

NOTICE OF COVERED BONDHOLDER MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF COVERED BONDHOLDERS

If Covered Bondholders are in any doubt about any aspect of the proposals in this notice and/or the action they should take, they are recommended to seek their own financial advice immediately from their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (if they are in the United Kingdom) or from another appropriately authorised independent financial adviser and such other professional advisor from their own professional advisors as they deem necessary.

FURTHER INFORMATION REGARDING THE MATTERS REFERRED TO IN THIS ANNOUNCEMENT IS AVAILABLE IN THE CONSENT SOLICITATION MEMORANDUM (THE CONSENT SOLICITATION MEMORANDUM) ISSUED BY THE ISSUER TODAY, AND ELIGIBLE COVERED BONDHOLDERS (AS DEFINED BELOW) ARE ENCOURAGED TO READ THIS ANNOUNCEMENT IN CONJUNCTION WITH THE SAME.

In light of the ongoing developments in relation to Coronavirus (Covid-19), it may become impossible or inadvisable to hold the Meeting at a physical location. Accordingly, in accordance with the provisions of the Trust Deed further regulations regarding the holding of the Meeting have been prescribed providing that the Meeting (and any adjourned Meeting) will be held via audio or video conference. The Meeting will not be convened at a physical location.



ROYAL BANK OF CANADA

(a Canadian chartered bank)

(the **Issuer**)

NOTICE OF COVERED BONDHOLDER MEETING

to the holders of the GBP650,000,000 Floating Rate Covered Bonds due December 8, 2022
(ISIN: XS1733227554) (Series: CB35)

(the **Series CB35 Covered Bonds**, and the holders thereof, the **Covered Bondholders**) of the Issuer presently outstanding.

NOTICE IS HEREBY GIVEN that a meeting (the **Meeting**) of the Covered Bondholders of the Series CB35 Covered Bonds convened by the Issuer will be held via audio or video conference on September 22, 2021 for the purpose of considering and, if thought fit, passing the applicable resolution set out below which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Amended and Restated Trust Deed dated September 8, 2017, as amended, restated, modified and/or supplemented in relation to the Series CB35 Covered Bonds from time to time (the **Trust Deed**) made between the Issuer, by RBC Covered Bond Guarantor Limited Partnership (the **Guarantor LP**) and Computershare Trust Company of Canada (the **Bond Trustee**) as bond trustee for the Covered Bondholders and constituting the Series CB35 Covered Bonds. The Meeting will commence at 9:00 a.m. (London time).

Capitalised terms used in this notice and not otherwise defined herein shall have the meanings given to them in the Consent Solicitation Memorandum dated August 31, 2021 (the **Consent Solicitation**

Memorandum), which is available for inspection by Eligible Covered Bondholders (as defined below) from the Tabulation Agent (including on the website of the Tabulation Agent (<https://deals.lucid-is.com/rbc>)) up to and including the date of the Meeting (see “*Documents Available for Inspection*” below) and at the Meeting. In accordance with normal practice, the Bond Trustee, the Tabulation Agent, the Solicitation Agent and the Issuing and Paying Agent have not been involved in the formulation of, express no opinion on, and make no representations as to the merits of the Covered Bondholder Proposal outlined in the Consent Solicitation Memorandum, the Extraordinary Resolution or the proposed amendments referred to in the Extraordinary Resolution set out in the Consent Solicitation Memorandum and in Annex 1 hereto.

None of the Bond Trustee, the Tabulation Agent, the Solicitation Agent, the Issuing and Paying Agent or the Guarantor LP makes any representation that all relevant information has been disclosed to Covered Bondholders in or pursuant to this Notice, the Consent Solicitation Memorandum or otherwise. None of the Bond Trustee, the Tabulation Agent, the Solicitation Agent, the Issuing and Paying Agent or the Guarantor LP has approved the draft Amendment Documents referred to in the Extraordinary Resolution set out at Annex 1 and the Bond Trustee recommends that Covered Bondholders arrange to inspect and review such draft Amendment Documents as provided below in this Notice. Accordingly, Covered Bondholders of the Series CB35 Covered Bonds should take their own independent legal, financial, tax or other advice on the merits, and the consequences of voting in favour of or against the Extraordinary Resolution (or abstaining from voting, as the case may be), including any tax consequences, and on the impact of the implementation of the Extraordinary Resolution or lack thereof.

None of the Bond Trustee, nor any of the Tabulation Agent, the Solicitation Agent, the Issuing and Paying Agent or the Guarantor LP is responsible for the accuracy, completeness, validity or correctness of the statements made in the Consent Solicitation Memorandum or omissions therefrom.

Neither this Notice nor the Consent Solicitation Memorandum constitute or form part of, and should not be construed as, an offer for sale, exchange or subscription of, or a solicitation of any offer to buy, exchange or subscribe for, any securities of the Issuer or any other entity. The distribution of the Consent Solicitation Memorandum may nonetheless be restricted by law in certain jurisdictions. Persons into whose possession the Consent Solicitation Memorandum comes are required to inform themselves about, and to observe, any such restrictions.

*Covered Bondholders who have submitted and not revoked a valid Consent Instruction or Ineligible Holder Instruction in respect of the Extraordinary Resolution by 4:00 p.m. (London time) on September 17, 2021 (the **Expiration Deadline**), by which they will have given instructions for the appointment of one or more representatives of the Tabulation Agent by the Issuing and Paying Agent as their proxy to vote in favour of or against the Extraordinary Resolution (or to abstain from voting, as the case may be) at the Meeting (or, if applicable, any adjourned Meeting) (as specified in the Consent Instruction or Ineligible Holder Instruction), need take no further action to be represented at the Meeting (or, if applicable, any adjourned Meeting).*

BACKGROUND

The UK Financial Conduct Authority (**FCA**) had previously confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after the end of 2021 and expects that some panel banks will cease contributing to LIBOR panels at such time. In addition, the Bank of England and the FCA announced that it has mandated a working group to promote a broad-based transition to the Sterling Overnight Index Average (**SONIA**) across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. In a statement published in March 2021, the FCA announced that 35 LIBOR benchmark settings will either cease to be provided by any administrator or no longer be representative immediately after the applicable dates specified in 2021 to 2023. Therefore, regulators have urged market participants to take active steps to implement the transition to SONIA and other risk-free rates ahead of this deadline. In this regard we refer to:

