

*A final base shelf prospectus (the “final base shelf prospectus”) containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the final base shelf prospectus, and any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document. The final base shelf prospectus of Royal Bank of Canada in connection with the securities described in this document is available at [www.sedar.com](http://www.sedar.com).*

*This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

*The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any state securities laws. See “Selling Restrictions United States” below.*

October 22, 2020



**Royal Bank of Canada**  
**4.00% Limited Recourse Capital Notes, Series 2**  
**(Non-Viability Contingent Capital (NVCC))**  
**(Subordinated Indebtedness)**  
**Final Term Sheet**

<b>Issuer:</b>	Royal Bank of Canada (the “ <b>Bank</b> ”)
<b>Issue:</b>	4.00% Limited Recourse Capital Notes, Series 2 (Non-Viability Contingent Capital (NVCC)) (Subordinated Indebtedness) (the “ <b>Notes</b> ”)
<b>Expected Credit Ratings<sup>(1)</sup>:</b>	DBRS: A(low)   Moody’s: Baa3   S&P: BBB
<b>Principal Amount:</b>	C\$1.25 billion
<b>Par Value:</b>	C\$1,000 per Note
<b>Pricing Date:</b>	October 22, 2020
<b>Settlement Date:</b>	November 2, 2020 (T+7)
<b>Initial Interest Reset Date:</b>	February 24, 2026
<b>Maturity Date:</b>	February 24, 2081
<b>Interest:</b>	On the Maturity Date, the Bank will repay to holders of the Notes (“ <b>Noteholders</b> ”) the principal amount, plus accrued and unpaid interest to, but excluding, the Maturity Date. See also under “Limited Recourse” below.  The Bank will pay interest on the Notes in equal (subject to the reset of the interest rate and the short first coupon) semi-annual instalments in arrears on February 24 and August 24 of each year, with the first payment on February 24, 2021.

From the date of issue to, but excluding, February 24, 2026, the Notes will bear interest at the rate of 4.00% per annum. Starting on February 24, 2026 and on every fifth anniversary of such date thereafter until February 24, 2076 (each such date an “**Interest Reset Date**”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield on the business day prior to such Interest Reset Date (each, an “**Interest Rate Calculation Date**”) plus Credit Spread. Assuming the Notes are issued on November 2, 2020, the first interest payment on the Notes on February 24, 2021 will be in an amount of C\$12.493150685 per C\$1,000 principal amount of Notes.

“**Government of Canada Yield**” means, as at any Interest Rate Calculation Date for an Interest Reset Date, the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the period from such Interest Reset Date to, but excluding, the next Interest Reset Date, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada) selected by the Bank, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 am (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span the period from such Interest Reset Date to, but excluding, the next Interest Reset Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Bloomberg Screen GCAN5YR Page**” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

**Interest Deferrability:**

Interest payments are non-deferrable.

If there is non-payment by the Bank of interest on the Notes when due and the Bank has not cured such non-payment by subsequently paying such interest prior to the fifth business day immediately following the applicable interest payment date, a Recourse Event (defined below) will have occurred and, on a Failed Coupon Payment Date (defined below), the Notes will automatically and immediately be redeemed for the Redemption Price (defined below). From and after a Failed Coupon Payment Date, all Notes shall cease to be outstanding, each Noteholder shall cease to be entitled to interest thereon, and any certificates representing the Notes shall represent only the right to receive upon surrender thereof the Redemption Price.

If the Bank does not pay the applicable Redemption Price in cash under such circumstances, its obligation to pay the Redemption Price will be satisfied by the Bank’s delivery of the Trust Assets (defined below) to which the recourse of the Noteholders will be limited. The Trust Assets will consist of Preferred

Shares (defined below) except under certain circumstances, as described below, where the Trust Assets may consist of the Bank's common shares ("**Common Shares**") or cash. See "Limited Recourse" below.

"**Failed Coupon Payment Date**" means the fifth business day immediately following an interest payment date upon which the Bank does not pay interest on the Notes and has not cured such non-payment by subsequently paying such interest prior to such fifth business day.

The Bank will not redeem the Notes under any circumstances if such redemption would, directly or indirectly, result in the Bank's breach of any provision of the Bank Act or the Office of the Superintendent of Financial Institutions Canada ("**OSFI**") Capital Adequacy Requirements (CAR) Guideline.

