

**Prospectus Supplement  
To Short Form Base Shelf Prospectus dated January 30, 2018**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement together with the short form base shelf prospectus dated January 30, 2018 to which it relates, as amended or supplemented, and each document incorporated by reference into the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities to be issued hereunder have not been, 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. The securities to be issued hereunder are being sold only outside the United States to non-U.S. Persons (as defined under Regulation S under the U.S. Securities Act) and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or to or for the account or benefit of U.S. persons. See "Plan of Distribution".*

*Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated January 30, 2018 from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Investor Relations, Royal Bank of Canada, 155 Wellington Street West, 13th Floor, Toronto, Ontario, Canada, M5V 3K7, telephone (416) 955-7802, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

**New Issue**

October 29, 2018



**Royal Bank of Canada**

**\$350,000,000**

**14,000,000 Non-Cumulative 5-Year Rate Reset  
First Preferred Shares, Series BO  
(Non-Viability Contingent Capital (NVCC))**

Our Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series BO (Non-Viability Contingent Capital (NVCC)) (the "**Series BO Preferred Shares**") will be entitled to fixed non-cumulative preferential cash dividends, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year, as and when declared by our board of directors, for the initial period from and including the closing date of this offering to, but excluding, February 24, 2024 (the "**Initial Fixed Rate Period**") at a per annum rate of 4.80%, or \$1.2000 per share per annum. The initial dividend, if declared, will be payable on February 24, 2019 and will be \$0.3748 per share, based on an anticipated issue date of November 2, 2018.

For each five-year period after the Initial Fixed Rate Period (each a "**Subsequent Fixed Rate Period**"), the Series BO Preferred Shares will be entitled to fixed non-cumulative preferential cash dividends, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year, as and when declared by our board of directors, in an amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. We will determine the Annual Fixed Dividend Rate for each ensuing Subsequent Fixed Rate Period on the Fixed Rate Calculation Date (as defined herein), which rate will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus 2.38%. See "Description of the Series BO Preferred Shares and the Series BP Preferred Shares".

**Option to Convert into Non-Cumulative Floating Rate First Preferred Shares, Series BP**

Holders of the Series BO Preferred Shares will have the option to convert such shares into Non-Cumulative Floating Rate First Preferred Shares, Series BP (Non-Viability Contingent Capital (NVCC)) (the "**Series BP Preferred Shares**"), subject to certain conditions, on February 24, 2024 and on February 24 every fifth year thereafter. Series BP Preferred Shares will be entitled to floating rate non-cumulative preferential cash dividends, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "**Quarterly Floating Rate Period**"), as and when declared by our board of directors, in an amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 2.38% (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined on the Floating Rate Calculation Date (as defined herein). See "Description of the Series BO Preferred Shares and the Series BP Preferred Shares".

Subject to the provisions of the *Bank Act* (Canada) (the "**Bank Act**") and the consent of the Superintendent of Financial Institutions (Canada) (the "**Superintendent**"), on February 24, 2024 and on February 24 every fifth year thereafter, we may redeem the Series BO Preferred Shares in whole or in part by the payment of \$25.00 in cash per share together with declared and unpaid dividends to the date fixed for redemption. See "Description of the Series BO Preferred Shares and the Series BP Preferred Shares".

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**Price: \$25.00 per Series BO Preferred Share to yield initially 4.80%**

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The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series BO Preferred Shares, the Series BP Preferred Shares and the common shares of the Bank (“Common Shares”) into which such shares may be converted upon the occurrence of a Trigger Event (as defined herein) subject to us fulfilling all of the TSX’s requirements by January 29, 2019. We have also applied to list the Common Shares into which such shares may be converted upon the occurrence of a Trigger Event on the New York Stock Exchange (“NYSE”). Listing will be subject to our fulfilling all requirements of the NYSE.

The underwriters of this offering are RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., Desjardins Securities Inc., Canaccord Genuity Corp., Laurentian Bank Securities Inc., Manulife Securities Incorporated and Raymond James Ltd. (collectively, the “Underwriters”). The Underwriters, as principals, conditionally offer the Series BO Preferred Shares, subject to prior sale, if, as and when issued by us and accepted by the Underwriters, in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under “Plan of Distribution” and subject to the approval of certain legal matters on our behalf by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

**RBC Dominion Securities Inc., one of the Underwriters, is our wholly-owned subsidiary. Therefore, we are a related and connected issuer of RBC Dominion Securities Inc. under applicable securities legislation. See “Plan of Distribution”.**

	<u>Price to public</u>	<u>Underwriters’ fee<sup>(1)(3)</sup></u>	<u>Net proceeds to the Bank<sup>(2)</sup></u>
Per Series BO Preferred Share .....	\$25.00	\$0.75	\$24.25
Total .....	\$350,000,000	\$10,500,000	\$339,500,000

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(1) The Underwriters’ fee is \$0.25 for each share sold to certain institutions and \$0.75 for all other shares sold. The totals set forth in the table represent the Underwriters’ fee and net proceeds assuming no shares are sold to such institutions.

(2) Before deduction of our expenses of this issue estimated at \$400,000.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series BO Preferred Shares. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may decrease the price at which the Series BO Preferred Shares are distributed from the initial offering price of \$25.00 per share. See “Plan of Distribution”.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing is expected to take place on or about November 2, 2018 or such later date as may be agreed upon, but in any event not later than December 14, 2018. A “book-entry only” certificate representing the Series BO Preferred Shares will be issued in registered form to CDS or its nominee and will be deposited with CDS or such other person as CDS may appoint as “Custodian” (as such term is defined in the Underwriting Agreement referred to under “Plan of Distribution”) on the closing date. No physical certificates representing the Series BO Preferred Shares will be issued to purchasers, except in limited circumstances, and registration will be made in the depository service of CDS. A purchaser of Series BO Preferred Shares will receive only a customer confirmation from a registered dealer who is a CDS participant and from or through whom the Series BO Preferred Shares are purchased. See “Book-Entry Only Securities” in the prospectus.

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Capitalized terms used in this prospectus supplement that are not defined herein have the meanings ascribed to such terms in our short form base shelf prospectus dated January 30, 2018 (the “**prospectus**”).

In this prospectus supplement, unless the context otherwise indicates, “**the Bank**”, “**we**”, “**us**” or “**our**” means Royal Bank of Canada together, if the context requires, with its subsidiaries.

All dollar amounts referred to in this prospectus supplement are expressed in Canadian dollars.

### Caution Regarding Forward-Looking Statements

From time to time, we make 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. We may make forward-looking statements in this prospectus supplement, in the documents incorporated by reference in this prospectus supplement, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in other reports to shareholders and in other communications. Forward-looking statements in this prospectus supplement, or incorporated by reference in this prospectus supplement include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, the Economic, market and regulatory review and outlook for Canadian, United States (“**U.S.**”), European and global economies, the regulatory environment in which we operate, the Strategic priorities and Outlook sections for each of our business segments, and the risk environment including our liquidity and funding risk as set out in our management’s discussion and analysis for the year ended October 31, 2017 (the “**2017 Management’s Discussion and Analysis**”) and in our management’s discussion and analysis for the three and nine month periods ended July 31, 2018 (the “**Q3 2018 Management’s Discussion and Analysis**”), and includes our President and Chief Executive Officer’s statements. The forward-looking information contained in, or incorporated by reference in, this document is presented for the purpose of assisting the holders of our securities, potential purchasers of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our 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 us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements.