- (a) the speech of Andrew Bailey, the Chief Executive of the FCA, on July 27 2017 titled “*The Future of LIBOR*”;

- (b) the statement of the FCA titled “*FCA Statement on LIBOR panels*” dated November 24 2017;
- (c) the speech of Andrew Bailey, the Chief Executive of the FCA, on July 15, 2019 titled “*LIBOR: Preparing for the end*”;
- (d) the statement from the FCA titled “*Transition from LIBOR*” dated September 4 2019;
- (e) the “Dear CEO Letter” sent by the FCA to CEOs of all regulated asset management firms and published on the FCA website, dated February 27 2020, relating to the expectations of these firms in preparing for the end of LIBOR;
- (f) the Investment Association’s open letter to issuers titled “*RE: Active transition of GBP LIBOR referencing bonds*”.

On the basis that the Final Maturity Date and the Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee of the Series CB35 Covered Bonds fall after December 31, 2021 (which, in the case of 3 month GBP LIBOR rate, it is expected that this benchmark will no longer be representative after such date and that representativeness will not be restored), the Issuer has convened the Meeting for the purpose of enabling the Covered Bondholders to consider and resolve, if they think fit, to approve the Covered Bondholder Proposal (as further described in Section 3 (*Covered Bondholder Proposal*) of the Consent Solicitation Memorandum) by way of an Extraordinary Resolution in relation to the Series CB35 Covered Bonds implementing a change in the interest rate calculation from GBP LIBOR to Compounded Daily SONIA by amending the Series CB35 Final Terms, the Trust Deed, the Series CB35 Covered Bond Swap Agreement and such other ancillary documents as may be approved by the Bond Trustee and/or such other relevant party as are necessary to give effect to the Covered Bondholder Proposal in full.

Due to the differences in nature between GBP LIBOR and Compounded Daily SONIA, the replacement of GBP LIBOR as the reference rate for the Series CB35 Covered Bonds will also require corresponding adjustments to the original Margin payable in respect of the Series CB35 Covered Bonds. The pricing methodology proposed for the amendment of the original Margin on conversion of the interest rate calculation from GBP LIBOR to Compounded Daily SONIA uses only market observable screen spot rates (and a forward start adjustment) and employs a consistent methodology to other public consent solicitations for the replacement of GBP LIBOR with Compounded Daily SONIA.

Please see Section 1 (*Background*) of the Consent Solicitation Memorandum for further information.

GENERAL INFORMATION

The Issuer, pursuant to the Covered Bondholder Proposal, is requesting that the Covered Bondholders of the Series CB35 Covered Bonds consider and, if thought fit, approve the Extraordinary Resolution.

In order to implement the change in the Interest Basis applicable to the Series CB35 Covered Bonds from GBP LIBOR to Compounded Daily SONIA:

- (a) The Rate of Interest for the Series CB35 Covered Bonds from and including December 8, 2021 (the **Effective Date**) (with the first Interest Amount based on such new Rate of Interest being paid on the Interest Payment Date falling in March 8, 2022 (subject to the relevant Business Day Convention, as may be applicable)) will continue to be a floating rate and will be equal to the sum of Compounded Daily SONIA plus the Adjusted Margin (as defined below), as specified in the Amended and Restated Series CB35 Final Terms. The detailed provisions relating to the calculation of Compounded Daily SONIA are set out in Annex 2 to this Notice.
- (b) The Margin, as adjusted, in respect of the Series CB35 Covered Bonds (the **Adjusted Margin**) will be the sum of
 - (i) from and including the Interest Commencement Date to (but excluding) the Final Maturity Date, 0.23 per cent.; and

- (ii) from and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date, 0.273 per cent.,

and in each case the LIBOR vs SONIA Interpolated Basis plus the Forward Start Adjustment. The detailed provisions relating to the adjustment of the Margin and the calculation of the LIBOR vs SONIA Interpolated Basis by the Solicitation Agent are set out in Annex 3 to this Notice.

It is also proposed that the Existing Covered Bond Swap Confirmation, which currently references GBP LIBOR, will be amended and restated to reference Compounded Daily SONIA (the **Amended and Restated Series CB35 Covered Bond Swap Confirmation**) to provide a hedge against currency and interest rate risks in respect of amounts received by the Guarantor LP under the Interest Rate Swap Agreement and the amounts payable by it in respect of its obligations under the Covered Bond Swap Guarantee.

The Extraordinary Resolution, if passed, constitutes (amongst others) a direction by the Covered Bondholders of the Series CB35 Covered Bonds to the Bond Trustee to consent to and to concur in the amendments to the Final Terms, the Conditions of the Series CB35 Covered Bonds, the Trust Deed, and the entering into of the Amended and Restated Series CB35 Covered Bond Swap Confirmation to implement relevant changes to the Series CB35 Covered Bonds and the Series CB35 Covered Bond Swap Agreement in order to change the Interest Basis from GBP LIBOR to Compounded Daily SONIA (as more fully set out in the Amended and Restated Series CB35 Final Terms, the Supplemental Trust Deed and the Amended and Restated Series CB35 Covered Bond Swap Confirmation (together, the **Amendment Documents**)), together with the corresponding amendments as more fully set out in the other Amendment Documents and as may be necessary to give effect thereto (together, the **Covered Bondholder Proposal**).

The Extraordinary Resolution, if passed by the requisite majority of Eligible Covered Bondholders of the Series CB35 Covered Bonds will be:

- (a) effective on and from the Effective Date; and
- (b) effected by the entry of all the required parties into the Amendment Documents in respect of the Series CB35 Covered Bonds.

No consent fee will be payable in connection with this Consent Solicitation.

The attention of Covered Bondholders is particularly drawn to the quorum required for the Meeting and for any adjourned Meeting which is set out in “*Voting and Quorum*” below. Having regard to such requirements, Covered Bondholders are strongly urged to either attend (via audio or video conference) the Meeting or take steps to be represented at the Meeting, as referred to below, as soon as possible.