<b>Credit Spread<sup>(2)</sup>:</b>	+361.7 bps over the GoC Curve (CAN 0.5% 1SEP25 & CAN 1.5% 1JUN26)
<b>Yield to Interest Reset Date:</b>	4.00%
<b>Issue Price:</b>	C\$1,000.00
<b>Redemption:</b>	The Notes shall be redeemable by the Bank every five years during the period from January 24 to and including February 24, commencing in 2026, only upon the redemption by the Bank of the Preferred Shares held by the LRT Trustee (defined below) in the Limited Recourse Trust (defined below) in accordance with the terms of such shares and with the prior written approval of the Superintendent of Financial Institutions (Canada) (the " <b>Superintendent</b> "), in whole but not in part on not less than 15 nor more than 60 days' prior notice, at the Redemption Price.

Upon redemption by the Bank of the Preferred Shares held by the LRT Trustee as described above prior to the Maturity Date (such redemption will be subject to the prior written approval of the Superintendent), outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Preferred Shares redeemed by the Bank shall automatically and immediately be redeemed, for a cash amount equal to the Redemption Price thereof, without the consent of the Noteholders. Subject to the provisions of the Bank Act, the consent of the Superintendent and various restrictions on the retirement of the Preferred Shares, the Preferred Shares are redeemable at the option of the Bank during the period from January 24, 2026 to and including February 24, 2026 and during the period from January 24 to and including February 24 every fifth year thereafter and in certain other circumstances. See the Final Term Sheet for the Preferred Shares attached as Annex A (the "**Preferred Share Final Term Sheet**") for circumstances under which the Preferred Shares may be redeemed by the Bank. For certainty, to the extent that the Bank has immediately prior to or concurrently with such Preferred Share redemption redeemed or purchased for cancellation a corresponding number of Notes in accordance with the terms of the Trust Indenture (defined below), such requirement to redeem a corresponding number of Notes shall be deemed satisfied.

The Bank may also, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole but not in part, at any time on or within 90 days following a Special Event Date (defined below) and on not less than 30 nor more than 60 days' prior notice, at the Redemption Price. Any Notes redeemed by the Bank shall be cancelled and may not be reissued.

“**Redemption Price**” of the Notes means the aggregate of (i) the principal amount of the Notes, and (ii) any accrued and unpaid interest up to, but excluding, the date of redemption.

“**Regulatory Event Date**” means the date specified in a letter from the Superintendent to the Bank on which the Notes will no longer be recognized in full as eligible “Additional Tier 1 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 as interpreted by the Superintendent.

“**Special Event Date**” means a date that is a Regulatory Event Date or a Tax Event Date.

“**Tax Event Date**” means the date on which the Bank has received an opinion of independent counsel of a nationally recognized law firm in Canada (who may be counsel to the Bank) 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, 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 case (i), (ii) or (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 date of the issue of the 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 Bank or the Limited Recourse Trust 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 Notes (including the treatment by the Bank of interest on the Notes) or the treatment of the Notes or the Preferred Shares (including dividends thereon) or other Trust Assets or the Limited Recourse Trust, 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.

**Limited Recourse:**

If (i) there is non-payment by the Bank of the principal amount of the Notes, together with any accrued and unpaid interest, on the Maturity Date, (ii) a Failed Coupon Payment Date occurs, (iii) the Bank does not pay the Redemption Price in connection with a redemption of the Notes in cash, (iv) an event of default under the Notes occurs or (v) a Trigger Event (defined below) occurs (each such event, a “**Recourse Event**”), the recourse of each

Noteholder will be limited to that Noteholder's proportionate share of the assets (the "**Trust Assets**") held by a third party trustee (the "**LRT Trustee**") in respect of the Notes in Leo LRCN Limited Recourse Trust (the "**Limited Recourse Trust**"). The LRT Trustee will hold assets in the Limited Recourse Trust in respect of more than one series of limited recourse capital notes, and the assets (including the Bank's preferred shares) for each such series will be held separate from the assets for other series. Computershare Trust Company of Canada will act both as the LRT Trustee and the Indenture Trustee (defined below).

