions.*

*Prospective investors should note that the risks relating to the Issuer, its industry and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" (and set out in more detail below) but also, among other things, the other risks and uncertainties described below.*

### **Contents of the Risk Factors**

- 1. Factors which are material for the purpose of assessing risks associated with the Issuer**
- 2. Risks related to the structure of a particular issue of Notes**
  - 2.1 Risks related to Notes denominated in Renminbi**
  - 2.2 Risks related to payment on the Notes in an Alternative Currency**
  - 2.3 Risks applicable to Senior Notes and in particular Bail-inable Notes**
  - 2.4 UK resolution risks applicable to the Senior Notes**
  - 2.5 Risks related to Subordinated Notes**
- 3. Risks related to the Notes generally**
- 4. Risks related to the market generally**

## **1. Factors which are material for the purpose of assessing risks associated with the Issuer**

Prospective investors should consider the section entitled “Risk Factors” at pages 1 to 13 in the Registration Document as referred to in, and incorporated by reference into, this Base Prospectus as set out in “Documents Incorporated by Reference” on page 55 of this Base Prospectus.

## **2. Risks related to the structure of a particular issue of Notes**

### ***Notes subject to optional early redemption by the Issuer***

If a call option is specified to be applicable in the applicable Final Terms, that is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an Investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Senior Notes in New Global Notes form may not generally satisfy Eurosystem eligibility criteria***

The New Global Note form has been introduced to allow for the possibility of Senior Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem either upon issue or at any or all items during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors who wish to use interests in New Global Notes as collateral with the Eurosystem should make their own assessment as to whether the Senior Notes meet such Eurosystem eligibility criteria. As of April 16, 2018, Senior Notes denominated in any currency are no longer eligible to be used as collateral in the Eurosystem.

### ***Fixed Rate Notes bear interest at a fixed rate, which may affect the secondary market value and/or the real value of the Notes over time due to fluctuations in market interest rates and the effects of inflation***

Fixed Rate Notes bear interest at a fixed rate. Investors should note that (i) if market interest rates start to rise then the income to be paid on the Notes might become less attractive and the price the investors get if they sell such Notes could fall (however, the market price of the Notes has no effect on the interest amounts due on the Notes or what investors will be due to be repaid on the Maturity Date if the Notes are held by the investor issued until they expire) and (ii) inflation will reduce the real value of the Notes over time which may affect what investors can buy with the investments in the future and which may make the fixed interest rate on the Notes less attractive in the future.

### ***Notes with a rate of interest that may change***

If the interest rate on Notes can convert from one interest rate basis to another during the life of the Notes, including where such conversion is at the option of the Issuer, such a feature and any such conversion may affect the secondary market in, and the market value of the Notes concerned, as the change of interest basis may result in a lower interest return for the Noteholders.



If the Issuer has the ability to convert the interest rate the Issuer will be expected to convert the rate when it is likely to produce a lower overall cost of borrowing for the Issuer. Where the Notes convert from a fixed rate to a floating rate, the spread on the Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate(s). In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on the Issuer's Notes and could affect the market value of an investment in the relevant Notes.

***Notes issued at a substantial discount or premium may experience price volatility in response to changes in interest rates***

The market values of Notes issued at a substantial discount or premium (such as Zero Coupon Notes) to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

***Fixed Rate Resetable Notes***

A holder of Notes with a fixed rate of interest that will periodically reset during the term of the relevant Notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fixed Rate Resetable Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to be the sum of (i) the applicable Mid-Swap Rate, Benchmark Gilt Rate or Reference Bond Rate and (ii) the First Margin or Subsequent Margin (if applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the value of an investment in the Fixed Rate Resetable Notes.

***The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes***

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes that reference a SONIA rate to reliably estimate the amount of interest that will be payable on such Notes. Further, if the Notes become due and payable under the Condition entitled "Events of Default", the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

**2.1. Risks related to Notes denominated in Renminbi**

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

*Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.*

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies. However, there has been significant reduction in control by the PRC government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

From October 1, 2016, the Renminbi has been added to the Special Drawing Rights (“SDR”) basket created by the International Monetary Fund.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Renminbi Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.*

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China (the “PBOC”) has entered into agreements (the “Settlement Arrangements”) on the clearing of Renminbi business with financial institutions (the “Renminbi Clearing Banks”) in a number of financial centres and cities (including but not limited to Hong Kong, Singapore and London), and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, and has established the Cross Border Inter-Bank Payments System to facilitate cross border Renminbi settlement, the current size of Renminbi denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the PBOC on Renminbi qualified participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, although the PBOC has gradually allowed qualified participating banks to access the PRC's onshore interbank market for the purchase and sale of Renminbi, Renminbi qualified participating banks do not have other direct Renminbi liquidity support from the PBOC. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

*Investment in the Renminbi Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBOC implemented changes to the way it calculates the Renminbi's daily midpoint against the U.S. dollar to take into account market-maker quotes before announcing such daily midpoint. This change and others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. Except in the limited circumstances as described in the Conditions, the Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi. As a result, the value of these Renminbi payments in U.S. dollars or other applicable foreign currency terms may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other applicable foreign currency, the value of a Noteholder's investment in U.S. dollar or other applicable foreign currency terms will have declined.

*Investment in the Renminbi Notes is subject to currency risk*

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes when due, in whole or in part, in Renminbi in the Relevant Renminbi Settlement Centre(s) as a result of Inconvertibility, Non transferability or Illiquidity, the Issuer shall be entitled, on giving not less than five nor more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, to settle any such payment, in whole or in part, in U.S. dollars on the due date at the U.S. dollars Equivalent (as defined in the Conditions) of any such interest or principal amount otherwise payable in Renminbi, as the case may be. See also "If the investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of this holding. In addition, the imposition of exchange controls and certain other specified events in relation to any Notes could result in an investor not recovering payments on those Notes" below.

*Payments in respect of the Renminbi Notes may be made only in the manner designated in the Renminbi Notes*

Noteholders of beneficial interests in the Renminbi Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such Noteholder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the Relevant Renminbi Settlement Centre(s) (as defined in the Conditions).

All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the Relevant Renminbi Settlement Centre in accordance with prevailing rules and procedures of those clearing systems or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in the Relevant Renminbi Settlement Centre in accordance with prevailing rules and regulations. Other than as described in the

Conditions, the Issuer cannot be required to make payment in relation to Renminbi Notes by any other means (including in any other currency or by transfer to a bank account in the PRC).

*There may be PRC tax consequences with respect to investment in the Renminbi Notes*

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of a Noteholder's investment in the Renminbi Notes may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

## **2.2. Risks related to payment on the Notes in an Alternative Currency**

The Issuer's primary obligation is to make all payments of interest, principal and other amounts with respect to Notes in the relevant Specified Currency. However, if Alternative Currency Payment is specified to be applicable to the Notes and if access to the Specified Currency becomes restricted, the Issuer will be entitled to make any such payment in the Alternative Currency at the rates, and in the manner, set out in Condition 8.16.

In such case, the value of the Notes could be affected by fluctuations in the value of the Specified Currency, as compared to the Alternative Currency. There is a risk that the exchange rate (or the exchange rates) used to determine the Alternative Currency amount of any payments in respect of the Notes may significantly change (including changes due to devaluation or revaluation of the Specified Currency) or that authorities with jurisdiction over such currencies could cause a decrease in (1) the Alternative Currency equivalent yield on the Notes, (2) the Alternative Currency equivalent value of the amount payable in respect of any other amount payable on the Notes and (3) the Alternative Currency equivalent market value of the Notes. Therefore, there is a possibility that the Alternative Currency value of the Notes at the time of any sale or payment, as the case may be, of the Notes may be below the Alternative Currency value of the Notes on investing, depending on the exchange rate at the time of any such sale or payment, as the case may be.

## **2.3. Risks applicable to Senior Notes and in particular Bail-inable Notes**

*Senior Notes will be subject to risks, including non-payment in full or conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates, under Canadian bank resolution powers.*

Senior Notes that are Bail-inable Notes (as defined below) are subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the *Canada Deposit Insurance Corporation Act* (Canada) (the “**CDIC Act**”) and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Senior Notes.

Certain provisions of and regulations under the *Bank Act* (Canada) (the “**Bank Act**”), the CDIC Act and certain other Canadian federal statutes pertaining to banks (collectively, the “**Bail-in Regime**”), provide for a bank recapitalisation regime for banks designated by the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”) as domestic systemically important banks (“**D-SIBs**”), which include the Bank.

The expressed objectives of the Bail-in Regime include reducing government and taxpayer exposure in the unlikely event of a failure of a D-SIB, reducing the likelihood of such a failure by increasing market discipline and reinforcing that bank shareholders and creditors are responsible for the D-SIBs' risks and not taxpayers,

and preserving financial stability by empowering the Canada Deposit Insurance Corporation (“**CDIC**”), Canada’s resolution authority, to quickly restore a failed D-SIB to viability and allow it to remain open and operating, even where the D-SIB has experienced severe losses.

Under the CDIC Act, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent’s powers under the Bank Act, the Superintendent, after providing the Bank with a reasonable opportunity to make representations, is required to provide a report to CDIC. Following receipt of the Superintendent’s report, CDIC may request the Minister of Finance for Canada (the “**Minister of Finance**”) to recommend that the Governor in Council (Canada) make an Order (as defined below) and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council (Canada) make, and on such recommendation, the Governor in Council (Canada) may make, one or more of the following orders (each an “**Order**”):

- vesting in CDIC, the shares and subordinated debt of the Bank specified in the Order (a “**Vesting Order**”);
- appointing CDIC as receiver in respect of the Bank (a “**Receivership Order**”);
- if a Receivership Order has been made, directing the Minister of Finance to incorporate a federal institution designated in the Order as a bridge institution wholly-owned by CDIC and specifying the date and time as of which the Bank’s deposit liabilities are assumed (a “**Bridge Bank Order**”); or
- if a Vesting Order or Receivership Order has been made, directing CDIC to carry out a conversion, by converting or causing the Bank to convert, in whole or in part – by means of a transaction or series of transactions and in one or more steps – the shares and liabilities of the Bank that are subject to the Bail-in Regime into common shares of the Bank or any of its affiliates (a “**Conversion Order**”).

Following a Vesting Order or a Receivership Order, CDIC will assume temporary control or ownership of the Bank and will be granted broad powers under that Order, including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank.

Under a Bridge Bank Order, CDIC has the power to transfer the Bank’s insured deposit liabilities and certain assets and other liabilities of the Bank to a bridge institution. Upon the exercise of that power, any assets and liabilities of the Bank that are not transferred to the bridge institution would remain with the Bank, which would then be wound up. In such a scenario, any liabilities of the Bank, including any outstanding Senior Notes (whether or not such Senior Notes are Bail-inable Notes), that are not assumed by the bridge institution could receive only partial or no repayment in the ensuing wind-up of the Bank.

Upon the making of a Conversion Order, prescribed shares and liabilities under the Bail-in Regime that are subject to that Conversion Order will, to the extent converted, be converted into common shares of the Bank or any of its affiliates, as determined by CDIC (a “**Bail-in Conversion**”). Subject to certain exceptions discussed below, senior debt issued on or after September 23, 2018, with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and that has been assigned a CUSIP or ISIN or similar identification number are subject to a Bail-in Conversion. Shares, other than common shares, and subordinated debt of the Bank are also subject to a Bail-in Conversion, unless they are non-viability contingent capital. All Senior Notes that are subject to Bail-in Conversion will be identified as Bail-inable Notes in the applicable Final Terms (“**Bail-inable Notes**”).

Shares and liabilities which would otherwise be bail-inable but were issued before September 23, 2018 are not subject to a Bail-in Conversion unless, in the case of any such liability, including any Notes, the terms of such liability are amended to increase their principal amount or to extend their term to maturity on or after September 23, 2018, and that liability, as amended, meets the requirements to be subject to a Bail-in Conversion. However, the Bank does not intend to amend or re-open a Series of Notes where such re-opening would have the effect of making the relevant Notes subject to Bail-in Conversion. Covered bonds, certain derivatives and certain structured notes (as such term is used under the Bail-in Regime) are expressly excluded from a Bail-in Conversion. To the extent that any Notes constitute structured notes (as such term is used under the Bail-in Regime) they will not be Bail-inable Notes and will not be identified as Bail-inable Notes in the applicable Final Terms. As a result, claims of some creditors whose claims would otherwise rank equally with those of the holders of Bail-inable Notes would be excluded from a Bail-in Conversion and thus the holders and beneficial owners of Bail-inable Notes will have to absorb losses ahead of these other creditors as a result of the Bail-in Conversion.

If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in holders or beneficial owners of Senior Notes being exposed to losses and, in the case of Bail-inable Notes conversion of the Senior Notes, in whole or in part. Upon a Bail-in Conversion, the holders of Notes (“**Noteholders**”) holding Bail-inable Notes that are converted will be obligated to accept the common shares of the Bank or any of its affiliates into which such Bail-inable Notes, or any portion thereof, are converted even if such Noteholders do not at the time consider such common shares to be an appropriate investment for them, and despite any change in the Bank or any of its affiliates or the fact that such common shares are issued by an affiliate of the Bank or any disruption to or lack of a market for such common shares or disruption to capital markets generally. The terms and conditions of the Bail-in Conversion will be determined by CDIC in accordance with and subject to certain requirements discussed below (see “*The number of common shares to be issued in connection with, and the number of common shares that will be outstanding following, a Bail-in Conversion are unknown. It is also unknown whether the shares to be issued will be those of the Bank or one of its affiliates.*” below). See also “*Risks related to Senior Notes generally - Investors who hold less than the minimum Specified Denomination (including after a partial Bail-in Conversion) may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued*” below for a risk of partial conversions.

As a result, holders of Bail-inable Notes should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest, if CDIC were to take action under the Canadian bank resolution powers, including the Bail-in Regime, and that any remaining outstanding Senior Notes, or common shares of the Bank or any of its affiliates into which Bail-inable Notes are converted, may be of little value at the time of a Bail-in Conversion and thereafter.

*Bail-inable Notes will provide only limited acceleration and enforcement rights for the Bail-inable Notes and will include other provisions intended to qualify such Notes as TLAC.*

In connection with the Bail-in Regime, the Office of the Superintendent of Financial Institutions’ (“**OSFI**”) guideline (the “**TLAC Guideline**”) on Total Loss Absorbing Capacity (“**TLAC**”) applies to and establishes standards for D-SIBs, including the Bank. Under the TLAC Guideline, beginning November 1, 2021, the Bank is required to maintain a minimum capacity to absorb losses composed of unsecured external long-term debt that meets the prescribed criteria or regulatory capital instruments to support recapitalisation in the event of a failure. Bail-inable Notes and regulatory capital instruments that meet the prescribed criteria will constitute TLAC of the Bank.

In order to comply with the TLAC Guideline, Bail-inable Notes must provide for terms and conditions necessary to meet the prescribed criteria and qualify at their issuance as TLAC instruments of the Bank under the TLAC Guideline. Those criteria include the following:

- the Bank cannot directly or indirectly have provided financing to any person for the express purpose of investing in the Bail-inable Notes;
- the Bail-inable Note is not subject to set-off or netting rights;
- the Bail-inable Note must not provide rights to accelerate repayment of principal or interest payments outside of bankruptcy, insolvency, wind-up or liquidation, except that events of default relating to the non-payment of scheduled principal and/or interest payments will be permitted where they are subject to a cure period of no less than 30 business days and clearly disclose to investors that: (i) acceleration is only permitted where an Order has not been made in respect of the Bank; and (ii) notwithstanding any acceleration, the instrument continues to be subject to a Bail-in Conversion prior to its repayment;
- the Bail-inable Note may be redeemed or purchased for cancellation only at the initiative of the Bank and, where the redemption or purchase would lead to a breach of the Bank's TLAC requirements, that redemption or purchase would be subject to the prior approval of the Superintendent;
- the Bail-inable Note does not have credit-sensitive dividend or coupon features that are reset periodically based in whole or in part on the Bank's credit standing; and
- where an amendment or variance of the Bail-inable Note's terms and conditions would affect its recognition as TLAC, that amendment or variance will only be permitted with the prior approval of the Superintendent.

As a result, the terms of the Bail-inable Notes provide that acceleration will only be permitted (i) if the Bank defaults in the payment of the principal of, or interest on, such Bail-inable Notes and, in each case, the default continues for a period of 30 Payment Days, or (ii) certain bankruptcy, insolvency or reorganisation events occur. Holders and beneficial owners of Bail-inable Notes may only exercise, or direct the exercise of, such rights in respect of Bail-inable Notes where an Order has not been made under Canadian bank resolution powers pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank. Notwithstanding the exercise of those rights, Bail-inable Notes will continue to be subject to Bail-in Conversion until repaid in full.

The terms of the Bail-inable Notes also provide that holders or beneficial owners of Bail-inable Notes will not be entitled to exercise, or direct the exercise of, any set-off or netting rights with respect to Bail-inable Notes. In addition, where an amendment, modification or other variance that can be made to the Bail-inable Notes would affect the recognition of the Bail-inable Notes by the Superintendent as TLAC, that amendment, modification or variance will require the prior approval of the Superintendent.

*The circumstances surrounding a Bail-in Conversion are unpredictable and can be expected to have an adverse effect on the market price of Bail-inable Notes.*

The decision as to whether the Bank has ceased, or is about to cease, to be viable is a subjective determination by the Superintendent that is outside the control of the Bank. Upon a Bail-in Conversion, the interests of depositors and holders of liabilities and securities of the Bank that are not converted will effectively all rank in priority to the portion of Bail-inable Notes that are converted. In addition, except as provided for under the compensation process, the rights of Noteholders in respect of the Bail-inable Notes that have been

converted will rank on parity with other holders of common shares of the Bank (or, as applicable, common shares of the affiliate whose common shares are issued on the Bail-in Conversion).

There is no limitation on the type of Order that may be made where it has been determined that the Bank has ceased, or is about to cease, to be viable. As a result, Noteholders holding Bail-inable Notes may be exposed to losses through the use of Canadian bank resolution powers other than a Conversion Order or in liquidation. See “*Senior Notes will be subject to risks, including non-payment in full or conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates, under Canadian bank resolution powers*” above.

Because of the uncertainty regarding when and whether an Order will be made and the type of Order that may be made, it will be difficult to predict when, if at all, Bail-inable Notes could be converted into common shares of the Bank or any of its affiliates, and there is not likely to be any advance notice of an Order. As a result of this uncertainty, trading behaviour in respect of the Bail-inable Notes may not follow trading behaviour associated with convertible or exchangeable securities or, in circumstances where the Bank is trending towards ceasing to be viable, other senior debt. Any indication, whether real or perceived, that the Bank is trending towards ceasing to be viable can be expected to have an adverse effect on the market price of the Bail-inable Notes, whether or not the Bank has ceased, or is about to cease, to be viable. Therefore, in those circumstances, Noteholders holding Bail-inable Notes may not be able to sell their Bail-inable Notes easily or at prices comparable to those of senior debt securities not subject to Bail-in Conversion.

*The number of common shares to be issued in connection with, and the number of common shares that will be outstanding following, a Bail-in Conversion are unknown. It is also unknown whether the shares to be issued will be those of the Bank or one of its affiliates.*

Under the Bail-in Regime there is no fixed and pre-determined contractual conversion ratio for the conversion of the Bail-inable Notes, or other shares or liabilities of the Bank that are subject to a Bail-in Conversion, into common shares of the Bank or any of its affiliates, nor are there specific requirements regarding whether liabilities subject to a Bail-in Conversion are converted into common shares of the Bank or any of its affiliates. CDIC determines the timing of the Bail-in Conversion, the portion of bail-inable shares and liabilities to be converted and the terms and conditions of the conversion, subject to parameters set out in the Bail-in Regime. Those parameters, include that:

- in carrying out a Bail-in Conversion, CDIC must take into consideration the requirement in the Bank Act for banks to maintain adequate capital;
- CDIC must use its best efforts to ensure that shares and liabilities subject to a Bail-in Conversion are only converted after all subordinate ranking shares and liabilities that are subject to a Bail-in Conversion and any subordinate non-viability contingent capital instruments have been previously converted or are converted at the same time;
- CDIC must use its best efforts to ensure that the converted part of the liquidation entitlement of a share subject to a Bail-in Conversion, or the converted part of the principal amount and accrued and unpaid interest of a liability subject to a Bail-in Conversion, is converted on a pro rata basis for all shares or liabilities subject to a Bail-in Conversion of equal rank that are converted during the same restructuring period;
- holders of shares and liabilities that are subject to a Bail-in Conversion must receive a greater number of common shares per dollar of the converted part of the liquidation entitlement of their shares, or the converted part of the principal amount and accrued and unpaid interest of their liabilities, than holders



of any subordinate shares or liabilities subject to a Bail-in Conversion that are converted during the same restructuring period or of any subordinate non-viability contingent capital that is converted during the same restructuring period;

- holders of shares or liabilities subject to a Bail-in Conversion of equal rank that are converted during the same restructuring period must receive the same number of common shares per dollar of the converted part of the liquidation entitlement of their shares or the converted part of the principal amount and accrued and unpaid interest of their liabilities; and
- holders of shares or liabilities subject to a Bail-in Conversion must receive, if any non-viability contingent capital of equal rank to the shares or liabilities is converted during the same restructuring period, a number of common shares per dollar of the converted part of the liquidation entitlement of their shares, or the converted part of the principal amount and accrued and unpaid interest of their liabilities, that is equal to the largest number of common shares received by any holder of the non-viability contingent capital per dollar of that capital.

As a result, it is not possible to anticipate the potential number of common shares of the Bank or its affiliates that would be issued in respect of any Bail-inable Note converted on a Bail-in Conversion, the aggregate number of such common shares that will be outstanding following the Bail-in Conversion, the effect of dilution on the common shares received from other issuances under or in connection with an Order or related actions in respect of the Bank or its affiliates or the value of any common shares received by the Noteholder, which could be significantly less than the principal amount of the converted Bail-inable Notes. It is also not possible to anticipate whether shares of the Bank or shares of its affiliates would be issued in a Bail-in Conversion. There may be an illiquid market, or no market at all, in the common shares issued upon a Bail-in Conversion and such Noteholders may not be able to sell those common shares at a price equal to the value of the converted Bail-inable Notes and as a result may suffer significant losses that may not be offset by compensation, if any, received as part of the compensation process. Fluctuations in exchange rates may exacerbate such losses.

*By acquiring Bail-inable Notes, each Noteholder or beneficial owner of that Bail-inable Note is deemed to agree to be bound by a Bail-in Conversion and so will have no further rights in respect of Bail-inable Notes that are converted in a Bail-in Conversion other than those provided under the Bail-in Regime. Any potential compensation to be provided through the compensation process under the CDIC Act is unknown.*

The CDIC Act provides for a compensation process for Noteholders holding Bail-inable Notes who immediately prior to the making of an Order, directly or through an intermediary, own Bail-inable Notes that are converted in a Bail-in Conversion. While this process applies to successors of such Noteholders it does not apply to assignees or transferees of the Noteholder following the making of the Order and does not apply if the amounts owing under the relevant Bail-inable Notes are paid in full.

Under the compensation process, the compensation to which such Noteholders are entitled is the difference, to the extent it is positive, between the estimated liquidation value and the estimated resolution value of the relevant Bail-inable Notes. The liquidation value is the estimated value the Bail-inable Noteholders would have received if an order under the *Winding-up and Restructuring Act* (Canada) had been made in respect of the Bank, as if no Order had been made and without taking into consideration any assistance, financial or otherwise, that is or may be provided to the Bank, directly or indirectly, by CDIC, the Bank of Canada, the Government of Canada or a province of Canada, after any order to wind up the Bank has been made.

The resolution value in respect of relevant Bail-inable Notes is the aggregate estimated value of the following:  
(a) the relevant Bail-inable Notes, if they are not held by CDIC and they are not converted, after the making of

an Order, into common shares under a Bail-in Conversion; (b) common shares that are the result of a Bail-in Conversion after the making of an Order; (c) any dividend or interest payments made, after the making of the Order, with respect to the relevant Bail-inable Notes to any person other than CDIC; and (d) any other cash, securities or other rights or interests that are received or to be received with respect to the relevant Bail-inable Notes as a direct or indirect result of the making of the Order and any actions taken in furtherance of the Order, including from CDIC, the Bank, the liquidator of the Bank, if the Bank is wound up, the liquidator of a CDIC subsidiary incorporated or acquired by order of the Governor in Council for the purposes of facilitating the acquisition, management or disposal of real property or other assets of the Bank that CDIC may acquire as the result of its operations that is liquidated or the liquidator of a bridge institution if the bridge institution is wound up.

In connection with the compensation process, CDIC is required to estimate the liquidation value and the resolution value in respect of the portion of converted Bail-inable Notes and is required to consider the difference between the estimated day on which the liquidation value would be received and the estimated day on which the resolution value is, or would be, received.

CDIC must, within a reasonable period following a Bail-in Conversion, make an offer of compensation by notice to the relevant Noteholders that held Bail-inable Notes equal to, or in value estimated to be equal to, the amount of compensation to which such Noteholders are entitled or provide a notice stating that such Noteholders are not entitled to any compensation. In either case such notice is required to include certain prescribed information, including important information regarding the rights of such Noteholders to seek to object and have the compensation to which they are entitled determined by an assessor (a Canadian Federal Court judge) where holders of liabilities representing at least 10 per cent. of the principal amount and accrued and unpaid interest of the liabilities of the same class object to the offer or absence of compensation. The period for objecting is limited (45 days following the day on which a summary of the notice is published in the *Canada Gazette*) and failure by Noteholders holding a sufficient principal amount plus accrued and unpaid interest of affected Bail-inable Notes to object within the prescribed period will result in the loss of any ability to object to the offered compensation or absence of compensation, as applicable. CDIC will pay the relevant Noteholders the offered compensation within 135 days after the date on which a summary of the notice is published in the *Canada Gazette* if the offer of compensation is accepted, or the Noteholder does not notify CDIC of acceptance or objection to the offer, or if the Noteholder objects to the offer but the 10 per cent. threshold described above is not met within the aforementioned 45-day period.

Where an assessor is appointed, the assessor could determine a different amount of compensation payable, which could either be higher or lower than the original amount. The assessor is required to provide holders, whose compensation it determines, notice of its determination. The assessor's determination is final and there are no further opportunities for review or appeal. CDIC will pay the relevant holders the compensation amount determined by the assessor within 90 days of the assessor's notice.

By its acquisition of an interest in any Bail-inable Note, each Noteholder or beneficial owner of that Bail-inable Note is deemed to be bound by a Bail-in Conversion and so will have no further rights in respect of its Bail-inable Notes to the extent those Bail-inable Notes are converted in a Bail-in Conversion, other than those provided under the Bail-in Regime.

A similar compensation process to the one set out above applies, in certain circumstances, where as a result of CDIC's exercise of bank resolution powers, Senior Notes are assigned to an entity which is then wound-up.

*Following a Bail-in Conversion, Noteholders that held Bail-inable Notes that have been converted will no longer have rights against the Bank as creditors.*

Upon a Bail-in Conversion, the rights, terms and conditions of the portion of Bail-inable Notes that are converted, including with respect to priority and rights on liquidation, will no longer apply as the portion of converted Bail-inable Notes will have been converted on a full and permanent basis into common shares of the Bank or any of its affiliates ranking on parity with all other outstanding common shares of that entity. If a Bail-in Conversion occurs, then the interest of the depositors, other creditors and holders of liabilities of the Bank not bailed-in as a result of the Bail-in Conversion will all rank in priority to those common shares.

Given the nature of the Bail-in Conversion, holders or beneficial owners of Bail-inable Notes that are converted will become holders or beneficial owners of common shares at a time when the Bank's and potentially its affiliates' financial condition has deteriorated. They may also become holders or beneficial owners of common shares at a time when the relevant entity may have received or may receive a capital injection or equivalent support with terms that may rank in priority to the common shares issued in a Bail-in Conversion with respect to the payment of dividends, rights on liquidation or other terms although there is no certainty that any such capital injection or support will be forthcoming.

*Bail-inable Notes may be redeemed after the occurrence of a TLAC Disqualification Event.*

If the applicable Final Terms for the Notes of such Series specify that a TLAC Disqualification Event Call is applicable, the Bank may, at its option, with the prior approval of the Superintendent, redeem all, but not less than all of the outstanding Notes of that Series prior to their stated maturity date on, or within 90 days after the occurrence of the TLAC Disqualification Event (as defined in the Conditions) at the Early Redemption Amount specified in the applicable Final Terms, together (if applicable) with any accrued but unpaid interest to (but excluding) the date fixed for redemption. If the Bank redeems the Notes of such Series, Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable anticipated rate of return. Additionally, although the terms of each Series of Bail-inable Notes are anticipated to be established to satisfy the TLAC criteria within the meaning of the TLAC Guideline to which the Bank is subject, it is possible that any Series of Bail-inable Notes may not satisfy the criteria in future rulemaking or interpretations.

#### **2.4. UK resolution risks applicable to the Senior Notes**

*The United Kingdom's Banking Act 2009 (as amended, the "UK Banking Act") confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks, UK building societies, UK investment firms and UK recognised central counterparties which are considered to be at risk of failing. In certain circumstances such actions may also be taken with modifications, against a third country institution or investment firm. The exercise of any of these actions in relation to the Bank could materially adversely affect the value of any Senior Notes.*

Under the UK Banking Act, substantial powers are granted to HM Treasury, the Bank of England, the Financial Conduct Authority and the Prudential Regulation Authority (the "**PRA**") (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers can be exercised, as applicable, by the Authorities in respect of a third country incorporated credit institution (such as the Bank) or a third country incorporated investment firm ("**third country entity**") either where that third country entity is subject to resolution in its jurisdiction of incorporation (a "**third country resolution action**") or where no third country resolution actions have been taken, but the Authorities consider that the commencement of resolution proceedings is in the public interest. The Authorities' powers (such as those to bail-in liabilities) are subject to additional conditions where they are used in respect of branches of third-country entities (such as the Bank) as compared with their use in respect of UK banks.

### *Risks related to Senior Notes issued by the Bank's London branch*

Notes are issued by the Bank's London Branch if the Branch of Account specified in the Final Terms is London.

Where the Authorities choose to recognise a third country resolution action, in whole or in part, they must make a statutory instrument which may provide for the exercise of the stabilisation options in relation to the third country entity. This instrument may apply to: (i) assets of the third country entity or its group located in the UK or governed by UK law; and (ii) rights or liabilities of the third country entity (including the Senior Notes) that are booked by its London branch, governed by UK law, or where the claims in relation to such rights and liabilities are enforceable in the UK. Accordingly, exercise of these powers is possible where the relevant Authorities are acting to support or give full effect to a resolution carried out by the Canadian resolution authority and the Authorities' actions may include actions such as transferring assets located in the UK to a purchaser under the Canadian equivalent of a sale of business tool, or to a bridge bank in Canada.

In addition, under the European Bank Recovery and Resolution Directive which has been implemented in the UK through the UK Banking Act, the UK has provided the Authorities with the necessary powers to resolve the London branch of a third country entity (such as the Bank's London branch) that is not subject to third country resolution action (including resolution proceedings of the Canadian authorities), or where the Authorities have refused to recognise or enforce third country resolution action. The powers available to the Bank of England, when acting independently to resolve a London branch of a third country entity are: (i) powers to transfer some or all of the assets, rights and liabilities (the "**business of the branch**") to a private sector purchaser, bridge bank or asset management vehicle; and (ii) the power to bail in liabilities (including the Senior Notes) in connection with the transfer to the private-sector purchaser, bridge bank or asset management vehicle (the "**Independent Resolution of UK Branch Powers (IRUKBPs)**" or "**IRUKBPs**"). These powers could affect the Senior Notes, to the extent that they are considered to be within the "business of the branch".

The Senior Notes will be considered to be within the "business of the branch" where they arise 'as a result of the operations of the Bank's London branch'. Where the Senior Notes are issued in the name of the Bank's London branch and/or are included within the London branch's annual return form (a type of annual account for the branch) to the PRA it is likely that such Senior Notes will be considered by the Authorities to be within the "business of the branch". However, these powers are untested, and if there is an adequate degree of operational involvement by the Bank's London branch in the issuance, there is a risk that the Authorities may consider that the Senior Notes issued by the Bank in Canada to be within the "business of the branch" due to the broad definition of this term.

### *Risks for Noteholders*

Noteholders may be subject to the relevant powers listed above, which may result in such Noteholders losing some or all of their investment. As at the date of this Prospectus, the Authorities have not exercised any powers under the SRR in respect of either the Bank or the Bank's London branch and there has been no indication that they will do so. However, there can be no assurance that this will not change and any exercise of any power under the SRR or any suggestion of such exercise could, therefore, adversely affect the rights of the Noteholders, the price or value of their investment in the Senior Notes and/or the ability of the Bank to satisfy its obligations under the relevant Senior Notes.

The paragraphs below set out some of the possible consequences of the exercise of the powers under the SRR.

*The SRR may be triggered prior to insolvency of the Bank*

The purpose of the IRUKBPs is to address the situation where all or part of the business of a third country entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns in the UK, and so to transfer (and then write down where necessary) those rights and liabilities of the branch of the third country entity. The Authorities may exercise the IRUKBPs if either Conditions 1, 2, 4 and 5 are met, or 3 and 4 are met, or 4 and 5(a) are met: Condition 1: The Bank is failing or likely to fail (i.e. failing to satisfy the threshold conditions or the Bank or its London branch being unable or unwilling to pay debts or liabilities owed to EEA creditors or otherwise arising from the business of the branch as they fall due); Condition 2: It is not reasonably likely that action will be taken by or in respect of the Bank that will result in Condition 1 above ceasing to be met; Condition 3: Either: (a) the third-country entity is unable or unwilling, or is likely in the near future to be unable or unwilling, to pay its debts or other liabilities owed to EEA creditors or otherwise arising from the business of the London branch as they fall due; and (b) no Canadian resolution action has been taken, or other normal insolvency proceedings initiated, and it is not likely in the near future that resolution action will be taken or proceedings initiated; Condition 4: Making a property transfer instrument is necessary having regard to public interest in the advancement of one or more resolution objectives; and Condition 5: Either: (a) Canadian resolution action has been taken (or the Authorities have been notified that action will be taken) and the Authorities have or propose to refuse to recognise such action; or (b) Canadian resolution action has not been, and is not likely to be, taken in relation to the Bank. It is therefore possible that the IRUKBPs could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

*A partial transfer of business of the Bank's London branch may result in a deterioration of the Bank's creditworthiness*

If the Bank's London branch were made subject to the IRUKBPs, and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Bank's London branch (which may include the Senior Notes) will result in a deterioration in the creditworthiness of the Bank and, as a result, increase the risk that it will be unable to meet its obligations in respect of the Senior Notes and/or eventually become subject to administration or insolvency proceedings. In such circumstances, Noteholders may have a claim for compensation under compensation schemes in Canada, but there can be no assurance that the Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

*Depositor preference*

In addition, amendments to the UK Insolvency Act 1986 have introduced changes to the treatment and ranking of certain preferential debts with the result that certain eligible deposits will rank in priority to the claims of ordinary (i.e. non-preferred) unsecured creditors in the event of an insolvency. This means that if the Senior Notes are transferred to another entity subject to the UK Banking Act in the UK under the IRUKBPs, the claims of Noteholders would rank junior to the claims in respect of liabilities afforded preferred status and accordingly, in the event of insolvency or resolution of that UK entity, Senior Notes would be available to absorb losses ahead of liabilities which benefit from such preference.

As at the date of this Prospectus, the relevant Authorities have not made an instrument or order under the UK Banking Act in respect of the Bank or the Bank's London branch and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that the Noteholders will not be adversely affected by any such order or instrument if made.

## **2.5. Risks related to Subordinated Notes**

### **2.5.1. General Risks related to Subordinated Notes**

#### ***A Noteholder's remedies for the Issuer's breach of its obligations under the Subordinated Notes are limited***

Absent an Event of Default (which shall occur if the Issuer becomes insolvent or bankrupt or subject to the provisions of the *Winding-Up and Restructuring Act* (Canada), the Issuer goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, or the Issuer otherwise acknowledges its insolvency), the holders of the Subordinated Notes shall not be entitled to declare the principal amount of the Subordinated Notes due and payable under any circumstance. As a result, investors will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Issuer although legal action could be brought to enforce any covenant of the Issuer. Neither an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event nor a Bail-in Conversion will constitute an Event of Default under the terms of the Subordinated Notes.

#### ***Early Redemption on Occurrence of Regulatory or Tax Events***

The Bank may redeem all but not less than all of the outstanding Subordinated Notes of such Series at any time on or after a Tax Event or, in the case of a Regulatory Event, on or within 90 days after the occurrence of Regulatory Event, in each case with the prior consent of the Superintendent. An investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **2.5.2. Risks related to NVCC Automatic Conversion**

#### ***The Subordinated Notes are loss-absorption financial instruments that involve risk and may not be a suitable investment for all investors***

The Subordinated Notes are loss-absorption financial instruments designed to comply with applicable Canadian banking regulations and involve certain risks. In particular, each potential investor of the Subordinated Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Subordinated Notes, such as the provisions governing the NVCC Automatic Conversion, including under what circumstances a Non-Viability Trigger Event could occur.

A potential investor should not invest in the Subordinated Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Subordinated Notes will perform under changing conditions, the resulting effects on the likelihood of the NVCC Automatic Conversion into Common Shares and the value of the Subordinated Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Base Prospectus or incorporated by reference herein.

#### ***The Subordinated Notes are subject to an automatic and immediate conversion into Common Shares upon a Non-Viability Trigger Event***

Upon the occurrence of an NVCC Automatic Conversion following a Non-Viability Trigger Event, an investment in the Subordinated Notes will automatically and immediately become an investment in Common Shares.

Upon an NVCC Automatic Conversion, any accrued but unpaid interest will be added to the nominal amount of the Subordinated Notes held by the investor and such accrued but unpaid interest, together with the principal amount of the Subordinated Notes, will be deemed paid in full by the issuance of Common Shares upon such conversion and the holders of Subordinated Notes shall have no further rights and the Issuer shall have no further obligations to holders of the Subordinated Notes.

Potential investors in Subordinated Notes should understand that, if a Non-Viability Trigger Event occurs and Subordinated Notes are converted into Common Shares, investors are obliged to accept the Common Shares even if they do not at the time consider such Common Shares to be an appropriate investment for them and despite any change in the financial position of the Issuer since the issue of the Subordinated Notes or any disruption to the market for those Common Shares or to capital markets generally.

***The number and value of Common Shares to be received on an NVCC Automatic Conversion may be worth significantly less than the par value of the Subordinated Notes and are variable and subject to further dilution***

The number of Common Shares to be received for each Subordinated Note is calculated by reference to the prevailing market price of Common Shares immediately prior to a Non-Viability Trigger Event, subject to the Floor Price. Upon the occurrence of an NVCC Automatic Conversion, there is no certainty of the value of the Common Shares to be received by the holders of the Subordinated Notes and the value of such Common Shares could be significantly less than the nominal amount of the Subordinated Notes. Moreover, there may be an illiquid market, or no market at all, in Common Shares received upon an NVCC Automatic Conversion, and investors may not be able to sell the Common Shares at a price equal to the value of their investment in the Subordinated Notes and as a result may suffer significant loss.

If the Subordinated Notes are denominated in a currency other than Canadian dollars and any Common Shares are traded in Canadian dollars, fluctuations in the exchange rates between these two currencies may adversely affect the number of Common Shares delivered to a Noteholder as a result of an NVCC Automatic Conversion.

The Issuer is expected to have outstanding from time to time other securities including, without limitation, other subordinated indebtedness, that will automatically and immediately convert into Common Shares upon a Non-Viability Trigger Event. Certain other Issuer securities may use a lower effective floor price or a higher multiplier than those applicable to the Subordinated Notes to determine the maximum number of Common Shares to be issued to holders of such instruments upon an NVCC Automatic Conversion. Accordingly, holders of Subordinated Notes will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other Issuer securities may be converted into Common Shares at a conversion rate that is more favorable to the holders of such Issuer securities than the rate applicable to the holders of Subordinated Notes, therefore the value of the Common Shares received by holders of Subordinated Notes following an NVCC Automatic Conversion could be further diluted.

In addition, in the circumstances surrounding a Non-Viability Trigger Event, the Superintendent or other governmental authorities or agencies may also require other steps to be taken to restore or maintain the viability of the Issuer under the Canadian bank resolution powers, such as the injection of new capital and the issuance of additional Common Shares or other securities. Accordingly, holders of Subordinated Notes will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other debt obligations of the Issuer may be converted into Common Shares, at a conversion rate that is more favourable to the holders of such obligations than the rate applicable to the Subordinated Notes, and additional Common Shares or securities ranking in priority to the Common Shares may be issued, thereby causing substantial dilution to holders of Common Shares, the holders of shares other than Common Shares and the holders of Subordinated Notes, who will become holders of Common Shares upon the Non-Viability Trigger Event.

Given that the Subordinated Notes are subject to an NVCC Automatic Conversion, the Subordinated Notes are not subject to a Bail-in Conversion. However, the Bail-in Regime provides that the CDIC must use its best efforts to ensure that the prescribed types of shares and liabilities are converted only if all subordinate prescribed shares and liabilities and any subordinate non-viability contingent capital (such as the Subordinated Notes) have previously been converted or are converted at the same time. Accordingly, in the case of a Bail-in Conversion, the Subordinated Notes would be subject to an NVCC Automatic Conversion prior to, or at the same time, as a Bail-in Conversion. In addition, the Bail-in Regime prescribes that holders of unsubordinated or senior ranking bail-in eligible instruments, including Senior Notes that are Bail-inable Notes, that are subject to a Conversion Order must receive more common shares per dollar amount converted than holders of any subordinate ranking bail-in eligible instruments or NVCC instruments converted, including Subordinated Notes. The holders of Bail-inable Notes that are subject to a Conversion Order would therefore receive Common Shares at a conversion rate that would be more favourable to the holders of such obligations than the rate applicable to holders of the Subordinated Notes.

In addition, fractions of Common Shares will not be issued or delivered pursuant to an NVCC Automatic Conversion and no cash payment will be made in lieu of a fractional Common Share.

***The circumstances surrounding or triggering an NVCC Automatic Conversion are unpredictable***

The decision as to whether a Non-Viability Trigger Event will occur is a subjective determination by the Superintendent that is outside the control of the Issuer. OSFI has stated that the Superintendent will consult with the CDIC, the Bank of Canada, the Department of Finance Canada (the “**Department of Finance**”) and the Financial Consumer Agency of Canada prior to making a non-viability determination. The conversion of non-viability contingent instruments alone may not be sufficient to restore an institution to viability and other public sector interventions, including liquidity assistance, would likely be used in tandem with the conversion of non-viability contingent instruments to maintain an institution as a going concern. Consequently, while the Superintendent would have the authority to trigger conversion, in practice, the Superintendent’s decision to activate the trigger would be conditioned by the legislative provisions and decision frameworks associated with the accompanying interventions by one or more of the CDIC, the Bank of Canada, the Department of Finance and the Financial Consumer Agency of Canada. In assessing whether the Issuer has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments, it is reasonably likely that the viability of the Issuer will be restored or maintained, OSFI has stated that the Superintendent would consider, in consultation with the authorities referred to above, all relevant facts and circumstances, including the criteria outlined in relevant legislation and regulatory guidance. Those facts and circumstances may include a consideration of the following criteria, which may be mutually exclusive and should not be viewed as an exhaustive list:

- whether the assets of the Issuer are, in the opinion of the Superintendent, sufficient to provide adequate protection to the Issuer’s depositors and creditors;
- whether the Issuer has lost the confidence of depositors or other creditors and the public (for example, ongoing increased difficulty in obtaining or rolling over short-term funding);
- whether the Issuer’s regulatory capital has, in the opinion of the Superintendent, reached a level, or is eroding in a manner, that may detrimentally affect its depositors and creditors;
- whether the Issuer has failed to pay any liability that has become due and payable or, in the opinion of the Superintendent, the Issuer will not be able to pay its liabilities as they become due and payable;
- whether the Issuer failed to comply with an order of the Superintendent to increase its capital;



- whether, in the opinion of the Superintendent, any other state of affairs exists in respect of the Issuer that may be materially prejudicial to the interests of the Issuer's depositors or creditors or the owners of any assets under the Issuer's administration; and
- whether the Issuer is unable to recapitalize on its own through the issuance of Common Shares or other forms of regulatory capital (for example, no suitable investor or group of investors exists that is willing or capable of investing in sufficient quantity and on terms that will restore the Issuer's viability, nor is there any reasonable prospect of such an investor emerging in the near-term in the absence of conversion of contingent instruments).

The facts and circumstances that the Superintendent may consider may change from time to time as a result of evolving legal and regulatory developments.

If a Non-Viability Trigger Event occurs, then the interests of the Issuer's depositors, other creditors of the Issuer, and holders of the Issuer's securities, including Senior Notes that are Bail-inable Notes, will all rank in priority to the holders of the Subordinated Notes. The Superintendent retains full discretion to choose whether or not to trigger NVCC Automatic Conversion notwithstanding a determination that the Issuer has ceased, or is about to cease, to be viable. Under such circumstances, the holders of Subordinated Notes may be exposed to losses through the use of other resolution tools or in liquidation. For more information on such resolution tools, see the discussion under "*— The Subordinated Notes may become subject to other resolution actions under current and proposed Canadian resolution powers*" below.