INELIGIBLE COVERED BONDHOLDERS

Submission of Ineligible Holder Instructions

In respect of any Covered Bonds held through Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), the submission of Ineligible Holder Instructions will be deemed to have occurred upon receipt by the Tabulation Agent from Euroclear or Clearstream, Luxembourg, as applicable, of a valid instruction (an **Ineligible Holder Instruction**) submitted in accordance with the requirements of Euroclear or Clearstream, Luxembourg, as applicable. Each such Ineligible Holder Instruction must specify, among other things, the aggregate principal amount of the Covered Bonds to which such Ineligible Holder Instruction relates, the securities account number at Euroclear or Clearstream, Luxembourg, as applicable, in which the relevant Covered Bonds are held and whether the Ineligible Covered Bondholder wishes to instruct the Issuing and Paying Agent to appoint one or more representatives of the Tabulation Agent to attend (via audio or video conference) the relevant Meeting (and at any adjourned Meeting) and vote in favour of or against the Extraordinary Resolution. The receipt of such Ineligible Holder Instruction by Euroclear or Clearstream, Luxembourg, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or

Clearstream, Luxembourg, as applicable, and will result in the blocking of the relevant Covered Bonds in the relevant Ineligible Covered Bondholder's account with Euroclear or Clearstream, Luxembourg, as applicable, so that no transfers may be effected in relation to the such Covered Bonds until the earlier of (i) the date on which the relevant Ineligible Holder Instruction is validly revoked (including their automatic revocation on the termination of the related Consent Solicitation) and (ii) the conclusion of the Meeting (of if applicable, any adjourned Meeting).

Only Accountholders may submit Ineligible Holder Instructions. Each beneficial owner of Covered Bonds who is an Ineligible Covered Bondholder and is not an Accountholder, must arrange for the Accountholder through which such beneficial owner of Covered Bonds who is an Ineligible Covered Bondholder holds its Covered Bonds to submit an Ineligible Holder Instruction on its behalf to Euroclear or Clearstream, Luxembourg, as applicable, before the deadlines specified by the relevant clearing system.

REQUIREMENTS OF U.S. SECURITIES LAWS

If the Extraordinary Resolution is passed and implemented, the Amended and Restated Final Terms will contain a statement that, until the expiry of the period of 40 days after the date of the Amended and Restated Series CB35 Final Terms, sales of the Covered Bonds may not be made in the United States or to U.S. persons unless made outside the United States pursuant to Rules 903 and 904 of Regulation S.

VOTING AND QUORUM

The provisions governing the convening and holding of the Meeting are set out in Schedule 5 (*Provisions for Meetings of Covered Bondholders*) to the Trust Deed, a copy of which is available for inspection by the Covered Bondholders upon request from the Tabulation Agent up to and including the date of the Meeting and at the Meeting as set out under "Documents Available for Inspection" below.

All of the Series CB35 Covered Bonds are represented by a Regulation S Global Covered Bond and are held by a common safekeeper for Euroclear and Clearstream, Luxembourg. For the purpose of the Meeting, a Covered Bondholder shall mean each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of the Series CB35 Covered Bonds.

Prior to the Meeting, a Covered Bondholder who wishes to participate in the Meeting in person or to nominate a third party to do so and in either case to cast their vote at such Meeting shall specify the name, telephone number, email address and passport or other identity card details of the person they wish to participate in the Meeting to the Tabulation Agent prior to the Expiration Deadline. Upon joining the Meeting, a Covered Bondholder or such third party will be required to verify his or her identify in order to access the Meeting. A Covered Bondholder wishing to attend the Meeting (via audio or video conference) must obtain a valid form of proxy issued by the Issuing and Paying Agent relating to the Series CB35 Covered Bond(s) in respect of which it wishes to vote or be represented. Such Covered Bondholders will be provided with further details about attending the Meeting.

Any Covered Bondholder who wishes to vote in respect of the Extraordinary Resolution (or be represented at the Meeting but abstain from voting, as the case may be) but does not wish to attend the Meeting (which will be held via audio or video conference only) should: (i) in the case of a Beneficial Owner whose Series CB35 Covered Bonds are held in book-entry form by a custodian, request such Beneficial Owner's custodian to vote on the Extraordinary Resolution (or to abstain from voting, as the case may be) in accordance with the procedures set out in Section 5 (*Procedures in connection with the Consent Solicitation*) of the Consent Solicitation Memorandum, or (ii) in the case of a Covered Bondholder whose Series CB35 Covered Bonds are held in book-entry form directly in the relevant Clearing System, vote on the Extraordinary Resolution (or abstain from voting, as the case may be) in accordance with the procedures set out in Section 5 (*Procedures in connection with the Consent Solicitation*) of the Consent Solicitation Memorandum.

Covered Bondholders should note that the timings and procedures set out in Section 5 (*Procedures in connection with the Consent Solicitation*) of the Consent Solicitation Memorandum reflect the requirements for Covered Bondholders' meetings set out in the Trust Deed, but that the Clearing Systems and the relevant intermediaries may have their own additional requirements as to timings and procedures for voting on the Extraordinary Resolution. Accordingly, Covered Bondholders wishing to vote in respect of the Extraordinary Resolution (or to abstain from voting, as the case may be) are strongly urged either to contact their custodian (in the case of a Beneficial Owner whose Series CB35 Covered Bonds are held in book-entry form by a custodian) or the relevant Clearing System (in the case of a Covered Bondholder whose Series CB35 Covered Bonds are held in book-entry form directly in the relevant Clearing System), as soon as possible.

Each person who is the owner of a particular principal amount of the Series CB35 Covered Bonds, as shown in the records of Euroclear or Clearstream, Luxembourg or their respective accountholders (an **Accountholder**) should note that they are not the legal holders of the Series CB35 Covered Bonds for the purposes of the Meeting and will only be entitled to attend (via audio or video conference) and vote (or abstain from voting, as the case may be) at the Meeting in accordance with the procedures set out in Section 5 (*Procedures in connection with the Consent Solicitation*) of the Consent Solicitation Memorandum.