These factors – many of which are beyond our 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 in the 2017 Management’s Discussion and Analysis and in the Risk management section of the Q3 2018 Management’s Discussion and Analysis; including global uncertainty and volatility, elevated Canadian housing prices and household indebtedness, information technology and cyber risk, 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 we operate, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency and environmental and social risk.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, 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, or incorporated by reference in, this prospectus supplement are set out in the Overview and outlook section and for each business segment under the Strategic priorities and Outlook headings in the 2017 Management’s Discussion and Analysis, as updated by the Overview and outlook section in the Q3 2018 Management’s Discussion and Analysis. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections in the 2017 Management’s Discussion and Analysis and in the Risk management section in the Q3 2018 Management’s Discussion and Analysis incorporated by reference in this prospectus supplement.

#### **Documents Incorporated by Reference**

This prospectus supplement is deemed to be incorporated by reference into the prospectus and the initial term sheet dated October 25, 2018 (the “**Initial Term Sheet**”) and the revised term sheet dated October 25, 2018 (together with the Initial Term Sheet, the “**Term Sheets**”), both in respect of the Series BO Preferred Shares offered hereunder and, in each case, filed with the securities regulatory authorities in each province and territory of Canada are deemed to be incorporated by reference into this prospectus supplement, solely for the purpose of the Series BO Preferred Shares offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the prospectus and reference should be made to the prospectus for full particulars.

The following documents filed with the Superintendent and the various securities regulatory authorities in Canada are incorporated by reference into this prospectus supplement:

- (a) our 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 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 (IFRS) as issued by the International Accounting Standards Board (IASB), and management’s report on internal financial reporting, together with the report of the independent registered public accounting firm thereon together with our 2017 Management’s Discussion and Analysis;
- (b) our annual information form dated November 28, 2017;
- (c) our management proxy circular dated February 8, 2018 for our annual meeting of common shareholders held on April 6, 2018; and
- (d) our unaudited interim condensed consolidated financial statements as at July 31, 2018 and July 31, 2017 and for the three and nine month periods then ended, together with our Q3 2018 Management’s Discussion and Analysis.

**Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or the prospectus or contained in this prospectus supplement or the prospectus is deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.**

## Marketing Materials

Any additional marketing materials (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities regulatory authorities in each of the provinces and territories of Canada in connection with the offering of Series BO Preferred Shares hereunder on or after the date hereof but prior to the termination of the distribution of the Series BO Preferred Shares under this prospectus supplement (including any amendments to, or an amended version of, the marketing materials) are deemed to be incorporated by reference herein. Any marketing materials, including the Term Sheets, are not part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement.

## Use of Proceeds

The net proceeds to us from the sale of the Series BO Preferred Shares, after deducting estimated expenses of the issue and the Underwriters' fee (assuming the Underwriters' fee is \$0.75 per share for all Series BO Preferred Shares sold), will be approximately \$339,100,000. The net proceeds will be added to our general funds and will be used for general business purposes, including investment in subsidiaries of the Bank.

## Share Capital and Subordinated Debentures

As at July 31, 2018, we had 1,441,166,479 Common Shares, 251,020,385 First Preferred Shares and no second preferred shares outstanding.

The selected consolidated financial data set out below are extracted from our consolidated financial statements as at and for the year ended October 31, 2017 and the nine months ended July 31, 2018.

	<u>October 31, 2017</u>	<u>July 31, 2018</u>
	(\$ millions)	(\$ millions)
Subordinated debentures	9,265	9,129
RBC Trust capital securities included in non-controlling interest in subsidiaries	511	--
Preferred shares <sup>(1)</sup>	6,413	6,306
Common shares <sup>(2)</sup>	17,703	17,533
Retained earnings <sup>(3)</sup>	45,359	49,424
Treasury shares – preferred	--	--
– common	(27)	(109)
Other components of equity	4,354	4,518

(1) After giving effect to this offering of Series BO Preferred Shares, preferred shares would have amounted to approximately \$6,656 million as at July 31, 2018.

(2) After giving effect to the repurchase of 1,983,800 Common Shares up to and including October 26, 2018 under the Bank's normal course issuer bid, Common Shares would have amounted to approximately \$17,509 million as at July 31, 2018.

(3) After giving effect to the repurchase of 1,983,800 Common Shares up to and including October 26, 2018 under the Bank's normal course issuer bid, and this offering of Series BO Preferred Shares, retained earnings would have amounted to approximately \$49,241 million as at July 31, 2018.

## Earnings Coverage

The following consolidated earnings coverage ratios calculated for the twelve months ended October 31, 2017 and July 31, 2018, respectively, are presented on a pro forma adjusted basis and give effect to this offering of Series BO Preferred Shares and the redemption of 82,050 Series C-1 preferred shares (and the related depositary shares) on November 13, 2017, in each case as if each had occurred at the beginning of each such 12-month period.

	<u>October 31, 2017</u>	<u>July 31, 2018</u>
	<u>(as adjusted)</u>	<u>(as adjusted)</u>
Earnings coverage on subordinated debentures.....	55.19	51.08
Dividend coverage on preferred shares .....	36.76	39.81
Interest and grossed up dividend coverage on subordinated debentures, trust capital securities and preferred shares .....	22.31	22.62

Our interest requirements on subordinated debentures (“**interest requirements**”) amounted to \$270 million for the twelve months ended October 31, 2017 and \$306 million for the twelve months ended July 31, 2018. Our dividend requirements on our outstanding First Preferred Shares, after giving effect to this offering and adjusted to a before-tax equivalent using an effective income tax rate of 21.8% (“**dividend requirements**”) amounted to \$398 million for the twelve months ended

October 31, 2017 and \$385 million for the twelve months ended July 31, 2018. Our earnings before income tax and our interest requirements, adjusted for non-controlling interests, for the twelve months ended October 31, 2017 were \$14,901 million, 22.31 times our aggregate dividend requirements and interest requirements for the period. Our earnings before income tax and our interest requirements, adjusted for non-controlling interests, for the twelve months ended July 31, 2018 were \$15,631 million, 22.62 times our aggregate dividend requirements and interest requirements for the period.

In calculating the dividend and interest coverages, foreign currency amounts have been converted to Canadian dollars using the rates of exchange as at the end of each month. For the twelve months ended October 31, 2017, the average exchange rate was U.S. \$0.765 per Cdn. \$1.00. For the twelve months ended July 31, 2018, the average exchange rate was U.S. \$0.783 per Cdn. \$1.00.

### Trading Price and Volume

The Bank's Common Shares are listed on the TSX and the NYSE under the trading symbol "RY". The following table sets out the price range and trading volumes of our outstanding Common Shares on the TSX (as reported by TSX Historical Data Access) and the U.S. markets (as reported by NYSEConnect) for the periods indicated.

