

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT)) OR TO ANY PERSON OR ADDRESS IN THE U.S. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO, OR TO ANY PERSON LOCATED OR RESIDENT IN THE U.S. OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS DOCUMENT.**

**THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONSENT SOLICITATION MEMORANDUM. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.**

**UK MiFIR professionals/ECPs-only – Manufacturer target market (UK MiFIR product governance) is eligible counterparties (as defined in the FCA Handbook Conduct of Business Sourcebook) and professional clients (as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) only (all distribution channels). No UK PRIIPs key information document has been prepared as the Covered Bonds referred to in this Consent Solicitation Memorandum are not available to retail investors in the UK.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached consent solicitation memorandum (the **Consent Solicitation Memorandum**), whether received by e-mail or otherwise received as a result of electronic communication and you are therefore required to read this disclaimer page carefully before reading, accessing or making any other use of the attached Consent Solicitation Memorandum. In accessing, reading or making any other use of the attached Consent Solicitation Memorandum or by accepting the electronic transmission to which the Consent Solicitation Memorandum was attached, you shall (in addition to giving the representations set out below) agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Royal Bank of Canada (the **Issuer**), RBC Europe Limited (the **Solicitation Agent**) and/or Lucid Issuer Services Limited (the **Tabulation Agent**) as a result of such acceptance, access, reading or other use. Capitalised terms used but not otherwise defined in this disclaimer shall have the meanings given to them in the attached Consent Solicitation Memorandum.

The Consent Solicitation Memorandum is addressed only to holders of Covered Bonds (as defined in the Consent Solicitation Memorandum) issued under the Issuer's Global Covered Bond Programme (the **Covered Bondholders**) who are persons to whom it may otherwise be lawful to distribute it and solicit consents from under applicable laws and regulations (**relevant persons**). It is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Consent Solicitation Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

**NOTHING IN THE CONSENT SOLICITATION MEMORANDUM OR THE ELECTRONIC TRANSMISSION THEREOF CONSTITUTES OR CONTEMPLATES AN OFFER OF, AN OFFER TO PURCHASE OR THE SOLICITATION OF AN OFFER TO SELL SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION. THE COVERED BONDS (AS DEFINED BELOW) AND THE GUARANTEE THEREOF, HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE COVERED BONDS, AND THE GUARANTEE THEREOF, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

**THE CONSENT SOLICITATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY**

**MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE CONSENT SOLICITATION MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE NOT PROVIDED THE ISSUER WITH THE CONFIRMATION DESCRIBED BELOW OR HAVE GAINED ACCESS TO THE CONSENT SOLICITATION MEMORANDUM CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED TO PARTICIPATE IN THE CONSENT SOLICITATION DESCRIBED IN THE CONSENT SOLICITATION MEMORANDUM.**

**Confirmation of Your Representation:** By receiving the attached Consent Solicitation Memorandum, you confirm to the Issuer, the Solicitation Agent and the Tabulation Agent that:

- (i) you are a holder or a Beneficial Owner (as defined in the Consent Solicitation Memorandum) of the Covered Bonds;
- (ii) you are not a person to or from whom it is unlawful to send the attached Consent Solicitation Memorandum or to solicit consents under the Consent Solicitation described in the attached Consent Solicitation Memorandum under applicable laws and regulations;
- (iii) you are not a U.S. person (as defined in Regulation S under the Securities Act), or acting for the account or benefit of any U.S. person, that you are not located or resident in the United States and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia;
- (iv) you consent to delivery of the attached Consent Solicitation Memorandum by electronic transmission;
- (v) you shall not pass on the Consent Solicitation Memorandum to third parties or otherwise make the Consent Solicitation Memorandum publicly available;
- (vi) you have understood and agreed to the terms set forth in this disclaimer;
- (vii) you are, and any Beneficial Owner of the Covered Bonds you represent or are acting for the account or benefit of, in each case on a non-discretionary basis, is an eligible counterparty or a professional client (each as defined in COBS and UK MiFIR, respectively) in respect of the Covered Bonds; and
- (viii) you are not a Sanctions Restricted Person (as defined in the Consent Solicitation Memorandum).