Initially, at the time of issuance of the Notes, the Trust Assets will consist of the Bank's Non-Cumulative 5-Year Fixed Rate Reset First Preferred Shares, Series BR ("**Preferred Shares**") issued at an issue price of C\$1,000 per Preferred Share. The Trust Assets may alternatively consist of (i) Preferred Shares, (ii) cash if the Preferred Shares are redeemed for cash by the Bank with the prior written approval of the Superintendent, (iii) Common Shares upon the conversion of the Preferred Shares into Common Shares as a result of a Trigger Event or (iv) any combination thereof, depending on the circumstances.

The number of Preferred Shares issued at the time of issuance of the Notes will be equal to the total principal amount of the Notes divided by C\$1,000. If the Trust Assets consist of Preferred Shares at the time a Recourse Event occurs, the Bank will deliver, or cause the LRT Trustee to deliver, to each Noteholder one Preferred Share for each C\$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Preferred Shares will be each Noteholder's sole remedy against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable.

Upon the occurrence of a Recourse Event that is a Trigger Event, the Bank will deliver, or cause the LRT Trustee to deliver, to each Noteholder that Noteholder's proportionate share of the Common Shares issued in connection with the Trigger Event. The number of Common Shares issuable in connection with the Trigger Event will be calculated based on a Share Value (as defined below in the Preferred Share Final Term Sheet) of C\$1,000. Such Common Shares shall be applied to the payment of the principal amount of the Notes, and such delivery of Common Shares will be each Noteholder's sole remedy against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable. See "NVCC Automatic Conversion" below.

The receipt by a Noteholder of its proportionate share of the Trust Assets upon the occurrence of a Recourse Event shall exhaust the remedies of the Noteholders under the Notes. If a Noteholder does not receive its proportionate share of the Trust Assets under such circumstances, the sole remedy of the Noteholder for any claims against the Bank shall be limited to a claim for the delivery of such Trust Assets.

In case of any shortfall resulting from the value of the Trust Assets being less than the principal amount of and any accrued and unpaid interest on the Notes, all losses arising from such shortfall shall be borne by the Noteholders.

All claims of Noteholders against the Bank under the Notes will be extinguished upon receipt of the Trust Assets.

- Trust Indenture:** The Notes will be issued under the provisions of a trust indenture to be dated as of November 2, 2020 (as supplemented from time to time, the “**Trust Indenture**”) between the Bank and Computershare Trust Company of Canada, acting as trustee (the “**Indenture Trustee**”).
- Purchase for Cancellation:** The Bank may, at its option and at any time, with the prior written approval of the Superintendent, purchase the Notes in the market, by tender (available to all holders of Notes) or by private contract at any price.
- Conversion:** The Notes are not convertible into any other property except as described herein.
- NVCC Automatic Conversion:** Upon the occurrence of a Trigger Event, each Preferred Share held in the Limited Recourse Trust will be automatically converted, without the consent of the Noteholders, the LRT Trustee or the Indenture Trustee, into the number of fully-paid and freely-tradeable Common Shares of the Bank based on the Conversion Price (as defined below in the Preferred Share Final Term Sheet) (a “**Trigger Event Conversion**”). See “NVCC Automatic Conversion” in the Preferred Share Final Term Sheet for more details.

Immediately following such Trigger Event Conversion, each Note will be automatically redeemed, without the consent of Noteholders, for the number of Common Shares into which each Preferred Share was converted.

“**Trigger Event**” has the meaning set out in the OSFI Capital Adequacy Requirements (CAR) Guideline, Chapter 2 - Definition of Capital, effective November 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 Trigger Event:

- (a) the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of the Notes and all other contingent instruments issued by the Bank and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or
- (b) a federal or provincial government in Canada publicly announces that the Bank 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 Bank would have been determined by the Superintendent to be non-viable.

**Events of Default:** The only events of default under the Notes shall be the bankruptcy, insolvency, or liquidation of the Bank.

An event of default under the Notes will not include any non-payment by the Bank of the principal amount of or interest on the Notes, the non-performance by the Bank of any other covenant of the Bank in the Trust Indenture, or the occurrence of a Trigger Event.

The occurrence of an event of default is a Recourse Event for which the sole remedy of the Noteholders shall be the delivery of the Trust Assets. In case of

an event of default, the delivery of the Trust Assets to the Noteholders will exhaust all remedies of such Noteholders in connection with such event of default.

See “Limited Recourse” above.