Month	Common Shares (TSX)			Common Shares (U.S. markets)		
	High (\$)	Low (\$)	Volume	High (\$US)	Low (\$US)	Volume
October 1-26, 2018	104.64	93.13	51,237,034	81.56	71.01	16,199,989
September, 2018	105.12	102.76	37,383,754	81.22	78.18	12,566,169
August, 2018	104.98	100.33	42,758,959	81.06	76.82	14,940,583
July, 2018	102.46	98.70	30,366,154	78.26	74.37	13,324,979
June, 2018	101.51	97.47	43,511,514	77.27	73.92	14,999,978
May, 2018	102.03	96.25	46,664,245	79.80	74.02	14,430,060
April, 2018	99.59	96.00	38,603,580	78.27	74.75	15,592,010
March, 2018	102.92	98.33	54,048,970	80.71	76.08	16,724,668
February, 2018	105.15	97.81	53,333,064	86.06	77.44	18,992,355
January, 2018	108.52	102.21	53,956,885	87.10	81.42	15,222,562
December, 2017	103.34	100.50	40,375,629	81.66	78.28	16,873,702
November, 2017	101.95	99.33	31,547,351	79.97	77.67	13,774,270
October, 2017	102.15	96.60	41,111,076	80.98	77.35	18,145,910

### Description of the Series BO Preferred Shares and the Series BP Preferred Shares

#### Provisions Unique to the Series BO Preferred Shares

The Series BO Preferred Shares will be issued as a series of First Preferred Shares of the Bank. See "Description of the Securities that May be Offered under this Prospectus – First Preferred Shares" in the prospectus.

#### *Defined Terms*

The following definitions are relevant to the Series BO Preferred Shares.

**"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 2.38%.

**"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 Rate Calculation Date"** means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

**"Government of Canada Yield"** on any date means the 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 arithmetic average of the yields quoted to the Bank by two registered Canadian investment dealers selected by the Bank as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the closing date of this offering to, but excluding, February 24, 2024.

“**Subsequent Fixed Rate Period**” means the period from and including February 24, 2024 to, but excluding, February 24, 2029 and each five year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, February 24 in the fifth year thereafter.

#### *Issue Price*

The issue price per Series BO Preferred Share is \$25.00.

#### *Dividends*

During the Initial Fixed Rate Period, the holders of the Series BO Preferred Shares will be entitled to receive fixed rate non-cumulative preferential cash dividends, as and when declared by our board of directors, subject to the provisions of the Bank Act, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year at a per annum rate of 4.80%, or \$1.2000 per share per annum. The first such dividend, if declared, will be paid on February 24, 2019 and, assuming an issue date of November 2, 2018, will amount to \$0.3748 per share.

During each Subsequent Fixed Rate Period, the holders of the Series BO Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our board of directors, subject to the provisions of the Bank Act, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year, in an amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

We will determine the Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon us and upon all holders of Series BO Preferred Shares. We will, on the relevant Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of Series BO Preferred Shares.

If our board of directors does not declare a dividend, or any part thereof, on the Series BO Preferred Shares on or before the dividend payment date therefor, then the rights of the holders of the Series BO Preferred Shares to such dividend, or to any part thereof, will be extinguished.

We are restricted under the Bank Act from paying dividends on the Series BO Preferred Shares in certain circumstances. See “Bank Act Restrictions” in the prospectus.

#### *Redemption*

The Series BO Preferred Shares will not be redeemable prior to February 24, 2024. Subject to the provisions of the Bank Act (see “Bank Act Restrictions” in the prospectus), the consent of the Superintendent and the provisions described below under “Provisions Common to the Series BO Preferred Shares and the Series BP Preferred Shares – Restrictions on Dividends and Retirement of Shares”, on February 24, 2024 and on each February 24<sup>th</sup> every fifth year thereafter, we may redeem all or any part of the outstanding Series BO Preferred Shares, at our option, by the payment in cash of \$25.00 per share so redeemed together with declared and unpaid dividends to, but excluding, the redemption date.

We will give notice of any redemption to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

Where a part only of the then outstanding Series BO Preferred Shares is at any time to be redeemed, the Series BO Preferred Shares will be redeemed *pro rata* disregarding fractions, or in such other manner as our board of directors determines.

#### *Conversion of Series BO Preferred Shares into Series BP Preferred Shares*

##### Conversion at the Option of the Holder

Holders of Series BO Preferred Shares will have the right, at their option, on February 24, 2024 and on each February 24<sup>th</sup> every fifth year thereafter (each such date a “**Series BO Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to us of evidence of payment of the tax (if any) payable, all or any of their Series BO Preferred Shares into Series BP Preferred Shares on the basis of one Series BP Preferred Share for each

Series BO Preferred Share. Notice of a holder's intention to convert Series BO Preferred Shares is irrevocable and must be received by us not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding (or, if such day is not a business day, on the first business day after such day), the relevant Series BO Conversion Date.

We will, not more than 60 and not less than 30 days prior to each Series BO Conversion Date, give notice in writing to the then registered holders of the Series BO Preferred Shares of the above-mentioned conversion right. On the 30<sup>th</sup> day prior to each Series BO Conversion Date we will give notice in writing to the then registered holders of the Series BO Preferred Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate (as defined below) applicable to the Series BP Preferred Shares for the next Quarterly Floating Rate Period (as defined below).

#### Automatic Conversion and Restrictions on Conversion

Series BP Preferred Shares may, on February 24, 2029 and on each February 24<sup>th</sup> every fifth year thereafter, be converted into Series BO Preferred Shares at the option of the holders thereof (see "Provisions Unique to the Series BP Preferred Shares – Conversion of Series BP Preferred Shares into Series BO Preferred Shares" below).

If we determine that there would remain outstanding on a Series BO Conversion Date less than 1,000,000 Series BO Preferred Shares, after having taken into account all Series BO Preferred Shares tendered for conversion into Series BP Preferred Shares and all Series BP Preferred Shares tendered for conversion into Series BO Preferred Shares, then, all, but not part, of the remaining outstanding Series BO Preferred Shares will automatically be converted into Series BP Preferred Shares on the basis of one Series BP Preferred Share for each Series BO Preferred Share on the applicable Series BO Conversion Date and we will give notice in writing thereof to the then registered holders of such remaining Series BO Preferred Shares at least seven days prior to the Series BO Conversion Date.

Holders of Series BO Preferred Shares will not be entitled to convert their shares into Series BP Preferred Shares, however, if we determine that there would remain outstanding on a Series BO Conversion Date less than 1,000,000 Series BP Preferred Shares after having taken into account all Series BO Preferred Shares tendered for conversion into Series BP Preferred Shares and all Series BP Preferred Shares tendered for conversion into Series BO Preferred Shares. We will give notice in writing thereof to all registered holders of the Series BO Preferred Shares at least seven days prior to the applicable Series BO Conversion Date.

If we give notice to the registered holders of the Series BO Preferred Shares of the redemption of all the Series BO Preferred Shares, we will not be required to give notice as provided hereunder to the registered holders of the Series BO Preferred Shares of any dividend rates or of the conversion right of holders of Series BO Preferred Shares and the right of any holder of Series BO Preferred Shares to convert such shares will terminate.

#### Provisions Unique to the Series BP Preferred Shares

If and when issued, the Series BP Preferred Shares will be issued as a series of First Preferred Shares of the Bank. See "Description of the Securities that May be Offered under this Prospectus – First Preferred Shares" in the prospectus.

#### *Defined Terms*

The following definitions are relevant to the Series BP Preferred Shares.

**"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating 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 sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.38% (calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365).

**"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

**"Quarterly Commencement Date"** means the 24<sup>th</sup> day of February, May, August and November in each year, commencing February 24, 2024.

**"Quarterly Floating Rate Period"** means the period from and including February 24, 2024 to, but excluding, the next Quarterly Commencement Date, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next Quarterly Commencement Date.

**"T-Bill Rate"** means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### *Issue Price*

The issue price per Series BP Preferred Share is \$25.00.