Because of the inherent uncertainty regarding the determination of when an NVCC Automatic Conversion may occur, it will be difficult to predict when, if at all, the Subordinated Notes will be mandatorily converted into Common Shares. In addition, investors in the Subordinated Notes are likely not to receive any advance notice of the occurrence of a Non-Viability Trigger Event. As a result of this uncertainty, trading behavior in respect of the Subordinated Notes is not necessarily expected to follow trading behavior associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Issuer is trending towards a Non-Viability Trigger Event can be expected to have an adverse effect on the market price of the Subordinated Notes and the Common Shares, whether or not such Non-Viability Trigger Event actually occurs. Therefore, in such circumstances, investors may not be able to sell their Subordinated Notes easily or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities. In addition, subject to the applicable floor price, the risk of NVCC Automatic Conversion could drive down the price of Common Shares and have a material adverse effect on the market value of Common Shares received upon NVCC Automatic Conversion.

***Following an NVCC Automatic Conversion, Noteholders will no longer have rights as a creditor and will only have rights as a holder of Common Shares***

Upon an NVCC Automatic Conversion, the rights, terms and conditions of the Subordinated Notes, including with respect to priority and rights on liquidation, will no longer apply as all such Subordinated Notes will have been converted on a full and permanent basis into Common Shares ranking on parity with all other outstanding Common Shares. If an NVCC Automatic Conversion occurs, then the interest of the Issuer's depositors, other creditors of the Issuer, and holders of the Issuer's securities which are not contingent instruments, including Senior Notes that are Bail-inable Notes, will all rank in priority to the holders of contingent instruments, including the Subordinated Notes.

Given the nature of the Non-Viability Trigger Event, a holder of Subordinated Notes will become a holder of Common Shares at a time when the Issuer's financial condition has deteriorated. If the Issuer were to become insolvent or wound-up after the occurrence of a Non-Viability Trigger Event, as holders of Common Shares

investors may receive substantially less than they might have received had the Subordinated Notes not been converted into Common Shares.

An NVCC Automatic Conversion may also occur at a time when a federal or provincial government or other government agency in Canada has provided, or will provide, a capital injection or equivalent support, the terms of which may rank in priority to the Common Shares with respect to the payment of dividends, rights on liquidation or other terms.

***The Issuer's obligations under the Subordinated Notes will be unsecured and subordinated, and the rights of the holders of Subordinated Notes will be further subordinated upon an NVCC Automatic Conversion***

The Subordinated Notes will be the Issuer's direct unsecured subordinated obligations which, if the Issuer becomes insolvent or is wound-up (prior to the occurrence of a Non-Viability Trigger Event), will rank equally with the Issuer's other subordinated indebtedness and will be subordinate in right of payment to the claims of the Issuer's depositors and other unsubordinated creditors, including Senior Notes that are Bail-inable Notes.

Therefore, if, prior to the occurrence of a Non-Viability Trigger Event, the Issuer becomes insolvent or is wound-up, the assets of the Issuer would first be applied to satisfy all rights and claims of holders of senior indebtedness (including deposit liabilities). If the Issuer does not have sufficient assets to settle claims of such senior indebtedness holders (including deposit liabilities) in full, the claims of the holders of the Subordinated Notes will not be settled and, as a result, the holders will lose the entire amount of their investment in the Subordinated Notes. The Subordinated Notes will share equally in payment with claims under other subordinated indebtedness if the Issuer does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of a Non-Viability Trigger Event, all of the Issuer's obligations under the Subordinated Notes shall be deemed paid in full by the issuance of Common Shares upon an NVCC Automatic Conversion, and each holder will be effectively further subordinated due to the change in their status following an NVCC Automatic Conversion from being the holder of a debt instrument ranking ahead of holders of Common Shares to being the holder of Common Shares.

As a result, upon the occurrence of an NVCC Automatic Conversion, the holders could lose all or part of their investment in the Subordinated Notes irrespective of whether the Issuer has sufficient assets available to settle what would have been the claims of the holders of the Subordinated Notes or other securities subordinated to the same extent as the Subordinated Notes, in proceedings relating to an insolvency or winding-up.

***Holders do not have anti-dilution protection in all circumstances***

The Floor Price that is used to calculate the Conversion Price is subject to adjustment in a limited number of events:

- (1) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend;
- (2) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares; and
- (3) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares.

In addition, in the event of a capital reorganisation, consolidation, merger or amalgamation of the Issuer or comparable transaction affecting the Common Shares after the date of this Base Prospectus, the Issuer will take necessary action to ensure that holders of Subordinated Notes receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event. However, there is no requirement that there will be an adjustment of the Floor Price or other anti-dilutive action by the Issuer for every corporate or other event that may affect the market price of the Common Shares. Accordingly, the occurrence of events in respect of which no adjustment to the Floor Price is made may adversely affect the number of Common Shares issuable to a holder of Subordinated Notes upon an NVCC Automatic Conversion.

***The tax consequences of holding Common Shares following an NVCC Automatic Conversion will likely be different for most categories of holders from the tax consequences for them of holding Subordinated Notes.***

Upon the occurrence of a Non-Viability Trigger Event, Subordinated Notes will automatically and immediately convert into Common Shares. The tax consequences of holding Common Shares following an NVCC Automatic Conversion will likely be different for most categories of holders from the tax consequences for them of holding Subordinated Notes. Each prospective investor should consult their own tax advisor regarding the tax consequences of a conversion of the Subordinated Notes into Common Shares.

***A Noteholder shall be responsible for all taxes arising upon an NVCC Automatic Conversion***

The Terms and Conditions provide that a Noteholder shall be responsible for paying any taxes and capital, stamp, issue, registration and transfer taxes and duties arising to such Noteholder on an NVCC Automatic Conversion.

### **3. Risks related to the Notes generally**

***The Terms and Conditions of the Notes contain provisions which may permit their modifications without the consent of all investors***

The Conditions of the Notes contain provisions for calling meetings of holders of Notes, passing written resolutions or obtaining electronic consents to consider matters affecting their interest generally. These provisions permit defined majorities to bind (and to modify or waive certain terms and conditions of the Notes or covenants and agreements made by the Issuer) all Holders including Holders who do not attend and vote at the relevant meeting, sign a written resolution or provide an electronic consent and Holders who voted in a manner contrary to the majority.

In addition, pursuant to Condition 5.11, certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Fixed Rate Resettable Notes in the circumstances set out in Condition 5.11, without the requirement for the consent of the Noteholders. See "*Benchmark reforms and discontinuation*".

Any amendment or variance that may affect the eligibility of the Bail-inable Notes to continue to be treated as TLAC under guidelines for TLAC for banks in Canada or the eligibility of Subordinated Notes to continue to be treated as regulatory capital under the guidelines for capital adequacy requirements for banks in Canada or any amendment or variance pursuant to the benchmark discontinuation provisions in Condition 5.11 that would change the effective maturity date of Bail-inable Notes or Subordinated Notes shall be of no effect unless the prior approval of the Superintendent has been obtained.

Accordingly, Noteholders are exposed to the risk that their rights in respect of the Notes are varied against their will, which may result in an investment in any Notes becoming less advantageous to a particular Noteholder depending on individual circumstances.

***Notes may be subject to write-off, write down or conversion under the resolution powers of authorities outside of Canada***

The Bank has operations in a number of countries outside of Canada, including in particular the United States and the United Kingdom. In accordance with the Financial Stability Board's "Key attributes of effective Resolution Regimes for Financial Institutions" dated October 15, 2014, local resolution authorities should have resolution powers over local branches of foreign firms and the capacity to use their powers either to support a resolution carried out by a foreign home authority (for example, by ordering a transfer of property located in its jurisdiction to a bridge institution established by the foreign home authority) or, in exceptional cases, to take measures on its own initiative where the foreign home authority is not taking action or acts in a manner that does not take sufficient account of the need to preserve the local jurisdiction's financial stability or where other relevant conditions are met. It is therefore possible that resolution authorities in countries where the Bank has branches or assets, including the United States and the United Kingdom, may adversely affect the rights of holders of the Notes, including by using any powers they may have to write down or convert the Notes. For further information on the risks related to the use of resolution powers by authorities in the United Kingdom, please see "UK resolution risks applicable to the Senior Notes" above.

***Notes are Structurally Subordinated to the Liabilities of Subsidiaries***

If the Bank becomes insolvent, its governing legislation provides that priorities among payments of its deposit liabilities and payments of all of its other liabilities (including payments in respect of Notes) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because the Bank has subsidiaries, a Noteholder's right to participate in any distribution of the assets of the Bank's banking or non-banking subsidiaries, upon a subsidiary's dissolution, winding-up, liquidation or reorganisation or otherwise, and thus a Noteholder's ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that the Bank may be a creditor of that subsidiary and its claims are recognised. There are legal limitations on the extent to which some of the Bank's subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, the Bank or some of the Bank's other subsidiaries. Accordingly, Notes will be structurally subordinated to all existing and future liabilities of the Bank's subsidiaries, and holders of Notes should look only to the assets of the Bank and not those of its subsidiaries for payments on the Notes.

***No obligation to maintain listing***

The Issuer is not under any obligation to Holders to maintain any listing of Notes and may, in its sole discretion, determine that it is unduly burdensome to maintain such listing and seek to terminate the listing of such Notes provided it uses all reasonable efforts to seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate (including a market which is not a regulated market for the purposes of MiFID II or a market outside the EEA), provided that such stock exchange shall be commonly used for the listing and trading of debt securities in the international bond markets. However, if such alternative listing is not available or, in the opinion of the Issuer is impractical or unduly burdensome, the Issuer is not obliged to obtain an alternative listing for such Notes.

Although there is no assurance as to the liquidity of any Notes as a result of the listing on a regulated market for the purposes of the MiFID II in the EEA or any other market, de-listing such Notes may have a material

affect on an investor's ability to (i) continue to hold such Notes, (ii) resell the Notes in the secondary market, or (iii) use the Notes as eligible collateral.

**The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could adversely affect their return on the Notes.**

The reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") may affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

***Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Euro-zone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes***

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "**EFSSF**") and the European Financial Stability Mechanism (the "**EFSSM**") to provide funding to Euro-zone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro-zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the "**ESM**"), which will be activated by mutual agreement, to assume the role of the EFSSF and the EFSSM in providing external financial assistance to Euro-zone countries. As of July 1, 2013, the ESM is the sole and permanent mechanism for responding to new requirements for financial assistance by Euro-zone countries. Despite these measures, concerns persist regarding the debt burden of certain Euro-zone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

***The value of the Notes could be adversely affected by a change in law or administrative practice***

No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario and the federal laws of Canada applicable therein or administrative practice after the date of this Base Prospectus and before the date on which the relevant Notes are issued and any such change could materially adversely impact the value of any Notes affected by it.

***Investors in Bearer Notes who hold less than the minimum Specified Denomination (including after a partial Bail-in Conversion) may be unable to sell their Bearer Notes and may be adversely affected if definitive Bearer Notes are subsequently to be issued***

In relation to any issue of Bearer Notes which has denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Bearer Notes may be traded in the clearing systems in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In addition, in the case of a partial Bail-in Conversion of Bail-inable Notes or any resolution action in respect of Senior Notes generally, a holder may as a result of such partial Bail-in Conversion end up with an amount that is less than a Specified Denomination. In such a case, a Holder who, as a result of trading such amounts or such partial Bail-in Conversion, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Bearer Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts or such partial Bail-in Conversion, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be provided) and would need to purchase a principal amount of Bearer Notes at or in excess of the minimum Specified Denominated such that its holding amounts to a Specified Denomination before definitive Bearer Notes are issued to such Holder.

If such Bearer Notes are issued in definitive form, Holders should be aware that definitive Bearer Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Minimum Trading Size Risk***

Notes may, if specified in the applicable Final Terms, be subject to a Minimum Trading Size, in which case such Notes will, for so long as they are held in a clearing system, be transferable only in a principal amount of not less than such Minimum Trading Size. Notwithstanding the foregoing, such Notes will only be transferable in accordance with the rules of the relevant clearing system.

***Benchmark reforms and discontinuation***

*The regulation and reform of "benchmarks" may adversely affect the value of and return on Notes linked to or referencing such "benchmarks"*

Published levels used as benchmarks have come under increasing regulatory scrutiny in recent years, and are now the subject of a number of national and international regulatory initiatives and investigations. Such levels include high profile market rates, (e.g. the London Inter-Bank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**")) but also many other rates, levels, indices and strategies that are determined to be used as benchmarks (including many interest rate, equity, commodity, foreign exchange and other types of indices). Some of these regulatory initiatives are already effective whilst others are still to be implemented in full.

In July 2014 the Financial Stability Board ("**FSB**") published a report on Reforming Major Interest Rate Benchmarks. This report called on the –IBOR (which includes LIBOR and EURIBOR) administrators to address the recommendations arising from the first review of the IOSCO Benchmark Principles (as defined below) and made additional recommendations around underpinning benchmarks, to the greatest extent possible, in transaction data - this process was referred to as "–IBOR+" and "developing alternative risk-free

rates". In October 2017 the FSB published a progress report which concluded that –IBOR administrators have continued to take important steps to implement the FSB's recommendations but found that in the case of some –IBORs such as LIBOR and EURIBOR, underlying reference transactions in some currency-tenor combinations are scarce and submissions therefore necessarily remain based on a mixture of factors including transactions and judgment by submitters. Regulators have taken a number of steps to address these issues, but it remains challenging to ensure the integrity and robustness of benchmarks and it is uncertain whether submitting banks will continue to make submissions over the medium to long-term.

Regulators in some FSB jurisdictions have made good progress in supporting workstreams focused on identifying new or existing risk-free rates that could be used instead of –IBORs in a range of contracts, in particular derivatives. However, limited progress has been made on migration from major –IBORs to risk free rates. The FSB noted that for jurisdictions that intend to more proactively promote the use of risk free rates it is important that momentum is maintained to fulfil the FSB's risk-free rate recommendations. The FSB also mentioned the International Swaps and Derivatives Association, Inc.'s ("**ISDA**") work on tackling the risks associated with a permanent discontinuation of widely used –IBORs and placed great importance on all industry stakeholders adopting ISDA's solution for derivative contracts and extending such work on contractual robustness to other non-derivative markets where contracts reference –IBORs.

It should be noted that any industry or other solutions to tackle the risks associated with a permanent discontinuation of widely used –IBORs may result in the migration of contracts referencing –IBORs to alternative benchmarks, require the payment of adjustments or potentially result in divergent provisions applying as between any Notes linked to such an –IBOR and any related hedging arrangements entered into by relevant hedging parties. It is not possible to predict the effect of any such changes or any establishment of alternative reference rates with any certainty but they could have a material adverse effect on the value and/or liquidity of such Notes.

In relation to LIBOR in particular, comments made by the Chief Executive of the FCA in July 2017 have stated the UK regulator's intention not to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The regulator's expectation, based on discussions with panel banks is that LIBOR will continue to be sustained until 2021, based on the voluntary agreement of those panel banks. However the announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted. The impact of the transition away from LIBOR, for contracts which use LIBOR as their reference rate, is not known at this stage but is likely to be impacted by the work which will take place during the transition period (including industry or other solutions mentioned above), to replace LIBOR with a different rate. Outside of the U.K. it is anticipated that a reform of EURIBOR will be implemented, which may (but will not necessarily) be in a similar fashion to the reform of LIBOR. Accordingly, EURIBOR calculation and publication could be altered, suspended or discontinued. The European Money Markets Institute (formerly Euribor-EBF) ("**EMMI**") has continued in its role as administrator of EURIBOR but has also undertaken a number of reforms in relation to its governance and technical framework since January 2013 pursuant to recommendations by the European Securities and Markets Authority ("**ESMA**") and the European Banking Authority. On June 21, 2016 EMMI published a roadmap to discuss transaction-based EURIBOR and pre-live verification program guidelines for the evolution of EURIBOR. In March 2017, it published a position paper setting out the legal grounds for the proposed reforms to EURIBOR, which aims to clarify the EURIBOR specification, to continue developing the transaction-based methodology for EURIBOR and align the methodology with the Benchmarks Regulation and the IOSCO Benchmark Principles. In its publication of the outcome of the data analysis in the pre-live verification program guidelines EMMI has since indicated that "under the current market conditions it

will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". EMMI's current intention appears to be to develop a hybrid methodology.

Other key international regulatory initiatives relating to the reform of "benchmarks" include Principles for Financial Benchmarks (July 2013) published by the International Organisation of Securities Commissions ("**IOSCO**"), (the "**IOSCO Benchmark Principles**") and the EU regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering (among other things) governance and accountability as well as the quality, integrity and transparency of a benchmark's design, determination and methodologies. A review published by IOSCO in February 2016 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that there has been significant but mixed progress on implementation of the IOSCO Benchmark Principles but that as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future. On December 16, 2016, IOSCO published a report setting out guidance to improve the consistency and quality of reporting on compliance with its July 2013 Principles for Financial Benchmarks. In January 2018 IOSCO published a statement on matters to consider in the use of financial benchmarks which sets out matters for users of benchmarks to consider (whereas the IOSCO Benchmark Principles focus on the responsibilities of administrators of benchmarks and submitters to benchmarks).

Most of the provisions of the Benchmarks Regulation applied from January 1, 2018 with the exception of certain provisions mainly on critical benchmarks that applied from June 30, 2016. The Benchmarks Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised or registered (or, if located outside the EU, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised/registered (or, if located outside the EU, deemed equivalent or recognised or endorsed). The scope of the Benchmarks Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR or EURIBOR, applies, for example, to many interest rates, foreign exchange rate indices, commodity indices, equity indices and other indices (including "proprietary" indices or strategies) where used to determine the amount payable under or the value of certain financial instruments traded on a trading venue (being an EU regulated market, EU multilateral trading facility (MTF) or EU organised trading facility (OTF)) or via a "systematic internaliser", or to measure the performance of certain investment funds with the purpose of tracking the return or defining the asset allocation or computing the performance fees.

The Benchmarks Regulation could have a material impact on any Notes traded on a trading venue or via a "systematic internaliser" linked to a "benchmark" for Benchmarks Regulation purposes, including any of the following circumstances:

- (i) subject to any applicable transitional provisions, an index which is a benchmark may not be used by a supervised entity in certain ways if its administrator, or the benchmark (in the case of benchmarks provided by administrators located outside of the EU), is not entered in or is removed from ESMA's register of Benchmarks Regulation approved administrators/benchmarks (e.g. in circumstances where (a) an administrator located in the EU does not obtain or retain authorisation or registration or (b) an administrator located outside the EU does not obtain or retain recognition or endorsement or benefit from equivalence (whether as an administrator or in respect of the relevant benchmark), in each case under the Benchmarks Regulation);



- (ii) the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmarks Regulation; and
- (iii) fallback provisions specified in the terms of the Notes may apply.

Any of the above changes or any other consequential changes to any benchmark or its discontinuance as a result of international, national or other reforms or investigations, could potentially have a material adverse effect on the relevant benchmark or have other unforeseen consequences including, without limitation, that such changes could:

- affect the level of the published rate or the level of the benchmark, including causing it to be lower or more volatile than in the past;
- increase the costs of administering or otherwise participating in the setting of a benchmark and complying with such regulations or requirements;
- discourage market participants from continuing to administer or contribute to certain benchmarks;
- trigger changes in the rules or methodologies used in certain benchmarks;
- lead to the disappearance of certain benchmarks (or certain currencies or tenors of benchmarks).

It is not possible to predict the further effect of the potential discontinuation of LIBOR after 2021, the potential transition to alternative benchmarks (such as risk free rates), the Benchmarks Regulation, any changes in the methods pursuant to which LIBOR, EURIBOR or any other relevant benchmarks are determined, or any other legal or regulatory reforms to LIBOR, EURIBOR or any other relevant benchmarks that may be enacted or undertaken in the U.K., the EU and elsewhere, each of which may adversely affect the trading market for securities based on LIBOR, EURIBOR and/or such other benchmarks or result in a sudden or prolonged increase or decrease in the reported benchmarks, a delay in the publication of any such benchmarks, trigger changes in the rules or methodologies in certain benchmarks, discourage market participants from continuing to administer or participate in certain benchmarks and, in certain situations, could result in a benchmark performing differently than in the past or ceasing to exist.

To the extent that LIBOR, EURIBOR or any other relevant benchmark is discontinued or no longer published, then the rate of interest on the Notes will be determined by the fall-back provisions provided for under Conditions 5.02b or 5.03 of the Terms and Conditions of the Notes, although such provisions, being dependent in part upon the provision by reference banks or swap dealers, as the case may be, may not operate as intended depending on market circumstances and the availability of rates information at the relevant time and may in certain circumstances result, to the extent that other fall-back provisions under Condition 5.02b or 5.03 are not applicable, in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR, EURIBOR or any other relevant benchmark was available. Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the Notes if LIBOR, EURIBOR or any other relevant benchmark were available in their current form. Additionally, if LIBOR, EURIBOR or any other relevant benchmark rate is discontinued or no longer published, there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate so as to ensure that the benchmark rate used to determine payments under the Swap Agreements is the same as that used to determine interest payments under the Notes.

Any of the factors above and their consequences could have a material adverse effect on the trading market for, value of and return on, any Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by benchmark reforms and investigations in making any investment decision with respect to the Notes.

***Because there is no limit on the amount of additional debt that the Issuer may incur, the Issuer's ability to make timely payments on the Notes may be affected by the amount and terms of the Issuer's future debt***

The Issuer's ability to make timely payments on its outstanding debt may depend on the amount and terms of its other obligations, including any outstanding Notes. There is no limitation on the amount of indebtedness (whether senior or subordinated) that the Issuer may issue in the future. As the Issuer issues additional debt securities under the Programme or incurs other indebtedness, unless its earnings grow in proportion to its debt and other fixed charges, its ability to service the Notes on a timely basis may become impaired.

#### ***Canadian Usury Laws***

The *Criminal Code* (Canada) prohibits the receipt of "interest" at a "criminal rate" (namely, an effective annual rate of interest that exceeds 60 per cent.). Accordingly, the provisions for the payment of interest or a Redemption Amount in excess of the aggregate principal amount of the Notes may not be enforceable if the provision provides for the payment of "interest" in excess of an effective annual rate of interest of 60 per cent.

#### **4. Risks related to the market generally**

Set out below is a brief description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes***

Notes may have no established trading market when issued. There can be no assurances of a secondary market for the Notes or the continued liquidity of such market if one ever develops and may be sensitive to changes in financial markets. The secondary market for the Notes would be affected by a number of factors independent of the creditworthiness of the Issuer which may include the method of calculating the principal or any interest to be paid in respect of the Notes, the time remaining to the maturity of such Notes, the outstanding amount of such Notes, any redemption functions of such Notes and the level, direction or volatility of market interest rates generally. Such factors will also affect the market value of the Notes. Investors may not be able to sell their Notes easily or at prices that will enable them to readily realise their anticipated yield. No investor should purchase Notes unless such investor understands and is able to bear the risk that certain Notes may not be readily saleable, that the value of the Notes will fluctuate over time and that such fluctuations may be significant. The prices at which Zero Coupon Notes, as well as other Notes issued at a substantial discount from their nominal amount payable at maturity, trade in the secondary market tend to fluctuate in relation to general changes in interest rates than do such prices for conventional interest bearing securities of comparable maturities.

The Issuer and any Dealer may, but are not obliged to, at any time purchase Notes at any price in the open market or by tender or otherwise. Any Notes so purchased may be held or resold or surrendered for cancellation as further described herein. A Dealer may, but is not obliged to, be a market-maker for an issue of Notes and may cease to do so at any time. Even if a Dealer is a market-maker for an issue of Notes, the secondary market for such Notes may be limited. In addition, affiliates of the Issuer (including RBC Europe Limited) may purchase Notes at the time of their initial distribution and from time to time thereafter. There may be no secondary market for the Notes and to the extent that an issue of Notes is or becomes illiquid, an investor may have to exercise or wait until redemption of such Notes, as applicable, to realise greater value than its then trading value.

There may be less liquidity in the market for Notes if the Notes are exclusively offered to retail investors, without any offer to institutional investors. To the extent that an issue of Notes become illiquid, an investor may have to

wait until the Maturity Date of such Notes to realise value. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

***If the investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of this holding. In addition, the imposition of exchange controls and certain other specified events in relation to any Notes could result in an investor not recovering payments on those Notes***

The Issuer will pay amounts on the Notes in (a) the Specified Currency (b) if alternative currency payment provisions apply as set out under "*Risks related to payment on the Notes in an Alternative Currency*", the Alternative Currency or (c) if alternative currency payment provisions apply as set out under "*An investment in Renminbi Notes is subject to exchange rate risks*" above, U.S. dollars (such relevant currency of payment being, the "**Settled Currency**"). This presents certain risks relating to currency conversions if an Investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Settled Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settled Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settled Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, the Final Redemption Amount and any interest that Investors receive may be less than expected or zero.

***Credit ratings assigned to the Notes might not reflect all the risks associated with an investment in these Notes***

One or more independent credit rating agencies may assign credit ratings to Notes issued under the Programme. The ratings might not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Accordingly, an investor may suffer losses if the credit rating assigned to the Notes does not reflect the then creditworthiness of such Notes.

***Credit ratings of the Issuer***

The value of the Notes may be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's outstanding securities by rating agencies such as Moody's, S&P and Fitch. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer or to the Issuer itself, by one of these rating agencies, could result in a reduction of the trading value of the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this document and as at the date of this document have been approved by or filed with the Financial Conduct Authority are hereby incorporated in, and form part of, the Base Prospectus (subject as provided in paragraph 12 of “*General Information and Recent Developments*”):

- (a) the following sections of the Registration Document of the Issuer dated January 31, 2018 submitted to and filed with the UKLA:
- (i) Risk Factors on pages 1 to 13;
  - (ii) Description of Royal Bank of Canada:
    - History and Development of the Issuer on page 16;
    - RBC Group and its Principal Activities and Markets on pages 16 to 17;
    - Competition on page 17;
    - Organizational Structure on page 17;
    - Issuer Ratings on pages 17 to 18;
    - Presentation of Financial Results / Financial Summary on pages 18 to 19;
    - Directors on pages 20 to 21;
    - Major Shareholders on page 21; and
    - Material Contracts on page 21;
  - (iii) General Information on pages 22 to 23.

The remainder of the Registration Document is either not relevant for investors or covered elsewhere herein and is not incorporated by reference;

- (b) the Issuer’s entire Annual Information Form dated November 28, 2017 (the “**2017 AIF**”), including, without limitation, the following sections:
- (i) “Description of the Business – General Summary” on page 3;
  - (ii) “Description of the Business - Competition” on page 3; and
  - (iii) “Appendix A – Principal Subsidiaries” on page 26;
- (c) the following sections of the Bank’s 2017 Annual Report (the “**2017 Annual Report**”) for the year ended October 31, 2017:
- (i) the audited annual consolidated financial statements, which comprise the consolidated balance sheets as at October 31, 2017 and October 31, 2016, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity, and statements of cash flows along with a summary of significant accounting policies and other explanatory information for each of the years in the two-year period ended October 31, 2017 and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) on pages 117 through 204 (the “**2017 Audited Consolidated Financial Statements**”), together with Management’s Report on

Internal Control over Financial Reporting as of October 31, 2017, and the Report of Independent Registered Public Accounting Firm thereon on pages 118 and 119, respectively;

- (ii) the entire Management's Discussion and Analysis for the year ended October 31, 2017 (the "**2017 MD&A**"), including, without limitation, a description of risk factors related to the Bank and its business, and the steps taken to manage such risks, in the risk sections on pages 51 to 89 and the "Overview of other risks" section on pages 90 to 91 and information about trends, commitments, events and uncertainties for the Bank and each business segment known to the Bank's management which is provided under the heading "Economic, market and regulatory review and outlook – data as at November 28, 2017" on page 14, "Strategic Priorities" and Outlook" on pages 26, 31, 32, 36, 37, 39 and 42 together with the caution provided under the heading "Caution regarding forward-looking statements" on page 11.

The remainder of the 2017 Annual Report is either not relevant for an investor or is covered elsewhere in this document and is not incorporated by reference;

- (d) the following sections of the Bank's Third Quarter 2018 Report to Shareholders (the "**Third Quarter 2018 Report to Shareholders**"):

- (i) the entire Management's Discussion and Analysis on pages 2 to 50, including, without limitation, information about trends, commitments, events and uncertainties for the Bank known to the Bank's management which is provided on pages 4 to 5 and 21 to 22 under the headings "Economic, market and regulatory review and outlook – data as at August 21, 2018" and "Quarterly results and trend analysis" together with the caution provided under the heading "Caution regarding forward-looking statements" on page 2;
- (ii) the unaudited interim condensed consolidated financial statements for the three- and nine-month periods ended July 31, 2018 with comparative unaudited interim condensed consolidated financial statements for the three- and nine- month periods ended July 31, 2017 (the "**Third Quarter 2018 Unaudited Interim Condensed Consolidated Financial Statements**"), set out on pages 51 to 87 prepared in accordance with IFRS which have not been audited or reviewed by auditors pursuant to the International Standard on Review Engagements (UK and Ireland) 2410; and
- (iv) information about legal proceedings and regulatory matters to which the Issuer and its subsidiaries are or have been subject in Note 11 on page 85.

The remainder of the Bank's Third Quarter 2018 Report to Shareholders either is not relevant for an investor or is covered elsewhere in this document and is not incorporated by reference; and

- (e) the sections entitled "Terms and Conditions of the Notes" set out in the base prospectuses dated January 31, 2018, January 31, 2017, October 30, 2015, October 30, 2014, October 24, 2013, April 13, 2012, July 18, 2011, July 16, 2010, July 16, 2009, July 16, 2008, July 16, 2007, July 14, 2006 and July 29, 2005 relating to the Programme; for the avoidance of doubt, the applicable Final Terms for a Tranche of Notes will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Notes issued after the date hereof shall be those set out in this document,

provided that any statement contained in a document all or the relative portion of which is incorporated by reference shall be deemed to be modified or superseded for the purpose of this document to the extent that a

statement contained herein or in any supplement hereto filed under Article 16 of the Prospectus Directive or section 87G of the FSMA, as the case may be, including any document incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Information, documents or statements expressed to be incorporated by reference into, or that form part of one or more of, the documents noted above form part of this document but do not form part of the Base Prospectus of the Issuer approved by the UK Listing Authority for purposes of the Prospectus Directive, unless otherwise incorporated by reference.

Copies of this document and the documents incorporated by reference herein and any supplement hereto approved by the UK Listing Authority can be (1) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline "Publication of Prospectus" and (2) obtained on written request and without charge from the Issuer at 13<sup>th</sup> Floor, 155 Wellington Street West, Toronto, Ontario, Canada M5V 3K7, Attention: Senior Vice President, Performance Management and Investor Relations and from the office of the Issuing and Paying Agent, The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, England, Attention: Manager, EMEA Corporate & Sovereign Department. Please note that this website and url referred to herein does not form part of the Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to the Base Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes issued in circumstances requiring publication of a prospectus under the Prospectus Directive. The Issuer has undertaken to the Dealers in the Amended and Restated Distribution Agreement (as defined in "Subscription and Sale") that it will comply with section 87G of the FSMA.

## DESCRIPTION OF THE PROGRAMME LIMIT

This Base Prospectus is prepared in relation to the Programme, which was approved by resolutions of the Board of Directors of the Bank passed on February 29, 2012. Under the Programme, the Bank may from time to time issue (i) senior and subordinated notes not linked to Reference Items (including the Notes issuable under this Base Prospectus) (the “**Non-Linked Notes**”), (ii) other senior notes (the “**Reference Item Linked Notes**”) linked to one or more underlying assets, or bases of reference or any calculation thereof (each, a “**Reference Item**”), (iii) redeemable certificates (“**Redeemable Certificates**”) or exercisable certificates (“**Exercisable Certificates**”) (together, the “**Certificates**”) linked to one or more Reference Items, or (iv) warrants (“**Warrants**”) linked to one or more Reference Items, denominated in or payable in any currency agreed between the Issuer and the relevant dealer (such Certificates and Warrants together, the “**W&C Securities**” and the W&C Securities, the Non-Linked Notes and the Reference Item Linked Notes together, the “**Securities**”). Non-Linked Notes may be issued under this Base Prospectus, while Reference-Item Linked Notes and W&C Securities may be issued under one or more other prospectuses prepared and published by the Issuer.

The applicable terms of any Notes will be agreed between the Bank and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or annexed to, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “Terms and Conditions of the Notes”.

The aggregate principal amount of all Notes, Redeemable Certificates and Exercisable Certificates evidencing deposit liabilities under the *Bank Act* (Canada) outstanding under any prospectus prepared in connection with the Programme at any time may not exceed U.S.\$40,000,000,000 (or its equivalent in any other currency as at the date of the issue of the relevant Notes or Certificates).

The aggregate implied notional amount of all Warrants and Exercisable Certificates not evidencing deposit liabilities under the *Bank Act* (Canada) outstanding under any prospectus prepared in connection with the Programme at any time may not exceed U.S.\$3,000,000,000 (or its equivalent in any other currency as at the close of issue of the relevant Warrants and Exercisable Certificates).

For the purposes of calculating the U.S. dollar equivalent of the aggregate principal amount or implied notional amount, as the case may be, of relevant Securities issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Securities denominated in another Specified Currency or payable in another Settlement Currency (as applicable) will be determined as of the date of agreement to issue such Notes on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency or Settlement Currency (as applicable) in the London foreign exchange market quoted by the Issuing and Paying Agent on such date or such other rate as the Issuer and the relevant Dealer may agree;
- (b) the U.S. dollar equivalent of dual currency notes and Reference Item Linked Notes will be calculated in the manner specified above by reference to the original principal amount of such Notes;
- (c) the principal amount of Zero Coupon Notes and other Notes issued at a discount or a premium will be deemed to be the net proceeds received by the Bank for the relevant issue of Notes;
- (d) the principal amount of Redeemable Certificates and Exercisable Certificates that constitute deposit liabilities under the *Bank Act* (Canada) will be deemed to be the net proceeds received by the Bank for the relevant issue of such Certificates; and
- (e) the face principal amount of partly-paid Notes will be taken into account regardless of the amount of the subscription price paid.

## FINAL TERMS AND DRAWDOWN PROSPECTUS

In this section, the expression “necessary information” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in the Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of the Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in the Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained in the applicable Final Terms. Such information will be contained in the applicable Final Terms unless any of such information constitutes a significant new factor or new term relating to the information contained in the Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant Tranche of Notes, may be contained in a Drawdown Prospectus.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes. The terms applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the “Terms and Conditions of the Notes” as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus.

In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in the Base Prospectus to information being specified or identified in the applicable “Final Terms” shall be to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise.

With respect to a Tranche of Notes to be admitted to listing, the applicable Final Terms will be delivered to the UK Listing Authority and published in accordance with the Prospectus Directive on or before the date of issue of the Notes of such Tranche, and the applicable Drawdown Prospectus will be approved by the UK Listing Authority and published in accordance with the Prospectus Directive on or before the date of issue of the Notes of such Tranche.



## FORM OF THE NOTES

### Notes

The Notes of each Series will be in either (a) bearer form (“**Bearer Notes**”), with or without interest coupons and/or talons attached, or (b) registered form (“**Registered Notes**”), without interest coupons and/or talons attached, or (c) dematerialised and uncertificated book-entry-form with interest coupons and/or talons attached settled in Euroclear Sweden (“**Swedish Notes**”). Bearer Notes will only be issued outside the United States.

### Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global Note without interest coupons attached (a “**Temporary Global Note**”) or, if so specified in the applicable Final Terms, a permanent global Note without interest coupons attached (a “**Permanent Global Note**”) and, together with the Temporary Global Notes, the “**Bearer Global Notes**” and each a “**Bearer Global Note**”) which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global Note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the “**Common Depositary**”) for Euroclear and Clearstream, Luxembourg.

If the Bearer Global Notes are stated in the applicable Final Terms to be issued in NGN form, such Final Terms will also specify whether the Notes are intended to be held in a manner which would allow Eurosystem eligibility notwithstanding that recognition as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem will depend upon satisfaction of the Eurosystem eligibility criteria. As of April 16, 2018, unsecured bank bonds issued by credit institutions not established in the EU (including the Notes) denominated in any currency are no longer eligible to be used as collateral in the Eurosystem.

While any Bearer Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons for U.S. federal income tax purposes or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

On and after the date (the “**Exchange Date**”) which is not earlier than 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for: (i) interests in a Permanent Global Note of the same Series; or (ii) for Definitive Notes of the same Series with, where applicable interest coupons and talons attached and/or (in the case of a Series comprising both Bearer Notes and Registered Notes and if so specified in the applicable Final Terms) Registered Notes in definitive form (as indicated in the applicable Final Terms), in each case against certification of non-US beneficial ownership as described above, unless such certification has already been

given.\* The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amounts due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Notes in definitive form is improperly withheld or refused.

If the applicable Final Terms indicate that a Temporary Global Note is exchangeable for Definitive Notes, the Specified Denominations may not include integral multiples of a lesser amount in excess of a minimum Specified Denomination.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Notes of the same Series with, where applicable, interest coupons and talons attached and/or (in the case of a Series comprising both Bearer and Registered Notes and if so specified in the applicable Final Terms) Registered Notes in definitive form (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so and the Issuer is unable to locate a qualified successor within 90 days of the occurrence of any such event.

Bearer Global Notes and Definitive Notes will be issued pursuant to the Issue and Paying Agency Agreement (as defined in the Conditions).

The following legend will appear on all Bearer Notes (other than Temporary Global Notes) and on all interest coupons relating to such Bearer Notes where TEFRA D is specified in the applicable Final Terms.

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

The following legend will appear on Notes identified as Bail-inable Notes in the applicable Final Terms:

“THE NOTES ARE SUBJECT TO CONVERSION IN WHOLE OR IN PART – BY MEANS OF A TRANSACTION OR SERIES OF TRANSACTIONS AND IN ONE OR MORE STEPS – INTO COMMON SHARES OF ROYAL BANK OF CANADA OR ANY OF ITS AFFILIATES UNDER SUBSECTION 39.2(2.3) OF THE CANADA DEPOSIT INSURANCE CORPORATION ACT (CANADA) (“**CDIC ACT**”) AND TO VARIATION

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\* In relation to any issue of Notes which are expressed to be temporary Global Notes exchangeable for definitive Notes, such Notes shall be tradeable only in amounts of at least their Specified Denomination (or if more than one Specified Denomination, the minimum Specified Denomination and multiples thereof).

OR EXTINGUISHMENT IN CONSEQUENCE AND SUBJECT TO THE APPLICATION OF THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN IN RESPECT OF THE OPERATION OF THE CDIC ACT WITH RESPECT TO THE NOTES."

### **Registered Notes**

Registered Notes will be issued in the form of a global Registered Note (a "**Global Registered Note**") deposited with a common depository for Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms and will be registered in its name. Persons holding beneficial interests in Global Registered Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Registered Notes in definitive form.

Payments of principal, interest and any other amount in respect of the Global Registered Notes will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Global Registered Note. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Registered Note will be exchangeable (free of charge), in whole but not in part, for Registered Notes in definitive form without interest coupons or talons attached (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so and the Issuer is unable to locate a qualified successor within 90 days of the occurrence of any such event.

Registered Notes will be issued pursuant to the Issue and Paying Agency Agreement (as defined in the Conditions).

### **Direct Rights**

As noted above, Notes in global form are, in certain circumstances, exchangeable for Notes in definitive form. In the event that (a) a global Note has become due and payable as a result of acceleration as described under "Terms and Conditions of the Notes – Events of Default" or that the Maturity Date in respect thereof has occurred and, in either case, payment in full of the amount due is not made before 8:00 p.m. (London time) on the relevant due date or (b) a global Note is not duly exchanged by 6:00 p.m. (London time) on the thirtieth day after the time at which the preconditions to such exchange are first satisfied, the owner of a beneficial interest in such global Note shall become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system as if they were holders of Notes in definitive form, as specified in the relevant global Note, a copy of which is available at the specified office of the Issuing and Paying Agent.

### **Swedish Notes**

Swedish Notes will be issued in dematerialised and uncertificated book-entry form in accordance with the Swedish Financial Instruments Accounts Act 1998 (Sw. *lagen (1998:1479) om värdepapperscentraler och*

*kontoföring av finansiella instrument*) (the “**SFIA Act**”), other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden. Swedish Notes will not be issued in definitive form and Swedish Notes will not be exchangeable for Registered Notes or Bearer Notes or vice versa.

Swedish Notes will be registered in the central securities depository register (Sw. *avstämningsregister*) held by Euroclear Sweden on behalf of the Issuer (the “**Swedish Notes Register**”) and payments of principal, interest or any other amounts on Swedish Notes will be made by Euroclear Sweden on behalf of the Issuer to the persons registered as holders of such notes in the Swedish Notes Register on the fifth Banking Day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time) prior to the due date of the relevant payment.

Swedish Notes will be issued pursuant to the Swedish Notes Issuing and Paying Agency Agreement (as defined in the Conditions).

### **General**

Pursuant to the Issue and Paying Agency Agreement, the Issuing and Paying Agent (and any additional agent appointed pursuant to the Issue and Paying Agency Agreement) shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which should not be prior to the expiry of 40 days after the Issue Date of such further Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Issuing and Paying Agent.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes, which as completed in relation to any Notes by the applicable Final Terms, will be applicable to each Series of Notes issued after the date of this Base Prospectus unless otherwise specified in the applicable Final Terms. Either (i) the full text of these Terms and Conditions (subject to simplification by deletion of non-applicable provisions) together with the relevant provisions of the Final Terms or (ii) these Terms and Conditions as so completed (subject to simplification by deletion of non-applicable provisions) shall be endorsed on the definitive Bearer Notes and Registered Notes, and in the case of Global Notes, these Terms and Conditions shall be incorporated by reference into such Notes and the applicable Final Terms attached thereto. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the applicable Final Terms.*

The Notes (other than Swedish Notes (as defined below)) are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement dated September 24, 2018 (as further amended, supplemented, restated or replaced, the “**Issue and Paying Agency Agreement**”) and made between Royal Bank of Canada (the “**Issuer**”), The Bank of New York Mellon, London branch, in its capacities as issuing and principal paying agent and principal certificate and warrant agent (the “**Issuing and Paying Agent**”, which expression shall include any successor to The Bank of New York Mellon, London branch in its capacity as such) and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the “**Registrar**”, which expression shall include any successor to The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as such and any additional registrars appointed in accordance with the Issue and Paying Agency Agreement either with respect to the Programme or with respect to a particular Series). The expression “**Paying Agents**” as used herein shall include the Issuing and Paying Agent and any additional paying agents appointed, if any, in accordance with the Issue and Paying Agency Agreement either with respect to the Programme or with respect to a particular Series. The issuance of Swedish Notes is governed by a Swedish Notes issuing and paying agent agreement originally dated as of October 31, 2011 (as amended by an amendment agreement dated as of January 31, 2018, and as further amended, supplemented, restated or replaced, the “**Swedish Notes Issuing and Paying Agent Agreement**”) and made between the Issuer and Skandinaviska Enskilda Banken AB (publ) (the “**Swedish Notes Issuing and Paying Agent**”, which expression shall include any successor to Skandinaviska Enskilda Banken AB (publ) in its capacity as such provided that such successor is duly authorised under the Swedish Financial Instruments Accounts Act 1998 (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) (the “**SFIA Act**”). Any references in the Terms and Conditions of the Notes to “Issue and Paying Agency Agreement” shall be deemed to include, where the context so admits, reference to the Swedish Notes Issuing and Paying Agent Agreement. Copies of the meeting provisions contained in Appendix 5 of the Swedish Notes Issuing and Paying Agent Agreement will be available for inspection during normal business hours at the initial specified offices of the Swedish Notes Issuing and Paying Agent and the Issuer, respectively. All persons from time to time entitled to the benefit of obligations under any Swedish Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Swedish Notes Issuing and Paying Agent Agreement insofar as they relate to the relevant Swedish Notes.

The holders of Swedish Notes are entitled to benefit from the Deed of Covenant (as further amended, supplemented, restated or replaced, the “**Swedish Deed of Covenant**”) dated January 31, 2018 and made by the Issuer. The original of the Swedish Deed of Covenant is held by the Issuing and Paying Agent.

Copies of the Issue and Paying Agency Agreement and the Swedish Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) of Notes. Each Tranche will be the subject of Final Terms (each, “**Final Terms**”), a copy of which, subject as provided below, will be available free of charge during normal business hours at the specified office of the Issuing and Paying Agent and/or, as the case may be, the applicable Registrar and each other Paying Agent.

References in these Terms and Conditions (the “**Conditions**”) to Notes are to Notes of the relevant Series and means:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Note issued on exchange for a Global Note; and
- (d) any Swedish Note.

References to Coupons (as defined in Condition 1.06) are to Coupons relating to Notes of the relevant Series.

References in these Conditions to the Final Terms are, unless otherwise stated, to Part A of the Final Terms(s) prepared in relation to the Notes of the relevant Tranche or Series.

In respect of the Notes, references herein to these Terms and Conditions are to these terms and conditions as completed by the Final Terms.

References herein to “**RMB Notes**” are to Notes denominated in Renminbi. References herein to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the People’s Republic of China (the “**PRC**”) which, for the purposes of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

## **1. Form and Denomination**

**1.01** Notes are issued in either (a) bearer form (“**Bearer Notes**”), (b) registered form (“**Registered Notes**”) or (c), in the case of Senior Notes only, dematerialised uncertificated book-entry form settled in Euroclear Sweden AB (“**Swedish Notes**”), as specified in the applicable Final Terms and, with the exception of Swedish Notes, are serially numbered. Registered Notes and Swedish Notes will not be exchangeable for Bearer Notes.