<b>Voting Rights:</b>	None, other than in certain limited circumstances to be described in the Trust Indenture.
<b>Selling Restrictions Canada:</b>	The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in National Instrument 45-106 – <i>Prospectus Exemptions</i> (“NI 45-106”) or section 73.3 of the <i>Securities Act</i> (Ontario), as applicable) who are not individuals unless they are also “permitted clients” (as such term is defined in National Instrument 31-103 – <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (“NI 31-103”)). Each dealer involved in the offering of the Notes in Canada will represent and covenant, severally and not on a joint and several basis, to the Bank that it will only sell the Notes to such purchasers in Canada.
<b>Deemed Representations by Canadian Purchasers:</b>	By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to the Bank and the dealer from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the <i>Securities Act</i> (Ontario), as applicable) who is not an individual unless such purchaser is also a “permitted client” (as such term is defined in NI 31-103).
<b>Selling Restrictions United States:</b>	The Notes, the Preferred Shares and the Common Shares into which the Preferred Shares may be converted or for which the Notes may be redeemed upon the occurrence of a Trigger Event are not, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws, and the dealers involved in the offering of Notes have agreed not to (i) buy or offer to buy, (ii) sell or offer to sell or (iii) solicit any offer to buy any Notes as part of any distribution in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person, except that a U.S. broker-dealer affiliate of RBC Dominion Securities Inc. may offer or sell Notes to U.S. Persons that are Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act. In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.
<b>Selling Restrictions International:</b>	Sales permitted to certain institutions in the European Economic Area, the United Kingdom, Switzerland, Hong Kong, Japan, Korea, People’s Republic of China, Taiwan, Singapore, Australia and UAE subject to applicable selling restrictions set out in the prospectus supplement for the offering.
<b>Prohibited Owners:</b>	The terms and conditions of the Notes will include mechanics to allow the Bank to attempt to facilitate a sale of Preferred Shares or Common Shares (issued upon a Recourse Event) on behalf of those Noteholders who are Ineligible Persons (defined below) or who, by virtue of that delivery, would become Significant Shareholders (defined below). The net proceeds received by the Bank from the sale of any such Preferred Shares or Common Shares

will be divided among the applicable persons in proportion to the number of Preferred Shares or Common Shares that would otherwise have been delivered to them after deducting the costs of sale and any applicable withholding taxes.

“**Person**” has the meaning given to it in the Bank Act.

“**Ineligible Person**” means (i) any Person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada to the extent that the issuance by the Bank or delivery by its transfer agent to that Person, of Preferred Shares or, pursuant to an NVCC Automatic Conversion, of Common Shares would require the Bank 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 Bank or delivery by its transfer agent to that Person, of Preferred Shares or, pursuant to an NVCC Automatic Conversion, of Common Shares would cause the Bank to be in violation of any law to which the Bank is subject.

“**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 Bank that is in excess of that permitted by the Bank Act.

- Form:** The Notes will be registered in the name of CDS Clearing and Depository Services Inc. or its nominee and will be subject to the provisions of the Trust Indenture.
- Denominations:** Minimum of C\$200,000 and integral multiples of C\$1,000 in excess thereof.
- Status and Subordination:** The Notes will be direct unsecured subordinated indebtedness of the Bank and will rank subordinate to all of the Bank’s deposit liabilities and all of the Bank’s other indebtedness (including all of the Bank’s other unsecured and subordinated indebtedness) from time to time issued and outstanding, except for such indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.

Upon the occurrence of a Recourse Event, including if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), the recourse of each holder of Notes will be limited to such holder’s proportionate share of the Trust Assets. As mentioned above, the receipt by a Noteholder of its proportionate share of the Trust Assets upon the occurrence of a Recourse Event shall exhaust the remedies of such Noteholder under the Notes. If a Noteholder does not receive its proportionate share of the Trust Assets under such circumstances, the sole remedy of the Noteholder for any claims against the Bank shall be limited to a claim for the delivery of such Trust Assets. If the Trust Assets that are delivered to the Noteholders under such circumstances comprise of Preferred Shares or Common Shares, such Preferred Shares or Common Shares will rank on parity with the Bank’s other first preferred shares or Common Shares, as applicable.