### *Dividends*

The holders of the Series BP Preferred Shares will be entitled to receive quarterly floating rate non-cumulative preferential cash dividends, as and when declared by our board of directors, subject to the provisions of the Bank Act, payable on the 24<sup>th</sup> day of February, May, August and November in each year. Such quarterly cash dividends, if declared, will be in an amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by us on the relevant Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon us and upon all holders of Series BP Preferred Shares. We will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Series BP Preferred Shares.

If our board of directors does not declare a dividend, or any part thereof, on the Series BP Preferred Shares on or before the dividend payment date therefor, then the rights of the holders of the Series BP Preferred Shares to such dividend, or to any part thereof, will be extinguished.

We are restricted under the Bank Act from paying dividends on the Series BP Preferred Shares in certain circumstances. See “Bank Act Restrictions” in the prospectus.

### *Redemption*

Subject to the provisions of the Bank Act (see “Bank Act Restrictions” in the prospectus), the consent of the Superintendent and the provisions described below under “Provisions Common to the Series BO Preferred Shares and the Series BP Preferred Shares – Restrictions on Dividends and Retirement of Shares”, we may redeem all or any part of the outstanding Series BP Preferred Shares, at our option, by the payment of an amount in cash per share of (i) \$25.00 in the case of redemptions on February 24, 2029 and on each February 24<sup>th</sup> every fifth year thereafter, or (ii) \$25.50 in the case of redemptions on any other date after February 24, 2024, together, in each case, with declared and unpaid dividends to, but excluding, the redemption date.

We will give notice of any redemption to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

Where a part only of the then outstanding Series BP Preferred Shares is at any time to be redeemed, the Series BP Preferred Shares will be redeemed *pro rata* disregarding fractions, or in such other manner as our board of directors determines.

### *Conversion of Series BP Preferred Shares into Series BO Preferred Shares*

#### Conversion at the Option of the Holder

Holders of Series BP Preferred Shares will have the right, at their option, on February 24, 2029 and on each February 24<sup>th</sup> every fifth year thereafter (each such date a “**Series BP Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to us of evidence of payment of the tax (if any) payable, all or any of their Series BP Preferred Shares into Series BO Preferred Shares on the basis of one Series BO Preferred Share for each Series BP Preferred Share. Notice of a holder’s intention to convert Series BP Preferred Shares is irrevocable and must be received by us not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding (or, if such day is not a business day, on the first business day after such day), the relevant Series BP Conversion Date.

We will, not more than 60 and not less than 30 days prior to each Series BP Conversion Date, give notice in writing to the then registered holders of the Series BP Preferred Shares of the above-mentioned conversion right. On the 30<sup>th</sup> day prior to each Series BP Conversion Date, the Bank will give notice in writing to the then registered holders of the Series BP Preferred Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series BO Preferred Shares for the next Subsequent Fixed Rate Period.

#### Automatic Conversion and Restrictions on Conversion

If we determine that there would remain outstanding on a Series BP Conversion Date less than 1,000,000 Series BP Preferred Shares, after having taken into account all Series BP Preferred Shares tendered for conversion into Series BO Preferred Shares and all Series BO Preferred Shares tendered for conversion into Series BP Preferred Shares (see “Provisions Unique to the Series BO Preferred Shares – Conversion of Series BO Preferred Shares into Series BP Preferred Shares” above), then all, but not part, of the remaining outstanding Series BP Preferred Shares will automatically be converted into Series BO Preferred Shares on the basis of one Series BO Preferred Share for each Series BP Preferred Share on the applicable Series

BP Conversion Date and we will give notice in writing thereof to the then registered holders of such remaining Series BP Preferred Shares at least seven days prior to the Series BP Conversion Date.

Holders of Series BP Preferred Shares will not be entitled to convert their shares into Series BO Preferred Shares, however, if we determine that there would remain outstanding on a Series BP Conversion Date less than 1,000,000 Series BO Preferred Shares after having taken into account all Series BP Preferred Shares tendered for conversion into Series BO Preferred Shares and all Series BO Preferred Shares tendered for conversion into Series BP Preferred Shares. We will give notice in writing thereof to all registered holders of the Series BP Preferred Shares at least seven days prior to the applicable Series BP Conversion Date.

If we give notice to the registered holders of the Series BP Preferred Shares of the redemption of all the Series BP Preferred Shares, we will not be required to give notice as provided hereunder to the registered holders of the Series BP Preferred Shares of any dividend rates or of the conversion right of holders of Series BP Preferred Shares and the right of any holder of Series BP Preferred Shares to convert such shares will terminate.

### **Provisions Common to the Series BO Preferred Shares and the Series BP Preferred Shares**

#### *Conversion into Another Series of Preferred Shares at the Option of the Holder*

We may, at any time by resolution of our board of directors, constitute further series of First Preferred Shares (“**New Preferred Shares**”) having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Preferred Shares as Tier 1 capital (or the then equivalent) of the Bank under the then current capital adequacy guidelines prescribed by the Superintendent (or if such guidelines are not applicable, having such rights, privileges, restrictions and conditions as our board of directors may determine). We will ensure that such New Preferred Shares will not, if issued, be or be deemed to be “term preferred shares” or “short-term preferred shares” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”). We may, with the consent of the Superintendent, give registered holders of either Series BO Preferred Shares or Series BP Preferred Shares notice that they have the right, pursuant to the terms of the applicable series, at their option, to convert their Series BO Preferred Shares or their Series BP Preferred Shares, as applicable, on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share for share basis. We will give notice to registered holders not more than 60 days and not less than 30 days prior to the conversion date. See “Bank Act Restrictions” in the prospectus.

#### *Purchase for Cancellation*

Subject to the provisions of the Bank Act, the provisions described below under “Restrictions on Dividends and Retirement of Shares” and the consent of the Superintendent, we may at any time, by private contract or in the market or by tender, purchase for cancellation any Series BO Preferred Shares or any Series BP Preferred Shares at the lowest price or prices at which in the opinion of our board of directors such shares are obtainable.

#### *Conversion Upon Occurrence of Non-Viable Contingent Capital Trigger Event*

Upon the occurrence of a Trigger Event (as defined below), each outstanding Series BO Preferred Share and each outstanding Series BP Preferred Share will automatically and immediately be converted, on a full and permanent basis, into a number of Common Shares equal to  $(\text{Multiplier} \times \text{Share Value}) \div \text{Conversion Price}$  (rounding down, if necessary, to the nearest whole number of Common Shares) (an “**NVCC Automatic Conversion**”). For the purposes of the foregoing:

“**Conversion Price**” means the greater of (i) \$5.00, and (ii) the Current Market Price of the Common Shares. The floor price of \$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 means the volume weighted average trading price of the Common Shares on the TSX, if such shares are then listed on the TSX, 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 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.

“**Multiplier**” means 1.0.

“**Share Value**” means \$25.00 plus declared and unpaid dividends as at the date of the Trigger Event.

“**Trigger Event**” has the meaning set out in the Office of the Superintendent of Financial Institutions (Canada) (“**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 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.

Fractions of Common Shares will not be issued or delivered pursuant to a NVCC Automatic Conversion and no cash payment will be made in lieu of a fractional Common Share. Notwithstanding any other provision of the Series BO Preferred Shares or the Series BP Preferred Shares, the conversion of such shares shall not be an event of default and the only consequence of a Trigger Event under the provisions of such shares will be the conversion of such shares into Common Shares.

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 Series BO Preferred Shares and Series BP Preferred Shares, as applicable, 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.