The Note is a Senior Note or a Subordinated Note, depending on the status of the Notes indicated in the applicable Final Terms. This Note may be a Note bearing interest on a fixed rate basis (“**Fixed Rate Note**”), a Note bearing interest on a floating rate basis (“**Floating Rate Note**”), a Note issued on a non-interest bearing basis (“**Zero Coupon Note**”) or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Final Terms.

Swedish Notes are being issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act. No global or definitive Swedish Notes will be issued and these Conditions shall be construed accordingly. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (“**Euroclear Sweden**”).

The applicable Final Terms will specify whether the Issuer shall have access to the register of creditors (Sw. *skuldboken*) in respect of the Swedish Notes.

## **Bearer Notes**

**1.02** The Final Terms shall specify whether U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA D Rules**”) or U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) shall apply or whether the TEFRA Rules are not applicable. Each Tranche of Bearer Notes with an original maturity of more than one year is represented upon issue by a temporary global Note (a “**Temporary Global Note**”), unless the Final Terms specify otherwise, in particular, when the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Notes specify that the TEFRA C Rules apply or that the TEFRA Rules are not applicable, such Tranche is (unless otherwise specified in the Final Terms) represented upon issue by a permanent global Note (a “**Permanent Global Note**”).

Interests in the Temporary Global Note may be exchanged for:

- (i) interests in a Permanent Global Note; or
- (ii) if so specified in the Final Terms, definitive Bearer Notes (“**Definitive Notes**”) and/or (in the case of a Series comprising both Bearer Notes and Registered Notes and if so specified in the Final Terms) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Final Terms) and (unless the Final Terms specify that the TEFRA C Rules are applicable to the Notes) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations has been received in accordance with the terms of the Temporary Global Note (each certification in such form as is required by the relevant clearing system). An exchange of interests in a Temporary Global Note or a Permanent Global Note for Registered Notes will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

**1.03** The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to collect any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

**1.04** Unless the Final Terms specify that the TEFRA C Rules are applicable to the Notes and subject to Condition 1.03 above, if any date on which a payment of interest is due on the Notes of a Tranche occurs while any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is required by the relevant clearing system), has been received by Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or any other relevant clearing system in accordance with the terms of the Temporary Global Note. Payments of amounts due in respect of a Permanent Global Note or (subject to Condition 1.03 above) a Temporary Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for further certification. Any reference herein to

Euroclear or Clearstream, Luxembourg shall be deemed to include a reference to any other relevant clearing system.

**1.05** Interests in a Permanent Global Note will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Note, for Definitive Notes and/or (in the case of a Series comprising both Bearer and Registered Notes and if so specified in the applicable Final Terms) Registered Notes, (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so and the Issuer is unable to locate a qualified successor within 90 days of the occurrence of any such event; in all cases at the cost and expense of the Issuer.

**1.06** Definitive Notes that are interest bearing have attached thereto, at the time of their initial delivery, coupons ("**Coupons**"), the presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Definitive Notes that are interest bearing and which have more than 27 interest payments remaining at the time of their initial delivery, have attached thereto a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

### **Registered Notes**

**1.07** Where the Final Terms applicable to a Tranche of Registered Notes so specify, such Tranche is represented upon issue by a global registered note ("**Global Registered Note**").

Interests in a Global Registered Note will be exchangeable (free of charge), in whole but not in part, for Registered Notes in definitive form without interest coupons or talons attached (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so and the Issuer is unable to locate a qualified successor within 90 days of the occurrence of any such event, in all cases at the cost and expense of the Issuer.

### **Denomination**

#### **Denomination of Bearer Notes**

**1.08** Bearer Notes are in the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

#### **Denomination of Registered Notes**

**1.09** Registered Notes are in the Specified Denominations specified in the applicable Final Terms.

#### **Denomination of Swedish Notes**

**1.10** Swedish Notes are in the Specified Denominations specified in the applicable Final Terms.

### **Currency of Notes**

**1.11** The Notes are denominated in such currency (the "**Specified Currency**") as may be specified in the applicable Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.



## 2. Title and Transfer

**2.01** Title to Bearer Notes and Coupons passes by delivery. References herein to the “**Holders**” of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons.

**2.02** Title to Registered Notes passes by due endorsement in the relevant register. The Issuer shall procure that the Registrar keep a register or registers in which shall be entered the names and addresses of the Holders of Registered Notes and particulars of the Registered Notes held by them. Such registration shall be noted on the Registered Notes by the Registrar. References herein to the “**Holders**” of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

**2.02a** The person appearing in the central securities depository register (Sw. *avstämningsregister*) held by Euroclear Sweden on behalf of the Issuer (the “**Swedish Notes Register**”) will be treated as the holder of the relevant Swedish Notes and title to the Swedish Notes passes only by registration in the Swedish Notes Register. References herein to the “**Holders**” of Swedish Notes are to the persons in whose names such Swedish Notes are so registered in the Swedish Notes Register. Where a nominee (Sw. *förvaltare*) is so evidenced it shall be treated as the Holder of the relevant Notes.

**2.03** The Holder of any Bearer Note, Coupon, Registered Note or Swedish Note will for all purposes of the Issue and Paying Agency Agreement and the Swedish Notes Issuing and Paying Agent (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof and no person shall be liable for so treating such Holder.

### **Holders of Global Notes**

**2.04** For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg or such other clearing system as set out in the applicable Final Terms, each person (other than Euroclear or Clearstream, Luxembourg or such other clearing system as set out in Part B of the applicable Final Terms) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or such other clearing system as the holder of a particular principal amount of such Notes (a “**Relevant Account Holder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Issuing and Paying Agent, the Registrar and any other Paying Agent as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Temporary Global Note and/or Permanent Global Note or registered holder of a Global Note shall be treated by the Issuer, the Issuing and Paying Agent and any Paying Agent and any Registrar as the holder of such principal amount of such Notes in accordance with and subject to the terms of the Global Note and/or the Deed of Covenant, as the case may be, and the expression “**Holder**” and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear or of Clearstream, Luxembourg or any other relevant clearing system, as the case may be in force from time to time.

### ***Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes***

**2.05** A Registered Note may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement and as required by law, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the applicable Final Terms) upon the surrender of the Registered Note to be transferred, together with a form of transfer duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and,

in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

**2.06** If so specified in the applicable Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement and as may be required by law. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of America (the “**United States**”) of the Issuing and Paying Agent or of the Registrar, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than any Coupon where the exchange date (as defined in Condition 2.07) would, but for the provisions of Condition 2.06, occur between the Record Date (as defined in Condition 10.10) for such payment of interest and the next Interest Payment Date for such Coupon.

**2.07** Each new Registered Note to be issued upon the registration of the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Issuing and Paying Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Issuing and Paying Agent until the day following the due date for such payment.

For the purposes of these Conditions:

- (i) “**Relevant Banking Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Issuing and Paying Agent, in the place where the specified office of the Issuing and Paying Agent is located;
- (ii) the “**exchange date**” shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.05; and
- (iii) the “**transfer date**” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.04.

**2.08** The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Issuing and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Issuing and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

### ***Minimum Trading Size***

**2.09** Notes represented by a Global Note may, if specified in the applicable Final Terms, be subject to a Minimum Trading Size, in which case such Notes will, for so long as they are cleared through Euroclear or Clearstream, Luxembourg, be transferrable only in a principal amount of not less than such Minimum Trading Size. Notwithstanding the foregoing, such Notes will only be transferrable in accordance with the rules of Euroclear or Clearstream, Luxembourg.

### 3. Status of the Notes

The applicable Final Terms will indicate whether the Notes are Senior Notes or Subordinated Notes.

#### Status of Senior Notes

**3.01** The Senior Notes constitute deposit liabilities of the Bank for the purposes of the Bank Act and constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer (including deposit liabilities), except as otherwise prescribed by law and subject to the exercise of bank resolution powers under the *Canada Deposit Insurance Corporation Act* (Canada) (the “**CDIC Act**”).

#### Status of Bail-inable Notes

**3.02** This Condition 3.02 will apply in respect of all Senior Notes issued by the Bank that are identified as Bail-inable Notes in the applicable Final Terms (“**Bail-inable Notes**”). All Senior Notes issued on or after September 23, 2018 that (i) have an original or amended term to maturity of more than 400 days, have one or more explicit or embedded options, that if exercised by or on behalf of the Bank, could result in a maturity date that is more than 400 days from the date of issuance of Note or that have an explicit or embedded option that, if exercised by or on behalf of the Noteholder, could by itself result in a maturity date that is more than 400 days from the maturity date that would apply if the option were not exercised; and (ii) are not otherwise excluded (e.g. structured notes (as such term is used under the Canadian bank recapitalisation regime for banks designated by the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”) as domestic systemically important banks (the “**Bail-in Regime**”)) under the Bail-in Regime, will be identified as Bail-inable Notes in the applicable Final Terms. Senior Notes that constitute structured notes (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime will not be identified as Bail-inable Notes in the applicable Final Terms. Senior Notes issued before September 23, 2018 which have their terms amended, on or after September 23, 2018, to increase their principal amount or to extend their term to maturity and which otherwise meet conditions (i) to (ii), above, in this Condition 3.02 will also be Bail-inable Notes and following such amendment will be subject to this Condition 3.02.

By its acquisition of an interest in Bail-inable Notes, each Holder (which, for the purposes of this Condition 3.02, includes each holder of a beneficial interest in the Bail-inable Notes) is deemed to:

(i) agree to be bound, in respect of the Bail-inable Notes, by the CDIC Act, including the conversion of the Bail-inable Notes, in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Notes in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes (a “**Bail-in Conversion**”);

(ii) attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and those laws;

(iii) have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Noteholder for the express purpose of investing in Bail-inable Notes; and

(iv) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on such Holder despite any provisions in the Conditions, any other law that governs the Bail-inable Notes and any other agreement, arrangement or understanding between such Holder and the Bank with respect to the Bail-inable Notes.

The applicable Final Terms will indicate whether Senior Notes are Bail-inable Notes. All Bail-inable Notes will be subject to Bail-in Conversion.

Each Holder or beneficial owner of the Bail-inable Notes that acquires an interest in the Bail-inable Notes in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such holder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders or beneficial owners that acquire an interest in the Bail-inable Notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Bail-inable Notes related to the Bail-in Regime.

**3.02a** Holders and beneficial owners of a Bail-inable Note will have no further rights in respect of a Bail-inable Note to the extent a Bail-inable Note is converted in a Bail-in Conversion, other than those provided under the Bail-in Regime, and by its acquisition of an interest in the Bail-inable Note, each holder or beneficial owner of the Bail-inable Note is deemed to irrevocably consent to the converted portion of the principal amount of the Bail-inable Note and any accrued and unpaid interest thereon being deemed paid in full by the issuance of common shares of the Bank (or, if applicable, any of its affiliates) upon the occurrence of a Bail-in Conversion, which Bail-in Conversion shall occur without any further action on the part of that Holder or beneficial owner or the Issuing and Paying Agent; provided that, for the avoidance of doubt, this consent shall not limit or otherwise affect any rights of that Holder or beneficial owner provided for under the Bail-in Regime.

**3.02b** By its acquisition of an interest in a Bail-inable Note, each Holder or beneficial owner of an interest in a Bail-inable Note is deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg and any direct participant in such clearing system or other intermediary through which it holds the Bail-inable Note to take any and all necessary action, if required, to implement the Bail-in Conversion or any other action pursuant to the Bail-in Regime with respect to the Bail-inable Note, as may be imposed on it, without any further action or direction on the part of that Holder or beneficial owner or the Issuing and Paying Agent, except as required in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or the intermediary, as applicable.

#### **Status of Subordinated Notes**

**3.03** The Subordinated Notes will evidence subordinated indebtedness of the Issuer for purposes of the *Bank Act* (Canada). The Subordinated Notes constitute legal, valid and binding direct, subordinated and unsecured obligations of the Issuer enforceable in accordance with their terms and rank *pari passu* with all other present and future subordinated indebtedness of the Issuer other than subordinated indebtedness having a priority to the Subordinated Notes by virtue of any law now or hereafter in force. The subordinated indebtedness evidenced by the Subordinated Notes will, in the event of the insolvency or winding-up of the Issuer, be subordinate in right of payment to all deposit liabilities of the Issuer and all other liabilities of the Issuer except those which by their terms rank equally with or are subordinate to such subordinated indebtedness and except as otherwise prescribed by law.

Upon the occurrence of a Non-Viability Trigger Event (as defined in Condition 8), this Condition 3.03 will cease to apply to the Notes as all the Notes will be converted into common shares of the Issuer ("**Common Shares**") which Common Shares will rank on par with all other issued and outstanding Common Shares.

#### **4. Negative Covenant**

This Condition 4 applies to Subordinated Notes only.

If the applicable Final Terms specify this Condition 4 – Negative Covenant is applicable, the Issuer will not create, incur or permit the existence of indebtedness which, in the event of insolvency or winding-up of the

Issuer, will rank subordinate to deposit liabilities and in priority to Subordinated Notes.

## 5. Interest

### *Interest*

**5.01** Notes may be interest-bearing or non interest-bearing. The Interest Basis is specified in the applicable Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the applicable Final Terms shall have the meanings given to them in Condition 5.08.

**5.01a** Notwithstanding anything to the contrary in these Conditions (and in particular this Condition 5), interest on Swedish Notes shall accrue and be calculated from (but excluding) the Interest Commencement Date to (and including) the first Interest Payment Date and following the first Interest Payment Date from (but excluding) an Interest Payment Date to (and including) the next occurring Interest Payment Date and the definition of "Interest Period" shall be construed accordingly.

### **5.02 Interest on Fixed Rate Notes other than Adjusted Fixed Rates Notes**

*This Condition 5.02 applies to Fixed Rate Notes only but does not apply to Adjusted Fixed Rate Notes (as defined below). The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.02 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Business Day Convention (if any) applicable to any Interest Payment Date, the Day Count Fraction, any applicable Determination Date, whether any Coupon Switch Option is applicable and any Calculation Agent.*

Each Fixed Rate Note bears interest on its Outstanding Principal Amount from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date if that does not fall on an Interest Payment Date.

Where a Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on, but excluding, such date will amount to such Fixed Coupon Amount, as specified in respect of any Calculation Amount based on the applicable Rate of Interest and any applicable Day Count Fraction (if any) and if the amount of interest payable on the Interest Payment Date is specified as other than the Fixed Coupon Amount, such amount will be a "**Broken Amount**" specified in the applicable Final Terms.

Where the Notes are represented by a Global Note or where the Specified Denomination of Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the Fixed Coupon Amounts or Broken Amounts, as the case may be, for each Calculation Amount comprising the Outstanding Principal Amount of the Global Note or the Specified Denomination of a Note in definitive form, without any further rounding.

As used in these Conditions, "**Fixed Interest Period**" means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date.

Interest will be calculated on the Calculation Amount of the Fixed Rate Notes. If interest is required to be calculated for a period ending other than on an Interest Payment Date, or if a Fixed Coupon Amount is not specified in the applicable Final Terms, such interest shall be calculated in accordance with Condition 5.06.

### **5.02a Interest on Adjusted Fixed Rate Notes**

*This Condition 5.02a applies where Fixed Rate Notes for which “Adjusted Interest Periods” is specified in the applicable Final Terms (“Adjusted Fixed Rate Notes”). The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.02a for full information on the manner in which interest is calculated on Adjusted Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Calculation Amount, the Day Count Fraction, the Business Day Convention and the Calculation Agent.*

Notwithstanding the foregoing, each Adjusted Fixed Rate Note, bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, each Interest Payment Date will be subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable on the last day of each Interest Period, calculate the amount of interest payable per Calculation Amount for the relevant Interest Period. The determination of the amount of interest payable per Calculation Amount by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Calculation Amount for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Holders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 7, the accrued interest per Calculation Amount shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Calculation Amount so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, and multiplying such product by the Day Count Fraction specified in the applicable Final Terms, and rounding the resultant figure to the nearest sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Notes are represented by a Global Note or where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Outstanding Principal Amount of the Global Note or the Specified Denomination of a Note in definitive form, without any further rounding.

### **5.02b Interest on Fixed Rate Resettable Notes**

(i) If Notes are specified as being Fixed Rate Resettable Notes (each a “Fixed Rate Resettable Note”), each Fixed Rate Resettable Note shall bear interest:

- (A) from (and including) the Interest Commencement Date specified in the applicable Final Terms (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date, at the rate per annum equal to the First Reset Rate of Interest; and

- (C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

in each case, payable in arrear on each Interest Payment Date.

Save as otherwise provided herein, the provisions in either Condition 5.02 or Condition 5.02a shall apply to the Fixed Rate Resetable Notes as specified in the applicable Final Terms.

(ii) Subject to Condition 5.11, if Mid-Swap Rate is specified in the applicable Final Terms and on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time in the principal financial centre of the Relevant Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Interest Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

(iii) The Calculation Agent will calculate the Rate of Interest for each relevant Interest Period in a Reset Period, and cause it to be notified, in accordance with Conditions 5.05 and 5.06.

(iv) For the purposes of this Condition 5.02b:

*“Benchmark Gilt”* means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Calculation Agent, with the advice of the Reference Banks, may determine to be appropriate;

*“Benchmark Gilt Rate”* means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at the Relevant Time on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) rounded as provided above.

If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided rounded as provided above. If only one quotation is provided, the Benchmark Gilt Rate will be the quotation provided rounded as provided above. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer;

“*dealing day*” means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is listed at the relevant time) is ordinarily open for the trading of securities;

“*First Margin*” means the margin specified in the applicable Final Terms;

“*First Reset Date*” means the date specified in the applicable Final Terms;

“*First Reset Period*” means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

“*First Reset Rate of Interest*” means, in respect of the First Reset Period and subject to Condition 5.02b(ii) (where applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin;

“*Initial Rate of Interest*” has the meaning specified in the applicable Final Terms;

“*Interest Rate*” means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

“*Mid-Market Swap Rate*” means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Relevant Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Relevant Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (calculated on the day count basis customary for floating rate payments in the Relevant Currency as determined by the Calculation Agent);

“*Mid-Market Swap Rate Quotation*” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“*Mid-Swap Floating Leg Benchmark Rate*” means EURIBOR if the Relevant Currency is euro or LIBOR for the Relevant Currency if the Relevant Currency is not euro or any other reference rate specified in the applicable Final Terms;

“*Mid-Swap Maturity*” has the meaning specified in the applicable Final Terms;

“*Mid-Swap Rate*” means, in relation to a Reset Determination Date and subject to Condition 5.02b(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Relevant Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,



which appears on the Relevant Screen Page; or

- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Relevant Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page, in either case, as at approximately the Relevant Time in the principal financial centre of the Relevant Currency on such Reset Determination Date, all as determined by the Calculation Agent;

*“Reference Banks”* means:

- (i) for the purposes of Condition 5.02b(ii), five leading swap dealers in the principal interbank market relating to the Relevant Currency selected by the Calculation Agent in its discretion after consultation with the Issuer; or
- (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Calculation Agent in its discretion after consultation with the Issuer;

*“Reference Bond”* means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Relevant Currency (which, if the Relevant Currency is euro, shall be Germany) selected by the Calculation Agent in its discretion after consultation with the Issuer as having an actual or interpolated maturity comparable with the relevant Reset Period and that (in the opinion of the Calculation Agent, after consultation with the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Relevant Currency and of a comparable maturity to the relevant Reset Period;

*“Reference Bond Dealer”* means each of five banks which are primary government securities dealers or market makers in pricing corporate bond issuances, as selected by the Calculation Agent in its discretion after consultation with the Issuer;

*“Reference Bond Dealer Quotations”* means, with respect to each Reference Bond Dealer and the Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) as at approximately 11.00 a.m. in the principal financial centre of the Relevant Currency on the Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

*“Reference Bond Price”* means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation or if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last

preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest;

“*Reference Bond Rate*” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price;

“*Relevant Screen Page*” has the meaning specified in Condition 5.08;

“*Relevant Time*” means the time specified as such in the applicable Final Terms;

“*Reset Date*” means the First Reset Date, the Second Reset Date (if any) and each Subsequent Reset Date (if any), as applicable, in each case as adjusted in accordance with any Business Day Convention specified in the applicable Final Terms as if the relevant Reset Date was an Interest Payment Date;

“*Reset Determination Date*” means, in respect of a Reset Period, the date specified as such in the applicable Final Terms;

“*Reset Period*” means the First Reset Period or a Subsequent Reset Period, as the case may be;

“*Reset Rate*” means:

- (i) if Mid-Swap Rate is specified in the applicable Final Terms, the relevant Mid-Swap Rate;
- (ii) if Benchmark Gilt Rate is specified in the applicable Final Terms, the relevant Benchmark Gilt Rate; or
- (iii) if Reference Bond is specified in the applicable Final Terms, the relevant Reference Bond Rate;

“*Second Reset Date*” means the date specified in the applicable Final Terms;

“*Subsequent Margin*” means the margin specified in the applicable Final Terms;

“*Subsequent Reset Date*” means the date or dates specified in the applicable Final Terms;

“*Subsequent Reset Period*” means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

“*Subsequent Reset Rate of Interest*” means, in respect of any Subsequent Reset Period and subject to Condition 5.02b(ii) (where applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin.

### **5.03 Interest on Floating Rate Notes**

*This Condition 5.03 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.03 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify Specified Interest Payment Date(s), the First Interest Payment Date, the*

*Maturity Date, any Interest Period, the Interest Commencement Date, the Business Day Convention, any Business Centre(s), whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Issuing and Paying Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction and whether any Switch Coupon Option is applicable. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “**Interest Payment Date**”) in each year specified in the applicable Final Terms with the first Interest Payment Date (the “**First Interest Payment Date**”) being as specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period(s) in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression, shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date. Interest will be calculated on the Calculation Amount of the Floating Rate Notes.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in one of the manners set out below and specified in the applicable Final Terms.

(iii) *Screen Rate Determination*

Where the Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest will be determined as provided below, subject to Condition 5.11 below.

(A) Where the Reference Rate is specified in the applicable Final Terms as being LIBOR, EURIBOR, CNH HIBOR, HIBOR or STIBOR:

- (i) the Rate of Interest for each Interest Period will, subject as provided below, be either:
  - (1) the offered quotation, or
  - (2) the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of the offered quotations(expressed as a percentage rate per annum) for the Reference Rate for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, all as determined by the Calculation Agent;

- (ii) if, on any Interest Determination Date, no such Reference Rate so appears or, as the case may be, if fewer than three offered quotations so appear or if the Relevant Screen Page is unavailable or if the offered rate or rates which appear as at the Relevant Time do not apply to a period or duration equal to the Interest Period, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by the principal Relevant Financial Centre office of the Reference Banks at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if, on any Interest Determination Date, fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Principal Financial Centre as selected by the Calculation Agent, at the Relevant Time on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period for the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Notes during such Interest Period will be the rate or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates so determined plus or minus (as indicated in the applicable Final Terms) the Margin, if any, provided however that if the Calculation Agent is unable to determine a rate or, as the case may be, an arithmetic mean of rates in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the rate or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates determined in relation to such Notes in respect of the last preceding Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin, if any.

(B) Where the Reference Rate is specified in the applicable Final Terms as being CDOR, the average bid rate for bankers' acceptances in Canadian dollars for the relevant Interest Period which appears on the Reuters Screen CDOR Page (being the Relevant Screen Page) as of 10:00 a.m. (Toronto time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

If CDOR does not appear on Reuters Screen CDOR Page or the Reuters Screen CDOR Page is not available, the Calculation Agent shall request the principal Toronto office of each of four Schedule I Canadian chartered banks to provide the Calculation Agent with its bid rate of interest (expressed as a percentage rate per annum) for bankers' acceptances in Canadian dollars, in an amount approximately equal to the aggregate nominal amount of the Notes, for the relevant Interest Period accepted by such Reference Banks as at approximately 10:00 a.m. (Toronto time) on the Interest Determination Date. If two or more of such banks provide the Calculation Agent with such bid rates of interest, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such bid rates, plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent. If fewer than two such banks provide the Calculation Agent with its respective bid rate of interest, the Reference Rate for such Interest Determination Date shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the bid rates quoted by major banks in Toronto, selected by the Calculation Agent, for bankers' acceptance in Canadian dollars, in an amount approximately equal to the aggregate nominal amount of the Notes, for the relevant Interest Period accepted by such banks as at approximately 10:00 a.m. (Toronto time) on the Interest Determination Date, for the relevant Interest

Period for settlement on such Interest Determination Date, plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(C) Where the Reference Rate is specified in the applicable Final Terms as being “**BBSW**”, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Bank Bill Rate.

In this Condition “**Bank Bill Rate**” means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period, which is designated as the “AVG MID” on the Reuters Screen BBSW page, at approximately 10:30 am (Sydney time) on the first day of that Interest Period.

However, if such rate does not appear on Reuters Screen BBSW Page by 10:45 am (Sydney time) on that day, or if it is displayed but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, Bank Bill Rate means the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent must be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).

(D) Where the Reference Rate is specified in the applicable Final Terms as being “**SONIA**”, the Rate of Interest for each Interest Period will, subject to Condition 5.11 and as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin, if any, as determined by the Calculation Agent.

“**Compounded Daily SONIA**” means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**d<sub>o</sub>**” is the number of London Banking Days in the relevant Interest Period;

“**i**” is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

“**n<sub>i</sub>**”, for any day “**i**”, means the number of calendar days from and including such day “**i**” up to but excluding the following London Banking Day;

“**Observation Look-Back Period**” is as specified in the applicable Final Terms;

**“Observation Period”** means the period from and including the date falling “p” London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“p”, for any Interest Period is the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

the **“SONIA reference rate”**, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (**“SONIA”**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day; and

**“SONIA<sub>i-pLBD</sub>”** means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling “p” London Banking Days prior to the relevant London Banking Day “i”.

If, subject to Condition 5.11, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England’s Bank Rate (the **“Bank Rate”**) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event of the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall follow such guidance in order to determine SONIA, for purposes of the Notes for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent but without prejudice to Condition 5.11, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *ISDA Rate Determination*

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as

indicated in the applicable Final Terms) the Margin, if any. For purposes of this Condition 5.03(iv), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rates that will be calculated by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Floating Rate Option (which may refer to a Rate Option or a Price Option, specified in the ISDA Definitions) is as specified in the applicable Final Terms;
- the Designated Maturity is the period specified in the applicable Final Terms; and
- the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (“**LIBOR**”) or on the Euro-zone interbank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms;

For the purposes of this Condition 5.03(iv) “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(v) *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(vi) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer shall determine as appropriate for such purposes.

“**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

**Accrual of Interest**

**5.04** Interest on a Note will cease to accrue from the due date for its redemption unless upon due presentation or surrender thereof (if required), payment in full of the Final Redemption Amount is improperly withheld or refused or default is otherwise made in the payment thereof. In such event, interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Rate of Interest in the manner provided for in this Condition 5 or such other rate as may be specified for this purpose in the applicable Final Terms if permitted by applicable law (“**Default Rate**”) until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier, the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition

15 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

***Interest Amount(s), Calculation Agent and Reference Banks***

**5.05** If a Calculation Agent is specified in the applicable Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date or Reset Determination Date will determine the Rate of Interest and calculate the amount(s) of interest payable (the “**Interest Amount(s)**”) in the manner specified in Condition 5.06 below, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period (or, if determining the First Reset Rate of Interest or a subsequent Reset Rate of Interest in respect of Fixed Rate Resetable Notes, the Interest Amount for each Interest Period falling within the relevant Reset Period) and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Registrar (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 15 and, if the Notes are listed on a stock exchange or admitted to listing by any other authority and the rules of such exchange or other relevant authority so require, such exchange or listing authority as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange or other relevant authority, the time required by the relevant stock exchange or listing authority. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 7, the Rate of Interest and any accrued interest payable in respect of the Notes shall, save in the case of Compounded Daily SONIA for the purposes of Condition 5.03(iii)(D), nevertheless continue to be calculated in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest or proven error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Rate of Interest applicable to the Notes and a Calculation Agent, if provision is made for one in the Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

***Calculations and Adjustments***

**5.06** The amount of interest payable in respect of any Note for any period shall be calculated by applying the Rate of Interest to the Calculation Amount, and, in each case, multiplying such sum by the Day Count Fraction, save that in the case of Fixed Rate Notes where Fixed Coupon Amount is specified in the applicable Final Terms, the interest shall be calculated in accordance with Condition 5.02.

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (c) all amounts denominated in any other currency used in or resulting



from such calculations will be rounded to the smallest sub-unit of such currency, with halves being rounded upwards or otherwise in accordance with applicable market convention.

Where the Notes are represented by a Global Note or where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Outstanding Principal Amount of the Global Note or the Specified Denomination of a Note in definitive form, without any further rounding.

### **5.07 Coupon Switch Option Provisions**

This Condition 5.07 is applicable to the Notes only if the Coupon Switch Option is specified in the relevant Final Terms as being applicable and each Note shall bear interest on the following basis.

The Final Terms shall specify whether the Fixed Rate Note Provisions or, as the case may be, the Floating Rate Note Provisions are applicable to the Notes from and including the Issue Date to but excluding the Coupon Switch Option Date. The Final Terms shall also specify whether the Fixed Rate Note Provisions or, as the case may be, the Floating Rate Note Provisions are applicable upon the exercise by the Issuer of the Coupon Switch Option, from and including such Coupon Switch Option Date to but excluding the Maturity Date. Upon the Issuer giving the requisite notice (which, for the purposes of this Condition 5.08 only, shall be five Business Days prior to the Coupon Switch Option Date or such other notice period as may be specified in the Final Terms) to exercise its Coupon Switch Option, from and including the Coupon Switch Option Date, interest shall accrue on the basis set out in the applicable Final Terms as applying following the Coupon Switch Option Date.

For the purposes of this Condition 5.07, “**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign currency deposits) in the Principal Financial Centre and any Business Centre(s) specified in the applicable Final Terms.

### **Definitions**

**5.08** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Banking Day**” means, in respect of any city, a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that city.

“**BBSW**” means the Australian Bank Bill Swap Rate.

“**Business Day**” means:

- (i) either (A) in relation to Notes payable in a Specified Currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) and settle payments in the principal financial centre of the country of the relevant Specified Currency specified in the applicable Final Terms or (B) in relation to Notes payable in euro, a day which is a TARGET2 Business Day (as defined below) or (C) in relation to any sum payable in Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in each Relevant Renminbi Settlement Centre, as defined in Condition 10.17 below; and

- (ii) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Centre(s) (other than TARGET2) specified in the applicable Final Terms and, if TARGET2 is specified in the applicable Final Terms as a relevant Business Centre, a day which is a TARGET2 Business Day.

**“Business Day Convention”** means a convention for adjusting any date if (i) it would otherwise fall on a day that is not a Business Day or (ii) there is no numerically corresponding day in the calendar month(s) in which such date should occur, and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Notes, shall have the following meanings:

- (A) **“Following Business Day Convention”** means that such date shall be postponed to the first following day that is a Business Day;
- (B) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (C) **“Preceding Business Day Convention”** means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (D) **“FRN Convention”** or **“Eurodollar Convention”** means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding such date occurred, provided that:
  - (1) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (2) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (3) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

**“Calculation Agent”** means such agent as may be specified in the Final Terms as the Calculation Agent.

**“CDOR”** means the Canadian dollar offered rate.

**“CNH HIBOR”** means CNH Hong Kong interbank offered rate.

**“Day Count Fraction”** means, in respect of the calculation of an amount for any period of time (each such period, from and including the first day of such period to but excluding the last, an **“Accrual Period”**), such day count fraction as may be specified in the Final Terms and:

- (a) if **“Actual/Actual”** or **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Accrual Period divided by 365 (or, if any portion of the Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366

and (B) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365);

- (b) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Accrual Period divided by 365;
- (c) if “**Actual/365 (Sterling)**” is so specified, means the actual number of days in the Accrual Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Accrual Period divided by 360;
- (e) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (g) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Accrual Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if “**Actual/Actual (ICMA)**” is so specified:

(i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or

(ii) if the Accrual Period is longer than the Determination Period, the sum of:

(x) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(y) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year

where:

“**Determination Date**” means such dates as specified in the applicable Final Terms; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

- (i) if “**RBA Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in each twelve-month period (or, where the Accrual Period does not constitute an Interest Period, the actual number of days in the Accrual Period divided by 365 (or, if any portion of the calculation period falls in a leap year, the sum of (x) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366; and (y) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365)).

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

“**EURIBOR**” means the European interbank offered rate.

“**Euro-zone**” means the region comprised of those member states of the European Union participating in the European Monetary Union from time to time.

“**HIBOR**” means Hong Kong interbank offered rate.

“**Interest Commencement Date**” means the date of issue (the “**Issue Date**”) of the Notes (as specified in the Final Terms) or such other date as may be specified as such in the applicable Final Terms.

“**Interest Determination Date**” means, in respect of any Interest Period, the date specified in the applicable Final Terms, or if none is specified:

- (i) the first day of such Interest Period; or
- (ii) in the case of LIBOR (other than Sterling LIBOR) or EURIBOR, the date falling two London Banking Days (or, in the case of EURIBOR or EUROLIBOR, two TARGET2 Business Days) prior to the first day of such Interest Period; or
- (iii) in the case of CNH HIBOR, the date falling two Hong Kong Business Days prior to the first day of such Interest Period; or
- (iv) in the case of STIBOR, the date falling two Stockholm Business Days prior to the first day of such Interest Period; or
- (v) in the case of HIBOR, the first day of such Interest Period.

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Final Terms and, as the same may be adjusted in accordance with the Business Day Convention, if any, specified in the applicable Final Terms or if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“**Interest Period**” means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date, provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the Maturity Date.

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended, supplemented and updated as at the date of issue of the first Tranche of Notes of the relevant Series (as specified in the Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

“**LIBOR**” means the London interbank offered rate.

“**Minimum Trading Size**” has the meaning ascribed to it in the applicable Final Terms.

“**Outstanding Principal Amount**” means, in respect of a Note, its principal amount less, in respect of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.04.

“**Principal Financial Centre**” means such financial centre or centres as may be specified in relation to the Specified Currency for the purposes of the definition of “Business Day” in the ISDA Definitions or indicated in the applicable Final Terms or, in the case of Notes denominated in euro, such financial centre or centres as the Calculation Agent may select.

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in the applicable Final Terms.

“**Reference Banks**” means such banks as may be specified in the applicable Final Terms as the Reference Banks, or, if none are specified, “**Reference Banks**” has the meaning given in the ISDA Definitions, *mutatis mutandis*.

“**Reference Rate**” means either LIBOR, EURIBOR, CDOR, STIBOR, HIBOR, CNH HIBOR or BBSW as specified in the applicable Final Terms.

“**Relevant Financial Centre**” has the meaning ascribed to it in the applicable Final Terms.

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the “Relevant Screen Page” in the applicable Final Terms, or such other page, section or other part as may replace it in that information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“**Relevant Time**” means the time as of which any rate is to be determined as specified in the Final Terms (which in the case of LIBOR means 11.00 a.m. London time or in the case of EURIBOR means 11.00 a.m. Brussels time or in the case of STIBOR means 11.00 a.m. Stockholm time or in the case of HIBOR means 11.00 a.m. Hong Kong time, or in the case of CNH HIBOR, means 11.15 a.m. Hong Kong time or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. Hong Kong time, then 2.30 p.m. Hong Kong time) or, if none is specified, at which it is customary to determine such rate) or, if none is specified, the time at which it is customary to determine such rate.

“**Reuters Screen**” means, when used in connection with a designated page and any designated information, the display page so designated on the Reuters Market 3000 (or such other page as may replace that page on that service for the purpose of displaying rates or prices comparable to the Reference Rate).

“**STIBOR**” the Stockholm interbank offered rate.

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which launched on November 19, 2007 (or any successor thereto).

“**TARGET2 Business Day**” means a day on which TARGET2 is open.

### ***Interest Act (Canada) Disclosure***

**5.09** For the purposes of disclosure pursuant to the *Interest Act* (Canada) and not for any other purpose, where in any Note (i) a rate of interest is to be calculated on the basis of a year of 360 days, the yearly rate of interest to which the 360 day rate is equivalent is such rate multiplied by the number of days in the year for which such calculation is made and divided by 360, or (ii) a rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.

The Issuer confirms that it fully understands and is able to calculate the effective annual rate of interest applicable to each Note based on the methodology for calculating per annum rates provided for in the paragraph above if applicable. The Issuer hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to each Note, that the interest payable under each Note and the calculation thereof has not been adequately disclosed to the Issuer pursuant to Section 4 of the *Interest Act* (Canada).

### ***Zero-Coupon Notes***

**5.10** If any Final Redemption Amount in respect of any Zero Coupon Note is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Accrual Yield defined in, or determined in accordance with the provisions of, the applicable Final Terms or at such other Default Rate as may be specified for this purpose in the applicable Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier, the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.06 as if the Rate of Interest was the Accrual Yield (or such other Default Rate specified in the applicable Final Terms), the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the applicable Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.08).

### **5.11 Benchmark Discontinuation**

#### *(i) Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.11(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.11(iii)) and any Benchmark Amendments (in accordance with Condition 5.11(iv)).

An Independent Adviser appointed pursuant to this Condition 5.11 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.11.

*(ii) Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.11(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.11); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.11(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.11).

*(iii) Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

*(iv) Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.11 and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Issue and Paying Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.11(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Issue and Paying Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.11(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

*(v) Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.11 will be notified promptly by the Issuer to the Issuing and Paying Agent and the Calculation Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.



No later than one Business Day following the date of notifying the Issuing and Paying Agent of the same, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two Authorised Signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.11; and
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Issuing and Paying Agent shall display such certificate at its offices for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5.11, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendments of the terms and conditions of any Series of Senior Notes or Subordinated Notes be made to effect the Benchmark Amendments if and to the extent that, in the determination of the Bank the same could reasonably be expected to either (A) prejudice the qualification of the relevant Series of Bail-inable Notes as total loss absorbing capacity (“**TLAC**”) or the relevant Series of Subordinated Notes as regulatory capital under the guidelines for capital adequacy requirements for banks in Canada or (B) result in the Superintendent treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Series of Senior Notes or Subordinated Notes, rather than the relevant Maturity Date, except with the prior approval of the Superintendent.

*(vi) Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5.11 (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 5.02(b) or 5.03 will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 5.11(v).

*(vii) Definitions:*

As used in this Condition 5.11:

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if the Issuer determines that no such industry standard is recognised or acknowledged) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

**“Alternative Rate”** means an alternative to the benchmark and screen rate which the Issuer determines in accordance with Condition 5.11(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part(s) thereof) for the same interest period and in the same Specified Currency as the Notes.

**“Benchmark Amendments”** has the meaning given to it in Condition 5.11(iv).

**“Benchmark Event”** means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely and no successor administrator has been appointed that will continue publication of the Original Reference Rate; or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (E) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.11(i).

**“Original Reference Rate”** means the benchmark or screen rate (as applicable) originally specified for the purposes of determining the Rate of Interest (or any component part(s) thereof) on the Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (w) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (y) a group of the aforementioned central banks or other supervisory authorities or (z) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6. Redemption and Purchase**

### ***Redemption at Maturity***

**6.01** Unless previously redeemed, or purchased and cancelled each Note shall be redeemed at its Final Redemption Amount specified in the applicable Final Terms (which shall be par, save in the case of Zero Coupon Notes in respect of which the Final Redemption Amount shall be the amount per Calculation Amount specified in the applicable Final Terms, which amount is at least equal to a 100 per cent. of such Calculation Amount) in the Specified Currency on the Maturity Date.

### ***Early Redemption for Taxation Reasons***

**6.02** If, in relation to any Series of Notes (provided that in respect of Subordinated Notes or, in the case of Bail-inable Notes where the redemption would lead to a breach of the Issuer’s TLAC requirements, such redemption will be subject to the prior approval of the Superintendent):

- (A) (i) as a result of any change in the laws or regulations of Canada or any province or territory thereof or any authority or agency therein or thereof having power to tax or, in the case of Notes issued by a branch of the Issuer outside Canada, of the country in which such branch is located or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which become effective on or after the Issue Date of such Notes or any other date specified in the applicable Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 8, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it and (iii) such circumstances are evidenced by the delivery by the Issuer to the Issuing and Paying Agent of a certificate signed by two senior officers of the Issuer stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail; or

- (B) in the case of Subordinated Notes only, following the occurrence of a Tax Event,

the Issuer may, at its option and having given no less than 30 nor more than 60 days’ notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Holders of the Notes in accordance with Condition 16, redeem all (but not some only), of the outstanding Notes at their Outstanding Principal Amount or, in the case of Zero Coupon Notes, their Amortised Face Amount (as defined in Condition 6.09) or such Early Redemption Amount as may be specified in the applicable Final Terms, together with accrued interest (if any) thereon, provided, however, that no such notice of redemption under (A) may be given earlier than 90 days (or, in the case of Floating Rate Notes a number of days which is equal to the aggregate of the number of days falling within the then current Interest Period plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

For the purposes of Condition 6.02(B), “**Tax Event**” means the Issuer has received an opinion of independent counsel of recognised standing experienced in such matters to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein or, in the case of Notes issued by a branch of the Issuer outside Canada, of the country in which such branch is located or of any political subdivision thereof or any authority or agency therein or thereof having power to tax, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**administrative action**”); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of cases (i)-(iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the Issue Date of the Subordinated Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that the Issuer is, or may be, subject to more than a de minimis amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid up capital with respect to the Subordinated Notes (including the treatment by the Issuer of interest on the Subordinated Notes) or the treatment of the Subordinated Notes, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.06.

#### ***Redemption due to TLAC Disqualification Event***

**6.02A** This Condition 6.02A applies to Bail-inable Notes only.

Where a TLAC Disqualification Event Call is specified as being applicable in the relevant Final Terms relating to a Series of Bail-inable Notes, the Issuer may at its option, on giving not less than 30 days’ nor more than 60 days’ notice in accordance with Condition 15, redeem all but not less than all of the outstanding Notes of the Series at the then Outstanding Principal Amount or, in the case of Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(A) or such Early Redemption Amount as may be specified in, or determined in accordance with the provisions of the applicable Final Terms) together with accrual interest (if any) thereon, at any time within 90 days following a TLAC Disqualification Event (as defined below). Such redemption will be subject to the prior approval of the Superintendent.

A “**TLAC Disqualification Event**” means the Office of the Superintendent of Financial Institutions (“**OSFI**”) has advised the Bank in writing that the Series of Bail-inable Notes will no longer be recognised in full as TLAC under the guideline for total loss absorbing capacity for banks in Canada in effect from time to time as interpreted by the Superintendent, provided that a TLAC Disqualification Event will not occur where the exclusion of the relevant Series of Bail-inable Notes from the Bank’s TLAC requirements is due to the remaining maturity of such Series of Bail-inable Notes being less than any period prescribed by any relevant eligibility criteria applicable as of the Issue Date of the first Tranche of such Series of Bail-inable Notes.

### **Early Redemption for Regulatory Event**

**6.02B** This Condition 6.02B applies to Subordinated Notes only. The Issuer may, at its option and having given no less than 30 days' nor more than 60 days' notice (ending in the case of Floating Rate Notes, on an Interest Payment Date) to the Holders of the Subordinated Notes in accordance with Condition 15, with the prior written approval of the Superintendent, redeem the Subordinated Notes, in whole but not in part from time to time at any time within 90 days following a Regulatory Event Date at their Outstanding Principal Amount or, in the case of Zero Coupon Notes, their Amortised Face Amount (as defined in Condition 6.09) or such Early Redemption Amount as may be specified in, or determined in accordance with the provisions of the applicable Final Terms, together with accrued interest (if any) thereon.

For the purposes of this Condition 6.02B, "**Regulatory Event Date**" means the date specified in a letter from the Superintendent to the Issuer on which the Subordinated Notes will no longer be recognised in full as eligible "Tier 2 Capital" or will no longer be eligible to be included in full as risk-based "Total Capital" on a consolidated basis under the guidelines for capital adequacy requirements for banks in Canada as interpreted by the Superintendent

The Issuer may not exercise such option in respect of any Subordinated Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Subordinated Note under Condition 6.06.

### **Call Option**

*This Condition 6.03 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons, TLAC Disqualification Event or Regulatory Event), such option being referred to as an "Issuer Call". The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.03 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.*

**6.03** If Call Option is specified in the applicable Final Terms as being applicable, then the Issuer may, having given the appropriate notice to the Holders in accordance with Condition 15, which notice shall specify the date fixed for redemption, and subject to such conditions as may be specified in the applicable Final Terms, redeem all or, if specified in the applicable Final Terms, some only of the Notes of this Series outstanding on any Optional Redemption Date at the Optional Redemption Amount(s) specified in, or determined in the manner specified in the applicable Final Terms together with accrued interest (if any) thereon on the date specified in such notice, provided that in respect of Subordinated Notes, or in respect of Bail-inable Notes where the redemption would lead to a breach of the Issuer's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.06.

**6.04** The appropriate notice referred to in Condition 6.03 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 15, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or

Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;

- the due date for such redemption, which shall be not less than 30 days nor more than 60 days (or such other notice period as may be specified in the applicable Final Terms) after the date on which such notice is given and which shall be such date or the next of such dates (“**Call Option Date(s)**”) or a day falling within such period (“**Call Option Period**”), as may be specified in the applicable Final Terms and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Optional Redemption Amount at which such Notes are to be redeemed.