**The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution.**

<b>Risk Factors:</b>	An investment in the Notes (and Preferred Shares and Common Shares upon delivery of the assets of the Limited Recourse Trust, including upon the occurrence of a Trigger Event) is subject to certain risks. Please refer to the prospectus supplement for the offering for a discussion of those risks. As an investment in the Notes may become an investment in the Preferred Shares or Common Shares in certain circumstances, potential investors in the Notes should consider the risks discussed in the prospectus supplement regarding the Preferred Shares and Common Shares in addition to the risks regarding the Notes.
<b>Governing Law:</b>	The Trust Indenture and the Notes will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Limited Recourse Trust is formed under the laws of the Province of Manitoba.
<b>Use of Proceeds:</b>	The proceeds to the Bank from the sale of the Notes will be added to the Bank's general funds and will be utilized for general banking purposes.
<b>Agents:</b>	RBC Dominion Securities Inc. (Lead Manager and Sole Bookrunner) J.P. Morgan Securities Canada Inc. (Lead Manager)  Desjardins Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Canada Inc., Wells Fargo Securities Canada, Ltd., HSBC Securities (Canada) Inc., Industrial Alliance Securities Inc., Laurentian Bank Securities Inc. and Manulife Securities Incorporated (as Co-Managers)
<b>CUSIP / ISIN:</b>	780086SV7 / CA780086SV74
<b>Common Code:</b>	•



**Royal Bank of Canada**  
**Non-Cumulative 5-Year Fixed Rate Reset First Preferred Shares, Series BR**  
**(Non-Viability Contingent Capital (NVCC))**  
**Final Term Sheet**

*Capitalized terms used in this document but not defined have the meaning given to them in the Final Term Sheet for 4.00% Limited Recourse Capital Notes, Series 2 (Non-Viability Contingent Capital (NVCC)) (Subordinated Indebtedness) to which this Final Term Sheet is attached.*

<b>Issuer:</b>	Royal Bank of Canada (the “ <b>Bank</b> ”)
<b>Issue:</b>	Non-Cumulative 5-Year Fixed Rate Reset First Preferred Shares, Series BR (Non-Viability Contingent Capital (NVCC)) (the “ <b>Preferred Shares</b> ”)
	The Preferred Shares will be issued to the LRT Trustee who will hold legal title to the Preferred Shares in trust as trustee for the benefit of the Bank to satisfy the Bank’s obligations under the Trust Indenture for the benefit of the Noteholders.
<b>Expected Credit Ratings<sup>(1)</sup>:</b>	DBRS: Pfd-2 (high)   Moody’s: Baa3   S&P: BBB
<b>Principal Amount:</b>	Benchmark
<b>Issue Price:</b>	C\$1,000 per Preferred Share
<b>Pricing Date:</b>	October 22, 2020
<b>Settlement Date:</b>	November 2, 2020 (T+7)
<b>Maturity:</b>	Perpetual
<b>Yield to Interest Reset Date:</b>	4.00%
<b>Dividends:</b>	Prior to the date that the Preferred Shares are delivered to Noteholders (the “ <b>Transfer Date</b> ”), the holders of the Preferred Shares shall not be entitled to receive dividends.
	Following the Transfer Date, during the Initial Fixed Rate Period (defined below), the holders of the Preferred Shares will be entitled to receive fixed rate non-cumulative preferential cash dividends, as and when declared by the board of directors, subject to the provisions of the Bank Act, payable semi-annually on the 24 <sup>th</sup> day of February and August in each year, in an amount per share per annum determined by multiplying the Initial Annual Fixed Dividend Rate (defined below) by C\$1,000.00; provided that, whenever it is necessary to compute any dividend amount in respect of the Preferred

Shares for a period of less than one full semi-annual dividend period, such dividend amount shall be calculated on the basis of the actual number of days in the period and a year of 365 days.

During each Subsequent Fixed Rate Period (defined below), the holders of the Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors, subject to the provisions of the Bank Act, payable semi-annually on the 24<sup>th</sup> day of February and August in each year, in an amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (defined below) applicable to such Subsequent Fixed Rate Period by C\$1,000.00.

**“Annual Fixed Dividend Rate”** means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.617%.

**“Bloomberg Screen GCAN5YR Page”** means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

**“Fixed Period End Date”** means February 24, 2026 and each February 24 every fifth year thereafter.

**“Fixed Rate Calculation Date”** means, for any Subsequent Fixed Rate Period, the business day prior to the first day of such Subsequent Fixed Rate Period.