This Consent Solicitation Memorandum has been sent to you via electronic transmission. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Solicitation Agent, the Bond Trustee, and/or the Tabulation Agent or any person who controls, or is a director, officer, employee or agent of the Issuer, the Solicitation Agent the Bond Trustee and/or the Tabulation Agent, nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of such alteration as a result of such transmission.

You are reminded that the attached Consent Solicitation Memorandum has been delivered to you on the basis that you are a person into whose possession this Consent Solicitation Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and, save as referred to above, you may not nor are you authorised to deliver this Consent Solicitation Memorandum to any other person. If you have sold or otherwise transferred all of your Covered Bonds, please notify the Tabulation Agent accordingly.

**The distribution of this Consent Solicitation Memorandum in certain jurisdictions may be restricted by law and persons into whose possession this Consent Solicitation Memorandum comes are requested to inform themselves about, and to observe, any such restrictions.**

## CONSENT SOLICITATION MEMORANDUM DATED AUGUST 31, 2021

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Consent Solicitation Memorandum and any other documents or materials relating to the Consent Solicitation are only for distribution or to be made available to persons located and resident outside the United States and who are not U.S. persons (as defined in Regulation S under the United States Securities Act of 1933).

This document contains important information which should be read carefully before any decision is made in respect of these proposals. If you are in any doubt about any aspect of these proposals and/or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (if you are in the United Kingdom) or from another appropriately authorised independent financial adviser (if you are not in the United Kingdom) and such other professional advice from your own professional advisors as you deem necessary.



### ROYAL BANK OF CANADA

(a Canadian chartered bank)  
(the Issuer)

**GBP650,000,000 Floating Rate Covered Bonds due December 8, 2022**  
(ISIN: XS1733227554) (Series: CB35) (the Series CB35 Covered Bonds or the Covered Bonds and the holders thereof, the Covered Bondholders)

Consent Solicitation Memorandum relating to the proposal to the eligible holders of its outstanding Covered Bonds to consent to the modification of the terms and conditions (the **Conditions**) of the Series CB35 Covered Bonds and consequential or related amendments to the transaction documents for the Series CB35 Covered Bonds such that the existing GBP LIBOR interest basis of the Series CB35 Covered Bonds is replaced by a Compounded Daily SONIA interest basis, as proposed by the Issuer for approval by an extraordinary resolution of the holders of the Series CB35 Covered Bonds (the **Extraordinary Resolution**), all as further described in this Consent Solicitation Memorandum, as supplemented, varied or amended from time to time (such invitation the **Consent Solicitation**).

Series	ISIN/Common Code	Final Maturity Date	Current Interest rate (per cent./per annum)	Outstanding principal amount
CB35	XS1733227554 / 173322755	Interest Payment Date falling on or nearest to December 8, 2022	3 month GBP LIBOR + 0.23 per cent. Floating Rate from and including the Interest Commencement Date to (but excluding) the Final Maturity Date  1-month GBP LIBOR + 0.273 per cent. Floating Rate from and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date	<b>GBP650,000,000</b>

### Solicitation Agent

**RBC CAPITAL MARKETS**

**The Consent Solicitation is expected to expire at 4:00 p.m. (London time) on September 17, 2021 (such time and date, the Expiration Deadline). The deadlines set by any intermediary or Clearing System may be earlier than the deadlines set out in this document. Covered Bondholders that do not deliver a valid electronic voting instruction to the relevant Clearing System (a Consent Instruction), but who wish to attend and vote at the Meeting (via audio or video conference) or to be represented or to otherwise vote at the Meeting, must make the necessary arrangements by the Expiration Deadline. Any individual or company whose Covered Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Consent Solicitation or otherwise participate at the meeting (including any adjourned meeting) at which such Extraordinary Resolution is to be considered.**