The quorum for the initial Meeting shall be one or more persons present holding or representing Series CB35 Covered Bonds or being proxies or representatives and holding or representing in the aggregate not less than two-thirds of the aggregate Principal Amount Outstanding of the Series CB35 Covered Bonds for the time being outstanding. If a quorum is not present within 15 minutes from the time fixed for the Meeting (or such longer period not exceeding 30 minutes as the Chair may decide), such Meeting will be adjourned for such period being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chair and approved by the Bond Trustee. In addition, in the event that the quorum required for, and the requisite majority of votes cast at, the Meeting is satisfied but the Eligibility Condition in respect of such Meeting is not satisfied, the Chair and the Bond Trustee will adjourn the Meeting for such period being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chair and approved by the Bond Trustee. At any adjourned Meeting, one or more persons present holding Series CB35 Covered Bonds or being proxies or representatives and holding or representing in aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Series CB35 Covered Bonds shall (subject as provided below) form a quorum and shall have the power to pass the Extraordinary Resolution. Covered Bondholders should note that proxies appointed in respect of the Meeting shall remain valid for the adjourned Meeting unless validly revoked.

To be passed at the Meeting, the Extraordinary Resolution requires a majority in favour consisting of at least three-fourths of the votes cast (excluding abstentions).

The question submitted to the Meeting shall be decided in the first instance by a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chair, the Issuer, the Guarantor LP, the Bond Trustee or by any person present holding or representing any Covered Bond or a voting certificate or being a proxy or representative (whatever the Principal Amount Outstanding of the Covered Bonds so held or represented by such person). A declaration by the Chair that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution (or of any abstentions).

At the Meeting (a) on a show of hands every person who is present (via audio or video conference) and who is a proxy or representative and who has provided evidence of their holdings of the Series CB35 Covered Bonds shall have one vote and (b) on a poll every person who is so present shall have one vote in respect of each £1 (or such other amount as the Bond Trustee may in its absolute discretion stipulate) in the Principal Amount Outstanding of the Covered Bonds in respect of which such person is the registered holder. In the case of equality of votes the Chair shall have a casting vote in addition to the vote or votes (if any) to which they may be entitled as a Covered Bondholder or as a proxy or as a representative.

The implementation of the Consent Solicitation and the Extraordinary Resolution will be conditional on:

- (a) the passing of the Extraordinary Resolution; and
 - (b) the quorum required for, and the requisite majority of votes cast at, the Meeting being satisfied by Eligible Covered Bondholders, irrespective of any participation at the Meeting by Ineligible Covered Bondholders (including, if applicable, the satisfaction of such condition at an adjourned Meeting) (the **Eligibility Condition**),
- (together, the **Consent Conditions**).

If passed, the Extraordinary Resolution will be binding upon all the Covered Bondholders of the Series CB35 Covered Bonds whether or not present or voting or abstaining at the Meeting. There are not currently any U.S. Registered Covered Bonds outstanding and so the rights under the Trust Indenture Act specified in the Trust Deed and summarised in the Conditions of the Series CB35 Covered Bonds (including, but not limited to, any Bondholder Reserved Matter) do not apply in respect of the Series CB35 Covered Bonds. As such, the amendments to the Series CB35 Covered Bonds, if approved by Extraordinary Resolution and implemented, are expected to apply to all Covered Bondholders. Without limiting the foregoing, the Issuer reserves the right to, but shall not be required to, take such steps as it may determine to treat the Series CB35 Covered Bonds of any Dissenting Holder as not having been amended.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of items (a) to (e) below (together, the **Covered Bondholder Information**) will be available from the date of this Notice, for inspection by Covered Bondholders, upon request from the Tabulation Agent on any weekday (public holidays excepted) and on the website of the Tabulation Agent (<https://deals.lucid-is.com/rbc>) up to and including the date of the Meeting and at the Meeting, provided that, in each case a Covered Bondholder will be required to produce evidence satisfactory to the Tabulation Agent as to his or her status as a Covered Bondholder before being provided with copies of the Covered Bondholder Information:

- (a) this Notice;
- (b) the Consent Solicitation Memorandum;
- (c) the current drafts of each Amended and Restated Series CB35 Final Terms, the Supplemental Trust Deed and the Amended and Restated Series CB35 Covered Bond Swap Confirmation, each as referred to in the Extraordinary Resolution set out in Annex 1 (the **Amendment Documents**);
- (d) the Trust Deed; and
- (e) such other ancillary documents (if any) relating to the Covered Bondholder Proposal being provided by the Issuer for inspection.

This Notice should be read in conjunction with the Covered Bondholder Information.

The Covered Bondholder Information may be supplemented from time to time. Existing Covered Bondholders should note that the Amendment Documents may be subject to amendment, where such amendments are in line with the Proposed Amendments up until 4:00 p.m. on the fourth Business Day immediately preceding the Expiration Deadline. Should such amendments be made, blacklined copies (showing the changes from the originally available Amendment Documents) and clean versions will be available from the Tabulation Agent (including on the website of the Tabulation Agent (<https://deals.lucid-is.com/rbc>)).

Existing Covered Bondholders will be informed of amendments to the Amendment Documents via Notices to the Clearing Systems for communication to Covered Bondholders and by announcements released on the regulatory news service of the London Stock Exchange.

CONTACT INFORMATION

Further information relating to the Proposed Amendments can be obtained from the **Solicitation Agent** directly:

RBC Europe Limited

100 Bishopsgate
London
EC2N 4AA
United Kingdom

Attention: Liability Management Desk
Tel: +44 (0) 20 7029 7031
Email: liability.management@rbccm.com

The address of the Bond Trustee, the Tabulation Agent, the Issuing and Paying Agent, and the Registrar are set out below:

Bond Trustee

Computershare Trust Company of Canada
100 University Avenue
8th Floor
Toronto, Ontario
Canada, M5J 2Y1

Telephone number: +1 416-263-9200
Email: corporatetrust.toronto@computershare.com

Issuing and Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Email: corpsov1@bnymellon.com

Tabulation Agent

Lucid Issuer Services Limited
Tankerton Works
12 Argyle Walk
London
WC1H 8HA
United Kingdom

Attention: Owen Morris
Tel: +44 20 7704 0880
Email: rbc@lucid-is.com

Registrar

The Bank of New York Mellon SA/NV,
Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453
Luxembourg

Email: corpsov1@bnymellon.com

Covered Bondholders whose Series CB35 Covered Bonds are held by Euroclear or Clearstream, Luxembourg should contact the Tabulation Agent at the contact details above for further information on how to vote at, or give instructions in respect of, the Meeting.