#### *Right Not to Deliver Common Shares upon NVCC Automatic Conversion*

Upon an NVCC Automatic Conversion, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any Ineligible Person (as defined below) or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder (as defined below) through the acquisition of Common Shares. In such circumstances, the Bank 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 Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank 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 Bank 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. For the purposes of the foregoing:

“**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, 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, 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.

#### *Rights on Liquidation*

At any time prior to a Trigger Event, in the event of our liquidation, dissolution or winding-up, holders of Series BO Preferred Shares or Series BP Preferred Shares will be entitled to receive \$25.00 per share, together with all dividends declared and unpaid to the date of payment, before any amount may be paid or any of our assets distributed to the registered holders of any shares ranking junior to the Series BO Preferred Shares or the Series BP Preferred Shares, as applicable. The holders of Series BO Preferred Shares and Series BP Preferred Shares will not be entitled to share in any further distribution of our assets. If a Trigger Event has occurred, all Series BO Preferred Shares and all Series BP Preferred Shares shall have been converted into Common Shares which will rank on parity with all other Common Shares.

### *Restrictions on Dividends and Retirement of Shares*

So long as any Series BO Preferred Shares or Series BP Preferred Shares are outstanding, we will not, without the approval of the holders of the relevant series:

- pay any dividends on any second preferred shares, any Common Shares or any other shares ranking junior to the Series BO Preferred Shares or the Series BP Preferred Shares, as applicable (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 Series BO Preferred Shares or the Series BP 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 Series BO Preferred Shares or the Series BP 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 Series BO Preferred Shares or the Series BP Preferred Shares;

unless 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 each series of cumulative First Preferred Shares then issued and outstanding and all other cumulative shares ranking on a parity with the First Preferred Shares and we have paid, or set apart for payment, all declared dividends in respect of each series of non-cumulative First Preferred Shares (including the Series BO Preferred Shares and the Series BP Preferred Shares) then issued and outstanding, and on all other non-cumulative shares ranking on a parity with the First Preferred Shares. See “Bank Act Restrictions” in the prospectus.

### *Issue of Additional Series of First Preferred Shares*

We may issue other series of First Preferred Shares ranking on parity with the Series BO Preferred Shares and the Series BP Preferred Shares without the approval of the holders of either the Series BO Preferred Shares or the Series BP Preferred Shares as a series.

### *Amendments to Series*

We will not without, but may from time to time with, the approval of the holders of the applicable series given as specified below and any approval of the TSX as may be necessary, delete or vary any rights, privileges, restrictions or conditions attaching to the Series BO Preferred Shares or the Series BP Preferred Shares. In addition to the aforementioned approvals, we will not without, but may from time to time with, the consent of the Superintendent, make any such deletion or variation which might affect the classification afforded the Series BO Preferred Shares or the Series BP Preferred Shares from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

### *Shareholder Approvals*

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series BO Preferred Shares or the Series BP Preferred Shares as a series and any other approval to be given by the holders of either the Series BO Preferred Shares or the Series BP Preferred Shares may be given in writing by the holders of not less than all of the outstanding shares of the applicable series or by a resolution carried by the affirmative vote of not less than 66⅔% of the votes cast at a meeting of holders of the applicable series at which a quorum of the outstanding shares of the relevant series is represented. Pursuant to our by-laws, a quorum at any meeting of the holders of a series of First Preferred Shares is 51% of the shares entitled to vote at any such meeting, except that at a reconvened meeting following a meeting which was adjourned due to lack of quorum, there is no quorum requirement. At any meeting of holders of either the Series BO Preferred Shares or Series BP Preferred Shares as a series, each such holder will be entitled to one vote in respect of each share of the relevant series held.

### *Voting Rights*

Subject to the provisions of the Bank Act, holders of Series BO Preferred Shares or Series BP Preferred Shares, as such, will not be entitled to receive notice of, or to attend or to vote at, any meeting of our shareholders unless and until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under “Provisions Unique to the Series BO Preferred Shares – Dividends” and “Provisions Unique to the Series BP Preferred Shares – Dividends” above. In that event, the holders of shares of the relevant series will be entitled to receive notice of, and to attend, meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of shares of the relevant series will forthwith cease upon payment by us of the first quarterly dividend on the shares of such series to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights

of such holders to any undeclared dividends on the shares of the relevant series have again been extinguished, such voting rights will become effective again and so on from time to time.

#### *Tax Election*

The Series BO Preferred Shares and the Series BP Preferred Shares will be “taxable preferred shares” as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of such shares. The terms of the Series BO Preferred Shares and the Series BP Preferred Shares require us to make the necessary election under Part VI.1 of the Tax Act so that the corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series BO Preferred Shares and the Series BP Preferred Shares. See “Certain Canadian Federal Income Tax Considerations”.

#### *Bank Act Restrictions*

We reserve the right not to issue shares, including Series BO Preferred Shares or Series BP Preferred Shares, to any person whose address is in, or whom we or our transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require us to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also “Bank Act Restrictions” in the prospectus.

#### *Non-Business Days*

If any action or payment is required to be taken or paid by us or any matter, consequence or other thing is provided to occur, in respect of the Series BO Preferred Shares or the Series BP Preferred Shares, on a day that is a Saturday or a Sunday or on a day on which banking institutions in Toronto, Canada are authorized or obligated to close (a “**non-business day**”), then such action or payment will be taken or made and such matter, consequence or other thing will occur on the immediately following day which is not a non-business day unless the Bank determines to take such action or make such payment on the immediately preceding day which is not a non-business day.

### **Certain Canadian Federal Income Tax Considerations**

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable to a holder of Series BO Preferred Shares acquired pursuant to this prospectus supplement, Series BP Preferred Shares acquired on a conversion of Series BO Preferred Shares and Common Shares acquired on an automatic conversion of Series BO Preferred Shares or Series BP Preferred Shares, who, for the purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm’s length with the Bank and each of the Underwriters, is not affiliated with the Bank or any of the Underwriters, holds the Series BO Preferred Shares and will hold the Series BP Preferred Shares and Common Shares (as applicable) as capital property and is not exempt from tax under Part I of the Tax Act (a “**Holder**”). The Canadian federal income considerations generally applicable to a Holder of New Preferred Shares acquired upon a conversion of Series BO Preferred Shares or Series BP Preferred Shares will depend on the terms of the New Preferred Shares, if constituted, and are not described herein.

Generally, the Series BO Preferred Shares, the Series BP Preferred Shares and the Common Shares will be capital property to a Holder provided the Holder does not acquire such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of trade. Certain Holders whose Series BO Preferred Shares, Series BP Preferred Shares or Common Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities”, as defined in the Tax Act, owned by such Holder in the taxation year of the election and in all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary does not apply to a Holder (i) that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that has elected to report its “Canadian tax results”, as defined in the Tax Act, in a currency other than the Canadian currency; or (iv) that has entered into, with respect to the Series BO Preferred Shares, Series BP Preferred Shares or the Common Shares, a “derivative forward agreement” as that term is defined in the Tax Act. Such Holders should consult their own tax advisors. Furthermore, this summary is not applicable to a Holder that is a “specified financial institution” (as defined in the Tax Act) that receives (or is deemed to receive), alone or together with persons with whom it does not deal at arm’s length, in the aggregate, dividends in respect of more than 10% of the Series BO Preferred Shares or the Series BP Preferred Shares, as the case may be, outstanding at the time the dividend is received or deemed to be received. This summary also assumes that all issued and outstanding Series BO Preferred Shares and Series BP Preferred Shares are listed, or will be listed, on a “designated stock exchange” (as defined in the Tax Act) in Canada at such times as dividends (including deemed dividends) are received on such shares.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), and the Bank’s Canadian legal counsel’s understanding of the current published administrative and assessing policies of the

Canada Revenue Agency. This summary takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

#### Dividends

Dividends (including deemed dividends) received on the Series BO Preferred Shares, the Series BP Preferred Shares or the Common Shares by a Holder that is an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by the Bank as “eligible dividends” in accordance with the Tax Act. Dividends (including deemed dividends) on the Series BO Preferred Shares, the Series BP Preferred Shares or the Common Shares received by a Holder that is a corporation will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

The Series BO Preferred Shares and the Series BP Preferred Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series BO Preferred Shares and the Series BP Preferred Shares require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series BO Preferred Shares or Series BP Preferred Shares.

A Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received by it on the Series BO Preferred Shares, the Series BP Preferred Shares or the Common Shares to the extent such dividends are deductible in computing its taxable income.

#### Dispositions

A Holder who disposes of or is deemed to dispose of Series BO Preferred Shares, Series BP Preferred Shares or Common Shares (including, generally, on redemption or purchase for cancellation of the shares by the Bank for cash or otherwise, but not including a conversion) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that Holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by the Bank of Series BO Preferred Shares, Series BP Preferred Shares or Common Shares will generally not be included in computing the proceeds of disposition to any Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Redemption” below. If the Holder is a corporation, any such capital loss realized on a disposition of a Series BO Preferred Share, Series BP Preferred Share or Common Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such share or a share which has been converted into or exchanged for such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Generally, one-half of any capital gain (a taxable capital gain) realized by a Holder in a taxation year must be included in the Holder’s income in that year. A Holder is required to deduct one-half of any capital loss (an allowable capital loss) realized in a taxation year from taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Tax Act.

A Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act), may be liable to pay a refundable tax on certain investment income, including taxable capital gains. Any such Holder should consult with its own tax advisors in this regard.

#### Redemption

If the Bank redeems for cash or otherwise acquires Series BO Preferred Shares, Series BP Preferred Shares or Common Shares other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the

public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. See “Dividends” above. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Dispositions” above. In the case of a corporate Holder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

#### Conversion

The conversion of (i) a Series BO Preferred Share into a Series BP Preferred Share, Common Share or New Preferred Share; and (ii) a Series BP Preferred Share into a Series BO Preferred Share, Common Share or New Preferred Share, will be deemed not to be a disposition of property and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of a Series BO Preferred Share, Series BP Preferred Share, Common Share or New Preferred Share, as the case may be, received on the conversion will be deemed to be an amount equal to the adjusted cost base to the Holder of the converted Series BO Preferred Share or Series BP Preferred Share, as the case may be, immediately before the conversion. The cost of a Series BO Preferred Share, Series BP Preferred Share, Common Share or New Preferred Share, as the case may be, received on a conversion will be averaged with the adjusted cost base of all other identical shares held by the Holder as capital property at such time for the purpose of determining thereafter the adjusted cost base of each such share.

#### Alternative Minimum Tax

Capital gains realized and taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act.

#### Ratings

The Series BO Preferred Shares are provisionally rated “Pfd-2” by DBRS Limited (“**DBRS**”), “P-2” (Canadian scale) by Standard & Poor’s, a division of McGraw-Hill Companies, Inc. (“**S&P**”) and “Baa3 (hyb)” by Moody’s Investor Service (“**Moody’s**”).

The Pfd-2 provisional rating assigned by DBRS is the second highest of six categories available from DBRS for preferred shares, which ranges from Pfd-1 to D. The P-2 provisional rating assigned by S&P using its Canadian scale for preferred shares is the second highest of eight categories used by S&P on its Canadian preferred share scale, which ranges from P-1(High) to D. A rating of “Baa” by Moody’s is considered medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The modifier “3” by Moody’s indicates that the obligation ranks in the lower range of the “Baa” rating category. A “(hyb)” indicator is appended to all ratings by Moody’s of hybrid securities issued by banks, insurers, finance companies, and securities firms. Prospective purchasers of Series BO Preferred Shares should consult the relevant rating organization with respect to the interpretation and implications of the foregoing. Each rating organization’s rating should be evaluated independently of any other rating organization’s rating.

The credit ratings assigned to the Series BO Preferred Shares are not recommendations to purchase, hold or sell the Series BO Preferred Shares. The credit ratings do not address market price or suitability for a particular investor. The credit ratings assigned to the Series BO Preferred Shares may not reflect the potential impact of all risks on the value of the Series BO Preferred Shares. In addition, real or anticipated changes in the credit ratings assigned to the Series BO Preferred Shares will generally affect the market value of the Series BO Preferred Shares. There can be no assurance that these ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by DBRS, S&P or Moody’s if in their judgment circumstances so warrant.

#### Plan of Distribution

Pursuant to an underwriting agreement dated October 29, 2018 among the Bank and the Underwriters (the “**Underwriting Agreement**”), we have agreed to sell and the Underwriters have severally agreed to purchase on November 2, 2018, or such date as may be agreed upon, but not later than December 14, 2018, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than 14,000,000 Series BO Preferred Shares at a price of \$25.00 per share, payable in cash to the Bank against delivery of such Series BO Preferred Shares. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Series BO Preferred Shares if any are purchased under the Underwriting Agreement.

The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 for each Series BO Preferred Share sold to certain institutions and \$0.75 for all other Series BO Preferred Shares sold.

After the Underwriters have made a reasonable effort to sell all of the Series BO Preferred Shares at \$25.00 per share, the price of the Series BO Preferred Shares may be decreased, and further changed from time to time, by the Underwriters to an

amount not greater than \$25.00 per share and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series BO Preferred Shares is less than the gross proceeds paid by the Underwriters to the Bank.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase any Series BO Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series BO Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series BO Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to an Ontario securities rule, the Underwriters may not, beginning on the date that the offering price was determined and throughout the period of distribution of the Series BO Preferred Shares, bid for or purchase Series BO Preferred Shares. The foregoing restriction is subject to certain exceptions. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities, provided that the bid or purchase does not exceed the lesser of the offering price and the last independent sale price at the time of the entry of the bid or order to purchase, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series BO Preferred Shares. Pursuant to the first mentioned exception, in connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series BO Preferred Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

We wholly-own RBC Dominion Securities Inc., one of the Underwriters. We are a related and connected issuer of RBC Dominion Securities Inc. under applicable securities legislation. The decision to distribute the Series BO Preferred Shares and the determination of the terms of this offering were made through negotiations between us on the one hand and the Underwriters on the other. CIBC World Markets Inc. and TD Securities Inc., Underwriters in respect of which the Bank is not a related or connected issuer, have participated in the structuring and pricing of the offering and in the due diligence activities performed by the Underwriters for the offering. RBC Dominion Securities Inc. will not receive any benefit from us in connection with this offering other than a portion of the Underwriters' fee.

The Series BO Preferred Shares have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws. The Series BO Preferred Shares are being sold only outside the United States to non-U.S. Persons (as defined under Regulation S under the U.S. Securities Act) and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or to or for the account or benefit of U.S. persons.

#### **Eligibility for Investment**

In the opinion of our counsel, Norton Rose Fulbright Canada LLP, and in the opinion of the Underwriters' counsel, Stikeman Elliott LLP, the Series BO Preferred Shares, if issued on the date of this prospectus supplement, would be qualified investments under the Tax Act and the Regulations thereunder for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered education savings plans ("RESPs"), registered disability savings plans ("RDSPs"), deferred profit sharing plans and tax-free savings accounts ("TFSAs").