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

**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.**

**Covered Bondholders that do not deliver a valid Consent Instruction or Ineligible Holder Instruction (as defined below) but who wish to attend via audio or video conference may obtain dial-in details from the Tabulation Agent using the notice details set out below, subject to the Tabulation Agent being satisfied that any Covered Bondholder requesting the same has provided evidence of their holdings of the Series CB35 Covered Bonds:**

**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](mailto:rbc@lucid-is.com)

**Covered Bondholders who have requested that their votes are included in a Consent Instruction or Ineligible Holder Instruction instructing the Issuing and Paying Agent to appoint one or more representatives of the Tabulation Agent as its proxy to attend the Meeting (and any adjourned Meeting) and to vote in the manner specified or identified in such Consent Instruction will be unaffected by these alternative regulations and will not be requested to take any further action.**

This Consent Solicitation Memorandum contains important information which should be read carefully before any decision is made with respect to the Consent Solicitation. If any Covered Bondholder is in any doubt as to the action it should take or is unsure of the impact of the implementation of the Extraordinary Resolution, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Covered Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Consent Solicitation or otherwise participate at the meeting (including any adjourned meeting) at which the Extraordinary Resolution is to be considered.

**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

**IMPORTANT - PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in UK MiFIR. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

No website referred to herein forms part of this Consent Solicitation Memorandum, nor have the contents of any such website been approved by or submitted to (i) the Canada Mortgage and Housing Corporation (**CMHC**), the Government of Canada or any other agency thereof or, (ii) the UK Financial Conduct Authority (the **FCA**).

## CONSENT SOLICITATION

The Issuer is inviting the Covered Bondholders (as defined herein) to approve, by an Extraordinary Resolution in relation to the Series CB35 Covered Bonds (the **Extraordinary Resolution**), the Covered Bondholder Proposal described in Section 3 (*Covered Bondholder Proposal*).

In order to approve the Extraordinary Resolution, the Issuer invites each 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 (each, an **Eligible Covered Bondholder**), to provide a valid Consent Instruction in respect of the Extraordinary Resolution.

The Consent Solicitation is made on the terms and subject to the conditions contained in this Consent Solicitation Memorandum. Capitalised terms used in this Consent Solicitation Memorandum have the respective meanings given in Section 8 (*Definitions*) or, where not defined therein, the Transaction Documents.

*Before making a decision on whether to participate in the Consent Solicitation or otherwise participate at the Meeting, Covered Bondholders should carefully consider all of the information in this Consent Solicitation Memorandum and, in particular, the considerations described in Section 5 (Procedures in connection with the Consent Solicitation) from page 19.*

### General

*Covered Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold their Covered Bonds when such intermediary would need to receive instructions from a Covered Bondholder in order for such Covered Bondholder to participate in, or to validly revoke their instruction to participate in, the Consent Solicitation by the deadlines specified in this Consent Solicitation Memorandum. **The deadlines set by any such intermediary and each Clearing System for the submission and revocation of Consent Instructions may be earlier than the relevant deadlines specified in this Consent Solicitation Memorandum.** See Section 5 (Procedures in connection with the Consent Solicitation).*

Questions and requests for assistance in connection with (i) the Consent Solicitation may be directed to the Solicitation Agent and (ii) the delivery of Consent Instructions may be directed to the Tabulation Agent, the contact details for which are on the last page of this Consent Solicitation Memorandum.

Nothing in this Consent Solicitation Memorandum constitutes or contemplates an offer of, an offer to purchase or the solicitation of an offer to sell any security in any jurisdiction and participation in the Consent Solicitation by a Covered Bondholder in any circumstances in which such participation is unlawful will not be accepted.