This Notice is given by:

ROYAL BANK OF CANADA

Dated August 31, 2021

ANNEX 1

EXTRAORDINARY RESOLUTION IN RESPECT OF THE GBP650,000,000 FLOATING RATE COVERED BONDS DUE DECEMBER 8, 2022

“THAT this Meeting of the holders (together, the **Series CB35 Covered Bondholders**) of the presently outstanding GBP650,000,000 Floating Rate Covered Bonds due December 8, 2022 (the **Series CB35 Covered Bonds**) of Royal Bank of Canada (the **Issuer**), constituted by the amended and restated trust deed of September 8, 2017, as further amended, restated, modified and/or supplemented in relation to the Series CB35 Covered Bonds from time to time (the **Trust Deed**) made between the Issuer, RBC Covered Bond Guarantor Limited Partnership (the **Guarantor LP**) and Computershare Trust Company of Canada (the **Bond Trustee**) as bond trustee for, inter alios, the Series CB35 Covered Bondholders:

1. (subject to paragraph 9 of this Extraordinary Resolution) assents to and approves the Covered Bondholder Proposal (as defined in the Consent Solicitation Memorandum) and its implementation, as follows:
 - (a) the modification of the terms and conditions of the Series CB35 Covered Bonds (the **Conditions**) (together with corresponding modifications to the Trust Deed and as completed by the Final Terms applicable to the Series CB35 Covered Bonds dated December 6, 2017, as any of the same may from time to time be modified or amended and restated in accordance with the Trust Deed), in order that the Rate of Interest for the Series CB35 Covered Bonds from and including the Effective Date (with the first Interest Amount based on such new Rate of Interest being paid on the next Interest Payment Date occurring on December 8, 2021 (subject to the relevant Business Day Convention, as may be applicable)) will continue to be a floating rate, but will be equal to the sum of Compounded Daily SONIA plus an Adjusted Margin to be calculated as more fully set out in Annex B to the Consent Solicitation Memorandum (**Margin Adjustment**) and in the Amended and Restated Series CB35 Final Terms (as defined in paragraph 2 below); and
 - (b) the amendment and restatement of the Existing Covered Bond Swap Confirmation (as defined in the Consent Solicitation Memorandum), which currently references LIBOR, to reference Compounded Daily SONIA, as set out in the Amended and Restated Series CB35 Covered Bond Swap Confirmation (as defined in paragraph 2 below) in order to provide a hedge against currency and interest rate risks in respect of amounts received by the Guarantor LP under the Interest Rate Swap Agreement and the amounts payable by it in respect of its obligations under the Covered Bond Swap Guarantee;
2. (subject to paragraph 9 of this Extraordinary Resolution) authorises, directs, requests and empowers:
 - (a) the Issuer and the Guarantor LP to execute an amended and restated final terms in respect of the Series CB35 Covered Bonds (the **Amended and Restated Series CB35 Final Terms**) to change the Interest Basis applicable to the Series CB35 Covered Bonds from ‘LIBOR’ to ‘Compounded Daily SONIA’;
 - (b) the Issuer, the Guarantor LP and the Bond Trustee to execute a deed supplemental to the Trust Deed (the **Supplemental Trust Deed**) which annexes (i) the form of the Amended and Restated Series CB35 Final Terms, (ii) the amendments to Condition 5 (Interest) and Condition 13 (Meetings of Holders of the Covered Bonds, Modification and Waiver) to include Compounded Daily SONIA as an Interest Basis in the Conditions applicable to the Series CB35 Covered Bonds and (iii) the amendments to Schedule 5 of the Trust Deed; and
 - (c) the Issuer and the Guarantor LP, to execute an amendment and restatement of the Existing Covered Bond Swap Confirmation which references LIBOR in respect of the Series CB35 Covered Bonds to reference Compounded Daily SONIA (the **Amended and Restated Series CB35 Covered Bond Swap Confirmation**);

in each case (a) to (c) above to effect the modifications referred to in paragraph 1 of this Extraordinary Resolution, in the form or substantially in the form of the drafts produced to this Meeting and for the purpose of identification signed by the chair of this Meeting (the **Chair**) thereof, with such amendments thereto (if any) as the Bond Trustee shall require or agree to; and

- (d) the Issuer, the Guarantor LP, the Bond Trustee, the Issuing and Paying Agent and the Agents to execute and to do all such deeds, instruments, acts and things as may be necessary, desirable or expedient in its sole opinion to carry out and to give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph 1 of this Extraordinary Resolution;
3. discharges and exonerates the Bond Trustee from all liability for which it may have become or may become responsible under the Trust Deed or the Series CB35 Covered Bonds or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or its implementation, the modifications referred to in paragraph 1 of this Extraordinary Resolution or the implementation of those modifications or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Amended and Restated Series CB35 Final Terms, the Supplemental Trust Deed, the Amended and Restated Series CB35 Covered Bond Swap Confirmation, the Consent Solicitation Memorandum, the Notice or this Extraordinary Resolution;
 4. irrevocably waives any claim that the Series CB35 Covered Bondholders may have against the Bond Trustee or the Agents arising as a result of any loss or damage which we may suffer or incur as a result of the Bond Trustee or the Agents acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding on the Covered Bondholders) and the Series CB35 Covered Bondholders further confirm that the Series CB35 Covered Bondholders will not seek to hold the Bond Trustee or the Agents liable for any such loss or damage;
 5. expressly agrees and undertakes to indemnify and hold harmless the Bond Trustee and the Agents from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by them as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Bond Trustee or the Agents and against all losses, costs, charges or expenses (including legal fees) which the Bond Trustee or the Agents may suffer or incur which in any case arise as a result of the Bond Trustee and the Agents acting in accordance with the Extraordinary Resolution and the Trust Deed;
 6. (subject to paragraph 9 of this Extraordinary Resolution) sanctions and assents to every abrogation, modification, compromise or arrangement in respect of the rights of the Series CB35 Covered Bondholders appertaining to the Series CB35 Covered Bonds against the Issuer or the Guarantor LP, whether or not such rights arise under the Conditions, involved in, resulting from or to be effected by the amendments referred to in paragraph 1 of this Extraordinary Resolution and their implementation;
 7. waives any and all requirements, restrictions and conditions precedent set forth in the Transaction Documents on any person, in implementing the Amended and Restated Series CB35 Final Terms, the Supplemental Trust Deed, the Amended and Restated Series CB35 Covered Bond Swap Confirmation, this Extraordinary Resolution and the Covered Bond Proposal;
 8. discharges and exonerates each of the Issuer and the Guarantor LP from all liability for which it may have become or may become responsible under the Trust Deed, the Series CB35 Covered Bonds or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or the executing of any deeds, agreements, documents or instructions, the performance of any acts,