### ***Partial Redemption***

**6.05** If the Notes are to be redeemed in part only on any date in accordance with Condition 6.03:

- such redemption must be for an amount not less than the Minimum Redemption Amount nor more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms;
- in the case of a partial redemption of Definitive Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Issuing and Paying Agent may specify, or identified in such other manner or in such other place as the Issuing and Paying Agent may approve and deem appropriate and fair;
- in the case of a Global Note, the Notes to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (to be reflected in the records of Euroclear and Clearstream, Luxembourg or such other relevant clearing system as either a pool factor or a reduction in principal amount, at their discretion); and
- in the case of Registered Notes and Swedish Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the minimum Specified Denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.08, which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

### ***Put Option***

**6.06** This Condition 6.06 is not applicable to Bail-inable Notes or Subordinated Notes.

If Put Option is specified in the applicable Final Terms as being applicable, upon the Holder of any Note of this Series giving the required notice to the Issuer specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon expiry of such notice, redeem such Note subject to and in accordance with the terms specified in the applicable Final Terms in whole (but not, in the case of a Definitive Note, in part only) on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in accordance with the provisions of, the applicable Final Terms, together with accrued interest (if any) thereon.

In order to exercise such option, the Holder must, on any Business Day falling within the specified notice period, where a Note in definitive form is held outside of Euroclear or Clearstream, deposit the relevant Note (together, in the case of a Definitive Note that is not a Zero Coupon Note, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the Optional Redemption Date (failing which the provisions of Condition 10.06 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any Paying Agent or, as the case may be, the Registrar specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be a Specified Denomination specified in the applicable Final Terms). In the case of a Global Note or Note in definitive form held through Euroclear or Clearstream, to exercise the right to require the redemption of the Note, the Holder of the Note must, within the notice period, give a Put Notice to the Issuing and Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes, of such exercise in accordance with the standard procedures of Euroclear and Clearstream (which may include notice being given on such Holder's instruction by Euroclear or Clearstream or any common depository or common safekeeper, as the case may be, to the Issuing and Paying Agent or the Registrar, as applicable, by electronic means) in a form acceptable to Euroclear and Clearstream from time to time including the aggregate principal amount in respect of which such option is exercised (which must be a Specified Denomination or an integral multiple thereof). Notwithstanding the foregoing, Notes represented by a Global Note shall be deemed to be deposited with a Paying Agent or the Registrar, as the case may be, for purposes of this Condition 6.06 at the time a Put Notice has been received by the Paying Agent or Registrar, as the case may be, in respect of such Notes. No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.08 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

The Holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 6.02 or 6.03.

### ***Redemption Irrevocable***

**6.06A** A notice of redemption under this Condition 6 shall be irrevocable, except that (a) in the case of Bail-inable Notes an order under subsection 39.13(1) of the CDIC Act, or in the case of Subordinated Notes, the occurrence of a Non-Viability Trigger Event, prior to the date fixed for redemption shall automatically rescind such notice of redemption and, in such circumstances, no Bail-inable Notes or Subordinated Notes shall be redeemed and no payment in respect of the Bail-inable Notes or Subordinated Notes shall be due and payable.

### ***Purchase of Notes***

**6.07** The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of the relevant Notes alike, provided that in respect of Bail-inable Notes where the purchase would lead to a breach of the Issuer's TLAC requirements or, in the case of Subordinated Notes, such purchase will be subject to the prior approval of the Superintendent.

### ***Cancellation of Redeemed and Purchased Notes***

**6.08** All unmatured Notes and Coupons redeemed in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold. All unmatured Notes and Coupons purchased in accordance with Condition 6.07 may be cancelled or may be reissued or resold.

**6.09** Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable in respect of any Zero Coupon Note shall be the Amortised Face Amount of such Note. The “**Amortised Face Amount**” shall be an amount equal to the sum of:

- (i) the Reference Price specified in the applicable Final Terms; and
- (ii) (a) if Compounding Accrual is specified in the applicable Final Terms, the product of the Accrual Yield (compounded annually) being applied to the Reference Price or (b) if Linear Accrual is specified in the applicable Final Terms, the product of the Accrual Yield (without any compounding) being applied to the Reference Price

where:

“**Accrual Yield**” means the rate specified as such in the applicable Final Terms; and

“**Reference Price**” means the amount specified as such in the applicable Final Terms, which is the product of the Issue Price and the Calculation Amount,

from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a full year, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.08) specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator 360), (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365) or (iv) Actual/Actual (ICMA) (in which case the Accrual Period will commence on (and include) the Issue Date of the first Tranche of Notes and end on (but exclude) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable).

**6.10** If any Redemption Amount (other than the Final Redemption Amount) of any Zero Coupon Note is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.09 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date (the “**Reference Date**”) which is the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), all amounts due have been paid; and



- (ii) the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder). The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made, after as well as before judgement, unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the scheduled Final Redemption Amount of the Note on the Maturity Date together with interest which may accrue in accordance with Condition 5.04.

## 7. Events of Default

**7.01** The following events or circumstances (each an “**Event of Default**”) shall be acceleration events in relation to the Notes of any Series, namely:

- (i) in relation to Senior Notes:
  - (a) default is made for more than 30 Payment Days in the payment on the due date of interest or principal in respect of any such Notes; or
  - (b) the Issuer shall become insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada) (“**WURA**”), or any statute hereafter enacted in substitution therefor, as such Act, or substituted Act, may be amended from time to time, or if the Issuer goes into liquidation, either voluntary or under an order of a court of competent jurisdiction or otherwise acknowledges its insolvency.

Holders may only exercise, or direct the exercise of, rights under this Condition 7.01(i)(a) and (b) in respect of Bail-inable Notes where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Issuer. Notwithstanding the exercise of any rights by Holders under this Condition 7.01 in respect of Bail-inable Notes, Bail-inable Notes will continue to be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares under subsection 39.2(2.3) of the CDIC Act until repaid in full. Neither a conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act nor an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event will be an Event of Default in relation to the Senior Notes. By its acquisition of the Bail-inable Notes, each Holder (including each Holder of a beneficial interest in any Bail-inable Note), to the extent permitted by law, waives any and all claims, in law and/or in equity, against the Issuing and Paying Agent (in each case solely in its capacity as Agent), for, agrees not to initiate a suit against the Issuing and Paying Agent in respect of, and agrees that the Issuing and Paying Agent shall not be liable for, any action that the Issuing and Paying Agent takes, or abstains from taking, in either case in accordance with the conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act.

- (ii) in relation to Subordinated Notes, any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or to be effected by operation of law or pursuant to any judgement, decree or order of any court or any order, rule or regulation of any administrative or governmental body):
  - (a) the Issuer becomes insolvent or bankrupt or subject to the provisions of the WURA or any statute hereafter enacted in substitution therefor, as such Act or substituted Act, may be amended from time to time;

- (b) the Issuer goes into liquidation either voluntary or under an order of a court of competent jurisdiction; or
- (c) the Issuer otherwise acknowledges its insolvency.

Neither an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event pursuant to Condition 8 nor a Bail-in Conversion shall constitute an Event of Default in relation to Subordinated Notes, and following an NVCC Automatic Conversion no Holder of Notes shall have any rights against the Issuer with respect to repayment of the principal or, or interest on, the Subordinated Notes.

**7.02** If any Event of Default shall occur in relation to any Series of Notes, any Holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Paying Agents, declare that such Note and (unless the Note is a Zero Coupon Note) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Outstanding Principal Amount or, if such Note is a Zero Coupon Note, its Amortised Face Amount (as defined in Condition 6.09) or such other Early Redemption Amount as may be specified in the applicable Final Terms, together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

## **8. Automatic Conversion of Subordinated Notes on Non-Viability Trigger Event**

Condition 8 applies to Subordinated Notes only.

### **8.01 Non-Viability Trigger Event**

A “**Non-Viability Trigger Event**” has the meaning set out in the OSFI Guideline for Capital Adequacy Requirements (CAR), Chapter 2 – Definition of Capital, effective April 2018, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Non-Viability Trigger Event:

- (i) the Superintendent publicly announces that the Issuer has been advised, in writing, that the Superintendent is of the opinion that the Issuer has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Issuer will be restored or maintained; or
- (ii) a federal or provincial government in Canada publicly announces that the Issuer has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Issuer would have been determined by the Superintendent to be non-viable.

The date on which a Non-Viability Trigger Event occurs is a “**Conversion Date**”.

### **8.02 General Provisions relating to an NVCC Automatic Conversion**

(a) In Converting, the Issuer may make any decisions with respect to the identity of the Noteholders at that time as may be necessary or desirable to ensure NVCC Automatic Conversion occurs in an orderly manner, including disregarding any transfer of Notes that have not been settled or registered at that time.

(b) If a Subordinated Note is Converted, the Noteholder must immediately present and surrender the Subordinated Note (together, in the case of a Definitive Note, with such Receipts, Coupons and Talons as are attached thereto) to the specified office of, in the case of a Definitive Note, any Paying Agent or, in the case of

Notes that are a Registered Note, the Registrar and the Paying Agent or Registrar (as the case may be) shall cancel or arrange for the cancellation of such Subordinated Note, but no failure or delay in such presentation and surrender and cancellation shall prevent, impede or delay the NVCC Automatic Conversion of Subordinated Notes required by Condition 8.03.

*The tax consequences of holding Common Shares following an NVCC Automatic Conversion will likely be different for most categories of holders from the tax consequences for them of holding Subordinated Notes. Each prospective investor should consult their own tax advisor regarding the tax consequences of a conversion of the Subordinated Notes into Common Shares.*

### **8.03 Automatic Conversion of Subordinated Notes**

Notwithstanding any other provisions in these Conditions, upon the occurrence of a Non-Viability Trigger Event, the Subordinated Notes will convert automatically and immediately (the expressions “**NVCC Automatic Conversion**” and “**Convert**”, “**Converted**” and “**Converting**” when used herein have corresponding meanings), on a full and permanent basis, into fully paid common shares of the Issuer (“**Common Shares**”) (in a number determined under 1.1(a) of the Schedule to these Conditions). The NVCC Automatic Conversion will occur in accordance with the terms set out in the Schedule to these Conditions.

An NVCC Automatic Conversion is deemed to be effected immediately following the occurrence of a Non-Viability Trigger Event and the rights of the holder of such Subordinated Notes as the holder thereof shall cease at such time and the person or persons entitled to receive Common Shares upon an NVCC Automatic Conversion shall be treated for all purposes as having become the holder or holders of record of such Common Shares at such time.

### **8.04 Trigger Event Notice**

As promptly as practicable after the occurrence of a Non-Viability Trigger Event, the Issuer shall give notice of the Non-Viability Trigger Event (a “**Trigger Event Notice**”) to the Noteholders in accordance with Condition 15 and the Issuing and Paying Agent and the notice must state the Conversion Date.

From and after the NVCC Automatic Conversion, the Subordinated Notes shall cease to be outstanding, the Holders thereof shall cease to be entitled to interest thereon and any Notes in definitive form or Global Notes shall represent only the right to receive upon surrender thereof certificates representing the applicable number of Common Shares determined in accordance with Condition 8.03.

An NVCC Automatic Conversion shall be mandatory and binding upon both the Issuer and all Holders of the Subordinated Notes notwithstanding anything else including, without limitation:

- (a) any prior action to or in furtherance of a redemption of the Subordinated Notes pursuant to Condition 6; and
- (b) any delay or implementation of the issuance or delivery of the Common Shares to the Holders of the Subordinated Notes.

### **8.05 Right Not to Deliver Common Shares**

Upon an NVCC Automatic Conversion, the Issuer reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any Ineligible Person or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder through the acquisition of Common Shares. In such circumstances, the Issuer will hold, as agent for such persons, the Common Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares to parties other than the Issuer and its Affiliates on behalf of such persons through a

registered dealer to be retained by the Issuer on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Issuer will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Issuer from the sale of any such Common Shares will be divided among the applicable persons in proportion to the number of Common Shares that would otherwise have been delivered to them upon the NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes.

## 8.06 Definitions

For the purposes of these Conditions:

- (i) **“Ineligible Person”** means (i) any persons whose address is in, or whom the Issuer or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada to the extent that the issuance by the Issuer or delivery by its transfer agent to a person pursuant to an NVCC Automatic Conversion, of Common Shares would require the Issuer to take any action to comply with securities, banking or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by the issuer or delivery by its transfer agent to that person, pursuant to an NVCC Automatic Conversion, of Common Shares would cause the Issuer to be in violation of any law to which the Issuer is subject; and
- (ii) **“Significant Shareholder”** means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, a percentage of the total number of outstanding shares of a class of the Issuer that is in excess of that permitted by the *Bank Act* (Canada).

## 9. Taxation

**9.01** All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes or Coupons by or on behalf of the Issuer will be paid free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax and, in the case of Notes issued by a branch of the Issuer located outside Canada, the country in which such branch is located or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or the interpretation or administration thereof. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holder after such withholding or deduction shall equal the respective amounts of principal, interest or other amounts which would have been received in respect of the Notes or Coupons (as the case may be), in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note or Coupon:

- (i) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, or Coupon by reason of his having some connection with Canada or the country in which such branch is located otherwise than the mere holding of such Note or Coupon; or
- (ii) to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder being a person with whom the Issuer is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)); or

- (iii) to, or to a third party on behalf of, a holder who is, or who does not deal at arm's length with a person who is, a "specified shareholder" (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of the Issuer; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day assuming that day to have been a Payment Date (as defined in Condition 10.14); or
- (v) for or on account of any withholding tax or deduction imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, whether currently in effect or as published and amended from time to time (the "**FATCA Withholding Tax Rules**").

**9.02** For the purposes of these Conditions:

"**Relevant Date**" means, in respect of any Note or Coupon, the date on which payment thereof first becomes due and payable, or, if the full amount of the moneys payable has not been received by the Issuing and Paying Agent, or as the case may be, the Registrar on or prior to such due date, the date on which, the full amount of such moneys shall have been so received and notice to that effect shall have been duly given to the Holders in accordance with Condition 15.

**9.03** If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to Canada or the country in which the relevant Branch of Account is located, references in Condition 6.02, Condition 9.01 and Condition 20.03 to Canada or the jurisdiction in which the relevant branch is located shall be read and construed as references to Canada or the country in which such branch is located and/or to such other jurisdiction(s).

**9.04** Unless the context otherwise requires, any reference in these Conditions to any payment due in respect of the Notes or Coupons shall be deemed to include any additional amounts which may be payable under this Condition 9. Unless the context otherwise requires, any reference in these Conditions to "**principal**" shall include any premium payable in respect of a Note, Redemption Amount and any other amounts in the nature of principal payable pursuant to these Conditions and "**interest**" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Conditions.

## **10. Payments**

### **Payments – Bearer Notes**

**10.01** Conditions 10.01 to 10.07 are applicable in relation to Notes in bearer form.

**10.02** Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

Payment of Instalment Amounts in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

**10.03** Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 10.04 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 10.04 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on an Interest Payment Date, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 10.04 applies) the United States.

**10.04** Notwithstanding the foregoing (and in relation to payments in U.S. dollars only), payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 10.07 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code of 1986 and Regulations promulgated thereunder) unless (i) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (ii) such payment or exchange is permitted by applicable United States law. If clauses (i) and (ii) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

**10.05** If the due date for payment of any amount due in respect of any Bearer Note is not a Payment Date (as defined in Condition 10.14), then the Holder thereof will not be entitled to payment thereof until the next day which is a Payment Date and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.04 or, if appropriate, Condition 5.10.

**10.06** Each Definitive Note initially delivered with Coupons or Talons attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons and Talons relating thereto, failing which:

- (i) if the Final Terms specify that this paragraph (i) of Condition 10.06 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Definitive Notes which bear interest at a fixed rate or in fixed amounts), the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the Redemption Amount due) relating to Definitive Notes that are Fixed Rate Notes or bear interest in fixed amounts will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within two years of the Relevant Date applicable to payment of such Redemption Amount (whether or not the Issuer's obligation to make payment in respect of such Coupon would otherwise have ceased under Condition 11);
- (ii) if the Final Terms specify that this paragraph (ii) of Condition 10.06 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a

floating rate or rates in variable amounts), all unmatured Coupons relating to such Definitive Notes that are Floating Rate Notes or that bear interest in variable amounts (whether or not such Coupons are surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and

- (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 10.06 notwithstanding, if any Definitive Notes should be issued with a Maturity Date and Rate or Rates of Interest such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

**10.07** In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the Interest Payment Date of the final Coupon comprised in any Coupon sheet, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 10.04 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.

#### ***Payments – Registered Notes***

**10.08** Conditions 10.08 to 10.11 are applicable in relation to Registered Notes.

**10.09** Payment of the Final Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Final Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar. If the due date for payment of the Final Redemption Amount of any Registered Note is not a Payment Date (as defined in Condition 10.14), then the Holder thereof will not be entitled to payment thereof until the next day which is a Payment Date, and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.04 or, as appropriate, Condition 5.10.

**10.10** Payment of amounts (whether principal, interest or otherwise) due (other than the Final Redemption Amount and accrued interest in respect thereof) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date and (ii) where in definitive form, as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.07) before the due date for such payment (the “**Record Date**”).

**10.11** Notwithstanding the provisions of Condition 10.13, payment of amounts (whether principal, interest or otherwise) due (other than the Final Redemption Amount and accrued interest in respect thereof) in respect of Registered Notes will be made by transfer on the due date to the Designated Account of the Holder thereof (or, in the case of Joint Holders, the first-named). If the due date for any such payment is not a Payment Date, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Payment Date and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant Designated Account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.03(iv) or, as appropriate, Condition 5.10. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

#### ***Payments – Swedish Notes***

**10.11a** Payments in respect of Swedish Notes will be made on the due date for payments to the persons registered as Holders in the Swedish Notes Register on the fifth (5) Banking Day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time), prior to the due date for such payment. If the date for payment of any amount in respect of Swedish Notes is not a Payment Date, the holder thereof shall not be entitled to payment until the next following Payment Date and shall not be entitled to interest or other payment in respect of such delay.

#### ***Payments – General Provisions***

**10.12** Save as otherwise specified in these Conditions, Conditions 10.13 to 10.16 are applicable in relation to Bearer Notes, Registered Notes and Swedish Notes.

**10.13** Payments of amounts due (whether principal, interest or otherwise) in respect of Notes (other than Swedish Notes) will be made in the currency in which such amount is due by transfer to an account denominated in the relevant currency (or in the case of euro, an account to which euro may be credited or transferred) specified by the payee. In the case of Bearer Notes, if payments are made by transfer, such payments will only be made by transfer to an account maintained by the payee outside of the United States. In no event will payment of amounts due in respect of Bearer Notes be made by a cheque mailed to an address in the United States.

Payments of amounts due (whether principal, interest or otherwise) in respect of Swedish Notes will be made in accordance with Condition 10.11a in the currency in which such amount is due by transfer to an account denominated in the relevant currency (or in the case of euro, an account to which euro may be credited or transferred) specified by the payee.

Payments of amounts in Renminbi will be made by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in any Relevant Renminbi Settlement Centre as specified in the applicable Final Terms in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in the relevant Relevant Renminbi Settlement Centre).



Payments will, without prejudice to the provisions of Condition 9, be subject in all cases to (i) any applicable fiscal or other laws and regulations and (ii) any withholding or deduction required, including pursuant to the FATCA Withholding Tax Rules.

**10.14** For the purposes of these Conditions (other than with respect to payments to be made on Swedish Notes) “**Payment Date**” means:

- (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in (A) in the case of Notes in definitive form only, the place of presentation of the relevant Note or, as the case may be, Coupon and (B) each Financial Centre (other than TARGET2) specified in the applicable Final Terms;
- (ii) if TARGET2 is specified in the applicable Final Terms, a day which is a TARGET2 Business Day; and
- (ii) either (A) in the case of any currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); (B) in the case of payment in euro, a day which is a TARGET2 Business Day; or (C) in the case of a payment in Renminbi, a day (other than a Saturday or Sunday) on which bank and foreign exchange markets are open for business for settlement in Renminbi payments in each Relevant Renmimbi Settlement Centre.

**10.14a** In relation to payments to be made on Swedish Notes, for the purposes of these Conditions, “**Payment Date**” means any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business (including dealings in foreign exchange and foreign currency deposits) in Stockholm.

**10.15** No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of such payments.

**10.16** If Alternative Currency Payment is specified as applicable in the Final Terms and the Issuer is due to make a payment in a currency (the “**original currency**”) other than Renminbi in respect of any Note or Coupon and the original currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency’s replacement or disuse or other circumstances beyond the Issuer’s control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in the Alternative Currency on the basis of the spot exchange rate (the “**Alternative Currency FX Rate**”) at which the original currency is offered in exchange for the Alternative Currency in the London foreign exchange market (or, at the option of the Calculation Agent, in the foreign exchange market of any other financial centre which is then open for business) at noon, London time, two London Banking Days prior to the date on which payment is due or, if the Alternative Currency FX Rate is not available on that date, on the basis of a substitute exchange rate determined by the Calculation Agent acting in its absolute discretion from such source(s) and at such time as it may select. For the avoidance of doubt, the Alternative Currency FX Rate or substitute exchange rate as aforesaid may be such that the resulting Alternative Currency amount is zero and in such event no amount of the Alternative Currency or the original currency will be payable. Any payment made in the Alternative Currency or non-payment in accordance with this paragraph will not constitute an Event of Default under Condition 7.

For the purpose of this Condition 10.16, “**Calculation Agent**” means the relevant Issuing and Paying Agent or such other entity specified in the applicable Final Terms as the person responsible for the calculation of the Rate(s) of Interest and the Interest Amount(s) or such other amounts as may be specified in the applicable Final Terms.

**10.17** Notwithstanding any other provision in these Conditions, if Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, acting in good faith and in a commercially reasonable manner, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30 days irrevocable notice to the Holders prior to the due date for payment, may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. dollars Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. dollars Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollars account of the Relevant Account Holders for the benefit of the Holders. For the avoidance of doubt, no such payment of the U.S. dollars Equivalent shall by itself constitute a default in payment within the meaning of Condition 7.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 10.17 by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Paying Agent and all Holders and (in the absence of manifest error) no liability to the Issuer, the Paying Agent and all Holders shall attach to the RMB Rate Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

For the purposes of these Conditions:

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of each Relevant Renminbi Settlement Centre.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People's Republic of China.

“**Illiquidity**” means that the general Renminbi exchange market in each Relevant Renminbi Settlement Centre becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in each Relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Non-Transferability**” means the occurrence in each Relevant Renminbi Settlement Centre of any event that makes it impossible for the Issuer to transfer Renminbi (A) between accounts inside a Relevant Renminbi Settlement Centre, (B) from an account inside a Relevant Renminbi Settlement Centre to an account outside such Relevant Renminbi Settlement Centre, or (C) from an account outside a Relevant Renminbi Settlement Centre to an account inside such Relevant Renminbi Settlement Centre; in each case other than where such

impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“Relevant Renminbi Settlement Centre”** means each of the jurisdiction(s) specified as such in the applicable Final Terms or if no Relevant Renminbi Settlement Centre is specified in the relevant Final Terms, the Relevant Renminbi Settlement Centre shall mean Hong Kong only.

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in any Relevant Renminbi Settlement Centre reasonably selected by the Issuer.

**“RMB Rate Calculation Agent”** means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms.

**“RMB Rate Calculation Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in each Relevant Renminbi Settlement Centre and in New York City.

**“RMB Rate Calculation Date”** means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

**“RMB Spot Rate”** for a RMB Rate Calculation Date means the spot CNY/U.S. dollars exchange rate for the purchase of U.S. dollars with RMB in the over-the-counter RMB exchange market in the Relevant Renminbi Settlement Centre in which the RMB Rate Calculation Agent is located for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11.00 a.m. (local time of the Relevant Renminbi Settlement Centre) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCN3 or if no such rate is available on a non deliverable basis by reference to Reuters Screen Rate TRADNDF. If neither rate is available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11.00 a.m. (local time of the Relevant Renminbi Settlement Centre) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

**“U.S. dollars Equivalent”** means the Relevant Renminbi amount converted into U.S. dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

## **11. Prescription**

**11.01** Subject to applicable law, the Issuer’s obligation to pay an amount of principal and interest in respect of Notes will cease if the Notes or Coupons, as the case may be, are not presented within two years after the Relevant Date (as defined in Condition 9.02) for payment thereof, or such other length of time as is specified in the applicable Final Terms.

**11.02** In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void pursuant to Condition 10.06 or this Condition 11 or the maturity date or due date for the payment of which would fall after the due date for the redemption of the relevant Note, or any Talon the maturity date of which would fall after the due date for the redemption of the relevant Note.

**11.03** In relation to Swedish Notes, the Issuer's obligation to pay an amount of principal or interest in respect of such Notes will cease if a claim for payment of such principal is not made within ten years after the Relevant Date.

For the purposes of this Condition 11.03, "**Relevant Date**" means the date on which such payment first becomes due, or such later date on which an interruption of the period of limitation (Sw. *preskriptionsavbrott*) is made in accordance with the Swedish Limitations Act 1981 (Sw. *preskriptionslagen (1981: 130)*).

## **12. The Paying Agents, the Registrar and the Calculation Agent**

**12.01** The initial Issuing and Paying Agent and the Registrar and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes and any additional or other Paying Agents shall be specified in Part A or Part B of the applicable Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issuing and Paying Agent) or the Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent provided that it will at all times maintain (i) an Issuing and Paying Agent, (ii) in the case of Registered Notes, a Registrar, (iii) following the issue of Definitive Notes, and while any such Definitive Notes are outstanding, a Paying Agent (which may be the Issuing and Paying Agent) with a specified office in a continental European city, (iv) so long as the Notes are admitted to the Official List and to trading on the London Stock Exchange and/or admitted to listing or trading on any other stock exchange or relevant authority and the rules of such exchange or relevant authority so require, a Paying Agent (which may be the Issuing and Paying Agent) and a Registrar each with a specified office in London and/or in such other place as may be required by the rules of such other stock exchange or other relevant authority, (v) in the circumstances described in Condition 10.04, a Paying Agent with a specified office in New York City, and (vi) a Calculation Agent where required by the Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Conditions). The Paying Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same metropolitan area. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 15.

**12.01a** The Swedish Notes Issuing and Paying Agent and its initial specified offices are specified below. The Issuer reserves the right at any time to vary or terminate the appointment of the Swedish Notes Issuing and Paying Agent provided that the Issuer shall at all times maintain a Swedish Notes Issuing and Paying Agent authorised to act both as an account operating institution (Sw. *kontoförande institut*) and issuing agent (Sw. *emissionsinstitut*) with Euroclear Sweden. Notice of all changes in the identity or specified offices of the Swedish Notes Issuing and Paying Agent will be given promptly by the Issuer to the Holders in accordance with Condition 15.

**12.02** The Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to their respective appointments, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

## **13. Replacement of Notes (other than Swedish Notes)**

If any Note (other than any Swedish Note) or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent or any Paying Agent (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes) (the "**Replacement Agent**"), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon

payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

#### **14. Meetings of Holders and Modification**

The Issue and Paying Agency Agreement contains provisions for convening meetings of the Holders of Notes of any Series (other than Swedish Notes) to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of these Conditions insofar as the same may apply to such Notes. An Extraordinary Resolution passed by the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Holders of Coupons relating to Notes of such Series.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons holding or representing Noteholders whatever the nominal amount of the Notes so represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) amend the Maturity Date or other redemption date of the Notes, or any Interest Payment Date in respect of any Notes, (ii) reduce or cancel the Outstanding Principal Amount of, or any premium payable on redemption of, the Notes, (iii) reduce the Rates of Interest in respect of the Notes, Fixed Coupon Amounts or vary the manner in which the Rate(s) of Interest are to be determined, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest or Redemption Amount is indicated in the Final Terms, reduce any such minimum and/or maximum, (v) change any method of or basis for, calculating the Redemption Amount, including the method of or basis for, calculating the Amortised Face Amount, (vi) change the Specified Currency or Currencies of payment or Specified Denomination of the Notes, (vii) modify the provisions concerning the quorum required at any meeting of Holders of Notes or the majority required to pass an Extraordinary Resolution or (viii) modify or eliminate any of items (i) through (vii), inclusive above, in which case the necessary quorum shall be two or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in nominal amount of the Notes for the time being outstanding.

In addition, the Issue and Paying Agency Agreement provides that an Extraordinary Resolution may also be passed by either (i) a resolution in writing signed on behalf of the Noteholders of not less than seventy-five per cent. of the aggregate principal amount of Notes for the time being outstanding (whether such resolution in writing is contained in one document or several documents in the same form, each signed on behalf of one or more Holders) or (ii) consents given by way of electronic consents through the relevant clearing system(s) by or on behalf of a Noteholder of not less than seventy-five per cent. in principal amount of the Notes for the time being outstanding. The Issue and Paying Agency Agreement contains provisions for the purpose of determining whether a Written Resolution has been validly passed.

The Issuer may, with the consent of the Issuing and Paying Agent, but without the consent of the Holders of the Notes, make any modification to these Terms and Conditions (i) which is not materially prejudicial to the interests of the Holders of Notes, or (ii) to correct a manifest or proven error or an error that is of a formal, minor or technical nature, or to correct, cure or supplement any defective provision contained herein in respect of Notes. Subject as aforesaid, no other modification may be made to these Terms and Conditions except with the sanction of an Extraordinary Resolution adopted by the Holders.

Save as provided therein, the Issue and Paying Agency Agreement may be amended by agreement among the parties thereto and without the consent of any Holders of the Notes.

Notwithstanding anything in this Condition 14, the prior approval of the Superintendent is required to modify the terms of any Series of Bail-inable Notes or Subordinated Notes where such variation may affect the eligibility of the Notes as TLAC under the guidelines for TLAC for banks in Canada (in the case of Bail-inable Notes) or as regulatory capital under the guidelines for capital adequacy requirements for banks in Canada (in the case of Subordinated Notes).

#### **14a. Meetings of Holders of Swedish Notes and Modification**

The Swedish Notes Issuing and Paying Agent Agreement contains provisions in Appendix 5 (Provisions for Meetings of Holders of Securities) thereto for convening meetings of the Holders of Swedish Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Swedish Notes Issuing and Paying Agent Agreement) of these Conditions insofar as the same may apply to such Swedish Notes. Copies of Appendix 5 (Provisions for Meetings of Holders of Securities) will be available for inspection during normal business hours at the initial specified offices of the Swedish Notes Issuing and Paying Agent and the Issuer, respectively and all persons from time to time entitled to the benefit of obligations under any Swedish Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of Appendix 5 insofar as they relate to the relevant Swedish Notes.

An Extraordinary Resolution whether passed at a meeting of the Holders of Swedish Notes of any Series or passed as a Written Resolution (as defined in the Swedish Notes Issuing and Paying Agent Agreement) will be binding on all Holders of the Swedish Notes of the relevant Series, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Holders of Coupons relating to Swedish Notes of such Series.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Swedish Notes for the time being outstanding, or at any adjourned meeting two or more persons holding or representing Holders whatever the nominal amount of the Swedish Notes so represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) amend the Maturity Date or other redemption date of the Swedish Notes, any date for payment of an Instalment Amount or any Interest Payment Date in respect of any Swedish Notes, (ii) reduce or cancel the Outstanding Principal Amount or any Instalment Amount of, or any premium payable on redemption of, the Swedish Notes, (iii) reduce the Rates of Interest in respect of the Swedish Notes, Fixed Coupon Amounts or vary the manner in which the Rate(s) of Interest are to be determined, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount, or Redemption Amount is indicated in the Final Terms, reduce any such minimum and/or maximum, (v) change any method of or basis for, calculating the Redemption Amount, including the method of or basis for, calculating the Amortised Face Amount, (vi) subject to any applicable redenomination provisions specified in the Final Terms, change the Specified Currency or Currencies of payment or Specified Denomination of the Swedish Notes, (vii) modify the provisions concerning the quorum required at any meeting of Holders of Swedish Notes or the majority required to pass an Extraordinary Resolution or (viii) modify or eliminate any of items (i) through (vii), inclusive above, in which case the necessary quorum shall be two or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in nominal amount of the Swedish Notes for the time being outstanding.

In addition to Extraordinary Resolutions passed at meetings of the Holders of Swedish Notes, the Swedish Notes Issuing and Paying Agent Agreement provides that an Extraordinary Resolution may also be passed by a resolution in writing (being a Written Resolution) signed on behalf of the Holders of not less than seventy-five per cent. of the principal amount of the Swedish Notes for the timing being outstanding (whether such resolution in writing is contained in one document or several documents in the same form, each signed on

behalf of one or more Holders). The Swedish Notes Issuing and Paying Agent Agreement contains provisions for the purpose of determining whether a Written Resolution has been validly passed.

If the holder of Swedish Notes held through a nominee (an “**Indirect Noteholder**”) attends the meeting (in person or through a duly authorised agent) and shows a certificate from the relevant nominee showing that such Indirect Noteholder on the fifth (5th) Business Day prior to the meeting was a holder of Swedish Notes, the Indirect Noteholder shall be regarded a Holder of Swedish Notes for the purposes of this Condition 14a.

In connection with a meeting of Holders of Swedish Notes, the Swedish Notes Issuing and Paying Agent shall have access to the Swedish Notes Register.

Save as provided therein, the Swedish Notes Issuing and Paying Agent Agreement may be amended by agreement among the parties thereto and without the consent of any Holders of the Swedish Notes.

Notwithstanding anything in this Condition 14a, the prior approval of the Superintendent is required to modify the terms of any Series of Bail-inable Notes where such variation may affect the eligibility of the Swedish Notes as TLAC under the guidelines for TLAC for banks in Canada.

## **15. Notices**

### ***To Holders of Bearer Notes***

**15.01** Notices to Holders of Bearer Notes will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if permitted by the rules of the relevant stock exchange or other relevant authority, in the case of Notes represented by a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Notes are listed, including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the first weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

### ***To Holders of Registered Notes***

**15.02** Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or, if posted to an overseas address, by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, or if permitted by the rules of the relevant stock exchange or other relevant authority, in the case of Registered Notes in global form, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to persons shown in their respective records as having interests therein. Any notice so given will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day or, as the case may be, on the first weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Notes are listed, including publication on the website of the relevant stock exchange or relevant authority if required by those rules.

## **To Issuer**

**15.03** Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Paying Agents or the Registrar (as applicable). While any of the Notes are represented by a Global Note, such notice may be given by any Holder to the Issuing and Paying Agent or the Registrar (as applicable) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issuing and Paying Agent or the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **In relation to Swedish Notes**

**15.04** All notices regarding the Swedish Notes will be deemed to be validly given if sent by mail to a Holder of Swedish Notes to the address registered for such Holder in the system of Euroclear Sweden or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Any such notice shall be deemed to have been given, if sent by mail to the Holder, on the fourth Business Day following the day the notice was sent by mail.

## **16. Further Issues**

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further Notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the Specified Denomination thereof) so as to form a single series with the Notes of any particular Series.

## **17. Currency Indemnity**

Subject to Condition 10.16, the currency in which the Notes are denominated or, if different, payable, as specified in the Final Terms (the “**Contractual Currency**”), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first day on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgement, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgement or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

## **18. Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.



## 19. Waiver of set-off and netting rights

Bail-inable Notes are not subject to set-off or netting rights.

## 20. Branch of Account

This Condition 20 applies to Senior Notes only.

**20.01** For the purposes of the *Bank Act* (Canada) the branch of account of the Bank for the deposit liabilities under the *Bank Act* (Canada) evidenced by the Senior Note shall be either the main Toronto branch or London branch as specified in the applicable Final Terms (the “**Branch of Account**”). If not specified in the applicable Final Terms, the Branch of Account will be the main branch of the Issuer in Toronto. Notes, irrespective of the Branch of Account specified in the applicable Final Terms, are obligations of the Bank.

**20.02** Senior Notes will be paid without the necessity of first being presented for payment at the Branch of Account.

**20.03** If the Branch of Account in respect of Senior Notes is not in Canada, the Bank may change the Branch of Account for the deposit liabilities under the *Bank Act* (Canada) evidenced by the Senior Note upon not less than seven days’ prior notice to the Holder given in accordance with Condition 15 and upon and subject to the following terms and conditions:

- (i) if the Note is denominated in Yen, the Branch of Account shall not be in Japan;
- (ii) the Issuer shall indemnify and hold harmless the holders of the Senior Notes and Coupons relating thereto against any tax, duty, assessment or governmental charge which is imposed or levied upon such holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Issuing and Paying Agent in connection with such change; and
- (iii) notwithstanding (ii) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (a) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (b) payments of principal, interest or other amounts on Notes of this Series and Coupons relating thereto to holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to the Issuer, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an “**Excluded Holder**” means a holder of a Note of this Series or Coupon relating thereto who is subject to taxes by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of a Note of this Series or Coupon as a non- resident of such Relevant Jurisdiction. “**Relevant Jurisdiction**” means Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and “**taxes**” means any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

## 21. Law and Jurisdiction

The Issue and Paying Agency Agreement, the Notes and Coupons and Talons related thereto and are governed by and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## SCHEDULE

### SUBORDINATED NOTE CONVERSION MECHANISMS

These provisions apply to Subordinated Notes only.

#### 1.1 Definitions

For the purposes of Condition 8 and this Schedule, the following expressions have the following meanings:

**“Business Day”** means a day which is both (i) a day on which banks are open for general banking business in Toronto (not being a Saturday, Sunday or public holiday in that place) and (ii) a day which is a business day for purposes of the rules of the Relevant Stock Exchange.

**“Common Share Reorganisation”** means (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares.

**“Conversion Price”** means the greater of:

- (i) the Current Market Price of a Common Share on the Conversion Date; and
- (ii) the Floor Price.

**“Current Market Price”** means the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the **“TSX”**) measured in Canadian dollars, if such Common Shares are then listed on the TSX, for the VWAP Period. If the Common Shares are not then listed on the TSX, for the purpose of the foregoing calculation reference shall be made to the principal securities exchange or market on which the Common Shares are then listed or quoted or, if no such trading prices are available, **“Current Market Price”** shall be the fair value of the Common Shares as reasonably determined by the board of directors of the Bank.

**“Floor Price”** means CAD5.00, subject to adjustment thereafter in accordance with 1.3 and 1.4 of this Schedule.

**“Multiplier”** means 1.5.

**“Note Value”** means the nominal amount of a Subordinated Note plus accrued and unpaid interest on such Subordinated Note as of the date of the Conversion Date translated where required from the Specified Currency into Canadian dollars at the then Prevailing Exchange Rate.

**“Officer’s Certificate”** means a certificate signed by any one of the Issuer’s Chief Executive Officer, President, Group Heads, Chief Administrative Officer, Chief Financial Officer, Chief Risk Officer, Chief Human Resources Officer, Senior Executive Vice-Presidents, Chief Internal Auditor, Executive Vice-Presidents or Senior Vice-Presidents, or any two Vice-Presidents acting together, and delivered to the Issuing and Paying Agent.

**“Prevailing Exchange Rate”** means in respect of any currency, the indicative rate of exchange between the relevant currencies (in Canadian dollars per Specified Currency) reported by the Bank of Canada, on the date immediately preceding the Conversion Date (or if not available on such date, the date on which such indicative rate was last applicable prior to such date). If such exchange rate is no longer reported by the Bank of Canada, the relevant exchange rate shall be the simple average of the closing exchange rate between the

relevant currencies (in Canadian dollars per Specified Currency) quoted at approximately the Specified Time, on such date by three major banks selected by the Issuer.

“**Specified Time**” means the time specified in the applicable Final Terms.

“**VWAP Period**” means the latest period of ten consecutive Business Days on which trading in Common Shares took place immediately preceding (but not including) the Conversion Date.

## **1.2 Automatic Conversion**

(a) If the Issuer must Convert a Subordinated Note in accordance with Condition 8.03 then the number of fully paid Common Shares into which such Subordinated Note is Converted (the “**Conversion Number**”) will be calculated in accordance with the following formula:

$$\frac{\text{Multiplier x Note Value}}{\text{Conversion Price}}$$

rounding down, if necessary, to the nearest whole number of Common Shares.

(b) Fractions of Common Shares will not be issued following an NVCC Automatic Conversion and no cash payment will be made in lieu thereof.

(c) Upon an NVCC Automatic Conversion, any accrued but unpaid interest will be added to the nominal amount of the Subordinated Notes and such accrued but unpaid interest, together with the nominal amount of the Subordinated Notes, will be deemed paid in full by the issuance of the Common Shares upon such NVCC Automatic Conversion and the Noteholders shall have no further rights and the Issuer shall have no further obligations under the Subordinated Notes.

(d) Neither the Issuer nor any of its subsidiaries shall be liable for any stamp duty, stamp duty reserve duty, or any other capital, issue, transfer, registration, financial transaction or documenting tax that may arise or be paid as a consequence of the delivery of Common Shares, which tax shall be borne solely by the Noteholder.

## **1.3 Capital Reorganisation, Consolidation, Mergers, Amalgamations or Comparable Transactions**

In the event of a capital reorganisation, consolidation, merger or amalgamation of the Issuer or comparable transaction affecting the Common Shares, the Issuer will take necessary action to ensure that the Noteholders receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such Noteholder would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

## **1.4 Adjustments**

(a) In the event of a Common Share Reorganisation, the Floor Price shall be adjusted so that it will equal the price determined by multiplying the Floor Price in effect immediately prior to such effective date or record date of such event by a fraction:

- (1) the numerator of which will be the total number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganisation; and
- (2) the denominator of which will be the total number of Common Shares outstanding immediately after giving effect to such Common Share Reorganisation (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number, without

duplication, of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

The adjustment shall be calculated to the nearest one-tenth of one cent provided that no adjustment of the Floor Price shall be required unless such adjustment would require an increase or decrease of at least 1 per cent. of the Conversion Price then in effect.

(b) In any case in which paragraphs 1.3 or 1.4 require that an adjustment will become effective immediately after a record date for an event referred to therein or herein, the Issuer may defer, until the occurrence of such event, issuing to the Holders of any Subordinated Notes upon a NVCC Automatic Conversion occurring after such record date and before the occurrence of such event, any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event; provided, however, that the Issuer will deliver to such Holder evidence of such Holder's right to receive such additional Common Shares upon the occurrence of such event and the right to receive any dividends or other distributions made on such additional Common Shares declared in favor of holders of record of Common Shares on and after the date of the NVCC Automatic Conversion or such later date on which such Holder would, but for the provisions of this paragraph 1.4(b), have become the holder of record of such additional Common Shares.

(c) If the Issuer sets a record date to take any action that would require an adjustment provided for in paragraphs 1.3 or 1.4 and before the taking of such action, the Issuer abandons its plan to take such action, then no such adjustment shall be made.

(d) The Issuer will from time to time, immediately after the occurrence of any Common Share Reorganisation or other event that requires an adjustment or readjustment as provided in paragraph 1.3 or 1.4, deliver an Officers' Certificate of the Issuer to the Issuing and Paying Agent specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such Officers' Certificate of the Issuer and the amount of the adjustment or readjustment specified therein will be conclusive and binding on all parties in interest. Except in respect of any Common Share Reorganisation, the Issuer will forthwith give notice to the Holders of Notes in accordance with Condition 15 specifying the event requiring such adjustment or readjustment and the amount thereof, including the resulting Floor Price.

## **1.5 General**

(a) If tax is required to be withheld from any payment of interest in the form of Common Shares specified in paragraph 1.2(c) above, the number of Common Shares received by a Holder of Subordinated Notes shall reflect an amount net of any applicable withholding tax.

(b) Notwithstanding any other provision of the Notes, the conversion of the Subordinated Notes in connection with an NVCC Automatic Conversion shall not be an Event of Default and the only consequence of a Non-Viability Trigger Event shall be the conversion of such Notes into Common Shares.

## FORM OF FINAL TERMS OF THE NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under this Base Prospectus with a denomination less than €100,000 (or its equivalent in another currency).*

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

**[PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>**

**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the "SFA") - *[To insert notice if classification of the Notes is not "prescribed capital markets products"<sup>2</sup>, pursuant to Section 309B of the SFA].<sup>2</sup>***

**[THE NOTES ARE SUBJECT TO CONVERSION IN WHOLE OR IN PART – BY MEANS OF A TRANSACTION OR SERIES OF TRANSACTIONS AND IN ONE OR MORE STEPS – INTO COMMON SHARES OF ROYAL BANK OF CANADA OR ANY OF ITS AFFILIATES UNDER SUBSECTION 39.2(2.3) OF THE CANADA DEPOSIT INSURANCE CORPORATION ACT (CANADA) ("CDIC ACT") AND TO VARIATION OR EXTINGUISHMENT IN CONSEQUENCE AND SUBJECT TO THE APPLICATION OF THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN IN RESPECT OF THE OPERATION OF THE CDIC ACT WITH RESPECT TO THE NOTES.]<sup>3</sup>**

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<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>2</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

<sup>3</sup> Legend to be included on front of the Final Terms if the Notes are Bail-inable Notes.

**Final Terms dated •**

**[Logo]**

**ROYAL BANK OF CANADA**  
*(a Canadian chartered bank)*  
(the “**Issuer**”)

Legal Entity Identifier (LEI): ES7IP3U3RHIGC71XBU11

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
issued pursuant to the Base Prospectus as part of the  
Programme for the Issue of Securities

Any person making or intending to make an offer of the Notes in the European Economic Area may only offer Notes to any legal entity which is a qualified investor as defined in the Prospectus Directive.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the relevant Member State.