Notwithstanding the foregoing, if the Series BO Preferred Shares held by a TFSA, RRSP, RESP, RDSP or RRIF are a "prohibited investment" under the Tax Act, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series BO Preferred Shares will not be a "prohibited investment" if the holder of a TFSA or RDSP, the annuitant of a RRSP or RRIF, or the subscriber of the RESP, as the case may be: (i) deals at arm's length with the Bank for purposes of the Tax Act; and (ii) does not have a "significant interest" (within the meaning of subsection 207.01(4) of the Tax Act) in the Bank. In addition, the Series BO Preferred Shares will generally not be a "prohibited investment" if they are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA. Purchasers of Series BO Preferred Shares who intend to hold Series BO Preferred Shares in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own tax advisors in this regard.

#### **Transfer Agent and Registrar**

Computershare Trust Company of Canada at its offices in the cities of Toronto, Montreal, Halifax, Winnipeg, Calgary and Vancouver will be the transfer agent and registrar for the Series BO Preferred Shares and the Series BP Preferred Shares.

## Risk Factors

An investment in the Series BO Preferred Shares and the Series BP Preferred Shares is subject to certain risks including those set out in the prospectus and this prospectus supplement. Before deciding whether to invest in the Series BO Preferred Shares, purchasers should consider carefully the risks set out herein and incorporated by reference in this prospectus and prospectus supplement (including subsequently filed documents incorporated by reference). Prospective purchasers should also consider the categories of risks identified and discussed in the 2017 Management's Discussion and Analysis and our Q3 2018 Management's Discussion and Analysis, which are incorporated herein by reference.

*An investment in the Series BO Preferred Shares and the Series BP Preferred Shares is subject to our credit risk*

Real or anticipated changes in credit ratings on the Series BO Preferred Shares or the Series BP Preferred Shares, if any, may affect the market value of the Series BO Preferred Shares and the Series BP Preferred Shares, respectively. In addition, such real or anticipated changes in the Bank's credit ratings could also affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations. See our 2017 Management's Discussion and Analysis and our Q3 2018 Management's Discussion and Analysis, incorporated by reference in the prospectus, for further discussion of, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on our business, financial condition or results of operations.

*The market value of the Series BO Preferred Shares and the Series BP Preferred Shares may fluctuate*

Prevailing yields on similar securities will affect the market value of Series BO Preferred Shares and Series BP Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series BO Preferred Shares and Series BP Preferred Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series BO Preferred Shares and the Series BP Preferred Shares.

*The Series BO Preferred Shares and the Series BP Preferred Shares are non-cumulative and there is a risk the Bank will be unable to pay dividends on the shares*

The Series BO Preferred Shares and the Series BP Preferred Shares are non-cumulative and dividends are payable at the discretion of the board of directors. See "Share Capital and Subordinated Debentures" and "Earnings Coverage" in this prospectus supplement, each of which are relevant to an assessment of the risk that we will be unable to pay dividends and any redemption price on the Series BO Preferred Shares or the Series BP Preferred Shares when due.

*If a distribution is not paid on certain outstanding securities, the Bank will not pay dividends on its outstanding Series BO Preferred Shares, Series BP Preferred Shares and Common Shares*

We have covenanted that if a distribution is not paid when due on any outstanding RBC Trust Capital Securities (also known as "RBC TruCS") issued by RBC Capital Trust, we will not pay dividends on our outstanding preferred or Common Shares, which would include the Series BO Preferred Shares and the Series BP Preferred Shares, for a specified period of time unless the required distribution is paid to the holders of RBC TruCS.

*Ranking on insolvency, dissolution or winding-up*

The Series BO Preferred Shares and the Series BP Preferred Shares are equity capital of the Bank. The Series BO Preferred Shares and the Series BP Preferred Shares will, if issued, rank equally with other preferred shares of the Bank in the event of an insolvency, dissolution or winding-up of the Bank, where an NVCC Automatic Conversion has not occurred. If the Bank becomes insolvent, is dissolved or is wound-up where an NVCC Automatic Conversion has not occurred, the Bank's assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on the Series BO Preferred Shares and the Series BP Preferred Shares, if any, and other preferred shares.

*The Series BO Preferred Shares and the Series BP Preferred Shares are subject to an automatic and immediate conversion into Common Shares upon a Trigger Event and an NVCC Automatic Conversion*

Upon the occurrence of a Trigger Event and an NVCC Automatic Conversion, there is no certainty of the value of the Common Shares to be received by the holders of the Series BO Preferred Shares or the Series BP Preferred Shares and the value of such Common Shares could be significantly less than the issue price or face value of the Series BO Preferred Shares or the Series BP Preferred Shares, as applicable. 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 and as a result may suffer significant loss.

*The number and value of Common Shares to be received on an NVCC Automatic Conversion is variable and subject to further dilution*

The Bank is expected to have outstanding from time to time: (a) other preferred shares and subordinated debt that is non-viable contingent capital that will automatically and immediately convert into Common Shares upon a Trigger Event; and (b) other prescribed shares and debt obligations that are not Common Shares or non-viable contingent capital (“**Bail-inable Instruments**”) that may be converted into Common Shares in connection with a Trigger Event.

In the case of such subordinated debt, the number of Common Shares to be received on conversion will be calculated by reference to the principal amount of such debt, together with accrued and unpaid interest, and, in order to take into account the hierarchy of claims in a liquidation, holders of subordinated debt are expected to receive economic entitlements which are more favourable than preferred shareholders. Subordinated debt that is convertible into Common Shares upon a Trigger Event will likely use, and other preferred shares that are convertible into Common Shares upon a Trigger Event may also use, a lower effective floor price or a higher multiplier than that applicable to the Series BO Preferred Shares and the Series BP Preferred Shares to determine the maximum number of Common Shares to be issued to holders of such instruments upon an NVCC Automatic Conversion.

On June 22, 2016 legislation came into force amending the Bank Act, the *Canada Deposit Insurance Corporation Act* and certain other federal statutes pertaining to banks to create a bank recapitalization regime (the “**Bail-in Regime**”) for domestic systemically important banks (“**D-SIBs**”), which include the Bank. Subject to certain conditions being met, where a Trigger Event has occurred and certain orders have been made in respect of the Bank, the Governor in Council (Canada) may pass an order (a “**Conversion Order**”) directing Canada Deposit Insurance Corporation (“**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, Bail-inable Instruments into Common Shares of the Bank or any of its affiliates. There is no fixed and pre-determined conversion ratio for the conversion of Bail-inable Instruments nor are there specific requirements regarding whether Bail-inable Instruments are converted into Common Shares of the Bank or any of its affiliates. Under the Conversion Order, CDIC determines the timing of the conversion, the portion of Bail-inable Instruments to be converted and the terms and conditions of the conversion, subject to parameters set out in the Bail-in Regime. Under those parameters, holders whose Bail-inable Instruments are converted under the Bail-in Regime 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 debt obligations, than holders of any subordinate shares or debt obligations that are converted under the Bail-in Regime during the same restructuring period and of any subordinate non-viability contingent capital that is converted during the same restructuring period. 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 CDIC 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.