matters or things to be done to carry out and give effect to the matters contemplated in the Amended and Restated Series CB35 Final Terms, the Supplemental Trust Deed, the Amended and Restated Series CB35 Covered Bond Swap Confirmation, the Consent Solicitation Memorandum, the Notice of this Extraordinary Resolution;

9. declares that the implementation of this Extraordinary Resolution shall be conditional on:
- (a) the passing of this Extraordinary Resolution; and
 - (b) the quorum required for, and the requisite majority of votes cast at, this Meeting being satisfied by Eligible Series CB35 Covered Bondholders, irrespective of any participation at this Meeting by Ineligible Series CB35 Covered Bondholders and that, in the event that the Extraordinary Resolution is passed at this Meeting but such condition is not satisfied, the Chair and the Bond Trustee are hereby authorised, directed, requested and empowered to adjourn this Meeting for such period being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chair and approved by the Bond Trustee, for the purpose of reconsidering resolutions 1 to 11 of this Extraordinary Resolution with the exception of resolution 9(b) of this Extraordinary Resolution. At any such adjournment of this Meeting, one or more persons present being proxies or representatives and holding or representing in aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Series CB35 Covered Bonds shall form a quorum and shall have the power to pass such Extraordinary Resolution, and this condition set out in this paragraph 9(b) will be satisfied if the quorum required for, and the requisite majority of votes cast at, such adjourned Meeting are satisfied by Eligible Series CB35 Covered Bondholders irrespective of any participation at the adjourned Meeting by Ineligible Series CB35 Covered Bondholders;
10. acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

Consent Solicitation means the invitation by the Issuer to all Eligible Series CB35 Covered Bondholders to consent to the modification of the Conditions relating to the Series CB35 Covered Bonds as described in the Consent Solicitation Memorandum and as the same may be amended in accordance with its terms;

Consent Solicitation Memorandum means the consent solicitation memorandum dated August 31, 2021 prepared by the Issuer in relation to the Consent Solicitation;

Eligible Series CB35 Covered Bondholder or **Eligible Covered Bondholder** means each Series CB35 Covered Bondholder who is (a) located and resident outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act); (b) an eligible counterparty or a professional client (each as defined in COBS and UK MiFIR, respectively) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the Series CB35 Covered Bonds; and (c) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

Ineligible Series CB35 Covered Bondholder or **Ineligible Covered Bondholder** means each Series CB35 Covered Bondholder who is not a person to whom the Consent Solicitation is being made, on the basis that such Series CB35 Covered Bondholder is either (i) a U.S. person and/or located or resident in the United States and/or (ii) is not an eligible counterparty or a professional client (each as defined in COBS and UK MiFIR, respectively) and, if applicable and acting on a non-discretionary basis, who is not acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client and/or (iii) a person to whom the Consent Solicitation cannot otherwise be lawfully made; and

Securities Act means the U.S. Securities Act of 1933, as amended;

11. in the circumstances where the Issuer exercises its right to treat the Series CB35 Covered Bonds of any Dissenting Holder as not having been amended, acknowledges and consents to the Issuer, the Guarantor LP and the Bond Trustee taking such other and further steps and actions and entering into such agreements and amendments as they may determine to treat the Series CB35 Covered Bonds of any Dissenting Holder as not having been amended; and
12. agrees that capitalised terms in this document where not defined herein shall have the meanings given to them in the Consent Solicitation Memorandum (a copy of which is available for inspection as referred to in the Consent Solicitation Memorandum itself or the Notice).”

ANNEX 2

AMENDMENT TO THE CONDITIONS

1.01 Compounded Daily SONIA – Observation Lookback Convention

The following section shall be added to Condition 5.03 under the section “*Screen Rate Determination*”:

Where Screen Rate Determination is specified as applicable in the applicable Final Terms and the Reference Rate is specified in the applicable Final Terms as being “**Compounded Daily SONIA**”, the Rate of Interest for each Interest Period will, as provided below, be Compounded Daily SONIA for such Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin, if any, all determined by the Calculation Agent. Compounded Daily SONIA will be calculated in accordance with the lag observation method (the “**Observation Lookback Convention**”).

“**Compounded Daily SONIA**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards:

Observation Lookback Convention:

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

where:

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

“**d_o**” is the number of London Banking Days in the relevant Interest Period;

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

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

“**n_i**”, for any London Banking Day “**i**” in the Interest Period, means the number of calendar days from and including such London Banking Day “**i**” up to but excluding the earlier of (i) the following London Banking Day or (ii) the last day of the relevant Interest Period or, in respect of the final Interest Period, the Final Maturity Date or the Extended Due for Payment Date, as the case may be;

“**Observation Lookback Period**” is as specified in the applicable Final Terms;

“**p**” is the number of London Banking Days included in the Observation Lookback Period;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters service (“**Reuters**”)) specified as the “Relevant Screen Page” in the applicable Final Terms, or such other successor or replacement page,

section or other part in that information service (or any page, section or other part of a successor information service), in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**SONIA_{i-pLBD}**” means, in respect of any London Banking Day “i” in the relevant Interest Period, the SONIA reference rate for the London Banking Day falling “p” London Banking Days prior to the relevant London Banking Day “i”; and

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

If, subject to Condition 13, in respect of any London Banking Day, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such London Banking Day shall be: (a) (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at 5:00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or (b) if the Bank Rate is not available on the relevant London Banking Day, the most recent SONIA reference rate in respect of a London Banking Day.