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated September 24, 2018 [and the supplemental Prospectus[es] dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the Notes (which comprises the Summary in the Base Prospectus as completed to reflect provisions of the Final Terms) is annexed to these Final Terms. [The Base Prospectus, together with all documents incorporated by reference therein, [is] [are] available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name Royal Bank of Canada and the headline “Publication of Prospectus” and copies may be obtained from the offices of the Issuer, 13<sup>th</sup> Floor, 155 Wellington Street West, Toronto, Ontario, Canada M5V 3K7 and the offices of the Issuing and Paying Agent, One Canada Square, London E14 5AL, England.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplemental Prospectus[es] dated [●]] which are incorporated by reference in the Base Prospectus dated September 24, 2018]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated September 24, 2018 [and the supplemental Prospectus[es]] dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms (including the Conditions) and the Base Prospectus dated September 24, 2018]. A summary of the Notes (which comprises the Summary in

the Base Prospectus as completed to reflect provisions of the Final Terms) is annexed to these Final Terms. The Base Prospectus, including all documents incorporated by reference therein, are available for viewing on the of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name Royal Bank of Canada and the headline "Publication of Prospectus" and copies may be obtained from the offices of the Issuer, 13<sup>th</sup> Floor, 155 Wellington Street, Toronto, Ontario, Canada M5V 3K7 and the offices of the Issuing and Paying Agent, One Canada Square, London E14 5AL, England.]

1. [(i)] Series Number: [ ]  
 [(ii)] Tranche Number: [ ]  
 [(iii)] Date on which the Notes become fungible: [Not Applicable] [The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [ ] on [ ] [the Issue Date] [exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about [ ]].]
2. Specified Currency or Currencies: [ ]  
 (Condition 1.11)
3. Aggregate Principal Amount: [ ]  
 [(i)] Series: [ ]  
 [(ii)] Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [ ]]
5. (i) Specified Denominations: [ ]  
 (Condition 1.08 or 1.09)  
 [[ ] [and integral multiples of [ ] in excess thereof up to and including [ ]]. No Notes in definitive form will be issued with a denomination above [ ].]  
 (ii) Calculation Amount: [ ]  
 (iii) Minimum Trading Size: [Applicable: [ ]] [Not Applicable]
6. (i) Issue Date: [ ]  
 (ii) Interest Commencement Date [ ] [Issue Date] [Not Applicable]
7. Maturity Date: [ ]
8. Interest Basis: [[ ] per cent. Fixed Rate] [subject to change as indicated in paragraph 10 below]

[SONIA] [[ month] [LIBOR/EURIBOR/  
CDOR/STIBOR/BBSW/CNH HIBOR/HIBOR]]  
[+/-][ ] per cent. Floating Rate] [subject to change  
as indicated in paragraph 10 below]

[Fixed Rate Resettable Notes]

[Zero Coupon]

(further particulars specified below)

9. Redemption/Payment Basis:

Subject to any purchase and cancellation or early  
redemption, the Notes would be redeemed on the  
Maturity Date at [[par] /  
[ ] per cent. of their nominal amount]

10. Change of Interest Basis:

[Not Applicable] [Paragraph [14/15] applicable for the  
period from and including [ ] to but excluding [ ]]  
[Paragraph [14/15] applicable for the period from and  
including [ ] to but excluding [ ]]  
[Paragraph 14(xi) applicable]

[[Coupon Switch Option applies: Coupon Switch  
Option Date is [ ]] / [Prior to Coupon Switch  
Option Date, paragraph [14/15] applies. On and  
following Coupon Switch Option Date, paragraph  
[14/15] applies] / [Principal Financial Centre is [ ]]  
/ [Notice Period is [ ]] / [Business  
Centres are [ ]]]

11. Put Option/ Call Option:

[Put Option] (*Put Option not applicable to Bail-inable  
Notes or Subordinated Notes*)  
[Call Option]  
[Not Applicable]

12. (i) Date of Board approval for issuance of  
Notes obtained:

[ ] [and [ ], respectively]] [Not Applicable]

(ii) Status of the Notes:

[Senior Notes / Subordinated Notes]

12A. Condition 4 – Negative Covenant  
(Subordinated Notes):

[Applicable] [Not Applicable]

13. Bail-inable Notes:

[Yes] [No] [Not Applicable]

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

14. **Fixed Rate Note Provisions**  
(Condition 5.02 and 5.02a)

[Applicable/Not Applicable]

(i) Rate[(s)] of Interest:

[ ] per cent. per annum [payable [annually/semi-  
annually/quarterly/monthly] in arrear] on each Interest  
Payment Date [up to [but excluding] the First Reset  
Date] [in the period from and including [ ] to  
but excluding [ ]]



- (ii) Interest Payment Date(s): [[ ]] [[ ]] in each year, commencing [ ] [up to and including the Maturity Date] [adjusted for payment day purposes only in accordance with the Business Day Convention specified in paragraph 14(iv) below] [adjusted for calculation of interest and for payment day purposes in accordance with the Business Day Convention specified in paragraph 14(iv) below] [not adjusted]
- (iii) Adjusted Interest Periods: [Applicable] [Not Applicable]
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (v) Business Centre(s): [ ] [Not Applicable]
- (vi) Fixed Coupon Amount[(s)]: [[ ] per Calculation Amount [up to (but excluding) the First Reset Date]] [Not Applicable]
- (vii) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
- (viii) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Actual/360 / RBA Bond Basis / Actual/365 (Fixed)]
- (ix) Determination Dates: [Not Applicable] [[ ] in each year]
- (x) Default Rate: [As set out in Condition 5.04 / [ ]]
- (xi) Calculation Agent: [ ] [Not Applicable]
- (xii) Fixed Rate Resettable Note Provisions (Condition 5.02b)
- Applicable Conditions: In addition to Condition 5.02b, Condition [5.02 / 5.02a] is applicable to the Notes
  - Initial Rate of Interest: See paragraph 14(i) above
  - First Margin: [+/-] [ ] per cent. per annum
  - Subsequent Margin: [[+/-] [ ] per cent. per annum] [Not Applicable]
  - First Reset Date: [ ] [adjusted in accordance with [ ]]
  - Second Reset Date: [ ] [adjusted in accordance with [ ]]
  - Subsequent Reset Date(s): [ ] [adjusted in accordance with [ ]] [Not Applicable]
  - Reset Rate: [Mid-Swap Rate] [Benchmark Gilt Rate] [Reference Bond]
  - Relevant Screen Page: [ ] [Not Applicable]

- Mid-Swap Rate: [Single Mid-Swap Rate] [Mean Mid-Swap Rate] [Not Applicable]
  - Mid-Swap Maturity: [ ] [Not Applicable]
  - Mid-Swap Floating Leg Benchmark Rate: [ ]
  - Relevant Time: [ ] [Not Applicable]
  - Reset Determination Dates: [ ] [Not Applicable]
  - Mid-Swap Floating Leg Benchmark Rate: [ ]
  - Relevant Currency: [ ] [Not Applicable]
- 15. Floating Rate Note Provisions** [Applicable/Not Applicable]  
(Condition 5.03)
- (i) Specified Period(s): [ ] [Not Applicable]
  - (ii) Specified Interest Payment Date(s): [ ], in each year (up to and including the Maturity Date) [subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(iv) below] [not subject to any adjustment, as the Business Day Convention in 15(iv) below is specified to be Not Applicable] [Not Applicable]
  - (iii) First Interest Payment Date: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
  - (v) Business Centre(s): [ ] [TARGET2] [Not Applicable]
  - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent): [[ ] shall be the Calculation Agent] [Not Applicable]
  - (viii) Screen Rate Determination: [Applicable] [Not Applicable]
    - Reference Rate: [SONIA] [[ ] month [LIBOR] [EURIBOR] [CDOR] [STIBOR] [BBSW] [CNH HIBOR] [HIBOR]]

- Interest Determination Date(s): [ ] [[ ] London Banking Day prior to the end of each Interest Period]
- Relevant Screen Page: [ ]
- Relevant Time: [ ] [Not Applicable]
- Reference Banks: [ ] [Not Applicable]
- Relevant Financial Centre: [ ] [Not Applicable]
- Observation Look-Back Period: [[ ] London Banking Days] [Not Applicable]
- (ix) ISDA Determination: [Applicable] [Not Applicable]
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Linear Interpolation: [Not Applicable] [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [[+/-][ ] per cent. per annum] [Not Applicable]
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Zero per cent. per annum] [Not Applicable]  
(Condition 5.03(v))
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not Applicable]  
(Condition 5.03(v))
- (xiv) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360 or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
Actual/365 (Sterling)  
RBA Bond Basis]
- (xv) Default Rate: [As set out in Condition 5.04 / [ ] ]

16. **Zero Coupon Note Provisions**

- [Applicable/Not Applicable]
- (i) Accrual Method: [Linear Accrual/Compounding Accrual]
- (ii) Accrual Yield: [ ] per cent. per annum
- (iii) Reference Price: [ ] per Calculation Amount
- (iv) Day Count Fraction: [30/360]

- [30E/360]
- [Actual/360]
- [Actual/365]
- [Actual/Actual (ICMA)]
- (v) Determination Dates: [[ ] in each year] [Not Applicable]
- (vi) Default Rate: [Accrual Yield / [ ]]

**PROVISIONS RELATING TO REDEMPTION**

- 17. **Call Option** [Applicable/Not Applicable]  
(Condition 6.03)
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
  - (iii) Redeemable in part: [Applicable] [Not Applicable]  
If redeemable in part:
    - (a) Minimum Redemption Amount: [ ] per Calculation Amount
    - (b) Maximum Redemption Amount: [ ] per Calculation Amount
  - (iv) Notice period: Minimum period: [15] [ ] days  
Maximum period: [30] [ ] days
- 18. **Put Option** [Applicable/Not Applicable] (*Put Option not applicable to Bail-inable Notes or Subordinated Notes*)  
(Condition 6.06)
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
  - (iii) Notice period: Minimum period: [15] [ ] days  
Maximum period: [30] [ ] days
- 19. **Final Redemption Amount of each Note** [Par] / [[ ] per Calculation Amount]
- 20. **Bail-inable Notes – TLAC Disqualification Event Call** [Applicable] [Not Applicable]
- 21. **Early Redemption Amount**
  - (i) Early Redemption Amount(s) payable on redemption for taxation reasons[, TLAC Disqualification Event][, Regulatory Event] or on event of default: [[ ] per Calculation Amount] / [As per Condition 6.09 and 6.10]

(ii) Early Redemption Amount includes amount in respect of accrued interest: [Yes: no additional amount in respect of accrued interest to be paid / No: together with the Early Redemption Amount, accrued interest shall also be paid]

22. **Provisions relating to the NVCC Automatic Conversion** (Condition 8) [Applicable/Not Applicable: the Notes are not Subordinated Notes]

Specified Time: [ ]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. (i) Form of Notes: [Bearer Notes] [Bearer Notes exchangeable for Registered Notes]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [and/or Registered Notes] in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes [and/or Registered Notes] on [ ] days' notice]

[Exchange Date: [ ]]

[Permanent Global Note exchangeable for Definitive Notes [and/or Registered Notes] in the limited circumstances specified in the Permanent Global Note]

[Registered Notes]

[Swedish Notes]

(ii) New Global Note: [Yes] [No]

24. Financial Centre(s) or other specific provisions relating to payment dates: [Not Applicable] [ ]

25. Relevant Renminbi Settlement Centre: [Not Applicable] [ ]

26. Calculation Agent for purposes of Condition 10.16 (if other than Issuing and Paying Agent): [ ] shall be the Calculation Agent] [Not Applicable]

27. Name and address of RMB Rate Calculation Agent (for purposes of Condition 10.17): [Not Applicable] [ ]

28. Branch of Account: [Main branch in Toronto] [London branch]

29. Unmatured Coupons missing upon Early Redemption: [Condition 10.06(i) applies] [Condition 10.06(ii) applies]

30. Talons for future Coupons to be attached to Definitive Notes (Condition 1.06) [Yes, as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made] [No]
31. Issuer access to register of creditors (Sw. *skuldboken*) in respect of Swedish Notes: [Yes / No] [Not Applicable]
32. Alternative Currency Payment: [Applicable] [Not Applicable]  
[Alternative Currency: [            ]]

**[THIRD PARTY INFORMATION]**

[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

By: \_\_\_\_\_  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

[Not Applicable] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of [the UKLA / [Luxembourg Stock Exchange]] and to] trading on [the London Stock Exchange's regulated market] / [the Luxembourg Stock Exchange's regulated market] / [the Nasdaq Stockholm Exchange] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of the UKLA / [Luxembourg Stock Exchange] and to] trading on [the London Stock Exchange's regulated market] / [the Luxembourg Stock Exchange's regulated market] / [the Nasdaq Stockholm Exchange] with effect from [ ].]

[Tranche[s] [ ] of the Notes [is/are] already admitted to [the Official List of [the UKLA / [Luxembourg Stock Exchange]] and to] trading on [the London Stock Exchange's regulated market] / [the Luxembourg Stock Exchange's regulated market] / [the Nasdaq Stockholm Exchange] with effect from [ ].]

### 2. RATINGS

Ratings:

[The Notes to be issued [have been] / [are expected to be] specifically rated]:

[S&P Canada: ●]

[Moody's Canada: ●]

[Not Applicable]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save [for any fees payable to the [Managers/Dealers] [ ] as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer [ ]

[(ii) Estimated net proceeds: [ ]

[(iii) Estimated total expenses: [ ]

**5. [Fixed Rate Notes only – YIELD**

Indication of yield:

[ ] [Not Applicable]

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

**6. [[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/CDOR/STIBOR/BBSW/CNH HIBOR/HIBOR] rates can be obtained from [Reuters].]

**7. OPERATIONAL INFORMATION**

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) [CFI Code]: [ ] [Not Applicable]

(iv) [FISN]: [ ] [Not Applicable]

(v) [WKN or any other relevant codes]: [ ] [Not Applicable]

(vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A., their addresses and the relevant identification number(s): [Not Applicable] [ ] [Euroclear Sweden]

(vii) Names and addresses of additional Paying Agent(s), Registrar and Transfer Agents (if any): [ ]

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean



that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Not Applicable]

## 8. DISTRIBUTION

(i) If syndicated, name(s) and address(es) of Manager(s)/Dealer(s) and underwriting commitments: [ ] [Not Applicable]

(ii) If non-syndicated, name of Dealer: [ ] [Not Applicable]

(iii) Date of Subscription Agreement: [ ] [Not Applicable]

(iv) Total commission and concession: [ ] [Not Applicable]

(v) Canadian Selling Restrictions: [Canadian Sales Permitted] [Canadian Sales not Permitted]

(vi) Prohibition of Sales to Belgian Consumers: [Applicable] [Not Applicable]

(vii) Prohibition of Sales to EEA Retail Investors: [Applicable] [Not Applicable]

(viii) Whether TEFRA D or TEFRA C applicable or TEFRA Rules not applicable: [TEFRA D Rules applicable] [TEFRA C Rules applicable] [TEFRA Rules not applicable]

7. USE OF PROCEEDS [ ]

## 8. EU BENCHMARK REGULATION

EU Benchmark Regulation: Article 29(2) statement on benchmarks: [Not Applicable]

Amounts payable under the Notes will be calculated by reference to [ ] which is provided by [ ]. As at [ ], [ ] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). [As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply, such that [ ] is not currently required to obtain authorisation or registration.]]

**ANNEX**

**SUMMARY OF THE NOTES**

[ ]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under this Base Prospectus with a denomination at least €100,000 (or its equivalent in another currency).

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

**[PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>**

**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the "SFA") - [To insert notice if classification of the Notes is not "prescribed capital markets products"<sup>2</sup>, pursuant to Section 309B of the SFA].<sup>2</sup>]**

**[THE NOTES ARE SUBJECT TO CONVERSION IN WHOLE OR IN PART – BY MEANS OF A TRANSACTION OR SERIES OF TRANSACTIONS AND IN ONE OR MORE STEPS – INTO COMMON SHARES OF ROYAL BANK OF CANADA OR ANY OF ITS AFFILIATES UNDER SUBSECTION 39.2(2.3) OF THE CANADA DEPOSIT INSURANCE CORPORATION ACT (CANADA) ("CDIC ACT") AND TO VARIATION OR EXTINGUISHMENT IN CONSEQUENCE AND SUBJECT TO THE APPLICATION OF THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN IN RESPECT OF THE OPERATION OF THE CDIC ACT WITH RESPECT TO THE NOTES.]<sup>3</sup>**

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<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>2</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

<sup>3</sup> Legend to be included on front of the Final Terms if the Notes are Bail-inable Notes.

**Final Terms dated •**

**[Logo]**

**ROYAL BANK OF CANADA**

*(a Canadian chartered bank)*

(the “**Issuer**”)

Legal Entity Identifier (LEI): ES7IP3U3RHIGC71XBU11

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
issued pursuant to the Base Prospectus as part of the  
Programme for the Issue of Securities

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated September 24, 2018 [and the supplemental Prospectus[es] dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Directive 2003/71/EC as amended or superseded (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus, together with all documents incorporated by reference therein, [is] [are] available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name Royal Bank of Canada and the headline “Publication of Prospectus” and copies may be obtained from the offices of the Issuer, 13<sup>th</sup> Floor, 155 Wellington Street, Toronto, Ontario, Canada M5V 3K7 and the offices of the Issuing and Paying Agent, One Canada Square, London E14 5AL, England.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplemental Prospectus[es] dated [●]] which are incorporated by reference in the Base Prospectus dated September 24, 2018]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive) and must be read in conjunction with the Base Prospectus dated September 24, 2018 [and the supplemental Prospectus[es]] dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms (including the Conditions) and the Base Prospectus dated September 24, 2018]. The Base Prospectus, including all documents incorporated by reference therein, are available for viewing on the of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name Royal Bank of Canada and the headline “Publication of Prospectus” and copies may be obtained from the offices of the Issuer, 13<sup>th</sup> Floor, 155 Wellington Street, Toronto, Ontario, Canada M5V 3K7 and the offices of the Issuing and Paying Agent, One Canada Square, London E14 5AL, England.]

1. [(i)] Series Number: [ ]
- [(ii)] Tranche Number: [ ]

- (iii) Date on which the Notes become fungible: [Not Applicable] [The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [ ] on [ ] [the Issue Date] [exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about [ ]].]
2. Specified Currency or Currencies: [ ]  
(Condition 1.11)
3. Aggregate Principal Amount: [ ]
- [(i)] Series: [ ]
- [(ii)] Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [ ]]
5. (i) Specified Denominations: [ ]  
(Condition 1.08 or 1.09)
- [[ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ].]
- (ii) Calculation Amount: [ ]
- (iii) Minimum Trading Size: [Applicable: [ ] [Not Applicable]
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date [ ] [Issue Date] [Not Applicable]
7. Maturity Date: [ ]
8. Interest Basis: [[ ] per cent. Fixed Rate] [subject to change as indicated in paragraph 10 below]
- [SONIA] [[ ] month][[LIBOR/EURIBOR/CDOR /STIBOR/BBSW/CNH HIBOR/HIBOR]] [+/-][ ] per cent. Floating Rate] [subject to change as indicated in paragraph 10 below]
- [Fixed Rate Resettable Notes]
- [Zero Coupon]
- (further particulars specified below)

9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes would be redeemed on the Maturity Date at [[par] / [ ] per cent. of their nominal amount]
10. Change of Interest Basis: [Not Applicable] [Paragraph [14/15] applicable for the period from and including [ ] to but excluding [ ]] [Paragraph [14/15] applicable for the period from and including [ ] to but excluding [ ]] [Paragraph 14(xi) applicable] [[Coupon Switch Option applies: Coupon Switch Option Date is [ ] / [Prior to Coupon Switch Option Date, paragraph [14/15] applies. On and following Coupon Switch Option Date, paragraph [14/15] applies] / [Principal Financial Centre is [ ] / [Notice Period is [ ]] / [Business Centres are [ ]]]
11. Put Option/ Call Option: [Put Option] (*Put Option not applicable to Bail-inable Notes or Subordinated Notes*) [Call Option] [Not Applicable]
12. (i) Date of Board approval for issuance of Notes obtained: [ ] [and [ ], respectively]] [Not Applicable]
- (ii) Status of the Notes: [Senior Notes/Subordinated Notes]
- 12A. Condition 4 – Negative Covenant (Subordinated Notes): [Applicable] [Not Applicable]
13. Bail-inable Notes: [Yes] [No] [Not Applicable]

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

14. **Fixed Rate Note Provisions** (Condition 5.02 and 5.02a) [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] on each Interest Payment Date [up to [but excluding] the First Reset Date] [in the period from and including [ ] to but excluding [ ]]
- (ii) Interest Payment Date(s): [ ] [[ ] in each year, commencing [ ] [up to and including the Maturity Date] [adjusted for payment day purposes only in accordance with the Business Day Convention specified in paragraph 14(iv) below] [adjusted for calculation of interest and for payment day purposes in accordance with the Business Day Convention specified in paragraph 14(iv) below] [not adjusted]

- (iii) Adjusted Interest Periods: [Applicable] [Not Applicable]
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (v) Business Centre(s): [ ] [Not Applicable]
- (vi) Fixed Coupon Amount[(s)]: [[ ] per Calculation Amount] [to to (but excluding) the First Reset Date] [Not Applicable]
- (vii) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
- (viii) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Actual/360 / RBA Bond Basis / Actual/365 (Fixed)]
- (ix) Determination Dates: [Not Applicable] [[ ] in each year]
- (x) Default Rate: [As set out in Condition 5.04 / [ ]]
- (xi) Calculation Agent: [ ] [Not Applicable]
- (xii) Fixed Rate Resettable Note Provisions (Condition 5.02b)
- Applicable Conditions: In addition to Condition 5.02b, Condition [5.02 / 5.02a] is applicable to the Notes
  - Initial Rate of Interest: See paragraph 14(i) above
  - First Margin: [+/-] [ ] per cent. per annum
  - Subsequent Margin: [[+/-] [ ] per cent. per annum] [Not Applicable]
  - First Reset Date: [ ] [adjusted in accordance with [ ]]
  - Second Reset Date: [ ] [adjusted in accordance with [ ]]
  - Subsequent Reset Date(s): [ ] [adjusted in accordance with [ ]] [Not Applicable]
  - Reset Rate: [Mid-Swap Rate] [Benchmark Gilt Rate] [Reference Bond]
  - Relevant Screen Page: [ ] [Not Applicable]
  - Mid-Swap Rate: [Single Mid-Swap Rate] [Mean Mid-Swap Rate] [Not Applicable]
  - Mid-Swap Maturity: [ ] [Not Applicable]
  - Mid-Swap Floating Leg Benchmark Rate: [ ]
  - Relevant Time: [ ] [Not Applicable]
  - Reset Determination Dates: [ ] [Not Applicable]





- (ix) ISDA Determination: [Applicable] [Not Applicable]
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
- (x) Linear Interpolation: [Not Applicable] [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [[+/-][ ] per cent. per annum] [Not Applicable]
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Zero per cent. per annum] [Not Applicable]  
(Condition 5.03(v))
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not Applicable]  
(Condition 5.03(v))
- (xiv) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360 or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
Actual/365 (Sterling)  
RBA Bond Basis]
- (xv) Default Rate: [As set out in Condition 5.04 / [ ] ]]
- 16. Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Method: [Linear Accrual/Compounding Accrual]
- (ii) Accrual Yield: [ ] per cent. per annum
- (iii) Reference Price: [ ] per Calculation Amount
- (iv) Day Count Fraction: [30/360]  
[30E/360]  
[Actual/360]  
[Actual/365]  
[Actual/Actual (ICMA)]
- (v) Determination Dates: [[ ] in each year] [Not Applicable]
- (vi) Default Rate: [Accrual Yield / [ ] ]]

## PROVISIONS RELATING TO REDEMPTION

17. **Call Option** [Applicable/Not Applicable]  
(Condition 6.03)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Redeemable in part: [Applicable] [Not Applicable]  
If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period: Minimum period: [15] [ ] days  
Maximum period: [30] [ ] days
18. **Put Option** [Applicable/Not Applicable] (*Put Option not applicable to Bail-inable Notes or Subordinated Notes*)  
(Condition 6.06)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period: Minimum period: [15] [ ] days  
Maximum period: [30] [ ] days
19. **Final Redemption Amount of each Note** [Par] / [[ ] per Calculation Amount]
20. **Bail-inable Notes – TLAC Disqualification Event Call** [Applicable] [Not Applicable]
21. **Early Redemption Amount**
- (i) Early Redemption Amount(s) payable on redemption for taxation reasons[, TLAC Disqualification Event][, Regulatory Event] or on event of default: [[ ] per Calculation Amount] / [As per Condition 6.09 and 6.10]
- (ii) Early Redemption Amount includes amount in respect of accrued interest: [Yes: no additional amount in respect of accrued interest to be paid / No: together with the Early Redemption Amount, accrued interest shall also be paid]
22. **Provisions relating to the NVCC Automatic Conversion** [Applicable/Not Applicable: the Notes are not Subordinated Notes]  
(Condition 8)
- Specified Time: [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. (i) Form of Notes: [Bearer Notes] [Bearer Notes exchangeable for Registered Notes]  
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [and/or Registered Notes] in the limited circumstances specified in the Permanent Global Note]  
 [Temporary Global Note exchangeable for Definitive Notes [and/or Registered Notes] on [ ] days' notice]  
 [Exchange Date: ]  
 [Permanent Global Note exchangeable for Definitive Notes [and/or Registered Notes] in the limited circumstances specified in the Permanent Global Note]  
 [Registered Notes]  
 [Swedish Notes]
- (ii) New Global Note: [Yes] [No]
24. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable] [ ]
25. Relevant Renmibi Settlement Centre: [Not Applicable] [ ]
26. Calculation Agent for purposes of Condition 10.16 (if other than Issuing and Paying Agent): [ ] shall be the Calculation Agent] [Not Applicable]
27. Name and address of RMB Rate Calculation Agent (for purpose of Condition 10.17): [Not Applicable] [ ]
28. Branch of Account: [Main branch in Toronto] [London branch]
29. Unmatured Coupons missing upon Early Redemption: [Condition 10.06(i) applies] [Condition 10.06(ii) applies]
30. Talons for future Coupons to be attached to Definitive Notes (Condition 1.06) [Yes, as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made] [No]
31. Issuer access to register of creditors (Sw. *skuldboken*) in respect of Swedish Notes: [Yes / No] [Not Applicable]
32. Alternative Currency Payment: [Applicable] [Not Applicable]  
 [Alternative Currency: [ ]]

**[THIRD PARTY INFORMATION**

[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

By: \_\_\_\_\_  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing/Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of [the UKLA / [Luxembourg Stock Exchange]] and to] trading on [the London Stock Exchange’s regulated market] / [the Luxembourg Stock Exchange’s regulated market] / [the Nasdaq Stockholm Exchange] with effect from [ ].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of the UKLA / [Luxembourg Stock Exchange] and to] trading on [the London Stock Exchange’s regulated market] / [the Luxembourg Stock Exchange’s regulated market] / [the Nasdaq Stockholm Exchange] with effect from [ ].]
- [Tranche[s] [ ] of the Notes [is/are] already admitted to the [the Official List of [the UKLA / [Luxembourg Stock Exchange]] and to] trading on [the London Stock Exchange’s regulated market] / [the Luxembourg Stock Exchange’s regulated market] / [the Nasdaq Stockholm Exchange] with effect from [ ].]
- (ii) Estimate of total expenses related to admission: [ ]

### 2. RATINGS

- Ratings: [The Notes to be issued [have been] / [are expected to be] specifically rated]:
- [S&P Canada: [ ]]  
[Moody’s Canada: [ ].]
- [Not Applicable]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save [for any fees payable to the [Managers/Dealers] [ ] as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

### 4. [Fixed Rate Notes only – YIELD

- Indication of yield: [ ] [Not Applicable]
- [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

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) [CFI Code]: [ ] [Not Applicable]
- (iv) [FISN]: [ ] [Not Applicable]
- (v) [WKN or any other relevant codes]: [ ] [Not Applicable]
- (vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A., their addresses and the relevant identification number(s): [Not Applicable] [ ] [Euroclear Sweden]
- (vii) Names and addresses of additional Paying Agent(s), Registrar and Transfer Agents (if any): [ ]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [Not Applicable]

## 6. DISTRIBUTION

- (i) Canadian Selling Restrictions: [Canadian Sales Permitted] [Canadian Sales Not Permitted]
- (ii) Prohibition of Sales to EEA Retail Investors: [Applicable] [Not Applicable]
- (iii) Whether TEFRA D or TEFRA C applicable or TEFRA Rules not applicable: [TEFRA D Rules applicable] [TEFRA C Rules applicable] [TEFRA Rules not applicable]
- (iv) Prohibition of Sales to Belgian Consumers: [Applicable] [Not Applicable]

## 7. USE OF PROCEEDS [ ]

## 8. EU BENCHMARK REGULATION

EU Benchmark Regulation: Article 29(2) statement on benchmarks: [Not Applicable]

Amounts payable under the Notes will be calculated by reference to [ ] which is provided by [ ]. As at [ ], [ ] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). [As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply, such that [ ] is not currently required to obtain authorisation or registration.]

## **USE OF PROCEEDS**

Except as otherwise set out in the applicable Final Terms, the net proceeds of the issue of each Tranche of Notes will be added to the general funds of the Issuer or used by the Issuer and/or its affiliates for hedging the Notes. Except as otherwise set out in the applicable Final Terms, the purpose of an issue of Subordinated Notes will be to enlarge the Issuer's capital base.



## TAXATION

### Canadian Taxation

The following summary describes the material Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Act**”) and *Income Tax Regulations* (the “**Regulations**”) generally applicable to a holder of Notes who acquires beneficial ownership of Notes pursuant to the Base Prospectus or common shares on a conversion (“**Common Shares**”), and who, for purposes of the Act and at all relevant times, (i) is not resident and is not deemed to be resident in Canada; (ii) deals at arm’s length with the Issuer, any issuer of Common Shares, and any Canadian resident (or deemed Canadian resident) to whom the holder assigns or otherwise transfers the Notes; (iii) is not affiliated with the Issuer, (iv) is entitled to receive all payments (including any interest and principal) made on the Notes as beneficial owner; (v) does not use or hold and is not deemed to use or hold Notes or Common Shares in or in the course of carrying on a business in Canada; (vi) is not a “specified non-resident shareholder” of the Issuer for purposes of the Act or a non-resident person not dealing at arm’s length with a “specified shareholder” (within the meaning of subsection 18(5) of the Act) of the Issuer; and (vii) is not an insurer carrying on an insurance business in Canada and elsewhere (a “**Non-resident Holder**”).

This summary is based upon the provisions of the Act and the Regulations in force on the date hereof, proposed amendments to the Act and the Regulations in a form publicly announced prior to the date hereof (the “**Tax Proposal**”) by or on behalf of the Minister of Finance (Canada) (included for this purpose in the reference to the Act and Regulations), and the current administrative practices and policies published in writing by the Canada Revenue Agency (the “**CRA**”). This summary assumes that such Tax Proposals will be enacted as currently proposed but no assurance can be given that this will be the case. This summary does not take into account or anticipate any other changes in law, whether by legislative, governmental or judicial action or interpretation, nor does it take into account provincial, territorial or foreign income tax legislation. Subsequent developments could have a material effect on the following description.

**This summary is of a general nature only, and is not intended to be, nor should it be considered to be, legal or tax advice to any particular person including any Non-resident Holder. This summary describes only the Canadian federal withholding tax considerations associated with a Non-resident Holder acquiring, holding and disposing of a Note and a Common Share and does not describe any other Canadian federal income tax considerations which may be relevant to a prospective investor’s decision to acquire Notes pursuant to the Base Prospectus. Prospective investors, including Non-resident Holders, should consult their own legal and/or tax advisers with respect to their particular circumstances.**

In general, for the purpose of the Act, all amounts not otherwise expressed in Canadian dollars must be converted into Canadian dollars based on the single day exchange rate as quoted by the Bank of Canada for the applicable day or such other rate of exchange that is acceptable to the Minister of National Revenue (Canada).

### Interest on Notes

Interest paid or credited or deemed to be paid or credited by the Issuer on a Note (including amounts on account of, or in lieu of, or in satisfaction of interest) to a Non-resident Holder will not be subject to Canadian non-resident withholding tax unless all or any portion of such interest (other than on a “prescribed obligation” described below) is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by

reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation. A “prescribed obligation” is an “indexed debt obligation” (defined below) no amount payable in respect of which, other than an amount determined by reference to a change in the purchasing power of money, is contingent or dependent upon any of the criteria described in the preceding sentence. An “indexed debt obligation” is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding that is determined by reference to a change in the purchasing power of money.

In the event that a Note the interest (or deemed interest) payable on which is not exempt from Canadian withholding tax is redeemed, cancelled or purchased by the Issuer or any other person resident or deemed to be resident in Canada from a Non-resident Holder or is otherwise assigned or transferred by a Non-resident Holder to a person resident or deemed to be resident in Canada for an amount which exceeds, generally, the issue price thereof, the excess may be deemed to be interest and may, together with any interest that has accrued on the Note to that time, be subject to non-resident withholding tax. Such excess will not be subject to withholding tax if the Note is considered to be an “excluded obligation” for purposes of the Act. A Note that: (a) is not an indexed debt obligation; (b) was issued for an amount not less than 97 per cent. of the principal amount (as defined in the Act) of the Note, and (c) the yield from which, expressed in terms of an annual rate (determined in accordance with the Act) on the amount for which the Note was issued does not exceed 4/3 of the interest stipulated to be payable on the Note, expressed in terms of an annual rate on the outstanding principal amount from time to time, will be an excluded obligation for this purpose.

If applicable, the normal rate of Canadian non-resident withholding tax is 25% but such rate may be reduced under the terms of an applicable income tax treaty or convention between Canada and the country in which the Non-resident holder is resident.

Generally, there are no other taxes on income (including capital gains) payable by a Non-resident Holder on interest, discount, or premium on a Note or on the proceeds received by a Non-resident Holder on the disposition of a Note including a redemption, payment on maturity, conversion (including a Bail-in Conversion), cancellation or purchase.

### **Common Shares Acquired on a Conversion**

Dividends paid or credited, or deemed under the Act to be paid or credited, on Common Shares of the Issuer or of any affiliate of the Issuer that is a Canadian resident corporation to a Non-resident Holder will generally be subject to Canadian non-resident withholding tax at the rate of 25 per cent. on the gross amount of such dividends unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the country in which the Non-resident Holder is resident.

A Non-resident Holder will not be subject to tax under the Act in respect of any capital gain realised on a disposition or deemed disposition of a Common Share unless the Common Share is or is deemed to be “taxable Canadian property” of the Non-resident Holder for the purposes of the Act and the Non-resident Holder is not entitled to an exemption under an applicable income tax treaty or convention between Canada and the country in which the Non-resident Holder is resident.

### **United Kingdom Taxation**

**The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer’s understanding of current law and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) in the United Kingdom relating principally to the United Kingdom withholding tax treatment of payments in respect of the Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special**

rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. Prospective Noteholders should also be aware that the particular terms of issue of any Tranche may affect the tax treatment.

The following is a general guide only and is not intended to be exhaustive.

#### **Notes issued where the Branch of Account is the Bank's London branch**

##### ***Payments of interest on the Notes***

The Issuer, provided that it is and continues to be a bank within the meaning of section 991 of the *Income Tax Act 2007* (the "UK Act"), and provided that the interest on the Notes is and continues to be paid in the ordinary course of its business within the meaning of section 878 of the UK Act, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the UK Act. The London Stock Exchange is a recognised stock exchange. The Notes will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange (which would include being admitted to trading on the London Stock Exchange Regulated Market or the Professional Securities Market). Provided, therefore, that the Notes carry a right to interest and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax where interest on the Notes is paid by a company (such as the Issuer) and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax where the maturity of the Notes is less than 365 days from the date of issue and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days. In other cases, an amount generally must be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to available exemptions or reliefs; for example, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can, following a request by the Issuer, issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

#### **Other rules relating to United Kingdom withholding tax**

Where the Notes are to be, or may fall to be, redeemed at a premium, then, depending on the circumstances, any such element of premium may constitute a payment of interest for United Kingdom tax purposes. Any such payments of interest, subject to the exemptions described above, may be subject to United Kingdom withholding tax and reporting requirements as described above.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

### **Stamp duty and stamp duty reserve tax (SDRT) in relation to Notes**

A charge to stamp duty or SDRT may, in certain circumstances, arise on the issue, transfer and/or settlement of Notes and SDRT may also be payable in relation to any agreement to transfer Notes. This will depend upon the Terms and Conditions of the relevant Notes (as amended and supplemented by the applicable Final Terms). Noteholders should take their own advice from an appropriately qualified professional advisor in this regard.

### **Reporting of information in respect of the Notes**

Noteholders (whether or not the Branch of Account of the Notes they hold is the Issuer's London branch) may wish to note that, in certain circumstances, HM Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. Any person in the United Kingdom (including any United Kingdom based paying agent) who pays amounts payable on redemption of the Notes which are deeply discounted securities for the purposes of the *Income Tax (Trading and other Income) Act 2005* to, or receives such amounts for the benefit of, another person may also be required by HM Revenue & Customs to provide certain information (which may include the name and address of the beneficial owner of the amount payable on redemption) to HM Revenue & Customs (although in this regard HM Revenue & Customs published guidance for the years 2018/2019 indicates that HM Revenue & Customs will not exercise its power to obtain information in relation to such payments in that year, and will publicise any change to this practice widely prior to making it). Any information obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Holder is resident for tax purposes.

### **Swedish Taxation**

The following summary outlines certain Swedish tax consequences relating to holders of Notes. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address, *inter alia*, situations where Notes are held in an investment savings account (Sw. *investeringssparkonto*), the tax consequences in connection with a write-down, write-off or conversion of the Notes, the tax consequences following variation or substitution (instead of redemption) of the Notes or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

### **Holders tax resident in Sweden**

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example, life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are deemed as interest for Swedish tax purposes are paid by Euroclear Sweden or by another legal entity domiciled in Sweden, including a Swedish branch, or a clearing institution within the EEA, to a

private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by Euroclear Sweden or the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other return on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

### ***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”) impose a reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by FATCA)) that does not enter into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA (a “**Participating FFI**”) and (ii) in certain instances, an investor who does not provide information sufficient to determine whether the investor is a U.S. person or, in the case of certain non-financial non-exempt entities, does not provide information sufficient to determine whether the investor has substantial U.S. owners. The Issuer is classified as an FFI. The Issuer anticipates that any Notes issued in global form will be held by FFIs that are Participating FFIs but there is no guarantee that a custodian or broker through which an investor holds a Note will be a Participating FFI.

This withholding regime is now in effect for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined fully) no earlier than January 1, 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term for U.S. federal tax purposes that are issued after the “**grandfathering date**”, which, with respect to Notes that give rise solely to foreign passthru payments, is the date that is the later of January 1, 2019 or the date on which the final U.S. Treasury regulations defining the term foreign passthru payment are published with the U.S. Federal Register, or are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the Notes, including a negative impact on market price.

The United States and a number of other jurisdictions, including Canada, have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). IGAs generally limit instances when FATCA withholding is required. Nevertheless, these IGAs currently contain no rules regarding the withholding, if any, that may be required on foreign passthru payments.

**FATCA is particularly complex and some aspects of its application are uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, signed IGA and IGAs that have been agreed in substance and published by the U.S. Treasury, all of which are subject to amendment or further interpretation by one or more governments or governmental agencies. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

### ***The Proposed Financial Transactions Tax (“FTT”)***

On February 14, 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, RBC Europe Limited and UBS Limited (the “**Dealers**”). Notes may also be sold by the Issuer directly to institutions who are not Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated September 24, 2018 (as amended, supplemented or replaced, the “**Dealership Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **Other relationships**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account or for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Bank or Bank's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and/or their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. The Dealers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer may sell Notes to one or more of the Dealers including RBC Europe Limited, which is a wholly-owned indirect subsidiary of the Bank. The terms of the Programme were negotiated at arm's length between the Issuer and the Dealers. In addition to any proceeds from any offering of the Notes under the Programme being applied, directly or indirectly, for the benefit of RBC Europe Limited in its capacity as a wholly-owned indirect subsidiary of the Bank, RBC Europe Limited will receive a portion of any fees and commissions payable in connection with any such offering of Notes in its capacity as a Dealer.

### **Canada**

While the Senior Notes are exempt from the prospectus requirement under the securities laws of each province and territory of Canada, the Subordinated Notes are not exempt from the prospectus requirement. This Prospectus has not been approved by any regulator or regulatory authority in Canada and the Subordinated Notes have not been and will not be qualified for sale under securities laws.

If the applicable Final Terms specify “Canadian Sales Permitted”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has

offered, sold or distributed and that it will offer, sell or distribute any Notes, in Canada in compliance with the securities laws of Canada or any province or territory thereof. In respect of an offer, sale or distribution of Subordinated Notes, each Dealer shall comply with any further selling restrictions agreed between such Dealer and the Issuer in respect of offers in Canada.

If the applicable Final Terms specify “Canadian Sales not Permitted”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or distributed, and that it will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to, or for the benefit of any resident thereof.

In the case of Subordinated Notes offered by a Dealer outside Canada, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will deliver to any purchaser who purchases from such Dealer any Subordinated Notes purchased by such Dealer hereunder a notice stating that, by purchasing such Subordinated Notes, such purchaser represents and agrees that it has not offered or sold and will not offer or sell, directly or indirectly, any of such Subordinated Notes in Canada or to, or for the benefit of, any resident thereof, except in compliance with applicable Canadian provincial and territorial securities laws or pursuant to exemptions therefrom and will deliver to any other purchaser to whom it sells any such Subordinated Notes a notice substantially the same as the statement in this sentence.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that it will not distribute or deliver this Base Prospectus, any Drawdown Prospectus or any other offering material relating to the Notes in Canada in contravention of the securities laws of Canada or any province or territory thereof.

### **United States of America**

Regulation S, Category 2, TEFRA D Rules apply, unless TEFRA C Rules are specified as applicable in the applicable Final Terms or unless TEFRA Rules are not applicable.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under any state securities laws and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has further agreed and each further Dealer in respect of an issue of Notes will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Notes at any time except in accordance with Rule 903 of Regulation S, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any directed selling efforts with respect to the Notes and it and they will comply with the offering restrictions requirements of Regulation S. The terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until forty days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations promulgated thereunder.



## Prohibition of sales to EEA Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the applicable Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, then, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which have a minimum denomination of less than Euro 100,000 (or its equivalent in another currency) except that it may make an offer of such Notes at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive.

For the purposes of this provision, the expression “**Prospectus Directive**” means Directive 2003/71/EC, as amended or superseded, and includes any relevant implementing measure in the Relevant Member State.

## Selling Restrictions addressing additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) (the “**FSMA**”) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**"), and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## Republic of France

The Issuer and the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L 411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

This Base Prospectus has not been submitted for clearance to the AMF in France.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "**Financial Services Act**") and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to any Notes in the Republic of Italy under (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of February 15, 2018 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the "**Banking Act**"); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time and/or any other Italian authority.

### **Provisions relating to the secondary market in Italy**

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

### **The Netherlands**

*For selling restrictions in respect of the Netherlands see “Prohibition of sales to EEA Retail Investors” above.*

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold, and will not, directly or indirectly, offer or sell the Notes in The Netherlands, other than to qualified investors, as defined in article 1.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), unless such offer is made in accordance with such Act.

In addition to the above, if the Issuer issues Zero Coupon Notes and these Zero Coupon Notes are offered in the Netherlands as part of their initial distribution or immediately thereafter:

- (a) transfer and acceptance of such Zero Coupon Notes may only take place either by and between individuals not acting in the course of their profession or business or through the mediation of either a permit holder (*Toegelaten Instelling*) of Euronext Amsterdam N.V. or the Issuer itself in accordance with the Savings Certificate Act of 21 May 1985 (*Wet inzake Spaarbewijzen*); and
- (b) certain identification requirements in relation to the issue and transfer of, and payment on the Zero Coupon Notes have to be complied with pursuant to section 3a of the Savings Certificate Act;

Furthermore, unless such Zero Coupon Notes qualify as commercial paper or certificates of deposit and the transaction is carried out between professional lenders and borrowers:

- (a) each transaction concerning such Zero Coupon Notes must be recorded in a transaction note, stating the name and address of the other party to the transaction, the nature of the transaction and details, including the number and serial number of the Zero Coupon Notes concerned;
- (b) the obligations referred to under (a) above must be indicated on a legend printed on Zero Coupon Notes that are not listed on a stock market; and
- (c) any reference to the words “to bearer” in any documents or advertisements in which a forthcoming offering of Zero Coupon Notes is publicly announced is prohibited.

For purposes of this paragraph, **Zero Coupon Notes** are Notes to bearer in definitive form that constitute a claim for a fixed sum of money against the Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

### **Sweden**

The Dealer has confirmed and agreed and each further Dealer appointed under the Programme will be required to confirm and agree that, to the extent it intends to make an exempt offer, it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell Notes or

distribute any draft or final document in relation to any such offer, invitation or sale in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act 1991 (Sw. *lagen (1991:980) om handel med finansiella instrument*) (as amended) (the “**Trading Act**”). However, to the extent it intends to make a Public Offer, such offer will be made in accordance with the requirements in the Trading Act and other applicable laws.