The Issuer accepts responsibility for the information contained in this Consent Solicitation Memorandum. To the best of the knowledge of the Issuer the information contained in this Consent Solicitation Memorandum is in accordance with the facts and the Consent Solicitation Memorandum contains no omission likely to affect its import.

Each Covered Bondholder is solely responsible for making its own independent appraisal of all matters (including those relating to the Consent Solicitation, the Series CB35 Covered Bonds, the Extraordinary Resolution and the Issuer) as such Covered Bondholder deems appropriate in evaluating, and each Covered Bondholder must make its own decision as to whether to consent to, the Consent Solicitation or otherwise participate in the Meeting. The Tabulation Agent, the Solicitation Agent and the Issuing and Paying Agent are the agents of the Issuer and owe no duty to any Covered Bondholder.

In accordance with normal practice, the Bond Trustee, the Solicitation Agent, the Tabulation 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 this Consent

Solicitation Memorandum or the Extraordinary Resolution. None of the Bond Trustee, the Solicitation Agent, the Tabulation 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 the Notice of Covered Bondholder Meetings, this Consent Solicitation Memorandum or otherwise. 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 the Extraordinary Resolution, including any tax consequences, and on the impact of the implementation of the Extraordinary Resolution. None of the Bond Trustee, the Solicitation Agent, the Tabulation Agent or the Issuing and Paying Agent is responsible for the accuracy, completeness, validity or correctness of the statements made in this Consent Solicitation Memorandum or omissions therefrom.

The delivery of this Consent Solicitation Memorandum shall not, under any circumstances, create any implication that the information contained in this Consent Solicitation Memorandum is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth in this Consent Solicitation Memorandum or in the affairs of the Issuer and/or the Guarantor LP or that the information in this Consent Solicitation Memorandum has remained accurate and complete. None of the Solicitation Agent, the Tabulation Agent, the Bond Trustee or the Issuing and Paying Agent or any of their respective agents has independently verified or assumes any responsibility for the information contained in this Consent Solicitation Memorandum.

This Consent Solicitation Memorandum does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Issuer or any other entity. The distribution of this Consent Solicitation Memorandum may nonetheless be restricted by law in certain jurisdictions. Persons into whose possession this Consent Solicitation Memorandum comes are required by the Issuer, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent and the Guarantor LP to inform themselves about, and to observe, any such restrictions. This Consent Solicitation Memorandum does not constitute a solicitation in any circumstances in which such solicitation is unlawful. None of the Issuer, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent and the Guarantor LP will incur any liability for its own failure or the failure of any other person or persons to comply with the provisions of any such restrictions.

The Solicitation Agent and the Issuing and Paying Agent are entitled to have or hold positions in the Covered Bonds either for their own account or for the account, directly or indirectly, of third parties and may make or continue to make a market in, or subject to the provisions of the Trust Deed, vote in respect of, or act as principal in any transactions in, or relating to, or otherwise act in relation to, the Covered Bonds and may or may not, subject to the provisions of the Trust Deed, submit or deliver valid Consent Instructions or Ineligible Holder Instructions in respect of the Covered Bonds. The Solicitation Agent is entitled to continue to hold or dispose of, in any manner they may elect, the Covered Bonds that they may hold as at the date of this Consent Solicitation Memorandum or, from such date, to acquire further Covered Bonds, subject to applicable law and may or may not, subject to the provisions of the Trust Deed, submit or deliver valid Consent Instruction or Ineligible Holder Instructions in respect of such Covered Bonds.

Each person receiving this Consent Solicitation Memorandum is deemed to acknowledge that such person has not relied on the Issuer, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent, the Guarantor LP or any other party to the Transaction Documents in connection with its decision on how to vote in relation to the Extraordinary Resolution. Each such person must make its own analysis and investigation regarding the Extraordinary Resolution and make its own voting decision, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such voting decision. If such person is in any doubt about any aspect of the Covered Bondholder Proposal and/or the action it should take, it should consult its professional advisers.