Notwithstanding the paragraph above, and without prejudice to Condition 13, in the event the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA rate for any London Banking Day “i” for the purpose of the relevant Series of Covered Bonds for so long as the SONIA rate is not available and has not been published by the authorised distributors.

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 7, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds become due and payable, and the Rate of Interest on such Covered Bonds shall, for so long as such Covered Bonds remain outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

1.02 Base Rate Modification

The following shall be added immediately following the fourth complete paragraph (including sub-paragraphs (a) and (b)) in Condition 13:

The Guarantor LP and the Issuer may agree, and the Bond Trustee shall agree, without the consent of the holders of the Covered Bonds or Couponholders of any Series and without the consent of the other Secured Creditors other than any Secured Creditor that is party to the relevant documents (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter), to any modification (other than in respect of a Series Reserved Matter, provided that a Base Rate Modification (as defined below) will not constitute a Series Reserved Matter) to the Conditions and/or any Transaction Document (including, for the avoidance of doubt but without limitation, the Covered Bond Swap Agreement in relation to the relevant Series of Covered Bonds and subject to the consent only of the Secured Creditors (x) party to the relevant Transaction Document being amended

or (y) whose ranking in any Priorities of Payments is affected) that the Issuer considers necessary for the purpose of changing the base rate in respect of the Covered Bonds from a Reference Rate to an alternative base rate (any such rate, an “**Alternative Base Rate**”) and making such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a “**Base Rate Modification**”), provided that in each case:

- (i) the Issuer certifies to the Bond Trustee, the Issuing and Paying Agent and the Calculation Agent in writing (such certificate, a “**Base Rate Modification Certificate**”) that:
 - (A) such Base Rate Modification is being undertaken due to:
 - (I) a material disruption to the relevant Reference Rate, an adverse change in the methodology of calculating the relevant Reference Rate or the relevant Reference Rate ceasing to exist or be published;
 - (II) the insolvency or cessation of business of the administrator of the Reference Rate (in circumstances where no successor administrator has been appointed);
 - (III) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator for the Reference Rate has been appointed that will continue publication of the relevant Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable;
 - (IV) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date or the Extended Due for Payment Date, as applicable;
 - (V) a public statement by the supervisor of the administrator of the relevant Reference Rate that means such Reference Rate may no longer be used, is no longer representative of relevant underlying market(s) or that its use is or will be subject to restrictions or adverse consequences;
 - (VI) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any holders of the Covered Bonds or Couponholders of any Series using the relevant Reference Rate; or
 - (VII) the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (I), (II), (III), (IV), (V) or (VI) will occur or exist within six months of the proposed effective date of such Base Rate Modification,
 - (B) the modifications proposed are required solely for the purpose of applying the Alternative Base Rate and making consequential modifications to any Transaction Document which are, as reasonably determined by the Issuer as necessary or advisable in its reasonable judgement, and the modifications have been drafted solely to such effect; and
 - (C) the consent of each Secured Creditor (x) which is party to the relevant Transaction Document being amended, or (y) whose ranking in any Priorities of Payments is affected has been obtained (evidence of which shall be provided by the Issuer to the Bond Trustee with the Base Rate Modification Certificate) and, subject to subparagraph (vii) immediately below, no other consents are required to be obtained in relation to the Base Rate Modification, provided, for the avoidance of doubt, that the Calculation Agent, the Issuing and Paying Agent or any other Paying Agent, as Secured Creditors, shall not be obliged to agree to any modifications to any Transaction Documents for purposes of applying the Alternative Base Rate, which, in the sole opinion of such Calculation Agent, the Issuing and Paying Agent or any other Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or

amend the protective provisions afforded to any such person in the Agency Agreement; and

- (ii) such Alternative Base Rate is:
 - (A) a base rate published, endorsed, approved or recognised by the Bank of England, the Federal Reserve Bank of New York, the Bank of Canada or the ECB or the central bank, reserve bank, monetary authority or similar institution for the currency to which the Reference Rate relates, any regulator in the United States, the UK or the European Union or the country whose currency relates to the relevant Reference Rate or any stock exchange on which the Covered Bonds are listed or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
 - (B) a base rate utilised in a material number of publicly-listed publicly-offered or benchmark new issues of floating rate covered bonds or floating rate senior unsecured notes prior to the effective date of such Base Rate Modification (for these purposes, 5 such issues shall be considered material); or
 - (C) a base rate utilised in a publicly-listed publicly-offered or benchmark new issue of floating rate covered bonds where the issuer (or, in the case of asset backed securities, the originator of the relevant assets) is the Issuer or a Subsidiary of the Issuer;
- (iii) at least 30 days' prior written notice of any Base Rate Modification has been given to the Bond Trustee;
- (iv) the Base Rate Modification Certificate is provided to the Bond Trustee at the time the Bond Trustee is notified of the Base Rate Modification and on the effective date of such Base Rate Modification;
- (v) with respect to each Rating Agency, a Rating Agency Confirmation (as defined in Condition 20) has been obtained;
- (vi) the Issuer pays (or arranges for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Bond Trustee in connection with such Base Rate Modification;
- (vii) the Issuer has provided at least 30 days' notice to the Covered Bondholders of the relevant Series of Covered Bonds of the Base Rate Modification in accordance with Condition 14 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds (in each case specifying the date and time by which Covered Bondholders must respond), and Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have not notified the Issuer or the Issuing and Paying Agent in accordance with the then current practice of any applicable Clearing System through which such Covered Bonds may be held by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification.

If Covered Bondholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds then outstanding have notified the Issuer or the Issuing and Paying Agent in accordance with the then current practice of any applicable Clearing System through which the Covered Bonds may be held or in the manner specified in the next following paragraph of this Condition 13 where there is no applicable Clearing System by the time specified in such notice that such Covered Bondholders do not consent to the Base Rate Modification, then the Base Rate Modification will not be made unless an Extraordinary Resolution of the Covered Bondholders of the relevant Series then outstanding is passed in favour of the Base Rate Modification in accordance with this Condition 13.