## **Japan**

No registration pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**FIEA**”) has been made or will be made with respect to the Notes. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **PRC**

The Notes may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering, resale or redelivery, in the PRC in contravention of any applicable laws.

The Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Issuer does not represent that the Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken which would permit a public offering of any Notes or distribution of the Base Prospectus in the PRC. Accordingly, the Notes are not being offered or sold within the PRC by means of the Base Prospectus or any other document. Neither the Base Prospectus nor any advertisement or other offering material in relation to the Notes may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are “structured products” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the “**SFO**”) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement,

invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## Singapore

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Unless otherwise stated in the applicable Final Terms, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12:

Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Switzerland**

Each Dealer has acknowledged and agreed and each further Dealer appointed under the Programme will be required to acknowledge and agree as follows:

The Notes may not be distributed to non-qualified investors in or from Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations. The Notes may only be distributed to qualified investors, and this Base Prospectus and any other offering or marketing material relating to the Notes may only be distributed in or from Switzerland by way of private placement to qualified investors within the meaning of the Swiss Federal Collective Investment Schemes Act.

### **General**

No action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in such country or jurisdiction where action for that purpose is required. The Dealership Agreement provides that each Dealer will comply to the best of its knowledge with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any Final Terms or any such offering material, in all cases at its own expense.

The Dealership Agreement also provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified by the agreement of the Issuer and the relevant Dealer(s).

Persons into whose hands the Base Prospectus, any Final Terms or any Note comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

## GENERAL INFORMATION AND RECENT DEVELOPMENTS

1. Any Tranche of Notes which will be admitted to the Market will be admitted separately upon submission of the applicable Final Terms and any other information required, subject to the issue of the relevant Notes. Prior to official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The listing of the Programme in respect of the Notes is expected to be granted on or about September 27, 2018.

Notes may also be issued pursuant to this Base Prospectus which will be admitted to the Luxembourg Stock Exchange's regulated market or the Nasdaq Stockholm Exchange once the Base Prospectus has been passported to the relevant competent authority in each such jurisdiction.

2. The establishment and updates of the Programme and the issue of Notes was authorised by resolutions of the Board of Directors of the Issuer passed on February 29, 2012 amending and restating prior resolutions of the Board of the Issuer in respect of the Programme and Administrative Resolutions of the Board of Directors of the Issuer adopted on October 14, 2004 and most recently amended at a meeting held on October 19, 2017. The issue of Subordinated Notes is also subject to a resolution of the Board of Directors dated November 28, 2017 or any subsequent resolution replacing such resolution as is specified in the applicable Final Terms or Pricing Supplement for any Notes. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.
3. Other than the matters disclosed under the subsection entitled "Tax examinations and assessments" in Note 23 of the Issuer's 2017 Audited Consolidated Financial Statements set out on page 189 of the Issuer's 2017 Annual Report, and the matters disclosed (with the exception of the subsection entitled "Other matters") in Note 26 of the 2017 Audited Consolidated Financial Statements set out on pages 193 and 194 of the Issuer's 2017 Annual Report and in each case incorporated by reference herein, as updated by the litigation matters disclosed in Note 11 of the Issuer's Third Quarter 2018 Financial Statements set out on page 85 of the Issuer's Third Quarter 2018 Report to Shareholders and incorporated by reference herein, there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the twelve months prior to the date of this document, individually or in the aggregate, a significant effect on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole.
4. Since July 31, 2018, the last day of the financial period in respect of which the most recent unaudited interim condensed consolidated financial statements of the Issuer have been prepared, there has been no significant change in the financial position of the Issuer and its subsidiaries taken as a whole. Since October 31, 2017, the date of its last published audited consolidated financial statements, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.
5. For so long as the Programme remains in effect or any Notes are outstanding, copies of the following may be inspected, in physical form, during normal business hours at the specified office of (a) the Issuing and Paying Agent and the Registrar and (b) in respect of Appendix 5 (Provisions for meetings of Holders of Notes) to the Swedish Notes Issuing and Paying Agent Agreement, the Swedish Notes Issuing and Paying Agent, and can be obtained from the executive and head offices of the Issuer, namely:

- (i) the *Bank Act* (Canada) (being the charter of the Issuer) and by-laws of the Issuer;
- (ii) the Issue and Paying Agency Agreement (which includes the form of the Global Notes, the Definitive Notes, the Coupons and the Talons);
- (iii) Appendix 5 (Provisions for Meetings of Holders of Securities) to the Swedish Notes Issuing and Paying Agent Agreement;
- (iv) the Swedish Deed of Covenant;
- (v) the latest Annual Report of the Issuer for the two most recently completed fiscal years, which includes audited annual comparative consolidated financial statements of the Issuer and the auditor's report thereon;
- (vi) the most recent quarterly report including the unaudited interim condensed consolidated financial statements;
- (vii) each Final Terms for a Tranche of Notes admitted to trading on the Market or any other regulated market;
- (viii) a copy of the Base Prospectus together with any supplement to the Base Prospectus or Drawdown Prospectus; and
- (ix) a copy of the Registration Document.

In addition, copies of this Base Prospectus, any documents incorporated by reference and each Final Terms admitted to trading on the Market or any other regulated market will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> or the National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>. Copies of the Bank's periodic financial reports may also be available for viewing under the name of the Issuer on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) (an internet based securities regulatory filing system). Please note that websites and URLs referred to herein do not form part of the Base Prospectus.

6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or Euroclear Sweden, as the case may be, which are the entities in charge of keeping the records in respect of the Notes. The appropriate common code and International Securities Identification Number or other relevant identification numbers for the relevant Notes will be contained in the Final Terms relating thereto. If the Notes are to clear through an additional or alternative clearing system, the appropriate information (including address) will be specified in the applicable Final Terms. The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg and the address of Euroclear Sweden is Klarabergsviadukten 63, P.O. Box 191, 101 23 Stockholm, Sweden.
7. The price and amount of Notes to be issued under the Base Prospectus will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
8. The yield for any particular Tranche of Fixed Rate Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to



be purchased at the Issue Price on the Issue Date and held to maturity. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

The yield specified in the applicable Final Terms in respect of a Tranche of Notes will not be an indication of future yield.

9. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Issuing and Paying Agent or, as the case may be, the Registrar in relation to each Tranche of Notes.
10. The Issuer has no intention to provide any post-issuance information in relation to any issue of Notes.
11. The Legal Entity Identifier (LEI) of the Issuer is ES7IP3U3RHIGC71XBU11.
12. On April 19, 2018, DBRS Canada affirmed the Issuer's stable outlook. After assessing the impact of the Canadian Bail-in Regime for domestic systemically important banks, which include the Issuer, DBRS Canada lowered the Issuer's debt rating on subordinated debt issued prior to 2014 by one notch, along with the Issuer's large Canadian peers, reflecting the structural subordination to the bail-in instruments. DBRS Canada also noted that a downgrade of any long-term ratings of existing senior obligations is unlikely. However, on June 26, 2018, DBRS Canada changed the Issuer's long-term ratings outlook to positive from stable.

On June 27, 2018, S&P USA changed the Issuer's ratings outlook to stable from negative.

On July 16, 2018, Moody's USA announced that it has upgraded the Issuer's long-term senior debt to Aa2 from A1 and its NVCC subordinated debt ratings to Baa1 from Baa2 and changed the Issuer's ratings outlook to stable from negative. These actions result from the publication by the Minister of Finance (Canada) of the final rules related to the Canadian bail-in regime for domestic systemically important banks, which include the Bank.

In addition, each of Moody's USA, S&P USA, Fitch and DBRS have announced their ratings for the Issuer's bail-inable long term senior debt.

As a result, the table of Issuer ratings on page 17 of the Registration Document incorporated by reference herein is replaced in its entirety by the following:

Each of the Bank's solicited debt and preferred share ratings as at September 24, 2018 are listed below:

	<b>Moody's USA</b>	<b>S&amp;P USA</b>	<b>Fitch</b>	<b>DBRS</b>
	<b>Rating</b>	<b>Rating</b>	<b>Rating</b>	<b>Rating</b>
Long-term Senior Debt	Aa2	AA-	AA	AA
Bail-inable Long-term Senior Debt	A2	A	AA	AA (low)
Subordinated Debt	Baa1	A	AA-	A (high)
NVCC Subordinated Debt <sup>1</sup>	Baa1	A-	-	A (low)
Short-term Senior Debt	P-1	A-1+	F1+	R-1 (high)
Preferred Shares	Baa3	BBB+	-	Pfd-2 (high)
NVCC Preferred Shares <sup>1</sup>	Baa3	BBB / P-2 <sup>2</sup>	-	Pfd-2
Outlook	Stable	Stable	Stable	Positive

Notes:

<sup>1</sup> Non-viability contingent capital or NVCC

<sup>2</sup> It is the practice of S&P USA to present an issuer's preferred share ratings on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer.

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#### Credit Suisse Securities (Europe) Limited

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England

#### HSBC Bank plc

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England

#### J.P. Morgan Securities plc

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*to the Bank*

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## **NON PD NOTES OFFERING CIRCULAR**

### **Pursuant to the Programme for the Issuance of Securities**

Pages 169 to 251 (inclusive) of this document comprise an offering circular (the “**Offering Circular**”).

This Offering Circular has been prepared by the Issuer in connection with the issuance of notes under the Programme in circumstances where no prospectus is required to be published under the Prospectus Directive (the “**Non PD Notes**”). The Offering Circular has not been reviewed or approved by the UK Listing Authority and does not constitute a prospectus for the purpose of the Prospectus Directive.

This Offering Circular is to be read in conjunction with the following sections of the Base Prospectus, which shall be deemed to be incorporated by reference herein:

- Credit Ratings
- Definitions
- Caution Regarding Forward-Looking Statements
- Overview of the Programme
- Risk Factors
- Documents Incorporated by Reference
- Description of the Programme Limit
- Form of the Notes
- Use of Proceeds
- Taxation
- Subscription and Sale
- General Information and Recent Developments

Certain of the above sections incorporated by reference are supplemented herein.

Under this Offering Circular, pursuant to the Programme, Royal Bank of Canada (the “**Issuer**” or the “**Bank**”) may from time to time issue Non PD Notes denominated or payable in any currency agreed between the Issuer and the relevant Dealer(s). Non PD Notes to be issued under this Offering Circular may comprise (i) unsubordinated Notes which constitute deposit liabilities of the Issuer pursuant to the *Bank Act* (Canada) and will rank *pari passu* with all present or future deposit liabilities of the Issuer (except as otherwise prescribed by law and subject to the exercise of bank resolution powers) and without preference amongst themselves (“**Senior Non PD Notes**”) or (ii) non-viability contingent capital subordinated Notes which constitute

subordinated indebtedness of the Issuer for purposes of the *Bank Act* (Canada) as described herein (“**Subordinated Non PD Notes**”).

The Non PD Notes may be issued in bearer or registered form or dematerialised and uncertificated book-entry form. The maximum aggregate principal amount of all Notes and other instruments evidencing deposit liabilities under the *Bank Act* (Canada) outstanding at any time under the Programme (calculated as described under “Description of the Programme Limit”) will not exceed U.S.\$40,000,000,000 (or its equivalent in other currencies calculated as described in the Dealership Agreement described herein), subject to increase as described herein. The price and amount of the Non PD Notes to be issued under the Offering Circular will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Bank may issue Non PD Notes that bear interest at fixed rates or floating rates or that do not bear interest.

Amounts payable under the Notes may be calculated by reference to one or more “benchmarks” for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of June 8, 2016 (the “**Benchmarks Regulation**”). In this case, a statement will be included in the relevant Pricing Supplement (as defined below) as to whether or not the relevant administrator of the “benchmark” is included in ESMA’s register of administrators under Article 36 of the Benchmarks Regulation. Certain “benchmarks” may not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation and transitional provisions in Article 51 of the Benchmarks Regulation may apply to certain other “benchmarks”, such that at the date of the relevant Pricing Supplement the administrator of the “benchmark” is not required to be included in the register of administrators.

Unless otherwise specified in the applicable Pricing Supplement, the Bank will issue Senior Non PD Notes that evidence deposit liabilities under the *Bank Act* (Canada) whose Branch of Account for purposes of the *Bank Act* is the main branch in Toronto. The Bank or any other branch may also issue such instruments whose Branch of Account for *Bank Act* (Canada) purposes is the London branch, if specified in the applicable Pricing Supplement. Non PD Notes issued by any branch are obligations of the Bank.

Senior Non PD Notes that are Bail-inable Notes (as defined below) are subject to conversion in whole or in part— by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the *Canada Deposit Insurance Corporation Act* (Canada) (the “**CDIC Act**”) and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the *CDIC Act* with respect to the Senior Non PD Notes. See discussion under risk factors included under “*Risk Factors – 2. Risks relating to the structure of a particular issue of Notes – 2.3 Risks applicable to Senior Notes and in particular Bail-inable Notes*” and *Condition 3.02 of the “Terms and Conditions of the Non PD Notes*”. The applicable Pricing Supplement will indicate whether the Senior Non PD Notes are Bail-inable Notes. Senior Non PD Notes are also potentially subject to resolution powers of authorities outside of Canada in exceptional circumstances. See discussions under Risk Factors included under “*Risk Factors – 2. Risks related to the structure of a particular issue of Notes – 2.4 UK resolution risks applicable to the Senior Notes*” and “*Risk Factors – 3. Risks related to the Notes generally – Notes may be subject to write-off, write down or conversion under the resolution powers of authorities outside of Canada*”.

Subject to the more detailed description set out in the Terms and Conditions of the Notes herein, the Subordinated Notes will automatically and immediately convert (“**NVCC Automatic Conversion**”) into common shares of the Bank (“**Common Shares**”) upon the occurrence of a Non-Viability Trigger Event (as defined in Condition 8). See discussion under risk factors under “*Risk Factors – 2. Risks related to the structure of a particular issue of Notes – 2.5 Risks related to Subordinated Notes*”.

***Prospective Investors should have regard to the material known risks described under the section headed “Risk Factors” in the Base Prospectus incorporated by reference herein, which does not describe all of the risks of an investment in the Non PD Notes.***

Terms defined in the Base Prospectus shall have the same meaning when used in this Offering Circular **provided that** the sections of the Base Prospectus incorporated by reference herein shall be amended as follows for the purposes of the Offering Circular:

1. All references to the “Base Prospectus” shall be deemed to be references to the Offering Circular.
2. All references to the “Notes” shall be deemed to be references to the Non PD Notes.
3. All references to the “Conditions of the Notes” shall be deemed to be references to the “Conditions of the Non PD Notes” set out herein.
4. All references to the “Final Terms” shall be deemed to be references to the Pricing Supplement (as defined herein) and each reference to information being specified or identified in the applicable Final Terms shall be deemed to be a reference to such information being specified or identified in the applicable Pricing Supplement unless the context requires otherwise.
5. All references to the Notes being “listed” (and all related references) shall (i) in the case of Non PD Notes which have been (or will upon issue be) admitted to trading on a market or stock exchange (in circumstances where the provisions of the Prospectus Directive do not apply), be construed in the context of such admission to trading on a market or stock exchange or (ii) be disregarded in the case of unlisted Non PD Notes.



## IMPORTANT NOTICES

### ***Responsibility for the Offering Circular***

The Issuer accepts responsibility for the information contained in the Offering Circular and the applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in the Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

### ***Pricing Supplement***

Details of the aggregate nominal amount of Non PD Notes, interest (if any) payable in respect of Non PD Notes, the issue price of Non PD Notes and any other terms not contained herein which are applicable to each Tranche of Non PD Notes will be set forth in a pricing supplement (the "**Pricing Supplement**").

Any information relating to the Non PD Notes which is not included in the Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Non PD Notes will be contained in the applicable Pricing Supplement. That Pricing Supplement will, for the purposes of that Tranche of Non PD Notes only, supplement the Offering Circular and must be read in conjunction with the Offering Circular. The terms applicable to any particular Tranche of Non PD Notes are the "*Conditions of the Non PD Notes*" set out herein as supplemented, amended and/or replaced by the applicable Pricing Supplement.

### ***Restrictions on distribution of this Offering Circular and offers of Non PD Notes***

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Non PD Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Non PD Notes and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Non PD Notes, including restrictions in Canada, the United States, the European Economic Area (including the United Kingdom, Belgium, France, Italy, The Netherlands and Sweden), Hong Kong, Japan, Singapore and Switzerland, see "*Subscription and Sale*" herein and in the Base Prospectus incorporated by reference herein.

The Non PD Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") and may include Non PD Notes in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Non PD Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Accordingly, the Non PD Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

### ***MIFID II Product Governance / Target Market***

The Pricing Supplement in respect of any Non PD Notes may include a legend entitled "**MIFID II PRODUCT GOVERNANCE / TARGET MARKET**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking

its own target market assessment in respect of the Non PD Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under Commission Delegated Directive (EU) 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of such Non PD Notes, but otherwise none of the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID II Product Governance Rules.

#### ***PRIIPs Regulation Prohibition of Sales to EEA Retail Investors***

If the Pricing Supplement in respect of any Notes includes a legend entitled “**PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS**”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive as defined below. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Non PD Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Non PD Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### ***Notification under Section 309B(1)(C) of the Securities and Futures Act (Chapter 289) of Singapore (THE “SFA”)***

Unless otherwise stated in the Pricing Supplement, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### ***Unauthorised information***

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Offering Circular or any amendment or supplement hereto or any document incorporated herein or therein by reference or entered into in relation to the Programme or any Non PD Notes or any information supplied by the Issuer in connection with the Programme or any Non PD Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer.

#### ***Other relevant information***

None of the Arranger, the Dealers nor any of their respective affiliates have authorised the whole or any part of this Offering Circular, nor have they independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme. No Arranger or Dealer nor any of its respective

affiliates accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Non PD Notes.

This Offering Circular should be read and construed with any amendment or supplement hereto and with any other documents which are deemed to be incorporated herein or therein by reference and shall be read and construed on the basis that such documents are so incorporated and form part of this document. Any reference in this document to the "**Offering Circular**" means this document together with the documents incorporated by reference herein, any supplementary prospectus approved by the UK Listing Authority and any documents specifically incorporated by reference therein. In relation to any Series (as defined herein) of Non PD Notes, this document shall also be read and construed together with the applicable Pricing Supplement(s) (as defined herein).

### ***Independent Evaluation***

None of this Offering Circular, any Pricing Supplement or any other information supplied in connection with the Programme or any Non PD Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this document or any Pricing Supplement or any other information supplied in connection with the Programme should subscribe for or purchase any Non PD Notes, nor are they intended to provide the basis of any credit or other evaluation. Each recipient of this Offering Circular or any Pricing Supplement and each investor contemplating purchasing any Non PD Notes shall be taken to have made its own independent investigation of the condition (financial or otherwise) and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of this document, any Pricing Supplement or any other information supplied in connection with the Programme or any Non PD Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Non PD Notes.

### ***Currency of Information***

The delivery of the Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any Investor of any information coming to their attention.

### ***Investment considerations***

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine (at the time of the initial investment and on an on-going basis) the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial adviser and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Supplemental Offering Circular***

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular which is capable of affecting the assessment of any Non PD Notes and which is not otherwise disclosed in a future document incorporated by reference as specified below under "Additional Documents Incorporated by Reference", prepare a supplement to the Offering Circular or publish a new offering circular for use in connection with any subsequent issue of Non PD Notes.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in the Offering Circular or in a document which is incorporated by reference in the Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Offering Circular.

### ***Stabilisation***

In connection with the issue of any Tranche of Non PD Notes, a Dealer or Dealers (the "**Stabilisation Manager(s)**") specified in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Non PD Notes at a level higher than that which might otherwise prevail. However, stabilisation will not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Non PD Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Non PD Notes and 60 days after the date of the allotment of the relevant Tranche of Non PD Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

**Any purchaser of the Non PD Notes is deemed by its purchase to acknowledge that it is relying solely on the information contained herein or incorporated by reference herein and on its own investigations in making its investment decision and is not relying on the Dealers or the Arranger in any manner whatsoever in relation to its investigation of the Issuer or in relation to such investment decision. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.**

## ADDITIONAL DOCUMENTS INCORPORATED BY REFERENCE

In addition to the documents specified in “Documents Incorporated by Reference” in the Base Prospectus which are incorporated by reference herein, the following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and form part of, this document:

- (a) the Bank’s most recently published Annual Information Form;
- (b) the Bank’s audited consolidated financial statements, together with the Management’s Report on Internal Control over Financial Reporting and Report of the Independent Registered Public Accounting Firm thereon and management’s discussion and analysis for the year then ended contained in the most recently published Annual Report and, if published later, the Bank’s comparative unaudited interim condensed consolidated financial statements and management’s discussion and analysis for the period then ended contained in the most recently published Quarterly Report to Shareholders;
- (c) all supplements or amendments to the Offering Circular prepared by the Bank from time to time (other than those filed pursuant to Article 16 of the Prospectus Directive and approved by the UK Listing Authority);
- (d) any material change reports (excluding confidential material change reports) filed by the Bank with the various securities commission or similar authorities in Canada pursuant to the requirements of applicable securities legislation, after the date of this document and during the currency of this document;
- (e) the Bank’s most recently published Registration Document and any supplements thereto,

provided that any statement contained herein or in a document all or the relative portion of which is or is deemed to be incorporated by reference shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein, in any other subsequently filed document which is or is deemed to be incorporated by reference in this document, (in each case including any documents incorporated by reference therein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

## TERMS AND CONDITIONS OF THE NON PD NOTES

*The following are the terms and conditions of the Notes, which as supplemented, modified or replaced in relation to any Notes by the applicable Pricing Supplement, will be applicable to each Series of Notes issued after the date of this Base Prospectus unless otherwise specified in the applicable Pricing Supplement. Either (i) the full text of these Terms and Conditions (subject to simplification by deletion of non-applicable provisions) together with the relevant provisions of the Pricing Supplement or (ii) these Terms and Conditions as so supplemented, modified or replaced (subject to simplification by deletion of non-applicable provisions) shall be endorsed on the definitive Bearer Notes and Registered Notes, and in the case of Global Notes, these Terms and Conditions shall be incorporated by reference into such Notes and the applicable Pricing Supplement attached thereto. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the applicable Pricing Supplement.*

The Notes (other than Swedish Notes (as defined below)) are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement dated September 24, 2018 (as further amended, supplemented, restated or replaced, the “**Issue and Paying Agency Agreement**”) and made between Royal Bank of Canada (the “**Issuer**”), The Bank of New York Mellon, London branch, in its capacities as issuing and principal paying agent and principal certificate and warrant agent (the “**Issuing and Paying Agent**”, which expression shall include any successor to The Bank of New York Mellon, London branch in its capacity as such) and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the “**Registrar**”, which expression shall include any successor to The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as such and any additional registrars appointed in accordance with the Issue and Paying Agency Agreement either with respect to the Programme or with respect to a particular Series). The expression “**Paying Agents**” as used herein shall include the Issuing and Paying Agent and any additional paying agents appointed, if any, in accordance with the Issue and Paying Agency Agreement either with respect to the Programme or with respect to a particular Series. The issuance of Swedish Notes is governed by a Swedish Notes issuing and paying agent agreement originally dated as of October 31, 2011 (as amended by an amendment agreement dated as of January 31, 2018, and as further amended, supplemented, restated or replaced, the “**Swedish Notes Issuing and Paying Agent Agreement**”) and made between the Issuer and Skandinaviska Enskilda Banken AB (publ) (the “**Swedish Notes Issuing and Paying Agent**”, which expression shall include any successor to Skandinaviska Enskilda Banken AB (publ) in its capacity as such provided that such successor is duly authorised under the Swedish Financial Instruments Accounts Act 1998 (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) (the “**SFIA Act**”). Any references in the Terms and Conditions of the Notes to “Issue and Paying Agency Agreement” shall be deemed to include, where the context so admits, reference to the Swedish Notes Issuing and Paying Agent Agreement. Copies of the meeting provisions contained in Appendix 5 of the Swedish Notes Issuing and Paying Agent Agreement will be available for inspection during normal business hours at the initial specified offices of the Swedish Notes Issuing and Paying Agent and the Issuer, respectively. All persons from time to time entitled to the benefit of obligations under any Swedish Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Swedish Notes Issuing and Paying Agent Agreement insofar as they relate to the relevant Swedish Notes.

The holders of Swedish Notes are entitled to benefit from the Deed of Covenant (as further amended, supplemented, restated or replaced, the “**Swedish Deed of Covenant**”) dated January 31, 2018 and made by the Issuer. The original of the Swedish Deed of Covenant is held by the Issuing and Paying Agent.

Copies of the Issue and Paying Agency Agreement and the Swedish Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have

notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) of Notes. Each Tranche will be the subject of Pricing Supplement (each, “**Pricing Supplement**”), a copy of which, subject as provided below, will be available free of charge during normal business hours at the specified office of the Issuing and Paying Agent and/or, as the case may be, the applicable Registrar and each other Paying Agent, save that, if the Notes are unlisted, the applicable Pricing Supplement will only be available for inspection by a Holder of, or, as the case may be, a Relevant Account Holder (each as defined herein) in respect of, such Notes.

References in these Terms and Conditions (the “**Conditions**”) to Notes are to Notes of the relevant Series and means:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Note issued on exchange for a Global Note; and
- (d) any Swedish Note.

References to Coupons (as defined in Condition 1.06) are to Coupons relating to Notes of the relevant Series.

References in these Conditions to the Pricing Supplement are, unless otherwise stated, to Part A of the Pricing Supplement(s) prepared in relation to the Notes of the relevant Tranche or Series.

The applicable Pricing Supplement for the Notes shall supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified, supplement, modify or replace these Conditions for the purposes of the Notes.

References herein to “**RMB Notes**” are to Notes denominated in Renminbi. References herein to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the People’s Republic of China (the “**PRC**”) which, for the purposes of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

## 1. Form and Denomination

**1.01** Notes are issued in either (a) bearer form (“**Bearer Notes**”), (b) registered form (“**Registered Notes**”) or (c) in the case of Senior Notes, dematerialised uncertificated book-entry form settled in Euroclear Sweden AB (“**Swedish Notes**”), as specified in the applicable Pricing Supplement and, with the exception of Swedish Notes, are serially numbered. Registered Notes and Swedish Notes will not be exchangeable for Bearer Notes.

The Note is a Senior Note or a Subordinated Note, depending on the status of the Notes indicated in the applicable Pricing Supplement. This Note may be a Note bearing interest on a fixed rate basis (“**Fixed Rate Note**”), a Note bearing interest on a floating rate basis (“**Floating Rate Note**”), a Note issued on a non-interest bearing basis (“**Zero Coupon Note**”) or a combination of any of the foregoing, or any other kind of Note, depending upon the Interest Basis and/or Redemption / Payment Basis specified in the applicable Pricing Supplement.

Swedish Notes are being issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act. No global or definitive Swedish Notes will be issued and these Conditions shall be construed accordingly. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (“**Euroclear Sweden**”).

The applicable Pricing Supplement will specify whether the Issuer shall have access to the register of creditors (Sw. *skuldboken*) in respect of the Swedish Notes.

### **Bearer Notes**

**1.02** The Pricing Supplement shall specify whether U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA D Rules**”) or U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) shall apply or whether the TEFRA Rules are not applicable. Each Tranche of Bearer Notes with an original maturity of more than one year is represented upon issue by a temporary global Note (a “**Temporary Global Note**”), unless the Pricing Supplement specify otherwise, in particular, when the TEFRA C Rules apply.

Where the Pricing Supplement applicable to a Tranche of Bearer Notes specify that the TEFRA C Rules apply or that the TEFRA Rules are not applicable, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a permanent global Note (a “**Permanent Global Note**”).

Interests in the Temporary Global Note may be exchanged for:

- (i) interests in a Permanent Global Note; or
- (ii) if so specified in the Pricing Supplement, definitive Bearer Notes (“**Definitive Notes**”) and/or (in the case of a Series comprising both Bearer Notes and Registered Notes and if so specified in the Pricing Supplement) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specify that the TEFRA C Rules are applicable to the Notes) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations has been received in accordance with the terms of the Temporary Global Note (each certification in such form as is required by the relevant clearing system). An exchange of interests in a Temporary Global Note or a Permanent Global Note for Registered Notes will be made at any time or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

**1.03** The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to collect any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

**1.04** Unless the Pricing Supplement specify that the TEFRA C Rules are applicable to the Notes and subject to Condition 1.03 above, if any date on which a payment of interest is due on the Notes of a Tranche occurs while any of the Notes of that Tranche are represented by a Temporary Global Note, the related



interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is required by the relevant clearing system), has been received by Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or any other relevant clearing system in accordance with the terms of the Temporary Global Note. Payments of amounts due in respect of a Permanent Global Note or (subject to Condition 1.03 above) a Temporary Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for further certification. Any reference herein to Euroclear or Clearstream, Luxembourg shall be deemed to include a reference to any other relevant clearing system.

**1.05** Interests in a Permanent Global Note will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Note, for Definitive Notes and/or (in the case of a Series comprising both Bearer and Registered Notes and if so specified in the applicable Pricing Supplement) Registered Notes, (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so and the Issuer is unable to locate a qualified successor within 90 days of the occurrence of any such event; in all cases at the cost and expense of the Issuer.

**1.06** Definitive Notes that are interest bearing have attached thereto, at the time of their initial delivery, coupons ("**Coupons**"), the presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Definitive Notes that are interest bearing and which have more than 27 interest payments remaining at the time of their initial delivery, have attached thereto a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

#### **Registered Notes**

**1.07** Where the Pricing Supplement applicable to a Tranche of Registered Notes so specify, such Tranche is represented upon issue by a global registered note ("**Global Registered Note**").

Interests in a Global Registered Note will be exchangeable (free of charge), in whole but not in part, for Registered Notes in definitive form without interest coupons or talons attached (a) if an Event of Default occurs in respect of any Note of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so and the Issuer is unable to locate a qualified successor within 90 days of the occurrence of any such event, in all cases at the cost and expense of the Issuer.

#### ***Denomination***

##### ***Denomination of Bearer Notes***

**1.08** Bearer Notes are in the denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

##### ***Denomination of Registered Notes***

**1.09** Registered Notes are in the Specified Denominations specified in the applicable Pricing Supplement.

##### ***Denomination of Swedish Notes***

**1.10** Swedish Notes are in the Specified Denominations specified in the applicable Pricing Supplement.

## **Currency of Notes**

**1.11** The Notes are denominated in such currency (the “**Specified Currency**”) as may be specified in the applicable Pricing Supplement. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

## **2. Title and Transfer**

**2.01** Title to Bearer Notes and Coupons passes by delivery. References herein to the “**Holders**” of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons.

**2.02** Title to Registered Notes passes by due endorsement in the relevant register. The Issuer shall procure that the Registrar keep a register or registers in which shall be entered the names and addresses of the Holders of Registered Notes and particulars of the Registered Notes held by them. Such registration shall be noted on the Registered Notes by the Registrar. References herein to the “**Holders**” of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

**2.02a** The person appearing in the central securities depository register (Sw. *avstämningsregister*) held by Euroclear Sweden on behalf of the Issuer (the “**Swedish Notes Register**”) will be treated as the holder of the relevant Swedish Notes and title to the Swedish Notes passes only by registration in the Swedish Notes Register. References herein to the “**Holders**” of Swedish Notes are to the persons in whose names such Swedish Notes are so registered in the Swedish Notes Register. Where a nominee (Sw. *förvaltare*) is so evidenced it shall be treated as the Holder of the relevant Notes.

**2.03** The Holder of any Bearer Note, Coupon, Registered Note or Swedish Note will for all purposes of the Issue and Paying Agency Agreement and the Swedish Notes Issuing and Paying Agent (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof and no person shall be liable for so treating such Holder.

## **Holders of Global Notes**

**2.04** For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg or such other clearing system as set out in the applicable Pricing Supplement, each person (other than Euroclear or Clearstream, Luxembourg or such other clearing system as set out in Part B of the applicable Pricing Supplement) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or such other clearing system as the holder of a particular principal amount of such Notes (a “**Relevant Account Holder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Issuing and Paying Agent, the Registrar and any other Paying Agent as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Temporary Global Note and/or Permanent Global Note or registered holder of a Global Note shall be treated by the Issuer, the Issuing and Paying Agent and any Paying Agent and any Registrar as the holder of such principal amount of such Notes in accordance with and subject to the terms of the Global Note and/or the Deed of Covenant, as the case may be, and the expression “**Holder**” and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear or of Clearstream, Luxembourg or any other relevant clearing system, as the case may be in force from time to time.

### ***Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes***

**2.05** A Registered Note may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement and as required by law, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the applicable Pricing Supplement) upon the surrender of the Registered Note to be transferred, together with a form of transfer duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

**2.06** If so specified in the applicable Pricing Supplement, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement and as may be required by law. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of America (the “**United States**”) of the Issuing and Paying Agent or of the Registrar, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than any Coupon where the exchange date (as defined in Condition 2.07) would, but for the provisions of Condition 2.06, occur between the Record Date (as defined in Condition 10.10) for such payment of interest and the next Interest Payment Date for such Coupon.

**2.07** Each new Registered Note to be issued upon the registration of the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Issuing and Paying Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Issuing and Paying Agent until the day following the due date for such payment.

For the purposes of these Conditions:

- (i) “**Relevant Banking Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Issuing and Paying Agent, in the place where the specified office of the Issuing and Paying Agent is located;
- (ii) the “**exchange date**” shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.05; and
- (iii) the “**transfer date**” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.04.

**2.08** The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Issuing and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Issuing and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

### **Minimum Trading Size**

**2.09** Notes represented by a Global Note may, if specified in the applicable Pricing Supplement, be subject to a Minimum Trading Size, in which case such Notes will, for so long as they are cleared through Euroclear or Clearstream, Luxembourg, be transferrable only in a principal amount of not less than such Minimum Trading Size. Notwithstanding the foregoing, such Notes will only be transferrable in accordance with the rules of Euroclear or Clearstream, Luxembourg.

### **3. Status of the Notes**

*The applicable Pricing Supplement will indicate whether the Notes are Senior Notes or Subordinated Notes.*

#### **Status – Senior Notes**

**3.01** The Senior Notes constitute deposit liabilities of the Bank for the purposes of the Bank Act and constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer (including deposit liabilities), except as otherwise prescribed by law and subject to the exercise of bank resolution powers under the *Canada Deposit Insurance Corporation Act* (Canada) (the “**CDIC Act**”).

#### **Status - Bail-inable Notes**

**3.02** This Condition 3.02 will apply in respect of all Senior Notes issued by the Bank that are identified as Bail-inable Notes in the applicable Pricing Supplement (“**Bail-inable Notes**”). All Senior Notes issued on or after September 23, 2018 that (i) have an original or amended term to maturity of more than 400 days, have one or more explicit or embedded options, that if exercised by or on behalf of the Bank, could result in a maturity date that is more than 400 days from the date of issuance of Note or that have an explicit or embedded option that, if exercised by or on behalf of the Noteholder, could by itself result in a maturity date that is more than 400 days from the maturity date that would apply if the option were not exercised; and (ii) are not otherwise excluded (e.g. structured notes (as such term is used under the Canadian bank recapitalisation regime for banks designated by the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”) as domestic systemically important banks (the “**Bail-in Regime**”)) under the Bail-in Regime, will be identified as Bail-inable Notes in the applicable Pricing Supplement. Senior Notes that constitute structured notes (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime will not be identified as Bail-inable Notes in the applicable Pricing Supplement. Senior Notes issued before September 23, 2018 which have their terms amended, on or after September 23, 2018, to increase their principal amount or to extend their term to maturity and which otherwise meet conditions (i) to (ii), above, in this Condition 3.02 will also be Bail-inable Notes and following such amendment will be subject to this Condition 3.02.

By its acquisition of an interest in Bail-inable Notes, each Holder (which, for the purposes of this Condition 3.02, includes each holder of a beneficial interest in the Bail-inable Notes) is deemed to:

(i) agree to be bound, in respect of the Bail-inable Notes, by the CDIC Act, including the conversion of the Bail-inable Notes, in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Notes in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes (a “**Bail-in Conversion**”);

(ii) attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and those laws;

(iii) have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Noteholder for the express purpose of investing in Bail-inable Notes; and

(iv) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on such Holder despite any provisions in the Conditions, any other law that governs the Bail-inable Notes and any other agreement, arrangement or understanding between such Holder and the Bank with respect to the Bail-inable Notes.

The applicable Pricing Supplement will indicate whether Senior Notes are Bail-inable Notes. All Bail-inable Notes will be subject to Bail-in Conversion.

Each Holder or beneficial owner of the Bail-inable Notes that acquires an interest in the Bail-inable Notes in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such holder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders or beneficial owners that acquire an interest in the Bail-inable Notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Bail-inable Notes related to the Bail-in Regime.

**3.02a** Holders and beneficial owners of a Bail-inable Note will have no further rights in respect of a Bail-inable Note to the extent a Bail-inable Note is converted in a Bail-in Conversion, other than those provided under the Bail-in Regime, and by its acquisition of an interest in the Bail-inable Note, each holder or beneficial owner of the Bail-inable Note is deemed to irrevocably consent to the converted portion of the principal amount of the Bail-inable Note and any accrued and unpaid interest thereon being deemed paid in full by the issuance of common shares of the Bank (or, if applicable, any of its affiliates) upon the occurrence of a Bail-in Conversion, which Bail-in Conversion shall occur without any further action on the part of that Holder or beneficial owner or the Issuing and Paying Agent; provided that, for the avoidance of doubt, this consent shall not limit or otherwise affect any rights of that Holder or beneficial owner provided for under the Bail-in Regime.

**3.02b** By its acquisition of an interest in a Bail-inable Note, each Holder or beneficial owner of an interest in a Bail-inable Note is deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg and any direct participant in such clearing system or other intermediary through which it holds the Bail-inable Note to take any and all necessary action, if required, to implement the Bail-in Conversion or any other action pursuant to the Bail-in Regime with respect to the Bail-inable Note, as may be imposed on it, without any further action or direction on the part of that Holder or beneficial owner or the Issuing and Paying Agent, except as required in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or the intermediary, as applicable.

### ***Status of Subordinated Notes***

**3.03** The Subordinated Notes will evidence subordinated indebtedness of the Issuer for purposes of the *Bank Act* (Canada). The Subordinated Notes constitute legal, valid and binding direct, subordinated and unsecured obligations of the Issuer enforceable in accordance with their terms and rank *pari passu* with all other present and future subordinated indebtedness of the Issuer other than subordinated indebtedness having a priority to the Subordinated Notes by virtue of any law now or hereafter in force. The subordinated indebtedness evidenced by the Subordinated Notes will, in the event of the insolvency or winding-up of the Issuer, be subordinate in right of payment to all deposit liabilities of the Issuer and all other liabilities of the Issuer except those which by their terms rank equally with or are subordinate to such subordinated indebtedness and except as otherwise prescribed by law.

Upon the occurrence of a Non-Viability Trigger Event (as defined in Condition 8), this Condition 3.03 will cease to apply to the Notes as all the Notes will be converted into common shares of the Issuer (“**Common Shares**”) which Common Shares will rank on par with all other issued and outstanding Common Shares.

#### **4. Negative Covenant**

This Condition 4 applies to Subordinated Notes only.

If the applicable Pricing Supplement specifies this Condition 4 – Negative Covenant is applicable, the Issuer will not create, incur or permit the existence of indebtedness which, in the event of insolvency or winding-up of the Issuer, will rank subordinate to deposit liabilities and in priority to Subordinated Notes.

#### **5. Interest**

##### ***Interest***

**5.01** Notes may be interest-bearing or non interest-bearing. The Interest Basis is specified in the applicable Pricing Supplement. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the applicable Pricing Supplement shall have the meanings given to them in Condition 5.08.

**5.01a** Notwithstanding anything to the contrary in these Conditions (and in particular this Condition 5), interest on Swedish Notes shall accrue and be calculated from (but excluding) the Interest Commencement Date to (and including) the first Interest Payment Date and following the first Interest Payment Date from (but excluding) an Interest Payment Date to (and including) the next occurring Interest Payment Date and the definition of “Interest Period” shall be construed accordingly.

##### **5.02 Interest on Fixed Rate Notes other than Adjusted Fixed Rates Notes**

*This Condition 5.02 applies to Fixed Rate Notes only but does not apply to Adjusted Fixed Rate Notes (as defined below). The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.02 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Rate of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Business Day Convention (if any) applicable to any Interest Payment Date, the Day Count Fraction, any applicable Determination Date, whether any Coupon Switch Option is applicable and any Calculation Agent.*

Each Fixed Rate Note bears interest on its Outstanding Principal Amount from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Pricing Supplement. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date if that does not fall on an Interest Payment Date.

Where a Fixed Coupon Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on, but excluding, such date will amount to such Fixed Coupon Amount, as specified in respect of any Calculation Amount based on the applicable Rate of Interest and any applicable Day Count Fraction (if any) and if the amount of interest payable on the Interest Payment Date is specified as other than the Fixed Coupon Amount, such amount will be a “**Broken Amount**” specified in the applicable Pricing Supplement.

Where the Notes are represented by a Global Note or where the Specified Denomination of Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the Fixed Coupon Amounts or Broken Amounts, as the case may be, for each Calculation

Amount comprising the Outstanding Principal Amount of the Global Note or the Specified Denomination of a Note in definitive form, without any further rounding.

As used in these Conditions, “**Fixed Interest Period**” means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date.

Interest will be calculated on the Calculation Amount of the Fixed Rate Notes. If interest is required to be calculated for a period ending other than on an Interest Payment Date, or if a Fixed Coupon Amount is not specified in the applicable Pricing Supplement, such interest shall be calculated in accordance with Condition 5.06.

#### **5.02a Interest on Adjusted Fixed Rate Notes**

*This Condition 5.02a applies where Fixed Rate Notes for which “Adjusted Interest Periods” is specified in the applicable Pricing Supplement (“Adjusted Fixed Rate Notes”). The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.02a for full information on the manner in which interest is calculated on Adjusted Fixed Rate Notes. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Calculation Amount, the Day Count Fraction, the Business Day Convention and the Calculation Agent.*

Notwithstanding the foregoing, each Adjusted Fixed Rate Note, bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, , each Interest Payment Date will be subject to adjustment in accordance with the Business Day Convention specified in the applicable Pricing Supplement. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable on the last day of each Interest Period, calculate the amount of interest payable per Calculation Amount for the relevant Interest Period. The determination of the amount of interest payable per Calculation Amount by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Calculation Amount for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Holders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 7, the accrued interest per Calculation Amount shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Calculation Amount so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, and multiplying such product by the Day Count Fraction specified in the applicable Pricing Supplement, and rounding the resultant figure to the nearest sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Notes are represented by a Global Note or where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Outstanding Principal Amount of the Global Note or the Specified Denomination of a Note in definitive form, without any further rounding.

**5.02b Interest on Fixed Rate Resettable Notes**

(i) If Notes are specified as being Fixed Rate Resettable Notes (each a “**Fixed Rate Resettable Note**”), each Fixed Rate Resettable Note shall bear interest:

- (A) from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Pricing Supplement, the Maturity Date, at the rate per annum equal to the First Reset Rate of Interest; and
- (C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

in each case, payable in arrear on each Interest Payment Date.

Save as otherwise provided herein, the provisions in either Condition 5.02 or Condition 5.02a shall apply to the Fixed Rate Resettable Notes as specified in the applicable Pricing Supplement.

(ii) Subject to Condition 5.11, if Mid-Swap Rate is specified in the applicable Pricing Supplement and on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time in the principal financial centre of the Relevant Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Interest Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

(iii) The Calculation Agent will calculate the Rate of Interest for each relevant Interest Period in a Reset Period, and cause it to be notified, in accordance with Conditions 5.05 and 5.06.

(iv) For the purposes of this Condition 5.02b:

“*Benchmark Gilt*” means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Calculation Agent, with the advice of the Reference Banks, may determine to be appropriate;

“*Benchmark Gilt Rate*” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being



rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at the Relevant Time on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) rounded as provided above.