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## SECTION 1 – BACKGROUND

### 1. GENERAL BACKGROUND

On July 27, 2017 the FCA 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 panel banks will cease contributing to LIBOR panels at such time. In addition, on November 29, 2017 the Bank of England and the FCA announced that they mandated a working group to implement 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. Therefore, the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, and regulators have published statements, speeches and letters urging market participants to take active steps to implement the transition to SONIA and other risk-free rates ahead of this deadline, including:

- (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 and the Prudential Regulation Authority to major banks and insurers and published on the FCA website, dated February 27, 2020, relating to the need to transition from LIBOR to alternative benchmarks; and
- (f) the Investment Association’s open letter to issuers titled “*RE: Active transition of GBP LIBOR referencing bonds*”.

The Sterling Risk-Free Rate Working Group (**RFR WG**) has welcomed the adoption of SONIA in new public issues of sterling floating rate notes, covered bonds and securitisations. In a statement published in January 2020 the RFR WG has welcomed the consent solicitations that have already taken place or are underway to transition legacy bond contracts from LIBOR to SONIA, and have encouraged all market participants to engage with the task of transitioning as many legacy bond contracts as possible (including by way of consent solicitation).

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 dates specified. In the case of 3 month GBP LIBOR rate, it is expected that this benchmark will no longer be representative after December 31, 2021 and that representativeness will not be restored.

The Issuer's Global Covered Bond Programme is one of the funding platforms through which, inter alia, GBP LIBOR instruments have been issued. The Issuer is taking an active role in LIBOR benchmark reform and intends to transition its appropriate GBP LIBOR linked funding sources to SONIA. On the basis that the Final Maturity Date (the Interest Payment Date falling on or nearest to December 8, 2022) and the Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee (the Interest Payment Date falling on or nearest to December 8, 2023) of the Series CB35 Covered Bonds fall after 2021, 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 Bond Proposal (as further described in Section 3 (*Covered Bondholder Proposal*)) by way of an Extraordinary Resolution in relation to the Series CB35 Covered Bonds implementing a change in Interest Basis specified in the Series CB35 Final Terms from LIBOR to Compounded Daily SONIA (as defined below) and corresponding changes to 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**) and the Series CB35 Covered Bond Swap Agreement (as defined in Section 8 (*Definitions*)) by executing the Amended and Restated Series CB35 Covered Bond Swap Confirmation.

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. A Forward Start Adjustment will be utilised and an adjustment to the LIBOR vs SONIA Interpolated Basis will be required to take into account the time period between the Pricing Date and the next Interest Payment Date in respect of the Series CB35 Covered Bonds on December 8, 2021, from which the change in Interest Basis is proposed to occur.

**Covered Bondholders are urged to read (i) Section 1 (*Background*), Section 2 (*Questions and Answers*) and Section 3 (*Covered Bondholder Proposal*), which provide further background to the Covered Bondholder Proposal, and (ii) the Covered Bondholder Information (as defined in the Notice) available from the Tabulation Agent (including on the website of the Tabulation Agent (<https://deals.lucid-is.com/rbc>), in each case in their entirety and in addition to the Notice.**

## **2. SUMMARY OF PROPOSED CHANGES TO THE TRANSACTION DOCUMENTS**

### ***Amendments to the Series CB35 Covered Bonds***

If the Extraordinary Resolution is passed and the Eligibility Condition relating to the Extraordinary Resolution is satisfied, the Issuer intends to execute (i) a supplemental trust deed (the **Supplemental Trust Deed**), (ii) an amended and restated Final Terms document (the **Amended and Restated Series CB35 Final Terms**) and (iii) the Amended and Restated Series CB35 Covered Bond Swap Confirmation (as defined in Section 8 (*Definitions*)) (and together with the Supplemental Trust Deed, and the Amended and Restated Series CB35 Final Terms, the **Amendment Documents**) in respect of the Series CB35 Covered Bonds in order to implement the change in Interest Basis applicable to the Series CB35 Covered Bonds from GBP LIBOR to Compounded Daily SONIA. The Amendment Documents will, where applicable, also be executed by the Bond Trustee in order to evidence the Bond Trustee's agreement to the amendments to the Conditions set out in the Amended and Restated Series CB35 Final Terms.