Accordingly, holders of the Series BO Preferred Shares and the Series BP Preferred Shares will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when subordinated debt and potentially Bail-inable Instruments are being converted into Common Shares at conversion rates that are more favourable to the holder of such instruments and other preferred shares are being converted into Common Shares at a conversion rate that may be more favourable to the holder of such preferred shares, in each case, than the rate applicable to the Series BO Preferred Shares and the Series BP Preferred Shares, thereby causing substantial dilution to holders of Common Shares (including the holders of the Series BO Preferred Shares and the Series BP Preferred Shares, who will become holders of Common Shares upon the Trigger Event).

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

A Trigger Event involves a subjective determination by OSFI that is outside the control of the Bank. 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 Series BO Preferred Shares or the Series BP Preferred Shares will be mandatorily converted into Common Shares. OSFI has stated that the Superintendent will consult with 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 CDIC, the Bank of Canada, the Department of Finance and the Financial Consumer Agency of Canada. In assessing whether the Bank 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 Bank 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 Bank are, in the opinion of the Superintendent, sufficient to provide adequate protection to the Bank's depositors and creditors;
- whether the Bank 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 Bank'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 Bank has failed to pay any liability that has become due and payable or, in the opinion of the Superintendent, the Bank will not be able to pay its liabilities as they become due and payable;
- whether the Bank 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 Bank that may be materially prejudicial to the interests of the Bank's depositors or creditors or the owners of any assets under the Bank's administration; and
- whether the Bank 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 Bank'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. As a result of this uncertainty, trading behaviour in respect of the Series BO Preferred Shares and the Series BP Preferred Shares is not necessarily expected to follow trading behaviour associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Series BO Preferred Shares, the Series BP Preferred Shares and the Common Shares, whether or not such Trigger Event actually occurs.

If a Trigger Event occurs, then the interests of depositors, other creditors of the Bank, and holders of Bank shares and debt obligations, including Bail-inable Instruments, which are not contingent instruments, will all rank in priority to the holders of contingent instruments, including the Series BO Preferred Shares and the Series BP Preferred Shares. The Superintendent retains full discretion to choose not to trigger non-viable contingent capital notwithstanding a determination that the Bank has ceased, or is about to cease, to be viable. Under such circumstances, the holders of Series BO Preferred Shares and Series BP Preferred Shares may be exposed to losses through the use of other resolution tools, which include the vesting of shares and subordinated debt of the Bank in CDIC, the appointment of CDIC as receiver in respect of the Bank, the incorporation of a bridge institution wholly-owned by CDIC to assume the Bank's deposit liabilities and the conversion of Bail-inable Instruments, or in liquidation.

In connection with a vesting or receivership, CDIC will assume temporary control or ownership of the Bank and will be granted broad powers, 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. In connection with the incorporation of a bridge bank, CDIC will have the power to transfer the Bank's insured deposit liabilities and certain assets and other liabilities of the Bank to the 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 in respect of any outstanding Series BO Preferred Shares, that are not assumed by the bridge institution could receive only partial or no repayment in the ensuing wind-up of the Bank.

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

Upon an NVCC Automatic Conversion, the rights, terms and conditions of the Series BO Preferred Shares and the Series BP Preferred Shares, including with respect to priority and rights on liquidation, will no longer be relevant as all such shares will have been converted on a full and permanent basis without the consent of the holders thereof into Common Shares ranking on parity with all other outstanding Common Shares. Given the nature of the Trigger Event, a holder of Series BO Preferred Shares or Series BP Preferred Shares will become a holder of Common Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent, is dissolved or wound-up after the occurrence of a Trigger Event, as holders of Common Shares investors may receive substantially less than they might have received had the Series BO Preferred Shares and the Series BP Preferred Shares 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. Further, holders of Series BO Preferred Shares and Series BP Preferred Shares will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other debt obligations of the Bank may be converted into Common Shares, 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 and the holders of Series BO Preferred Shares and Series BP Preferred Shares, who will become holders of Common Shares upon the Trigger Event.

*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, (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. In addition, in the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares after the date of this prospectus supplement, the Bank will take necessary action to ensure that holders of Series BO Preferred Shares or Series BP 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 occurred immediately prior to the record date for such event. However, there is no requirement that there should be an adjustment of the floor price or other anti-dilutive action by the Bank 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 Series BO Preferred Shares or Series BP Preferred Shares upon an NVCC Automatic Conversion.

*Automatic conversion into Series BO Preferred Shares and Series BP Preferred Shares*

An investment in the Series BO Preferred Shares may become an investment in Series BP Preferred Shares without the consent of the holder in the event of an automatic conversion in certain circumstances. Upon the automatic conversion of the Series BO Preferred Shares into Series BP Preferred Shares, the dividend rate on the Series BP Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series BO Preferred Shares into Series BP Preferred Shares, and vice versa, in certain circumstances. See “Description of the Series BO Preferred Shares and the Series BP Preferred Shares”.

*Reset of dividend rate in respect of the BO Preferred Shares and the Series BP Preferred Shares*

The dividend rate in respect of Series BO Preferred Shares and Series BP Preferred Shares will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

*The Bank may redeem the Series BO Preferred Shares and the Series BP Preferred Shares at its option in certain situations*

The Bank may elect to redeem the Series BO Preferred Shares or the Series BP Preferred Shares without the consent of the holders of the Series BO Preferred Shares or the Series BP Preferred Shares, as applicable, in the circumstances described under “Description of the Series BO Preferred Shares and the Series BP Preferred Shares – Provisions Unique to the Series BO Preferred Shares – Redemption” and “Description of the Series BO Preferred Shares and the Series BP Preferred Shares – Provisions Unique to the Series BP Preferred Shares – Redemption”, as applicable.

In addition, the redemption of Series BO Preferred Shares or Series BP Preferred Shares is subject to the consent of the Superintendent and other restrictions contained in the Bank Act. See “Bank Act Restrictions” in the prospectus and “Description of the Series BO Preferred Shares and the Series BP Preferred Shares – Provisions Common to the Series BO Preferred Shares and the Series BP Preferred Shares – Restrictions on Dividends and Retirement of Shares” in this prospectus supplement.

## **Legal Matters**

The matters referred to under “Certain Canadian Federal Income Tax Considerations” and certain other legal matters relating to this offering will be passed upon by Norton Rose Fulbright Canada LLP on our behalf and Stikeman Elliott LLP on behalf of the Underwriters.

## **Interests of Experts**

As at October 29, 2018, the partners and associates of each of Norton Rose Fulbright Canada LLP and Stikeman Elliott LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of each class of the Bank or of any associate or affiliate of the Bank.

## Certificate of the Underwriters

Dated: October 29, 2018

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

(signed)

*“John Bylaard”*

CIBC WORLD MARKETS INC.

(signed)

*“Shannan M. Levere”*

TD SECURITIES INC.

(signed)

*“R. Geoff Bertram”*

BMO NESBITT BURNS INC.

(signed)

*“Bradley J. Hardie”*

NATIONAL BANK FINANCIAL INC.

(signed)

*“Maude Leblond”*

SCOTIA CAPITAL INC.

(signed)

*“David Garg”*

DESJARDINS SECURITIES INC.

(signed)

*“William Tebbutt”*

CANACCORD GENUITY  
CORP.

(signed)

*“Michael Shuh”*

LAURENTIAN BANK  
SECURITIES INC.

(signed)

*“Michel Richard”*

MANULIFE SECURITIES  
INCORPORATED

(signed)

*“David MacLeod”*

RAYMOND JAMES LTD.

(signed)

*“Sean C. Martin”*