If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided rounded as provided above. If only one quotation is provided, the Benchmark Gilt Rate will be the quotation provided rounded as provided above. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer;

*“dealing day”* means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is listed at the relevant time) is ordinarily open for the trading of securities;

*“First Margin”* means the margin specified in the applicable Pricing Supplement;

*“First Reset Date”* means the date specified in the applicable Pricing Supplement;

*“First Reset Period”* means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Pricing Supplement, the Maturity Date;

*“First Reset Rate of Interest”* means, in respect of the First Reset Period and subject to Condition 5.02b(ii) (where applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin;

*“Initial Rate of Interest”* has the meaning specified in the applicable Pricing Supplement;

*“Interest Rate”* means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

*“Mid-Market Swap Rate”* means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Relevant Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Relevant Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (calculated on the day count basis customary for floating rate payments in the Relevant Currency as determined by the Calculation Agent);

*“Mid-Market Swap Rate Quotation”* means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

*“Mid-Swap Floating Leg Benchmark Rate”* means EURIBOR if the Relevant Currency is euro or LIBOR for the Relevant Currency if the Relevant Currency is not euro or any other reference rate specified in the applicable Pricing Supplement;

“*Mid-Swap Maturity*” has the meaning specified in the applicable Pricing Supplement;

“*Mid-Swap Rate*” means, in relation to a Reset Determination Date and subject to Condition 5.02b(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement, the rate for swaps in the Relevant Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or

- (ii) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Relevant Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page, in either case, as at approximately the Relevant Time in the principal financial centre of the Relevant Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“*Reference Banks*” means:

- (i) for the purposes of Condition 5.02b(ii), five leading swap dealers in the principal interbank market relating to the Relevant Currency selected by the Calculation Agent in its discretion after consultation with the Issuer; or
- (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Calculation Agent in its discretion after consultation with the Issuer;

“*Reference Bond*” means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Relevant Currency (which, if the Relevant Currency is euro, shall be Germany) selected by the Calculation Agent in its discretion after consultation with the Issuer as having an actual or interpolated maturity comparable with the relevant Reset Period and that (in the opinion of the Calculation Agent, after consultation with the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Relevant Currency and of a comparable maturity to the relevant Reset Period;

“*Reference Bond Dealer*” means each of five banks which are primary government securities dealers or market makers in pricing corporate bond issuances, as selected by the Calculation Agent in its discretion after consultation with the Issuer;

“*Reference Bond Dealer Quotations*” means, with respect to each Reference Bond Dealer and the Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices

for the Reference Bond (expressed in each case as a percentage of its nominal amount) as at approximately 11.00 a.m. in the principal financial centre of the Relevant Currency on the Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“*Reference Bond Price*” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation or if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest;

“*Reference Bond Rate*” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price;

“*Relevant Screen Page*” has the meaning specified in Condition 5.08;

“*Relevant Time*” means the time specified as such in the applicable Pricing Supplement;

“*Reset Date*” means the First Reset Date, the Second Reset Date (if any) and each Subsequent Reset Date (if any), as applicable, in each case as adjusted in accordance with any Business Day Convention specified in the applicable Pricing Supplement as if the relevant Reset Date was an Interest Payment Date;

“*Reset Determination Date*” means, in respect of a Reset Period, the date specified as such in the applicable Pricing Supplement;

“*Reset Period*” means the First Reset Period or a Subsequent Reset Period, as the case may be;

“*Reset Rate*” means:

- (i) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (ii) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (iii) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“*Second Reset Date*” means the date specified in the applicable Pricing Supplement;

“*Subsequent Margin*” means the margin specified in the applicable Pricing Supplement;

“*Subsequent Reset Date*” means the date or dates specified in the applicable Pricing Supplement;

“*Subsequent Reset Period*” means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

“*Subsequent Reset Rate of Interest*” means, in respect of any Subsequent Reset Period and subject to Condition 5.02b(ii) (where applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin.

### **5.03 Interest on Floating Rate Notes**

*This Condition 5.03 applies to Floating Rate Notes only. The applicable Pricing Supplement contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.03 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Pricing Supplement will identify Specified Interest Payment Date(s), the Maturity Date, any Interest Period, the Interest Commencement Date, the Business Day Convention, any Business Centre(s), whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Issuing and Paying Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction and whether any Switch Coupon Option is applicable. Where ISDA Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.*

#### *(i) Interest Payment Dates*

Each Floating Rate Note bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “**Interest Payment Date**”) in each year specified in the applicable Pricing Supplement with the first Interest Payment Date (the “**First Interest Payment Date**”) being as specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period(s) in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression, shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). Interest will be calculated on the Calculation Amount of the Floating Rate Notes.

#### *(ii) Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in one of the manners set out below and specified in the applicable Pricing Supplement.

#### *(iii) Screen Rate Determination*

Where the Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest will be determined as provided below, subject to Condition 5.11 below:

- (A) Except as otherwise provided in the applicable Pricing Supplement, where the Reference Rate is specified in the applicable Pricing Supplement as being other than CDOR or BBSW:

- (i) the Rate of Interest for each Interest Period will, subject as provided below, be either:
- (1) the offered quotation, or
  - (2) the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, 0.000005 being rounded upwards) of the offered quotations  
(expressed as a percentage rate per annum) for the Reference Rate for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, all as determined by the Calculation Agent;
- (ii) if, on any Interest Determination Date, no such Reference Rate so appears or, as the case may be, if fewer than three offered quotations so appear or if the Relevant Screen Page is unavailable or if the offered rate or rates which appear as at the Relevant Time do not apply to a period or duration equal to the Interest Period, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by the principal Relevant Financial Centre office of the Reference Banks at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if, on any Interest Determination Date, fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Principal Financial Centre as selected by the Calculation Agent, at the Relevant Time on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period for the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Notes during such Interest Period will be the rate or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates so determined plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any, provided however that if the Calculation Agent is unable to determine a rate or, as the case may be, an arithmetic mean of rates in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the rate or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates determined in relation to such Notes in respect of the last preceding Interest Period plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any.

(B) Where the Reference Rate is specified in the applicable Pricing Supplement as being CDOR, the average bid rate for bankers' acceptances in Canadian dollars for the relevant Interest Period which appears on the Reuters Screen CDOR Page (being the Relevant Screen Page) as of 10:00 a.m. (Toronto time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

If CDOR does not appear on Reuters Screen CDOR Page or the Reuters Screen CDOR Page is not available, the Calculation Agent shall request the principal Toronto office of each of four Schedule I Canadian chartered banks to provide the Calculation Agent with its bid rate of interest (expressed as a percentage rate per annum) for bankers' acceptances in Canadian dollars, in an amount approximately equal to the aggregate nominal

amount of the Notes, for the relevant Interest Period accepted by such Reference Banks as at approximately 10:00 a.m. (Toronto time) on the Interest Determination Date. If two or more of such banks provide the Calculation Agent with such bid rates of interest, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such bid rates, plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent. If fewer than two such banks provide the Calculation Agent with its respective bid rate of interest, the Reference Rate for such Interest Determination Date shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the bid rates quoted by major banks in Toronto, selected by the Calculation Agent, for bankers' acceptance in Canadian dollars, in an amount approximately equal to the aggregate nominal amount of the Notes, for the relevant Interest Period accepted by such banks as at approximately 10:00 a.m. (Toronto time) on the Interest Determination Date, for the relevant Interest Period for settlement on such Interest Determination Date, plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(C) Where the Reference Rate is specified in the applicable Pricing Supplement as being "**BBSW**", the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Bank Bill Rate.

In this Condition "**Bank Bill Rate**" means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period, which is designated as the "AVG MID" on the Reuters Screen BBSW page, at approximately 10:30 am (Sydney time) on the first day of that Interest Period.

However, if such rate does not appear on Reuters Screen BBSW Page by 10:45 am (Sydney time) on that day, or if it is displayed but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, Bank Bill Rate means the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent must be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).

(D) Where the Reference Rate is specified in the applicable Pricing Supplement as being "**SONIA**", the Rate of Interest for each Interest Period will, subject to Condition 5.11 and as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any, as determined by the Calculation Agent.

"**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

“ $d_o$ ” is the number of London Banking Days in the relevant Interest Period;

“ $i$ ” is a series of whole numbers from one to  $d_o$ , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

“ $n_i$ ”, for any day “ $i$ ”, means the number of calendar days from and including such day “ $i$ ” up to but excluding the following London Banking Day;

“**Observation Look-Back Period**” is as specified in the applicable Pricing Supplement;

“**Observation Period**” means the period from and including the date falling “ $p$ ” London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “ $p$ ” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “ $p$ ” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“ $p$ ”, for any Interest Period is the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement;

the “**SONIA reference rate**”, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day; and

“**SONIA<sub>i-pLBD</sub>**” means, in respect of any London Banking Day falling in the relevant Observation Period, the SONIA reference rate for the London Banking Day falling “ $p$ ” London Banking Days prior to the relevant London Banking Day “ $i$ ”.

If, subject to Condition 5.11, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event of the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall follow such guidance in order to determine SONIA, for purposes of the Notes for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent but without prejudice to Condition 5.11, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest

Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *ISDA Rate Determination*

Where ISDA Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any. For purposes of this Condition 5.03(iv), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rates that will be calculated by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Floating Rate Option (which may refer to a Rate Option or a Price Option, specified in the ISDA Definitions) is as specified in the applicable Pricing Supplement;
- the Designated Maturity is the period specified in the applicable Pricing Supplement; and
- the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (“**LIBOR**”) or on the Euro-zone interbank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement;

For the purposes of this Condition 5.03(iv) “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(v) *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(vi) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer shall determine as appropriate for such purposes.



**“Designated Maturity”** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

### ***Accrual of Interest***

**5.04** Interest on a Note will cease to accrue from the due date for its redemption unless upon due presentation or surrender thereof (if required), payment in full of the Final Redemption Amount is improperly withheld or refused or default is otherwise made in the payment thereof. In such event, interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Rate of Interest in the manner provided for in this Condition 5 or such other rate as may be specified for this purpose in the applicable Pricing Supplement if permitted by applicable law (“**Default Rate**”) until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier, the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

### ***Interest Amount(s), Calculation Agent and Reference Banks***

**5.05** If a Calculation Agent is specified in the applicable Pricing Supplement, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date or Reset Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Final Redemption Amount, obtain any quote or make any determination or calculation) will determine the Rate of Interest and calculate the amount(s) of interest payable (the “**Interest Amount(s)**”) in the manner specified in Condition 5.06 below, calculate such Final Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period (or, if determining the First Reset Rate of Interest or a subsequent Reset Rate of Interest in respect of Fixed Rate Resettable Notes, the Interest Amount for each Interest Period falling within the relevant Reset Period) and the relevant Interest Payment Date or, as the case may be, the Final Redemption Amount, to be notified to the Issuing and Paying Agent, the Registrar (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 15 and, if the Notes are listed on a stock exchange or admitted to listing by any other authority and the rules of such exchange or other relevant authority so require, such exchange or listing authority as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange or other relevant authority, the time required by the relevant stock exchange or listing authority. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 7, the Rate of Interest and any accrued interest payable in respect of the Notes shall, save in the case of Compounded Daily SONIA for the purposes of Condition 5.03(iii)(D), nevertheless continue to be calculated in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest or proven error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Rate of Interest applicable to the Notes and a Calculation Agent, if provision is made for one in the Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

### ***Calculations and Adjustments***

**5.06** The amount of interest payable in respect of any Note for any period shall be calculated by applying the Rate of Interest to the Calculation Amount, and, in each case, multiplying such sum by the Day Count Fraction, save that (i) if the Pricing Supplement specifies a specific amount, or a formula for the calculation of an amount, in respect of such period the amount of interest payable in respect of such Note for such Interest Period will be such amount and (ii) in the case of Fixed Rate Notes where Fixed Coupon Amount is specified in the applicable Pricing Supplement, the interest shall be calculated in accordance with Condition 5.02.

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in the Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the smallest sub-unit of such currency, with halves being rounded upwards or otherwise in accordance with applicable market convention.

Where the Notes are represented by a Global Note or where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Outstanding Principal Amount of the Global Note or the Specified Denomination of a Note in definitive form, without any further rounding.

### **5.07 Coupon Switch Option Provisions**

This Condition 5.07 is applicable to the Notes only if the Coupon Switch Option is specified in the relevant Pricing Supplement as being applicable and each Note shall bear interest on the following basis.

The Pricing Supplement shall specify whether the Fixed Rate Note Provisions or, as the case may be, the Floating Rate Note Provisions are applicable to the Notes from and including the Issue Date to but excluding the Coupon Switch Option Date. The Pricing Supplement shall also specify whether the Fixed Rate Note Provisions or, as the case may be, the Floating Rate Note Provisions are applicable upon the exercise by the Issuer of the Coupon Switch Option, from and including such Coupon Switch Option Date to but excluding the Maturity Date. Upon the Issuer giving the requisite notice (which, for the purposes of this Condition 5.07 only, shall be five Business Days prior to the Coupon Switch Option Date or such other notice period as may be specified in the Pricing Supplement) to exercise its Coupon Switch Option, from and including the Coupon Switch Option Date, interest shall accrue on the basis set out in the applicable Pricing Supplement as applying following the Coupon Switch Option Date.

For the purposes of this Condition 5.07, “**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign currency deposits) in the Principal Financial Centre and any Business Centre(s) specified in the applicable Pricing Supplement.

## **Definitions**

**5.08** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Banking Day”** means, in respect of any city, a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that city.

**“BBSW”** means the Australian Bank Bill Swap Rate.

**“Business Day”** means:

- (i) either (A) in relation to Notes payable in a Specified Currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) and settle payments in the principal financial centre of the country of the relevant Specified Currency specified in the applicable Pricing Supplement or (B) in relation to Notes payable in euro, a day which is a TARGET2 Business Day (as defined below) or (C) in relation to any sum payable in Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in each Relevant Renminbi Settlement Centre, as defined in Condition 10.17 below; and
- (ii) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Centre(s) (other than TARGET2) specified in the applicable Pricing Supplement and, if TARGET2 is specified in the applicable Pricing Supplement as a relevant Business Centre, a day which is a TARGET2 Business Day.

**“Business Day Convention”** means a convention for adjusting any date if (i) it would otherwise fall on a day that is not a Business Day or (ii) there is no numerically corresponding day in the calendar month(s) in which such date should occur, and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Notes, shall have the following meanings:

- (A) **“Following Business Day Convention”** means that such date shall be postponed to the first following day that is a Business Day;
- (B) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (C) **“Preceding Business Day Convention”** means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (D) **“FRN Convention”** or **“Eurodollar Convention”** means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Pricing Supplement after the calendar month in which the preceding such date occurred, provided that:
  - (1) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

- (2) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (3) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

“**Calculation Agent**” means such agent as may be specified in the Pricing Supplement as the Calculation Agent.

“**CDOR**” means the Canadian dollar offered rate.

“**CNH HIBOR**” means CNH Hong Kong interbank offered rate.

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (each such period, from and including the first day of such period to but excluding the last, an “**Accrual Period**”), such day count fraction as may be specified in the Pricing Supplement and:

- (a) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Accrual Period divided by 365 (or, if any portion of the Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365);
- (b) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Accrual Period divided by 365;
- (c) if “**Actual/365 (Sterling)**” is so specified, means the actual number of days in the Accrual Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Accrual Period divided by 360;
- (e) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (g) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Accrual Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Accrual Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Accrual Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Accrual Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if “**Actual/Actual (ICMA)**” is so specified:
- (i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (ii) if the Accrual Period is longer than the Determination Period, the sum of:
    - (x) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
    - (y) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year

where:

“**Determination Date**” means such dates as specified in the applicable Pricing Supplement; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

- (i) if “**RBA Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in each twelve-month period (or, where the Accrual Period does not constitute an Interest Period, the actual number of days in the Accrual Period divided by 365 (or, if any portion of the calculation period falls in a leap year, the sum of (x) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366; and (y) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365)).

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

“**EURIBOR**” means the European interbank offered rate.

“**Euro-zone**” means the region comprised of those member states of the European Union participating in the European Monetary Union from time to time.

“**HIBOR**” means Hong Kong interbank offered rate.

“**Interest Commencement Date**” means the date of issue (the “**Issue Date**”) of the Notes (as specified in the Pricing Supplement) or such other date as may be specified as such in the applicable Pricing Supplement.

**“Interest Determination Date”** means, in respect of any Interest Period, the date specified in the applicable Pricing Supplement, or if none is specified:

- (i) the first day of such Interest Period; or
- (ii) in the case of LIBOR (other than Sterling LIBOR) or EURIBOR, the date falling two London Banking Days (or, in the case of EURIBOR or EUROLIBOR, two TARGET2 Business Days) prior to the first day of such Interest Period; or
- (iii) in the case of CNH HIBOR, the date falling two Hong Kong Business Days prior to the first day of such Interest Period; or
- (iv) in the case of STIBOR, the date falling two Stockholm Business Days prior to the first day of such Interest Period; or
- (v) in the case of HIBOR, the first day of such Interest Period.

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Pricing Supplement and, as the same may be adjusted in accordance with the Business Day Convention, if any, specified in the applicable Pricing Supplement or if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

**“Interest Period”** means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date, provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the Maturity Date.

**“ISDA Definitions”** means the 2006 ISDA Definitions (as amended, supplemented and updated as at the date of issue of the first Tranche of Notes of the relevant Series (as specified in the Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.).

**“LIBOR”** means the London interbank offered rate.

**“Minimum Trading Size”** has the meaning ascribed to it in the applicable Pricing Supplement.

**“Outstanding Principal Amount”** means, in respect of a Note, its principal amount less, in respect of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.04.

**“Principal Financial Centre”** means such financial centre or centres as may be specified in relation to the Specified Currency for the purposes of the definition of “Business Day” in the ISDA Definitions or indicated in the applicable Pricing Supplement or, in the case of Notes denominated in euro, such financial centre or centres as the Calculation Agent may select.

**“Rate of Interest”** means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the applicable Pricing Supplement.

“**Reference Banks**” means such banks as may be specified in the applicable Pricing Supplement as the Reference Banks, or, if none are specified, “**Reference Banks**” has the meaning given in the ISDA Definitions, *mutatis mutandis*.

“**Reference Rate**” means the rate specified in the applicable Pricing Supplement.

“**Relevant Financial Centre**” has the meaning ascribed to it in the applicable Pricing Supplement.

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the “Relevant Screen Page” in the applicable Pricing Supplement, or such other page, section or other part as may replace it in that information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“**Relevant Time**” means the time as of which any rate is to be determined as specified in the Pricing Supplement (which in the case of LIBOR means 11.00 a.m. London time or in the case of EURIBOR means 11.00 a.m. Brussels time or in the case of STIBOR means 11.00 a.m. Stockholm time or in the case of HIBOR means 11.00 a.m. Hong Kong time, or in the case of CNH HIBOR, means 11.15 a.m. Hong Kong time or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. Hong Kong time, then 2.30 p.m. Hong Kong time) or, if none is specified, the time at which it is customary to determine such rate.

“**Reuters Screen**” means, when used in connection with a designated page and any designated information, the display page so designated on the Reuters Market 3000 (or such other page as may replace that page on that service for the purpose of displaying rates or prices comparable to the Reference Rate).

“**STIBOR**” the Stockholm interbank offered rate.

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which launched on November 19, 2007 (or any successor thereto).

“**TARGET2 Business Day**” means a day on which TARGET2 is open.

### ***Interest Act (Canada) Disclosure***

**5.09** For the purposes of disclosure pursuant to the *Interest Act* (Canada) and not for any other purpose, where in any Note (i) a rate of interest is to be calculated on the basis of a year of 360 days, the yearly rate of interest to which the 360 day rate is equivalent is such rate multiplied by the number of days in the year for which such calculation is made and divided by 360, or (ii) a rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.

The Issuer confirms that it fully understands and is able to calculate the effective annual rate of interest applicable to each Note based on the methodology for calculating per annum rates provided for in the paragraph above if applicable. The Issuer hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to each Note, that the interest payable under each Note and the calculation thereof has not been adequately disclosed to the Issuer pursuant to Section 4 of the *Interest Act* (Canada).

### ***Zero-Coupon Notes***

**5.10** If any Final Redemption Amount in respect of any Zero Coupon Note is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Accrual Yield defined in, or determined in accordance with the provisions of, the applicable Pricing Supplement



or at such other Default Rate as may be specified for this purpose in the applicable Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier, the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 that the Issuing and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.06 as if the Rate of Interest was the Accrual Yield (or such other Default Rate specified in the applicable Pricing Supplement), the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the applicable Pricing Supplement or, if not so specified, 30E/360 (as defined in Condition 5.08).

## **5.11 Benchmark Discontinuation**

### *(i) Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.11(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.11(iii)) and any Benchmark Amendments (in accordance with Condition 5.11(iv)).

An Independent Adviser appointed pursuant to this Condition 5.11 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.11.

### *(ii) Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.11(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.11); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.11(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.11).

### *(iii) Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.11 and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Issue and Paying Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.11(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Issue and Paying Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.11(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.11 will be notified promptly by the Issuer to the Issuing and Paying Agent and the Calculation Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than one Business Day following the date of notifying the Issuing and Paying Agent of the same, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two Authorised Signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.11; and
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Issuing and Paying Agent shall display such certificate at its offices for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5.11, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendments of the terms and conditions of any Series of Senior Notes or Subordinated Notes be made to effect the Benchmark Amendments if and to the extent that, in the determination of the Bank the same could reasonably be expected to either (A) prejudice the qualification of the relevant Series of Bail-inable Notes as total loss absorbing capacity ("TLAC") or the relevant Series of Subordinated Notes as regulatory capital under the guidelines for capital adequacy requirements for banks in Canada or (B) result in the Superintendent treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Series of Senior Notes or Subordinated Notes, rather than the relevant Maturity Date, except with the prior approval of the Superintendent.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5.11 (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 5.02(b) or 5.03 will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 5.11(v).

(vii) *Definitions:*

As used in this Condition 5.11:

**“Adjustment Spread”** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if the Issuer determines that no such industry standard is recognised or acknowledged) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

**“Alternative Rate”** means an alternative to the benchmark and screen rate which the Issuer determines in accordance with Condition 5.11(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part(s) thereof) for the same interest period and in the same Specified Currency as the Notes.

**“Benchmark Amendments”** has the meaning given to it in Condition 5.11(iv).

**“Benchmark Event”** means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely and no successor administrator has been appointed that will continue publication of the Original Reference Rate; or

- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (E) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.11(i).

**“Original Reference Rate”** means the benchmark or screen rate (as applicable) originally specified for the purposes of determining the Rate of Interest (or any component part(s) thereof) on the Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (w) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (y) a group of the aforementioned central banks or other supervisory authorities or (z) the Financial Stability Board or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6. Redemption and Purchase**

### ***Redemption at Maturity***

**6.01** Unless previously redeemed, or purchased and cancelled (unless otherwise specified in the applicable Pricing Supplement) each Note shall be redeemed at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the Specified Currency on the Maturity Date.

### ***Early Redemption for Taxation Reasons***

**6.02** If, in relation to any Series of Notes (provided that in respect of Subordinated Notes or, in the case of Bail-inable Notes where the redemption would lead to a breach of the Issuer’s TLAC requirements, such redemption will be subject to the prior approval of the Superintendent):

- (A) (i) as a result of any change in the laws or regulations of Canada or any province or territory thereof or any authority or agency therein or thereof having power to tax or, in the case of Notes issued by a branch of the Issuer outside Canada, of the country in which such branch is located or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which become

effective on or after the Issue Date of such Notes or any other date specified in the applicable Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 8, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it and (iii) such circumstances are evidenced by the delivery by the Issuer to the Issuing and Paying Agent of a certificate signed by two senior officers of the Issuer stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail; or

(B) in the case of Subordinated Notes only, following the occurrence of a Tax Event,

the Issuer may, at its option and having given no less than 30 nor more than 60 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Holders of the Notes in accordance with Condition 16, redeem all (but not some only), of the outstanding Notes at their Outstanding Principal Amount or, in the case of Zero Coupon Notes, their Amortised Face Amount (as defined in Condition 6.09) or such Early Redemption Amount as may be specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement, together with accrued interest (if any) thereon, provided, however, that no such notice of redemption under (A) may be given earlier than 90 days (or, in the case of Floating Rate Notes a number of days which is equal to the aggregate of the number of days falling within the then current Interest Period plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

For the purposes of Condition 6.02(B), "**Tax Event**" means the Issuer has received an opinion of independent counsel of recognised standing experienced in such matters to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, or, in the case of Notes issued by a branch of the Issuer outside Canada, of the country in which such branch is located or of any political subdivision thereof or any authority or agency therein or thereof having power to tax, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an "**administrative action**"); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of cases (i)-(iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the Issue Date of the Subordinated Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that the Issuer is, or may be, subject to more than a de minimis amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid up capital with respect to the Subordinated Notes (including the treatment by the Issuer of interest on the Subordinated Notes) or the treatment of the Subordinated Notes, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.06.

### **Redemption due to TLAC Disqualification Event**

**6.02A** This Condition 6.02A applies to Bail-inable Notes only.

Where a TLAC Disqualification Event Call is specified as being applicable in the relevant Pricing Supplement relating to a Series of Bail-inable Notes, the Issuer may at its option, on giving not less than 30 days' nor more than 60 days' notice in accordance with Condition 15, redeem all but not less than all of the outstanding Notes of the Series at the then Outstanding Principal Amount or, in the case of Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(A) or such Early Redemption Amount as may be specified in, or determined in accordance with the provisions of the applicable Pricing Supplement) together with accrual interest (if any) thereon, at any time within 90 days following a TLAC Disqualification Event (as defined below). Such redemption will be subject to the prior approval of the Superintendent.

A "**TLAC Disqualification Event**" means the Office of the Superintendent of Financial Institutions ("**OSFI**") has advised the Bank in writing that the Series of Bail-inable Notes will no longer be recognised in full as TLAC under the guideline for total loss absorbing capacity for banks in Canada in effect from time to time as interpreted by the Superintendent, provided that a TLAC Disqualification Event will not occur where the exclusion of the relevant Series of Bail-inable Notes from the Bank's TLAC requirements is due to the remaining maturity of such Series of Bail-inable Notes being less than any period prescribed by any relevant eligibility criteria applicable as of the Issue Date of the first Tranche of such Series of Bail-inable Notes.

### **Early Redemption for Regulatory Event**

**6.02B** This Condition 6.02B applied to Subordinated Notes only.

The Issuer may, at its option and having given no less than 30 days' nor more than 60 days' notice (ending in the case of Floating Rate Notes, on an Interest Payment Date) to the Holders of the Subordinated Notes in accordance with Condition 15, with the prior written approval of the Superintendent, redeem the Subordinated Notes, in whole but not in part from time to time at any time within 90 days following a Regulatory Event Date at their Outstanding Principal Amount or, in the case of Zero Coupon Notes, their Amortised Face Amount (as defined in Condition 6.09) or such Early Redemption Amount as may be specified in, or determined in accordance with the provisions of the applicable Pricing Supplement, together with accrued interest (if any) thereon.

For the purposes of this Condition 6.02B, "**Regulatory Event Date**" means the date specified in a letter from the Superintendent to the Issuer on which the Subordinated Notes will no longer be recognised in full as eligible "Tier 2 Capital" or will no longer be eligible to be included in full as risk-based "Total Capital" on a consolidated basis under the guidelines for capital adequacy requirements for banks in Canada as interpreted by the Superintendent

The Issuer may not exercise such option in respect of any Subordinated Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Subordinated Note under Condition 6.06.

### **Call Option**

*This Condition 6.03 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons, TLAC Disqualification Event or Regulatory Event), such option being referred to as an "Issuer Call". The applicable Pricing Supplement contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.03 for full information on any Issuer Call. In particular, the applicable Pricing Supplement will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.*

**6.03** If Call Option is specified in the applicable Pricing Supplement as being applicable, then the Issuer may, having given the appropriate notice to the Holders in accordance with Condition 15, which notice shall specify the date fixed for redemption, and subject to such conditions as may be specified in the applicable Pricing Supplement, redeem all or, if specified in the applicable Pricing Supplement, some only of the Notes of this Series outstanding on any Optional Redemption Date at the Optional Redemption Amount(s) specified in, or determined in the manner specified in the applicable Pricing Supplement together with accrued interest (if any) thereon on the date specified in such notice, provided that in respect of Subordinated Notes, or in respect of Bail-inable Notes where the redemption would lead to a breach of the Issuer's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.06.

**6.04** The appropriate notice referred to in Condition 6.03 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 15, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than 30 days nor more than 60 days (or such other notice period as may be specified in the applicable Pricing Supplement) after the date on which such notice is given and which shall be such date or the next of such dates (“**Call Option Date(s)**”) or a day falling within such period (“**Call Option Period**”), as may be specified in the applicable Pricing Supplement and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Optional Redemption Amount at which such Notes are to be redeemed.

#### ***Partial Redemption***

**6.05** If the Notes are to be redeemed in part only on any date in accordance with Condition 6.03:

- such redemption must be for an amount not less than the Minimum Redemption Amount nor more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement;
- in the case of a partial redemption of Definitive Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Issuing and Paying Agent may specify, or identified in such other manner or in such other place as the Issuing and Paying Agent may approve and deem appropriate and fair;
- in the case of a Global Note, the Notes to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (to be reflected in the records of Euroclear and Clearstream, Luxembourg or such other relevant clearing system as either a pool factor or a reduction in principal amount, at their discretion); and

- in the case of Registered Notes and Swedish Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the minimum Specified Denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.08, which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

### **Put Option**

**6.06** This Condition 6.06 is not applicable to Bail-inable Notes or Subordinated Notes.

If Put Option is specified in the applicable Pricing Supplement as being applicable, upon the Holder of any Note of this Series giving the required notice to the Issuer specified in the applicable Pricing Supplement (which notice shall be irrevocable), the Issuer will, upon expiry of such notice, redeem such Note subject to and in accordance with the terms specified in the applicable Pricing Supplement in whole (but not, in the case of a Definitive Note, in part only) on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement, together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, on any Business Day falling within the specified notice period, where a Note in definitive form is held outside of Euroclear or Clearstream, deposit the relevant Note (together, in the case of a Definitive Note that is not a Zero Coupon Note, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the Optional Redemption Date (failing which the provisions of Condition 10.06 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any Paying Agent or, as the case may be, the Registrar specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be a Specified Denomination specified in the applicable Pricing Supplement). In the case of a Global Note or Note in definitive form held through Euroclear or Clearstream, to exercise the right to require the redemption of the Note, the Holder of the Note must, within the notice period, give a Put Notice to the Issuing and Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes, of such exercise in accordance with the standard procedures of Euroclear and Clearstream (which may include notice being given on such Holder's instruction by Euroclear or Clearstream or any common depositary or common safekeeper, as the case may be, to the Issuing and Paying Agent or the Registrar, as applicable, by electronic means) in a form acceptable to Euroclear and Clearstream from time to time including the aggregate principal amount in respect of which such option is exercised (which must be a Specified Denomination or an integral multiple thereof). Notwithstanding the foregoing, Notes represented by a Global Note shall be deemed to be deposited with a Paying Agent or the Registrar, as the case may be, for purposes of this Condition 6.06 at the time a Put Notice has been received by the Paying Agent or Registrar, as the case may be, in respect of such Notes. No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.08 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.



The Holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 6.02 or 6.03.

### ***Redemption Irrevocable***

**6.06A** A notice of redemption under this Condition 6 shall be irrevocable, except that (a) in the case of Bail-inable Notes an order under subsection 39.13(1) of the CDIC Act, or in the case of Subordinated Notes, the occurrence of a Non-Viability Trigger Event, prior to the date fixed for redemption shall automatically rescind such notice of redemption and, in such circumstances, no Bail-inable Notes or Subordinated Notes shall be redeemed and no payment in respect of the Bail-inable Notes or Subordinated Notes shall be due and payable.

### ***Purchase of Notes***

**6.07** The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of the relevant Notes alike, provided that in respect of Bail-inable Notes where the purchase would lead to a breach of the Issuer's TLAC requirements or, in the case of Subordinated Notes, such purchase will be subject to the prior approval of the Superintendent.

### ***Cancellation of Redeemed and Purchased Notes***

**6.08** All unmatured Notes and Coupons redeemed in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold. All unmatured Notes and Coupons purchased in accordance with Condition 6.07 may be cancelled or may be reissued or resold.

### **6.08a Further Provisions applicable to Redemption Amount**

The provisions of Condition 5.05 and the second paragraph of Condition 5.06 shall apply to any determination or calculation of the Redemption Amount required to be made by the Calculation Agent.

References herein to "**Redemption Amount**" shall mean, as appropriate, the Final Redemption Amount, the Optional Redemption Amount, the Early Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with, the provisions of the applicable Pricing Supplement.

**6.09** Unless otherwise specified in the applicable Pricing Supplement, the Redemption Amount payable in respect of any Zero Coupon Note shall be the Amortised Face Amount of such Note. The "**Amortised Face Amount**" shall be an amount equal to the sum of:

- (i) the Reference Price specified in the applicable Pricing Supplement; and
- (ii) (a) if Compounding Accrual is specified in the applicable Pricing Supplement, the product of the Accrual Yield (compounded annually or as otherwise specified in the applicable Pricing Supplement) being applied to the Reference Price, or (b) if Linear Accrual is specified in the applicable Pricing Supplement, the product of the Accrual Yield (without any compounding) being applied to the Reference Price

where:

"**Accrual Yield**" means the rate specified as such in the applicable Final Terns; and

**“Reference Price”** means the amount specified as such in the applicable Pricing Supplement, which is the product of the Issue Price and the Calculation Amount,

from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a full year, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.08) specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator 360), (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365) or (iv) Actual/Actual (ICMA) (in which case the Accrual Period will commence on (and include) the Issue Date of the first Tranche of Notes and end on (but exclude) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable).

**6.10** If any Redemption Amount (other than the Final Redemption Amount) of any Zero Coupon Note is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.09 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date (the **“Reference Date”**) which is the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), all amounts due have been paid; and
- (ii) the seventh day after the date on which, the Issuing and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder). The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made, after as well as before judgement, unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the scheduled Final Redemption Amount of the Note on the Maturity Date together with interest which may accrue in accordance with Condition 5.04.

## **7. Events of Default**

**7.01** The following events or circumstances (each an **“Event of Default”**) shall be acceleration events in relation to the Notes of any Series, namely:

- (i) in relation to Senior Notes that are not Bail-inable Notes:
  - (a) default is made for more than 30 Payment Days in the payment on the due date of interest or principal in respect of any such Notes; or
  - (b) the Issuer shall become insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada) (**“WURA”**), or any statute hereafter

enacted in substitution therefor, as such Act, or substituted Act, may be amended from time to time, or if the Issuer goes into liquidation, either voluntary or under an order of a court of competent jurisdiction or otherwise acknowledges its insolvency.

Holders may only exercise, or direct the exercise of, rights under this Condition 7.01(i)(a) and (b) in respect of Bail-inable Notes where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Issuer. Notwithstanding the exercise of any rights by Holders under this Condition 7.01 in respect of Bail-inable Notes, Bail-inable Notes will continue to be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares under subsection 39.2(2.3) of the CDIC Act until repaid in full. Neither a conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act nor an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event will be an Event of Default in relation to the Senior Notes. By its acquisition of the Bail-inable Notes, each Holder (including each Holder of a beneficial interest in any Bail-inable Note), to the extent permitted by law, waives any and all claims, in law and/or in equity, against the Issuing and Paying Agent (in each case solely in its capacity as Agent), for, agrees not to initiate a suit against the Issuing and Paying Agent in respect of, and agrees that the Issuing and Paying Agent shall not be liable for, any action that the Issuing and Paying Agent takes, or abstains from taking, in either case in accordance with the conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act

- (ii) in relation to Subordinated Notes, any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or to be effected by operation of law or pursuant to any judgement, decree or order of any court or any order, rule or regulation of any administrative or governmental body):
  - (a) the Issuer becomes insolvent or bankrupt or subject to the provisions of the WURA or any statute hereafter enacted in substitution therefor, as such Act or substituted Act, may be amended from time to time;
  - (b) the Issuer goes into liquidation either voluntary or under an order of a court of competent jurisdiction; or
  - (c) the Issuer otherwise acknowledges its insolvency.

Neither an NVCC Automatic Conversion upon the occurrence of a Non-Viability Trigger Event pursuant to Condition 8 nor a Bail-in Conversion shall constitute an Event of Default in relation to Subordinated Notes, and following an NVCC Automatic Conversion no Holder of Notes shall have any rights against the Issuer with respect to repayment of the principal or, or interest on, the Subordinated Notes.

**7.02** If any Event of Default shall occur in relation to any Series of Notes, any Holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Issuing and Paying Agent, declare that such Note and (unless the Note is a Zero Coupon Note) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Outstanding Principal Amount or, if such Note is a Zero Coupon Note, its Amortised Face Amount (as defined in Condition 6.09) or such other Early Redemption Amount as may be specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement, together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly

waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

## 8. Automatic Conversion of Subordinated Notes on Non-Viability Trigger Event

Condition 8 applies to Subordinated Notes only.

### 8.01 Non-Viability Trigger Event

A “**Non-Viability Trigger Event**” has the meaning set out in the OSFI Guideline for Capital Adequacy Requirements (CAR), Chapter 2 – Definition of Capital, effective April 2018, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Non-Viability Trigger Event:

- (i) the Superintendent publicly announces that the Issuer has been advised, in writing, that the Superintendent is of the opinion that the Issuer has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Issuer will be restored or maintained; or
- (ii) a federal or provincial government in Canada publicly announces that the Issuer has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Issuer would have been determined by the Superintendent to be non-viable.

The date on which a Non-Viability Trigger Event occurs is a “**Conversion Date**”.

### 8.02 General Provisions relating to an NVCC Automatic Conversion

(a) In Converting, the Issuer may make any decisions with respect to the identity of the Noteholders at that time as may be necessary or desirable to ensure NVCC Automatic Conversion occurs in an orderly manner, including disregarding any transfer of Notes that have not been settled or registered at that time.

(b) If a Subordinated Note is Converted, the Noteholder must immediately present and surrender the Subordinated Note (together, in the case of a Definitive Note, with such Receipts, Coupons and Talons as are attached thereto) to the specified office of, in the case of a Definitive Note, any Paying Agent or, in the case of Notes that are a Registered Note, the Registrar and the Paying Agent or Registrar (as the case may be) shall cancel or arrange for the cancellation of such Subordinated Note, but no failure or delay in such presentation and surrender and cancellation shall prevent, impede or delay the NVCC Automatic Conversion of Subordinated Notes required by Condition 8.03.

*The tax consequences of holding Common Shares following an NVCC Automatic Conversion will likely be different for most categories of holders from the tax consequences for them of holding Subordinated Notes. Each prospective investor should consult their own tax advisor regarding the tax consequences of a conversion of the Subordinated Notes into Common Shares.*

### 8.03 Automatic Conversion of Subordinated Notes

Notwithstanding any other provisions in these Conditions, upon the occurrence of a Non-Viability Trigger Event, the Subordinated Notes will convert automatically and immediately (the expressions “**NVCC Automatic Conversion**” and “**Convert**”, “**Converted**” and “**Converting**” when used herein have corresponding meanings), on a full and permanent basis, into fully paid common shares of the Issuer (“**Common Shares**”) (in a number determined under 1.1(a) of the Schedule to these Conditions). The NVCC Automatic Conversion will occur in accordance with the terms set out in the Schedule to these Conditions.

An NVCC Automatic Conversion is deemed to be effected immediately following the occurrence of a Non-Viability Trigger Event and the rights of the holder of such Subordinated Notes as the holder thereof shall cease at such time and the person or persons entitled to receive Common Shares upon an NVCC Automatic Conversion shall be treated for all purposes as having become the holder or holders of record of such Common Shares at such time.

#### **8.04 Trigger Event Notice**

As promptly as practicable after the occurrence of a Non-Viability Trigger Event, the Issuer shall give notice of the Non-Viability Trigger Event (a “**Trigger Event Notice**”) to the Noteholders in accordance with Condition 15 and the Issuing and Paying Agent and the notice must state the Conversion Date.

From and after the NVCC Automatic Conversion, the Subordinated Notes shall cease to be outstanding, the Holders thereof shall cease to be entitled to interest thereon and any Notes in definitive form or Global Notes shall represent only the right to receive upon surrender thereof certificates representing the applicable number of Common Shares determined in accordance with Condition 8.03.

An NVCC Automatic Conversion shall be mandatory and binding upon both the Issuer and all Holders of the Subordinated Notes notwithstanding anything else including, without limitation:

- (a) any prior action to or in furtherance of a redemption of the Subordinated Notes pursuant to Condition 6; and
- (b) any delay or implementation of the issuance or delivery of the Common Shares to the Holders of the Subordinated Notes.

#### **8.05 Right Not to Deliver Common Shares**

Upon an NVCC Automatic Conversion, the Issuer reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any Ineligible Person or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder through the acquisition of Common Shares. In such circumstances, the Issuer will hold, as agent for such persons, the Common Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares to parties other than the Issuer and its Affiliates on behalf of such persons through a registered dealer to be retained by the Issuer on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Issuer will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Issuer from the sale of any such Common Shares will be divided among the applicable persons in proportion to the number of Common Shares that would otherwise have been delivered to them upon the NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes.

#### **8.06 Definitions**

For the purposes of these Conditions:

- (i) “**Ineligible Person**” means (i) any persons whose address is in, or whom the Issuer or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada to the extent that the issuance by the Issuer or delivery by its transfer agent to a person pursuant to an NVCC Automatic Conversion, of Common Shares would require the Issuer to take any action to comply with securities, banking or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by the issuer or delivery by its transfer agent to that person, pursuant to an NVCC Automatic Conversion, of Common Shares would cause the Issuer to be in violation of any law to which the Issuer is subject; and

- (ii) “**Significant Shareholder**” means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, a percentage of the total number of outstanding shares of a class of the Issuer that is in excess of that permitted by the *Bank Act* (Canada).

## 9. Taxation

**9.01** All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes or Coupons by or on behalf of the Issuer will be paid free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax and, in the case of Notes issued by a branch of the Issuer located outside Canada, the country in which such branch is located or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or the interpretation or administration thereof. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holder after such withholding or deduction shall equal the respective amounts of principal, interest or other amounts which would have been received in respect of the Notes or Coupons (as the case may be), in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note or Coupon:

- (i) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, or Coupon by reason of his having some connection with Canada or the country in which such branch is located otherwise than the mere holding of such Note or Coupon; or
- (ii) to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder being a person with whom the Issuer is not dealing at arm’s length (within the meaning of the *Income Tax Act* (Canada)); or
- (iii) to, or to a third party on behalf of, a holder who is, or who does not deal at arm’s length with a person who is, a “specified shareholder” (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of the Issuer; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day assuming that day to have been a Payment Date (as defined in Condition 10.14); or
- (v) for or on account of any withholding tax or deduction imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, whether currently in effect or as published and amended from time to time (the “**FATCA Withholding Tax Rules**”).

**9.02** For the purposes of these Conditions:

“**Relevant Date**” means, in respect of any Note or Coupon, the date on which payment thereof first becomes due and payable, or, if the full amount of the moneys payable has not been received by the Issuing and Paying

Agent, or as the case may be, the Registrar on or prior to such due date, the date on which, the full amount of such moneys shall have been so received and notice to that effect shall have been duly given to the Holders in accordance with Condition 15.

**9.03** If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to Canada or the country in which the relevant Branch of Account is located, references in Condition 6.02, Condition 9.01 and Condition 20.03 to Canada or the jurisdiction in which the relevant branch is located shall be read and construed as references to Canada or the country in which such branch is located and/or to such other jurisdiction(s).

**9.04** Unless the context otherwise requires, any reference in these Conditions to any payment due in respect of the Notes or Coupons shall be deemed to include any additional amounts which may be payable under this Condition 9. Unless the context otherwise requires, any reference in these Conditions to “**principal**” shall include any premium payable in respect of a Note, Redemption Amount and any other amounts in the nature of principal payable pursuant to these Conditions and “**interest**” shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Conditions.

## **10. Payments**

### ***Payments – Bearer Notes***

**10.01** Conditions 10.01 to 10.07 are applicable in relation to Notes in bearer form.

**10.02** Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

Payment of Instalment Amounts in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

**10.03** Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 10.04 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 10.04 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on an Interest Payment Date, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 10.04 applies) the United States.

**10.04** Notwithstanding the foregoing (and in relation to payments in U.S. dollars only), payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 10.07 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code of 1986 and Regulations promulgated thereunder) unless (i) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or

effectively precluded by exchange controls or other similar restrictions and (ii) such payment or exchange is permitted by applicable United States law. If clauses (i) and (ii) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

**10.05** Unless otherwise specified in the applicable Pricing Supplement, if the due date for payment of any amount due in respect of any Bearer Note is not a Payment Date (as defined in Condition 10.14), then the Holder thereof will not be entitled to payment thereof until the next day which is a Payment Date and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.04 or, if appropriate, Condition 5.10.

**10.06** Each Definitive Note initially delivered with Coupons or Talons attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons and Talons relating thereto, failing which:

- (i) if the Pricing Supplement specifies that this paragraph (i) of Condition 10.06 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Definitive Notes which bear interest at a fixed rate or in fixed amounts), the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the Redemption Amount due) relating to Definitive Notes that are Fixed Rate Notes or bear interest in fixed amounts will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within two years of the Relevant Date applicable to payment of such Redemption Amount (whether or not the Issuer's obligation to make payment in respect of such Coupon would otherwise have ceased under Condition 11);
- (ii) if the Pricing Supplement specify that this paragraph (ii) of Condition 10.06 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates in variable amounts), all unmatured Coupons relating to such Definitive Notes that are Floating Rate Notes or that bear interest in variable amounts (whether or not such Coupons are surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and
- (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 10.06 notwithstanding, if any Definitive Notes should be issued with a Maturity Date and Rate or Rates of Interest such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.



**10.07** In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the Interest Payment Date of the final Coupon comprised in any Coupon sheet, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 10.04 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.

### ***Payments – Registered Notes***

**10.08** Conditions 10.08 to 10.11 are applicable in relation to Registered Notes.

**10.09** Payment of the Final Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Final Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar. If the due date for payment of the Final Redemption Amount of any Registered Note is not a Payment Date (as defined in Condition 10.14), then the Holder thereof will not be entitled to payment thereof until the next day which is a Payment Date, and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.04 or, as appropriate, Condition 5.10.

**10.10** Payment of amounts (whether principal, interest or otherwise) due (other than the Final Redemption Amount and accrued interest in respect thereof) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date and (ii) where in definitive form, as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.07) before the due date for such payment (the “**Record Date**”).