Where there is no applicable Clearing System, Covered Bondholders may object in writing to a Base Rate Modification by notifying the Issuer or the Issuing and Paying Agent but any such objection in writing must be accompanied by evidence to the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

For the avoidance of doubt, the Issuer may give effect to an Alternative Base Rate on more than one occasion provided that the conditions set out in respect of a Base Rate Modification in this Condition 13 are satisfied.

Without prejudice to the obligations of the Issuer under this Condition 13 in respect of a Base Rate Modification, the Reference Rate and the fallback provisions provided for in Condition 5.03 will continue to apply unless and until the Bond Trustee has received the Base Rate Modification Certificate in accordance with this Condition 13. For the avoidance of doubt, the terms of Condition 13 in respect of a Base Rate Modification shall apply to the determination of the Interest Rate on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the operation of, and to adjustment as provided in, this Condition 13 in respect of a Base Rate Modification.

When implementing any Base Rate Modification; (A) the Bond Trustee shall not consider the interests of the Covered Bondholders, any other Secured Creditor or any other person and shall act and rely solely and without investigation or liability on any Base Rate Modification Certificate or other certificate or evidence provided to it by the Issuer and shall not be liable to the Covered Bondholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and (B) the Bond Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Bond Trustee in the Transaction Documents and/or these Conditions

1.03 Miscellaneous

The definition of “Series Reserved Matter” at the end of Condition 13 is amended as follows:

The words “(other than, for the avoidance of doubt, a Base Rate Modification)” shall be added immediately following the word “payable” in (i), so that it reads as follows:

“Series Reserved Matter” in relation to Covered Bonds of a Series means: (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable (other than, for the avoidance of doubt, a Base Rate Modification) or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made; (iii) alteration of the majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Security Agreement (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the holders of the Covered Bonds of any Series); (v) except in accordance with Condition 13, the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as described above and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the holders of the Covered Bonds to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and (vi) alteration of specific sections of the Trust Deed relating to quorum and procedure for meetings of holders of Covered Bonds.

ANNEX 3

MARGIN ADJUSTMENT

Rationale for the Proposal

The pricing methodology proposed for the amendment of the Margin on conversion of the Interest Basis from LIBOR to Compounded Daily SONIA uses only market observable screen spot rates.

The date from which the proposed change in reference rate is to occur will be December 8, 2021 (the **Effective Date**).

The determination of the relevant market observable screen spot rates will take place at 1:00 p.m. (London time) (the **Pricing Time**) on the Pricing Date. This is to ensure that the Pricing Date is as close as possible to the Effective Date whilst allowing sufficient time for the necessary changes to be implemented following the determination of the Margin.

For the avoidance of doubt, the reference rate applicable to the Covered Bonds up to but excluding the Effective Date will continue to be LIBOR and interest payments made on the Effective Date will not be affected by the pricing methodology proposed in this Consent Solicitation Memorandum.

If there is an adjourned Meeting, the LIBOR vs SONIA Interpolated Basis may be different to the amounts which would be calculated if the Extraordinary Resolution was passed at the initial Meeting.

The Margin Adjustment

The Rate of Interest for the Covered Bonds to be determined on the Pricing Date and effective on the Effective Date, will be equal to Compounded Daily SONIA plus the Margin, as adjusted as follows (the **Adjusted Margin**):

- A. the sum of:
 - a. from and including the Interest Commencement Date to (but excluding) the Final Maturity Date, 0.23 per cent.; and
 - b. from and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date, 0.273 per cent.,(the **Margin**); plus
- B. the LIBOR vs SONIA Interpolated Basis;
- C. plus the Forward Start Adjustment.

where:

Forward Start Adjustment is a number calculated by the Solicitation Agent in accordance with market practice (rounded to the nearest 0.01 per cent. (with 0.005 per cent. rounded upwards)), reflecting the forward starting nature of the next Interest Payment Date relative to the Pricing Date, being the amount so calculated by the Solicitation Agent at or around the Pricing Time on the Pricing Date (and subject to a minimum of 0.00 per cent.) and announced to Covered Bondholders in accordance with Condition 14 (Notices) as soon as practicable following the Pricing Time on the Pricing Date.

LIBOR vs SONIA Interpolated Basis is a number of basis points rounded to the nearest 0.1 basis points (with 0.05 basis points rounded upwards) as calculated by the Solicitation Agent on the Pricing Date by means of linear interpolation to the Final Maturity Date of the 1 Year LIBOR vs SONIA Basis v the 2 Year LIBOR vs SONIA Basis, as follows:

On the Pricing Date the Solicitation Agent will determine:

- (a) the 1 Year LIBOR vs SONIA Basis (as quoted on the Bloomberg page ICAB9 at or around the Pricing Time), or such other page as may replace it on that information service, or on such similar or replacement service as may be determined by the Solicitation Agent; and
- (b) the 2 Year LIBOR vs SONIA Basis (as quoted on the Bloomberg page ICAB9 at or around the Pricing Time) or such other page as may replace it on that information service, or on such similar or replacement service as may be determined by the Solicitation Agent.

Thereafter the Solicitation Agent will calculate the linear interpolation for the LIBOR vs SONIA Interpolated Basis to the Final Maturity Date of the Bonds by:

- (i) subtracting (a) above from (b) above and multiplying the result of such subtraction by the Maturity Weight (and rounding the result of such multiplication to the nearest 0.1 basis points, with 0.05 basis points rounded upwards); and
- (ii) adding (a) to the result calculated in accordance with sub-paragraph (i),

For the purposes of this calculation:

Maturity Weight means the amount, expressed as a percentage, calculated by dividing the actual number of days from (and including) the date falling exactly 1 year after the Pricing Date to (but excluding) the Final Maturity Date of the Bonds by 365.

The Adjusted Margin and the LIBOR vs SONIA Interpolated Basis will be announced to Covered Bondholders in accordance with Condition 14 (Notices) as soon as practicable following the Pricing Time on the Pricing Date.

The detailed provisions relating to the calculation of Compounded Daily SONIA are set out in the Amendment Documents.