**“Government of Canada Yield”** as at any Fixed Rate Calculation Date means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada) selected by the Bank, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 am (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

**“Initial Annual Fixed Dividend Rate”** means, for the Initial Fixed Rate Period, the rate equal to the interest rate per annum on the Notes in effect as of the Transfer Date, provided that if the Transfer Date is on or after the Maturity Date, it means the rate (expressed as a percentage rounded to the nearest one hundredth-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Yield on the business day prior to the Maturity Date (and in such case, for purposes of the definition of Government of Canada Yield, such day shall be deemed to be a “Fixed Rate Calculation Date” and such Initial Fixed Rate Period shall be deemed to be a “Subsequent Fixed Rate Period”), plus 3.617%.

**“Initial Fixed Rate Period”** means, (i) if the Transfer Date is prior to February 24, 2026, the period from and including the Transfer Date to, but excluding, February 24, 2026 and (ii) if the Transfer Date is on or after February 24, 2026, the period from and including the Transfer Date, to but excluding the first Fixed Period End Date following the Transfer Date.

**“Initial Reset Date”** means, (i) if the Transfer Date is prior to February 24, 2026, February 24, 2026, and (ii) if the Transfer Date is on or after February 24, 2026, the first Fixed Period End Date following the Transfer Date.

**“Subsequent Fixed Rate Period”** means the period from and including the Initial Reset Date to, but excluding, the next Fixed Period End Date and each five year period thereafter from and including such Fixed Period End Date to, but excluding, the next Fixed Period End Date.

**Dividend  
Deferability:**

If the board of directors does not declare a dividend, or any part thereof, on the Preferred Shares, then the rights of the holders of the Preferred Shares to such dividend, or to any part thereof, will be extinguished.

The Bank may also be restricted under the Bank Act from paying dividends on the Preferred Shares in certain circumstances.

**Dividend Stopper:**

The Bank will not pay any dividends on any second preferred shares, any Common Shares or any other shares ranking junior to the Preferred Shares (other than stock dividends in any shares ranking junior to the relevant series); or redeem, purchase or otherwise retire any second preferred shares, any Common Shares or any other shares ranking junior to the Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the relevant series); or redeem, purchase or otherwise retire less than all of the Preferred Shares; or except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of preferred shares, redeem, purchase, or otherwise retire any other shares ranking on a parity with the Preferred Shares, unless in each case all dividends up to and including the dividend payment date for the last completed period for which dividends are payable have been declared and paid, or set apart for payment, in respect of the Bank’s first preferred shares.

**Redemption:**

Except as noted below, the Preferred Shares will not be redeemable prior to January 24, 2026.

Subject to the provisions of the Bank Act and the consent of the Superintendent, during the period from January 24, 2026 to and including February 24, 2026 and during the period from January 24 to and including February 24 every fifth year thereafter, the Bank may redeem all (or, if on or after the Transfer Date, all or any part) of the outstanding Preferred Shares. If the Preferred Shares are redeemed before the Transfer Date, the redemption price per share will be equal to C\$1,000. If the Preferred Shares are redeemed on or after the Transfer Date, the redemption price per share will be equal to C\$1,000, plus any declared and unpaid dividends up to, but excluding, the date fixed for redemption.

Upon the occurrence of a Special Event Date before the Transfer Date, the Bank may also, at its option, with the prior written approval of the Superintendent, redeem the Preferred Shares, in whole but not in part, at any time on or within 90 days following a Special Event Date in respect of the Notes, at a redemption price per share which is equal to C\$1,000 (a **“Special Event Redemption”**).

If at any time the Bank, with the prior written approval of the Superintendent, purchases Notes, in whole or in part, by tender offer, open market purchases, negotiated transactions or otherwise, for cancellation, then the Bank shall, with the prior written approval of the Superintendent, redeem such number of Preferred Shares with an aggregate face amount equal to the aggregate principal amount of Notes purchased for cancellation by the Bank, by the payment of an amount in cash for each share redeemed of C\$1,000.

Concurrently with or upon the maturity of the Notes, with the prior written approval of the Superintendent, the Bank may redeem all but not less than all of the outstanding Preferred Shares by the payment of an amount in cash for each share redeemed of C\$1,000 and apply, or cause the LRT Trustee to apply, the proceeds of such redemption towards the repayment of the aggregate principal amount of and any accrued and unpaid interest on the Notes.