**10.11** Notwithstanding the provisions of Condition 10.13, payment of amounts (whether principal, interest or otherwise) due (other than the Final Redemption Amount and accrued interest in respect thereof) in respect of Registered Notes will be made by transfer on the due date to the Designated Account of the Holder thereof (or, in the case of Joint Holders, the first-named). If the due date for any such payment is not a Payment Date, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Payment Date and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant Designated Account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5.03(iv) or, as appropriate, Condition 5.10. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

### ***Payments – Swedish Notes***

**10.11a** Payments in respect of Swedish Notes will be made on the due date for payments to the persons registered as Holders in the Swedish Notes Register on the fifth (5) Banking Day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time), prior to the due date for such payment. If the date for payment of any amount in respect of Swedish Notes is not a Payment Date, the holder thereof

shall not be entitled to payment until the next following Payment Date and shall not be entitled to interest or other payment in respect of such delay.

### **Payments – General Provisions**

**10.12** Save as otherwise specified in these Conditions, Conditions 10.13 to 10.16 are applicable in relation to Bearer Notes, Registered Notes and Swedish Notes.

**10.13** Payments of amounts due (whether principal, interest or otherwise) in respect of Notes (other than Swedish Notes) will be made in the currency in which such amount is due by transfer to an account denominated in the relevant currency (or in the case of euro, an account to which euro may be credited or transferred) specified by the payee. In the case of Bearer Notes, if payments are made by transfer, such payments will only be made by transfer to an account maintained by the payee outside of the United States. In no event will payment of amounts due in respect of Bearer Notes be made by a cheque mailed to an address in the United States.

Payments of amounts due (whether principal, interest or otherwise) in respect of Swedish Notes will be made in accordance with Condition 10.11a in the currency in which such amount is due by transfer to an account denominated in the relevant currency (or in the case of euro, an account to which euro may be credited or transferred) specified by the payee.

Payments of amounts in Renminbi will be made by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in any Relevant Renminbi Settlement Centre as specified in the applicable Pricing Supplement in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in the relevant Relevant Renminbi Settlement Centre).

Payments will, without prejudice to the provisions of Condition 9, be subject in all cases to (i) any applicable fiscal or other laws and regulations and (ii) any withholding or deduction required, including pursuant to the FATCA Withholding Tax Rules.

**10.14** For the purposes of these Conditions (other than with respect to payments to be made on Swedish Notes) “**Payment Date**” means:

- (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in (A) in the case of Notes in definitive form only, the place of presentation of the relevant Note or, as the case may be, Coupon and (B) each Financial Centre (other than TARGET2) specified in the applicable Pricing Supplement;
- (ii) if TARGET2 is specified in the applicable Pricing Supplement, a day which is a TARGET2 Business Day; and
- (ii) either (A) in the case of any currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); (B) in the case of payment in euro, a day which is a TARGET2 Business Day; or (C) in the case of a payment in Renminbi, a day (other than a Saturday or Sunday) on which bank and

foreign exchange markets are open for business for settlement in Renminbi payments in each Relevant Renmimbi Settlement Centre.

**10.14a** In relation to payments to be made on Swedish Notes, for the purposes of these Conditions, “**Payment Date**” means any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business (including dealings in foreign exchange and foreign currency deposits) in Stockholm.

**10.15** No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of such payments.

**10.16** If Alternative Currency Payment is specified as applicable in the Pricing Supplement and the Issuer is due to make a payment in a currency (the “**original currency**”) other than Renminbi in respect of any Note or Coupon and the original currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency’s replacement or disuse or other circumstances beyond the Issuer’s control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in the Alternative Currency on the basis of the spot exchange rate (the “**Alternative Currency FX Rate**”) at which the original currency is offered in exchange for the Alternative Currency in the London foreign exchange market (or, at the option of the Calculation Agent, in the foreign exchange market of any other financial centre which is then open for business) at noon, London time, two London Banking Days prior to the date on which payment is due or, if the Alternative Currency FX Rate is not available on that date, on the basis of a substitute exchange rate determined by the Calculation Agent acting in its absolute discretion from such source(s) and at such time as it may select. For the avoidance of doubt, the Alternative Currency FX Rate or substitute exchange rate as aforesaid may be such that the resulting Alternative Currency amount is zero and in such event no amount of the Alternative Currency or the original currency will be payable. Any payment made in the Alternative Currency or non-payment in accordance with this paragraph will not constitute an Event of Default under Condition 7.

For the purpose of this Condition 10.16, “**Calculation Agent**” means the relevant Issuing and Paying Agent or such other entity specified in the applicable Pricing Supplement as the person responsible for the calculation of the Rate(s) of Interest and the Interest Amount(s) or such other amounts as may be specified in the applicable Pricing Supplement.

**10.17** Notwithstanding any other provision in these Conditions, if Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, acting in good faith and in a commercially reasonable manner, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30 days irrevocable notice to the Holders prior to the due date for payment, may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. dollars Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. dollars Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollars account of the Relevant Account Holders for the benefit of the Holders. For the avoidance of doubt, no such payment of the U.S. dollars Equivalent shall by itself constitute a default in payment within the meaning of Condition 7.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 10.17 by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Paying Agent and all Holders and (in the absence of manifest error) no liability to the Issuer, the Paying Agent and all Holders shall attach to the RMB Rate Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

For the purposes of these Conditions:

**“Governmental Authority”** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of each Relevant Renminbi Settlement Centre.

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People's Republic of China.

**“Illiquidity”** means that the general Renminbi exchange market in each Relevant Renminbi Settlement Centre becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

**“Inconvertibility”** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in each Relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“Non-Transferability”** means the occurrence in each Relevant Renminbi Settlement Centre of any event that makes it impossible for the Issuer to transfer Renminbi (A) between accounts inside a Relevant Renminbi Settlement Centre, (B) from an account inside a Relevant Renminbi Settlement Centre to an account outside such Relevant Renminbi Settlement Centre, or (C) from an account outside a Relevant Renminbi Settlement Centre to an account inside such Relevant Renminbi Settlement Centre; in each case other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“Relevant Renminbi Settlement Centre”** means each of the jurisdiction(s) specified as such in the applicable Pricing Supplement or if no Relevant Renminbi Settlement Centre is specified in the relevant Pricing Supplement, the Relevant Renminbi Settlement Centre shall mean Hong Kong only.

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in any Relevant Renminbi Settlement Centre reasonably selected by the Issuer.

**“RMB Rate Calculation Agent”** means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Pricing Supplement.

**“RMB Rate Calculation Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in each Relevant Renminbi Settlement Centre and in New York City.

**“RMB Rate Calculation Date”** means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

**“RMB Spot Rate”** for a RMB Rate Calculation Date means the spot CNY/U.S. dollars exchange rate for the purchase of U.S. dollars with RMB in the over-the-counter RMB exchange market in the Relevant Renminbi Settlement Centre in which the RMB Rate Calculation Agent is located for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11.00 a.m. (local time of the

Relevant Renminbi Settlement Centre) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3 or if no such rate is available on a non deliverable basis by reference to Reuters Screen Rate TRADNDF. If neither rate is available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11.00 a.m. (local time of the Relevant Renminbi Settlement Centre) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

**“U.S. dollars Equivalent”** means the Relevant Renminbi amount converted into U.S. dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

## **11. Prescription**

**11.01** Subject to applicable law, the Issuer’s obligation to pay an amount of principal and interest in respect of Notes will cease if the Notes or Coupons, as the case may be, are not presented within two years after the Relevant Date (as defined in Condition 9.02) for payment thereof, or such other length of time as is specified in the applicable Pricing Supplement.

**11.02** In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void pursuant to Condition 10.06 or this Condition 11 or the maturity date or due date for the payment of which would fall after the due date for the redemption of the relevant Note, or any Talon the maturity date of which would fall after the due date for the redemption of the relevant Note.

**11.03** In relation to Swedish Notes, the Issuer’s obligation to pay an amount of principal or interest in respect of such Notes will cease if a claim for payment of such principal is not made within ten years after the Relevant Date.

For the purposes of this Condition 11.03, **“Relevant Date”** means the date on which such payment first becomes due, or such later date on which an interruption of the period of limitation (Sw. *preskriptionsavbrott*) is made in accordance with the Swedish Limitations Act 1981 (Sw. *preskriptionslagen (1981: 130)*).

## **12. The Paying Agents, the Registrar and the Calculation Agent**

**12.01** The initial Issuing and Paying Agent and the Registrar and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes and any additional or other Paying Agents shall be specified in Part A or Part B of the applicable Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issuing and Paying Agent) or the Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent provided that it will at all times maintain (i) an Issuing and Paying Agent, (ii) in the case of Registered Notes, a Registrar, (iii) following the issue of Definitive Notes, and while any such Definitive Notes are outstanding, a Paying Agent (which may be the Issuing and Paying Agent) with a specified office in a continental European city, (iv) so long as the Notes are admitted to the Official List and to trading on the London Stock Exchange and/or admitted to listing or trading on any other stock exchange or relevant authority and the rules of such exchange or relevant authority so require, a Paying Agent (which may be the Issuing and Paying Agent) and a Registrar each with a specified office in London and/or in such other place as may be required by the rules of such other stock exchange or other relevant authority, (v) in the circumstances described in Condition 10.04, a Paying Agent with a specified office in New York City, and (vi) a Calculation Agent where required by the Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Conditions). The Paying Agents, the

Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same metropolitan area. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 15.

**12.01a** The Swedish Notes Issuing and Paying Agent and its initial specified offices are specified below. The Issuer reserves the right at any time to vary or terminate the appointment of the Swedish Notes Issuing and Paying Agent provided that the Issuer shall at all times maintain a Swedish Notes Issuing and Paying Agent authorised to act both as an account operating institution (Sw. *kontoförande institut*) and issuing agent (Sw. *emissionsinstitut*) with Euroclear Sweden. Notice of all changes in the identity or specified offices of the Swedish Notes Issuing and Paying Agent will be given promptly by the Issuer to the Holders in accordance with Condition 15.

**12.02** The Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to their respective appointments, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

### **13. Replacement of Notes (other than Swedish Notes)**

If any Note (other than any Swedish Note) or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent or any Paying Agent (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes) (the “**Replacement Agent**”), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

### **14. Meetings of Holders and Modification**

The Issue and Paying Agency Agreement contains provisions for convening meetings of the Holders of Notes of any Series (other than Swedish Notes) to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of these Conditions insofar as the same may apply to such Notes. An Extraordinary Resolution passed by the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Holders of Coupons relating to Notes of such Series.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons holding or representing Noteholders whatever the nominal amount of the Notes so represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) amend the Maturity Date or other redemption date of the Notes, or any Interest Payment Date in respect of any Notes, (ii) reduce or cancel the Outstanding Principal Amount of, or any premium payable on redemption of, the Notes, (iii) reduce the Rates of Interest in respect of the Notes, Fixed Coupon Amounts or vary the manner in which the Rate(s) of Interest are to be determined, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest or Redemption Amount is indicated in the Pricing Supplement, reduce any such minimum and/or maximum, (v) change any method of or basis for, calculating the Redemption Amount, including the method of or basis for, calculating the Amortised Face Amount, (vi) change the Specified Currency or Currencies of payment or Specified Denomination of the Notes, (vii) modify the provisions

concerning the quorum required at any meeting of Holders of Notes or the majority required to pass an Extraordinary Resolution or (viii) modify or eliminate any of items (i) through (vii), inclusive above, in which case the necessary quorum shall be two or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in nominal amount of the Notes for the time being outstanding.

In addition, the Issue and Paying Agency Agreement provides that an Extraordinary Resolution may also be passed by either (i) a resolution in writing signed on behalf of the Noteholders of not less than seventy-five per cent. of the aggregate principal amount of Notes for the time being outstanding (whether such resolution in writing is contained in one document or several documents in the same form, each signed on behalf of one or more Holders) or (ii) consents given by way of electronic consents through the relevant clearing system(s) by or on behalf of a Noteholder of not less than seventy-five per cent. in principal amount of the Notes for the time being outstanding. The Issue and Paying Agency Agreement contains provisions for the purpose of determining whether a Written Resolution has been validly passed.

The Issuer may, with the consent of the Issuing and Paying Agent, but without the consent of the Holders of the Notes, make any modification to these Terms and Conditions (i) which is not materially prejudicial to the interests of the Holders of Notes, or (ii) to correct a manifest or proven error or an error that is of a formal, minor or technical nature, or to correct, cure or supplement any defective provision contained herein in respect of Notes. Subject as aforesaid, no other modification may be made to these Terms and Conditions except with the sanction of an Extraordinary Resolution adopted by the Holders.

Save as provided therein, the Issue and Paying Agency Agreement may be amended by agreement among the parties thereto and without the consent of any Holders of the Notes.

Notwithstanding anything in this Condition 14, the prior approval of the Superintendent is required to modify the terms of any Series of Bail-inable Notes or Subordinated Notes where such variation may affect the eligibility of the Notes as TLAC under the guidelines for TLAC for banks in Canada (in the case of Bail-inable Notes) or as regulatory capital under the guidelines for capital adequacy requirements for banks in Canada (in the case of Subordinated Notes).

#### **14a. Meetings of Holders of Swedish Notes and Modification**

The Swedish Notes Issuing and Paying Agent Agreement contains provisions in Appendix 5 (Provisions for Meetings of Holders of Securities) thereto for convening meetings of the Holders of Swedish Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Swedish Notes Issuing and Paying Agent Agreement) of these Conditions insofar as the same may apply to such Swedish Notes. Copies of Appendix 5 (Provisions for Meetings of Holders of Securities) will be available for inspection during normal business hours at the initial specified offices of the Swedish Notes Issuing and Paying Agent and the Issuer, respectively and all persons from time to time entitled to the benefit of obligations under any Swedish Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of Appendix 5 insofar as they relate to the relevant Swedish Notes.

An Extraordinary Resolution whether passed at a meeting of the Holders of Swedish Notes of any Series or passed as a Written Resolution (as defined in the Swedish Notes Issuing and Paying Agent Agreement) will be binding on all Holders of the Swedish Notes of the relevant Series, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Holders of Coupons relating to Swedish Notes of such Series.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Swedish Notes for the time being

outstanding, or at any adjourned meeting two or more persons holding or representing Holders whatever the nominal amount of the Swedish Notes so represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) amend the Maturity Date or other redemption date of the Swedish Notes, any date for payment of an Instalment Amount or any Interest Payment Date in respect of any Swedish Notes, (ii) reduce or cancel the Outstanding Principal Amount or any Instalment Amount of, or any premium payable on redemption of, the Swedish Notes, (iii) reduce the Rates of Interest in respect of the Swedish Notes, Fixed Coupon Amounts or vary the manner in which the Rate(s) of Interest are to be determined, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount, or Redemption Amount is indicated in the Pricing Supplement, reduce any such minimum and/or maximum, (v) change any method of or basis for, calculating the Redemption Amount, including the method of or basis for, calculating the Amortised Face Amount, (vi) subject to any applicable redenomination provisions specified in the Pricing Supplement, change the Specified Currency or Currencies of payment or Specified Denomination of the Swedish Notes, (vii) modify the provisions concerning the quorum required at any meeting of Holders of Swedish Notes or the majority required to pass an Extraordinary Resolution or (viii) modify or eliminate any of items (i) through (vii), inclusive above, in which case the necessary quorum shall be two or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in nominal amount of the Swedish Notes for the time being outstanding.

In addition to Extraordinary Resolutions passed at meetings of the Holders of Swedish Notes, the Swedish Notes Issuing and Paying Agent Agreement provides that an Extraordinary Resolution may also be passed by a resolution in writing (being a Written Resolution) signed on behalf of the Holders of not less than seventy-five per cent. of the principal amount of the Swedish Notes for the timing being outstanding (whether such resolution in writing is contained in one document or several documents in the same form, each signed on behalf of one or more Holders). The Swedish Notes Issuing and Paying Agent Agreement contains provisions for the purpose of determining whether a Written Resolution has been validly passed.

If the holder of Swedish Notes held through a nominee (an “**Indirect Noteholder**”) attends the meeting (in person or through a duly authorised agent) and shows a certificate from the relevant nominee showing that such Indirect Noteholder on the fifth (5th) Business Day prior to the meeting was a holder of Swedish Notes, the Indirect Noteholder shall be regarded a Holder of Swedish Notes for the purposes of this Condition 14a.

In connection with a meeting of Holders of Swedish Notes, the Swedish Notes Issuing and Paying Agent shall have access to the Swedish Notes Register.

Save as provided therein, the Swedish Notes Issuing and Paying Agent Agreement may be amended by agreement among the parties thereto and without the consent of any Holders of the Swedish Notes.

Notwithstanding anything in this Condition 14a, the prior approval of the Superintendent is required to modify the terms of any Series of Bail-inable Notes where such variation may affect the eligibility of the Swedish Notes as TLAC under the guidelines for TLAC for banks in Canada.

## **15. Notices**

### ***To Holders of Bearer Notes***

**15.01** Notices to Holders of Bearer Notes will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if permitted by the rules of the relevant stock exchange or other relevant authority, in the case of Notes represented by a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Notes are listed,



including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the first weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

#### ***To Holders of Registered Notes***

**15.02** Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or, if posted to an overseas address, by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, or if permitted by the rules of the relevant stock exchange or other relevant authority, in the case of Registered Notes in global form, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to persons shown in their respective records as having interests therein. Any notice so given will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day or, as the case may be, on the first weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Notes are listed, including publication on the website of the relevant stock exchange or relevant authority if required by those rules.

#### ***To Issuer***

**15.03** Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Issuing and Paying Agent or the Registrar (as applicable). While any of the Notes are represented by a Global Note, such notice may be given by any Holder to the Issuing and Paying Agent or the Registrar (as applicable) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issuing and Paying Agent or the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### ***In relation to Swedish Notes***

**15.04** All notices regarding the Swedish Notes will be deemed to be validly given if sent by mail to a Holder of Swedish Notes to the address registered for such Holder in the system of Euroclear Sweden or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Any such notice shall be deemed to have been given, if sent by mail to the Holder, on the fourth Business Day following the day the notice was sent by mail.

#### **16. Further Issues**

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further Notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the Specified Denomination thereof) so as to form a single series with the Notes of any particular Series.

#### **17. Currency Indemnity**

Subject to Condition 10.16, the currency in which the Notes are denominated or, if different, payable, as specified in the Pricing Supplement (the “**Contractual Currency**”), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement

of, a judgement or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first day on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgement, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgement or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

#### **18. Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

#### **19. Waiver of set-off and netting rights**

Bail-inable Notes are not subject to set-off or netting rights.

#### **20. Branch of Account**

This Condition 20 applies to Senior Notes only.

**20.01** For the purposes of the *Bank Act* (Canada) the branch of account of the Bank for the deposit liabilities under the *Bank Act* (Canada) evidenced by the Senior Note shall be either the main Toronto branch or London branch or any other branch as specified in the applicable Pricing Supplement (the "**Branch of Account**"). If not specified in the applicable Pricing Supplement, the Branch of Account will be the main branch of the Issuer in Toronto. Senior Notes, irrespective of the Branch of Account specified in the applicable Pricing Supplement, are obligations of the Bank.

**20.02** Senior Notes will be paid without the necessity of first being presented for payment at the Branch of Account.

**20.03** If the Branch of Account in respect of Senior Notes is not in Canada, the Bank may change the Branch of Account for the deposit liabilities under the *Bank Act* (Canada) evidenced by the Senior Note upon not less than seven days' prior notice to the Holder given in accordance with Condition 15 and upon and subject to the following terms and conditions:

- (i) if the Note is denominated in Yen, the Branch of Account shall not be in Japan;
- (ii) the Issuer shall indemnify and hold harmless the holders of the Senior Notes and Coupons relating thereto against any tax, duty, assessment or governmental charge which is imposed or levied upon such holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Issuing and Paying Agent in connection with such change; and

- (iii) notwithstanding (ii) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (a) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (b) payments of principal, interest or other amounts on Notes of this Series and Coupons relating thereto to holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to the Issuer, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an “**Excluded Holder**” means a holder of a Note of this Series or Coupon relating thereto who is subject to taxes by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of a Note of this Series or Coupon as a non- resident of such Relevant Jurisdiction. “**Relevant Jurisdiction**” means Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and “**taxes**” means any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

## **21. Law and Jurisdiction**

The Issue and Paying Agency Agreement, the Notes and Coupons and Talons related thereto are governed by and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## SCHEDULE

### SUBORDINATED NOTE CONVERSION MECHANISMS

These provisions apply to Subordinated Notes only.

#### 1.1 Definitions

For the purposes of Condition 8 and this Schedule, the following expressions have the following meanings:

**“Business Day”** means a day which is both (i) a day on which banks are open for general banking business in Toronto (not being a Saturday, Sunday or public holiday in that place) and (ii) a day which is a business day for purposes of the rules of the Relevant Stock Exchange.

**“Common Share Reorganisation”** means (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares.

**“Conversion Price”** means the greater of:

- (i) the Current Market Price of a Common Share on the Conversion Date; and
- (ii) the Floor Price.

**“Current Market Price”** means the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the **“TSX”**) measured in Canadian dollars, if such Common Shares are then listed on the TSX, for the VWAP Period. If the Common Shares are not then listed on the TSX, for the purpose of the foregoing calculation reference shall be made to the principal securities exchange or market on which the Common Shares are then listed or quoted or, if no such trading prices are available, **“Current Market Price”** shall be the fair value of the Common Shares as reasonably determined by the board of directors of the Bank.

**“Floor Price”** means CAD5.00, subject to adjustment thereafter in accordance with 1.3 and 1.4 of this Schedule.

**“Multiplier”** means 1.5.

**“Note Value”** means the nominal amount of a Subordinated Note plus accrued and unpaid interest on such Subordinated Note as of the date of the Conversion Date translated where required from the Specified Currency into Canadian dollars at the then Prevailing Exchange Rate.

**“Officer’s Certificate”** means a certificate signed by any one of the Issuer’s Chief Executive Officer, President, Group Heads, Chief Administrative Officer, Chief Financial Officer, Chief Risk Officer, Chief Human Resources Officer, Senior Executive Vice-Presidents, Chief Internal Auditor, Executive Vice-Presidents or Senior Vice-Presidents, or any two Vice-Presidents acting together, and delivered to the Issuing and Paying Agent.

**“Prevailing Exchange Rate”** means in respect of any currency, the indicative rate of exchange between the relevant currencies (in Canadian dollars per Specified Currency) reported by the Bank of Canada, on the date immediately preceding the Conversion Date (or if not available on such date, the date on which such indicative rate was last applicable prior to such date). If such exchange rate is no longer reported by the Bank of Canada, the relevant exchange rate shall be the simple average of the closing exchange rate between the

relevant currencies (in Canadian dollars per Specified Currency) quoted at approximately the Specified Time, on such date by three major banks selected by the Issuer.

“**Specified Time**” means the time specified in the applicable Pricing Supplement.

“**VWAP Period**” means the latest period of ten consecutive Business Days on which trading in Common Shares took place immediately preceding (but not including) the Conversion Date.

## **1.2 Automatic Conversion**

(a) If the Issuer must Convert a Subordinated Note in accordance with Condition 8.03 then the number of fully paid Common Shares into which such Subordinated Note is Converted (the “**Conversion Number**”) will be calculated in accordance with the following formula:

$$\frac{\text{Multiplier x Note Value}}{\text{Conversion Price}}$$

rounding down, if necessary, to the nearest whole number of Common Shares.

(b) Fractions of Common Shares will not be issued following an NVCC Automatic Conversion and no cash payment will be made in lieu thereof.

(c) Upon an NVCC Automatic Conversion, any accrued but unpaid interest will be added to the nominal amount of the Subordinated Notes and such accrued but unpaid interest, together with the nominal amount of the Subordinated Notes, will be deemed paid in full by the issuance of the Common Shares upon such NVCC Automatic Conversion and the Noteholders shall have no further rights and the Issuer shall have no further obligations under the Subordinated Notes.

(d) Neither the Issuer nor any of its subsidiaries shall be liable for any stamp duty, stamp duty reserve duty, or any other capital, issue, transfer, registration, financial transaction or documenting tax that may arise or be paid as a consequence of the delivery of Common Shares, which tax shall be borne solely by the Noteholder.

## **1.3 Capital Reorganisation, Consolidation, Mergers, Amalgamations or Comparable Transactions**

In the event of a capital reorganisation, consolidation, merger or amalgamation of the Issuer or comparable transaction affecting the Common Shares, the Issuer will take necessary action to ensure that the Noteholders receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such Noteholder would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

## **1.4 Adjustments**

(a) In the event of a Common Share Reorganisation, the Floor Price shall be adjusted so that it will equal the price determined by multiplying the Floor Price in effect immediately prior to such effective date or record date of such event by a fraction:

- (1) the numerator of which will be the total number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganisation; and
- (2) the denominator of which will be the total number of Common Shares outstanding immediately after giving effect to such Common Share Reorganisation (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number, without

duplication, of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

The adjustment shall be calculated to the nearest one-tenth of one cent provided that no adjustment of the Floor Price shall be required unless such adjustment would require an increase or decrease of at least 1 per cent. of the Conversion Price then in effect.

(b) In any case in which paragraphs 1.3 or 1.4 require that an adjustment will become effective immediately after a record date for an event referred to therein or herein, the Issuer may defer, until the occurrence of such event, issuing to the Holders of any Subordinated Notes upon a NVCC Automatic Conversion occurring after such record date and before the occurrence of such event, any additional Common Shares issuable upon such conversion by reason of the adjustment required by such event; provided, however, that the Issuer will deliver to such Holder evidence of such Holder's right to receive such additional Common Shares upon the occurrence of such event and the right to receive any dividends or other distributions made on such additional Common Shares declared in favor of holders of record of Common Shares on and after the date of the NVCC Automatic Conversion or such later date on which such Holder would, but for the provisions of this paragraph 1.4(b), have become the holder of record of such additional Common Shares.

(c) If the Issuer sets a record date to take any action that would require an adjustment provided for in paragraphs 1.3 or 1.4 and before the taking of such action, the Issuer abandons its plan to take such action, then no such adjustment shall be made.

(d) The Issuer will from time to time, immediately after the occurrence of any Common Share Reorganisation or other event that requires an adjustment or readjustment as provided in paragraph 1.3 or 1.4, deliver an Officers' Certificate of the Issuer to the Issuing and Paying Agent specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such Officers' Certificate of the Issuer and the amount of the adjustment or readjustment specified therein will be conclusive and binding on all parties in interest. Except in respect of any Common Share Reorganisation, the Issuer will forthwith give notice to the Holders of Notes in accordance with Condition 15 specifying the event requiring such adjustment or readjustment and the amount thereof, including the resulting Floor Price.

## **1.5 General**

(a) If tax is required to be withheld from any payment of interest in the form of Common Shares specified in paragraph 1.2(c) above, the number of Common Shares received by a Holder of Subordinated Notes shall reflect an amount net of any applicable withholding tax.

(b) Notwithstanding any other provision of the Notes, the conversion of the Subordinated Notes in connection with an NVCC Automatic Conversion shall not be an Event of Default and the only consequence of a Non-Viability Trigger Event shall be the conversion of such Notes into Common Shares.

*The tax consequences of holding Common Shares following an NVCC Automatic Conversion will likely be different for most categories of holders from the tax consequences for them of holding Subordinated Notes. Each prospective investor should consult their own tax advisor regarding the tax consequences of a conversion of the Subordinated Notes into Common Shares.*

## FORM OF PRICING SUPPLEMENT

*Set out below is a form of Pricing Supplement for use in connection with each Tranche of Non PD Notes issued under the Programme. This pro forma Pricing Supplement is subject to completion and amendment to set out the terms upon which each Tranche or Series of Notes to be issued.*

### IMPORTANT NOTICE

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED OR SUPERSEDED, THE “PROSPECTUS DIRECTIVE”) FOR THIS ISSUE OF NOTES. THE NOTES WHICH ARE THE SUBJECT OF THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE PROSPECTUS DIRECTIVE AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.**

**[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – *[appropriate target legend to be included.]*]**

**[PRIIPS REGULATION PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>**

**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the “SFA”) - *[To insert notice if classification of the Notes is not “prescribed capital markets products”<sup>2</sup>, pursuant to Section 309B of the SFA].*<sup>2</sup>]**

**[THE NOTES ARE SUBJECT TO CONVERSION IN WHOLE OR IN PART – BY MEANS OF A TRANSACTION OR SERIES OF TRANSACTIONS AND IN ONE OR MORE STEPS – INTO COMMON SHARES OF ROYAL BANK OF CANADA OR ANY OF ITS AFFILIATES UNDER SUBSECTION 39.2(2.3) OF THE CANADA DEPOSIT INSURANCE CORPORATION ACT (CANADA) (“CDIC ACT”) AND TO VARIATION OR EXTINGUISHMENT IN CONSEQUENCE AND SUBJECT TO THE APPLICATION OF THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN IN RESPECT OF THE OPERATION OF THE CDIC ACT WITH RESPECT TO THE NOTES.]<sup>3</sup>**

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<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>2</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

<sup>3</sup> Legend to be included on front of the Final Terms if the Notes are Bail-inable Notes.

[Logo]

**ROYAL BANK OF CANADA**

(a Canadian chartered bank)

(the “Issuer”)

Legal Entity Identifier (LEI): ES7IP3U3RHIGC71XBU11

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
issued pursuant to the Non PD Notes Offering Circular as part of the  
Programme for the Issue of Securities

**PART A – CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes in the European Economic Area may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

[This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Non PD Notes Offering Circular dated September 24, 2018 [and the supplements to it dated [ ]] which [together] constitute[s] the Offering Circular<sup>4</sup> (the “Offering Circular”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. The Offering Circular and all documents incorporated by reference therein are available for viewing and may be obtained from the offices of the Issuer, 13<sup>th</sup> Floor, 155 Wellington Street, Toronto, Ontario, Canada M5V 3K7 and the offices of the Issuing and Paying Agent, One Canada Square, London E14 5AL, England.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Circular dated September 24, 2018 [and the supplements to it dated [ ]] which [together] constitute[s] the Offering Circular<sup>2</sup> (the “Offering Circular”).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

1. [(i)] Series Number: [ ]
- [(ii)] Tranche Number: [ ]
- [(iii)] Date on which the Notes become fungible: [Not Applicable] [The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [ ] on [ ] [the Issue Date] [exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about [ ]].]

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<sup>4</sup> Only include details of a supplemental Prospectus in which the Conditions have been amended for the purposes of all future issues under the Programme.



2. Specified Currency or Currencies: [ ]  
(Condition 1.11)
3. Aggregate Principal Amount: [ ]  
[(i)] Series: [ ]  
[(ii)] Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [ ]
5. (a) Specified Denominations: [ ]  
(Condition 1.08 or 1.09)  
[[ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ].]\*\*
- (b) Calculation Amount: [ ]  
*[If only one Specified Denomination and no integral multiples in excess thereof, insert the Specified Denomination. If there is more than one Specified Denomination, and no integral multiples in excess thereof, insert the highest common factor of the Specified Denominations. If there are integral multiples in excess of the Specified Denomination(s), insert the highest common factor of the integral multiples and the Specified Denomination(s).] [Note – there must be a common factor in the case of two or more Specified Denominations or integral multiples in excess of the Specified Denomination(s).]*
- (c) Minimum Trading Size: [Applicable: [ ]] [Not Applicable]
6. (i) Issue Date: [ ]  
(ii) Interest Commencement Date [Specify] [Issue Date] [Not Applicable]
7. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
8. Interest Basis: [[•] per cent. Fixed Rate] [subject to change as indicated in paragraph 10 below]  
[SONIA] [[•] month] [[LIBOR/EURIBOR/CDOR

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\*\* If item 21 indicates that a Global Note is exchangeable for Definitive Notes at the option of a Holder, the Specified Denominations may not include integral multiples.

/STIBOR/BBSW/CNH HIBOR/HIBOR]]/[ ] [+/-][\*] per cent. Floating Rate] [subject to change as indicated in paragraph 10 below]

[Fixed Rate Resettable Notes]

[Zero Coupon]

[Other]

*(Further particulars specified below)*

*(N.B. If two or more of the above apply, state which are applicable and complete the relevant particulars)*

9. Redemption/Payment Basis<sup>5</sup>:

Subject to any purchase and cancellation or early redemption, the Notes would be redeemed on the Maturity Date at [[par] /

[ ] per cent. of their nominal amount / other]

*(N.B. If two or more of the above apply, state which are applicable and complete the relevant particulars)*

10. Change of Interest Basis / Redemption / Payment Basis:

[Not Applicable] [Paragraph [14/15] applicable for the period from and including [ ] to but excluding [ ]]  
[Paragraph [14/15] applicable for the period from and including [ ] to but excluding [ ]]

[Paragraph 14(xi) applicable]

[[Coupon Switch Option applies: Coupon Switch Option Date is [ ]] / [Prior to Coupon Switch Option Date, paragraph [14/15] applies. On and following Coupon Switch Option Date, paragraph [14/15] applies] / [Principal Financial Centre is [ ]] / [Notice Period is [ ]] / [Business Centres are [ ]]]

[Other]

11. Put Option/ Call Option:

[Put Option] (*Put Option not applicable to Bail-inable Notes or Subordinated Notes*)

[Call Option]

[Not Applicable]

12. (i) Date of Board approval for issuance of Notes obtained:

[ ] [and [ ], respectively]] [Not Applicable]

*(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or, if Subordinated Notes, specify date of most recent Standing Resolution of Board of Directors for issue of Subordinated Indebtedness obtained if other*

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<sup>5</sup> If the Final Redemption Amount is other than 100 per cent. of the principal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

than [ ])

(ii) Status of the Notes: [Senior Notes/Subordinated Notes]

13. Bail-inable Notes: [Yes] [No] [Not Applicable]

13A. Condition 4 – Negative Covenant  
(Subordinated Notes): [Applicable] [Not Applicable]

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

14. **Fixed Rate Note Provisions**  
(Condition 5.02 and 5.02a) [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] in each Interest Payment Date [up to [but excluding] the First Reset Date] [in the period from and including [ ] to but excluding [ ]]

(ii) Interest Payment Date(s): [[ ]] [[ ]] in each year, commencing [ ] [up to and including the Maturity Date] [adjusted for payment day purposes only in accordance with the Business Day Convention specified in paragraph 14(iv) below] [adjusted for calculation of interest and for payment day purposes in accordance with the Business Day Convention specified in paragraph 14(iv) below] [not adjusted]

(iii) Adjusted Interest Periods: [Applicable] [Not Applicable]

(iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(v) Business Centre(s): [ ] [Not Applicable]

(vi) Fixed Coupon Amount[(s)]: [[ ] per Calculation Amount] [up to (but excluding) the First Reset Date]] [Not Applicable]

(vii) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]

*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*

(viii) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)/Actual/360/RBA Bond Basis / Actual/365 (Fixed) / other]

- (ix) Determination Dates: [Not Applicable] [] in each year] (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (x) Default Rate: [As set out in Condition 5.04 / []]
- (xi) Calculation Agent: [] [Not Applicable]
- (xii) Fixed Rate Resetable Note Provisions (Condition 5.02b) [Applicable] [Not Applicable]
- Applicable Conditions: In addition to Condition 5.02b, Condition [5.02 / 5.02a] is applicable to the Notes
  - Initial Rate of Interest: See paragraph 14(i) above
  - First Margin: [+/-] [] per cent. per annum
  - Subsequent Margin: [[+/-] [] per cent. per annum] [Not Applicable]
  - First Reset Date: [] [adjusted in accordance with []]
  - Second Reset Date: [] [adjusted in accordance with []]
  - Subsequent Reset Date(s): [] [adjusted in accordance with []] [Not Applicable]
  - Reset Rate: [Mid-Swap Rate] [Benchmark Gilt Rate] [Reference Bond]
  - Relevant Screen Page: [] [Not Applicable]
  - Mid-Swap Rate: [Single Mid-Swap Rate] [Mean Mid-Swap Rate] [Not Applicable]
  - Mid-Swap Maturity: [] [Not Applicable]
  - Mid-Swap Floating Leg Benchmark Rate: []
  - Relevant Time: [] [Not Applicable]
  - Reset Determination Dates: [] [Not Applicable]
  - Mid-Swap Floating Leg Benchmark Rate: []
  - Relevant Currency: [] [Not Applicable]
- (xiii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable / []]

15. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
 (Condition 5.03) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s): [ ] [Not Applicable]
- (ii) Specified Interest Payment Date(s): [ ], in each year (up to and including the Maturity Date) [subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(iv) below] [not subject to any adjustment, as the Business Day Convention in 15(iv) below is specified to be Not Applicable]/[Not Applicable]
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
- (v) Business Centre(s): [ ] [TARGET2] [Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination Other]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent): [[ ] shall be the Calculation Agent] [Not Applicable]
- (viii) Screen Rate Determination: [Applicable] [Not Applicable]
- Reference Rate: [SONIA] [[ ] month [LIBOR] [EURIBOR] [CDOR] [STIBOR] [BBSW] [CNH HIBOR] [HIBOR]] [ ] *(Additional information is required if other, including fallback provisions)*
- Interest Determination Date(s): [ ]
- ([Fifth] London Banking Day prior to the end of each Interest Period if SONIA, second London business day prior to start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second TARGET2 Business day prior to start of each Interest Period if EURIBOR or euro LIBOR.)*
- Relevant Screen Page: [ ]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is on page which shows a composite rate or*

*amend fallback provisions appropriately.)*

- Relevant Time: [ ] [Not Applicable]
- Reference Banks: [ ] [Not Applicable]
- Relevant Financial Centre: [ ] [Not Applicable]
- Observation Look-Back Period: [[ ] London Banking Days] [Not Applicable]
- (ix) ISDA Determination: [Applicable] [Not Applicable]
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Linear Interpolation: [Not Applicable] [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xi) Margin(s): [+/-][ ] per cent. per annum
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Zero per cent. per annum] [Not Applicable]  
(Condition 5.03(v))
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not Applicable]  
(Condition 5.03(v))
- (xiv) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360 or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
Actual/365 (Sterling)  
RBA Bond Basis]  
[Other]
- (xv) Default Rate: [As set out in Condition 5.04 / [ ] ]
- (xvi) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating Interest on Floating Rate Notes, if different from those set out in the Conditions: [Not Applicable / [ ] ]

16. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Method: [Linear Accrual / Compounding Accrual]
- (ii) Accrual Yield: [ ] per cent. per annum
- (iii) Reference Price: [ ] per Calculation Amount
- (iv) Any other formula / basis of determining amount payable: [Not Applicable / [ ]]
- (v) Day Count Fraction: [30/360]  
[30E/360]  
[Actual/360]  
[Actual/365]  
[Actual/Actual (ICMA)]  
[Other]
- (vi) Determination Dates: [[ ] in each year] *(insert dates. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*  
[Not Applicable]
- (vii) Default Rate: [Accrual Yield / [ ]]

**PROVISIONS RELATING TO REDEMPTION**

17. **Call Option**

(Condition 6.03)

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
  - (iii) Redeemable in part: [Applicable] [Note Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount

- (iv) Notice period:<sup>6</sup> Minimum period: [15] [ ] days  
Maximum period: [30] [ ] days
18. **Put Option** [Applicable/Not Applicable] (*Put Option not applicable to Bail-inable Notes or Subordinated Notes*)  
(Condition 6.06) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period:<sup>7</sup> Minimum period: [15] [ ] days  
Maximum period: [30] [ ] days
19. **Final Redemption Amount of each Note** [Par] / [[ ] per Calculation Amount / *other*]
20. **Bail-inable Notes – TLAC Disqualification Event Call** [Applicable] [Not Applicable]
21. **Early Redemption Amount of each Note**
- (i) Early Redemption Amount(s) payable on redemption for taxation reasons[, TLAC Disqualification Event][, Regulatory Event] or on event of default: or other early redemption and/or the method of calculating the same: [[ ] per Calculation Amount] / [As per Condition 6.09 and 6.10 [*specify other*] / See appendix]  
*[If effective date for changes in law triggering redemption for taxation reasons is not Issue Date, indicate effective date.]*
- (ii) Early Redemption Amount includes amount in respect of accrued interest: [Yes: no additional amount in respect of accrued interest to be paid / No: together with the Early Redemption Amount, accrued interest shall also be paid]
22. **Provisions relating to the NVCC Automatic Conversion** [Applicable/Not Applicable: the Notes are not Subordinated Notes]  
(Condition 8) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- Specified Time: [ ]<sup>8</sup>

<sup>6</sup> If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its issuing and paying agent.

<sup>7</sup> If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its issuing and paying agent.

<sup>8</sup> Specify time and city.



## GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. (i) Form of Notes: [Bearer Notes] [Bearer Notes exchangeable for Registered Notes]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [and/or Registered Notes] in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes [and/or Registered Notes] on [ ] days' notice]
- [Exchange Date: [ ]]
- [Permanent Global Note exchangeable for Definitive Notes [and/or Registered Notes] in the limited circumstances specified in the Permanent Global Note]
- [Registered Notes]
- [Swedish Notes]
- [Other]
- (ii) New Global Note: [Yes] [No]
24. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable] *[give details (including specifying "TARGET2" and/or financial centre(s) as applicable – N.B. TARGET2 is not required to be specified in the case of payment in euro as the definition of Payment Date already covers this in that case). Note that this item relates to the date and place of payment, and not interest period end dates, to which item 14(v) relate]*
25. Relevant Renminbi Settlement Centre: [Not Applicable / [ ]]
26. Calculation Agent for purposes of Condition 10.16 (if other than Issuing and Paying Agent): [ ] shall be the Calculation Agent] [Not Applicable]
27. Name and address of RMB Rate Calculation Agent (for purposes of Condition 10.17): [Not Applicable / [ ]]
28. Branch of Account: [Main branch in Toronto] [London branch] [other] [Not Applicable]
29. Unmatured Coupons missing upon Early Redemption: [Condition 10.06(i) applies] [Condition 10.06(ii) applies]

30. Talons for future Coupons to be attached to Definitive Notes (Condition 1.06) [Yes, as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made] [No]
31. Issuer access to register of creditors (Sw. *skuldbokenf*) in respect of Swedish Notes: [Yes / No] [Not Applicable]
32. Redenomination, renominatisation and reconventioning provisions: [Not Applicable] [The provisions annexed to the Pricing Supplement apply]
31. Consolidation provisions: [ ]
32. Alternative Currency Payment: [Applicable] [Not Applicable]  
[Alternative Currency: [ ]]
33. Other final terms: [Not Applicable] [*give details*]  
  
[*Include Notice provisions other than those found in Condition 14*]  
  
[*Include additional Events of Default (Condition 7.01) and any Default Interest Rate (Condition 5.08)*]

**[THIRD PARTY INFORMATION]**

[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

**[Purpose of Pricing Supplement]**

This Pricing Supplement comprises the final terms for issue [and admission to trading on the [*specify relevant market*] of the Notes described herein issued under the Non PD Notes Offering Circular pursuant to the Programme for the Issuance of Securities of Royal Bank of Canada.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

[Not Applicable] [Application [has been / will be / is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to [*specify relevant market*] with effect from [ ].]

[Tranche[s] [ ] of the Notes [is/are] already admitted to [*specify relevant market*] with effect from [ ].]

### 2. RATINGS

Ratings: [The Notes to be issued [have been] / [are expected to be] [have not been] specifically rated]:

[S&P Canada: [ ]]

[Moody's Canada: [ ]]

[[*Other*]: [ ]]

[*Need to include the full legal name of each rating agency above*]]

### 3. OPERATIONAL INFORMATION

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) [CFI] Code]: [ ]

(iv) [FISN]: [ ]

(v) [WKN or any other relevant codes]: [ ]

(vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A., their addresses and the relevant identification number(s): [Not Applicable] [*give name(s), address(es) and number(s)*] [Euroclear Sweden]

(vii) Delivery: Delivery [against / free of payment]

(viii) Names and addresses of additional Paying Agent(s), Registrar and Transfer Agents (if any): [ ]

(ix) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of nominee of one of the ICSDs acting as common safekeeper,)] [*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-

day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Not Applicable]

#### 4. DISTRIBUTION

- (i) Method of distribution: [Syndicated] [Non syndicated]
- (ii) If syndicated, name(s) of Manager(s) and underwriting commitments: [ ] [Not Applicable]
- (iii) Date of Subscription Agreement: [ ] [Not Applicable]
- (iv) Stabilisation Manager(s) (if any): [ ] [Not Applicable]
- (v) If non-syndicated, the name of relevant Dealer: [ ] [Not Applicable]
- (vi) Canadian Selling Restrictions: [Canadian Sales Permitted] [Canadian Sales not Permitted]
- (vii) Prohibition of Sales to Belgian Consumers: [Applicable] [Not Applicable]
- (viii) Prohibition of Sales to EEA Retail Investors: [Applicable] [Not Applicable]
- (If the offer of the Notes may constitute "packaged" products and no key information document will be prepared or if the Issuer wants to prohibit offers to EEA retail investors for any other reason, "Applicable" should be specified)*
- (ix) U.S. Selling Restrictions: [Regulation S, Compliance Category 2] [TEFRA D Rules applicable] [TEFRA C Rules applicable] [TEFRA Rules not applicable]
- (x) Additional Selling Restrictions: [ ] [Not Applicable]

**[5. ADDITIONAL DISCLOSURE]**

[Costs and charges disclosure: [ ] [ ]]

**6. USE OF PROCEEDS** [ ]

**7. EU BENCHMARK REGULATION**

EU Benchmark Regulation: Article 29(2) [Not Applicable]  
statement on benchmarks:

Amounts payable under the Notes will be calculated by reference to [ ] which is provided by [ ]. As at [ ], [ ] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). [As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply, such that [ ] is not currently required to obtain authorisation or registration.]

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