Notice of any redemption other than a Special Event Redemption will be given by the Bank to registered holders not more than 60 days and not less than 15 days prior to the redemption date. Notice of any Special Event Redemption will be given by the Bank to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

**Purchase for Cancellation:**

Subject to the provisions of the Bank Act and the prior written approval of the Superintendent, from and after the Transfer Date, the Bank may at any time, by private contract or in the market or by tender, purchase for cancellation any Preferred Shares at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable.

**NVCC Automatic Conversion:**

Upon the occurrence of a Trigger Event, each outstanding Preferred Share will automatically and immediately be converted, on a full and permanent basis, into a number of Common Shares equal to  $(\text{Multiplier} \times \text{Share Value}) \div \text{Conversion Price}$  (an “**NVCC Automatic Conversion**”).

**Trigger Event:**

As set out in the Office of the Superintendent of Financial Institutions (Canada) (“**OSFI**”) Capital Adequacy Requirements (CAR) Guideline, Chapter 2 – Definition of Capital, effective November 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 Trigger Event:

- the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank 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 Bank will be restored or maintained; or
- a federal or provincial government in Canada publicly announces that the Bank 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 Bank would have been determined by the Superintendent to be non-viable.

**Multiplier:**

1.0

**Share Value:**

C\$1,000 plus declared and unpaid dividends as at the date of the Trigger Event.

**Conversion Price:** The greater of (i) C\$5.00, and (ii) the Current Market Price (defined below) of the Common Shares. The floor price of C\$5.00 is subject to adjustment in the event of (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. The adjustment shall be computed to the nearest one-tenth of one cent provided that no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Conversion Price then in effect.

“**Current Market Price**” of the Common Shares, in connection with a Trigger Event, means the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange, if such shares are then listed on the Toronto Stock Exchange, for the 10 consecutive trading days ending on the trading day preceding the date of the Trigger Event. If the Common Shares are not then listed on the Toronto Stock Exchange, 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.

**Common Share Corporate Event:** In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders of Preferred Shares 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 had occurred immediately prior to the record date for such event.

**Rights on Liquidation:** At any time after the Preferred Shares have been delivered to the Noteholders but prior to a Trigger Event, in the event of the Bank’s liquidation, dissolution or winding-up, holders of the Preferred Shares will be entitled to receive C\$1,000 per share, together with all dividends declared and unpaid to the date of payment, before any amount may be paid or any of the Bank’s assets distributed to the registered holders of any shares ranking junior to the Preferred Shares. The holders of Preferred Shares will not be entitled to share in any further distribution of assets.

If a Trigger Event has occurred, all Preferred Shares shall have been converted into Common Shares which will rank on parity with all other Common Shares.

**Voting Rights:** Except as otherwise required under the Bank Act or the Bank’s by-laws, the holders of the Preferred Shares will not be entitled to receive notice of or to attend or to vote at any meetings of the shareholders of the Bank until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under “Dividends” above (for clarity, such time may not occur before the Transfer Date because, prior to the Transfer Date, the holders of any Preferred Shares shall not be entitled to receive dividends). The voting rights of holders of Preferred Shares will forthwith cease upon payment by the Bank of a dividend on the Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose.

(1) A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

- (2) *The Credit Spread is a comparable and shows the basis point difference between the Yield to the Interest Reset Date and the yield on the specified Government of Canada bond with a maturity date similar to the Interest Reset Date of the Notes. Comparable means information that compares an issuer to other issuers. The Credit Spread is the customary method for benchmarking yields on Canadian investment grade debt instruments issued in Canada. Information about the Credit Spread was obtained from public sources and has not been verified by the Bank or the dealers. Risks in making an investment decision based on the Credit Spread include that numerous factors will affect the value of an investment in the Notes other than the Credit Spread. If the Credit Spread contains a misrepresentation, investors do not have a remedy under securities legislation in any province or territory of Canada. Investors are cautioned to not put undue reliance on the Credit Spread in making an investment decision.*

## **NOT REGISTERED IN THE UNITED STATES**

The Notes, the Preferred Shares and the Common Shares into which the Preferred Shares may be converted or for which the Notes may be redeemed upon the occurrence of a Trigger Event have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws. The Notes may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act), except pursuant to an exemption from the registration requirements of the Securities Act. See “Selling Restrictions United States” above.