For the Covered Bondholders' convenience, *Annex C – Principal Changes to the Final Terms* contains a summary of certain principal changes to be made in the Amended and Restated Series CB35 Final Terms, in order to give effect to the Extraordinary Resolution (if approved and implemented). The information set out in Annex C is a summary only, and is qualified by the more detailed information contained in this Consent Solicitation Memorandum and in the draft Amended and Restated Series CB35 Final Terms each of which is available to Covered Bondholders as described under “*Documents Available for Inspection*” of the Notice. Covered Bondholders should carefully consider all information before any decision is made with respect to the Consent Solicitation and/or the Extraordinary Resolution.

### ***Amended and Restated Series CB35 Covered Bond Swap Confirmation***

The Existing Covered Bond Swap Confirmation, which currently references GBP LIBOR, will be amended and restated as the Amended and Restated Series CB35 Covered Bond Swap Confirmation (as defined in Section 8 (*Definitions*)) which references Compounded Daily SONIA. The Amended and Restated Series CB35 Covered Bond Swap Confirmation will 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 its obligations under the Covered Bond Swap Guarantee.

### ***Rating Agencies***

Copies of the draft Amendment Documents have been reviewed by each of Fitch Ratings, Inc. (**Fitch**), DBRS Limited (**DBRS**) and Moody's Investors Service Inc. (**Moody's**). Fitch, DBRS and Moody's have, based on the information provided to them, raised no comments in respect of the draft Amendment Documents. Fitch, DBRS and Moody's expect to provide, on or prior to the Effective Date, a Rating Agency Confirmation (as defined in Condition 20) in respect of the executed Amendment Documents.

### ***CMHC***

Notice of the Proposed Amendments has and copies of the Amendment Documents have also been provided to CMHC in accordance with Section 8.3.1 of the CMHC's Canadian Registered Covered Bond Programs Guide.

## SECTION 2 – QUESTIONS AND ANSWERS

### **1 Why is Royal Bank of Canada considering these transactions now? Why is Royal Bank of Canada not waiting for a market wide solution?**

There is currently no market wide solution for dealing with legacy securities that reference GBP LIBOR, particularly where the terms of such securities do not contain specific fallback language intended to address GBP LIBOR discontinuation.

In respect of the Series CB35 Covered Bonds, upon the discontinuance of GBP LIBOR, the rate of interest thereon could ultimately revert to the rate of interest for the last interest period prior to GBP LIBOR's discontinuance. This effectively converts the Series CB35 Covered Bonds into fixed rate bonds.

In a statement published in January 2020 the RFR WG has welcomed the consent solicitations that have already taken place or are underway to transition legacy bond contracts from GBP LIBOR to SONIA, and has encouraged all market participants to engage with the task of transitioning as many legacy bond contracts as possible (including by way of consent solicitation).

The Issuer is undertaking the Consent Solicitation in light of LIBOR market reform in order to proactively manage and reduce uncertainty around the rate of interest to be paid on the Series CB35 Covered Bonds, which have a Final Maturity Date later than December 31, 2021, which is when GBP LIBOR will either cease to be provided by any administrator or no longer be representative.

### **2 What will the ratings impact on the Series CB35 Covered Bonds be if the consent is passed?**

Copies of the draft Amendment Documents have been reviewed by each of Fitch Ratings, Inc. (**Fitch**), DBRS Limited (**DBRS**) and Moody's Investors Services Inc. (**Moody's**). Fitch, DBRS and Moody's have, based on the information provided to them, raised no comments in respect of the draft Amendment Documents. Fitch, DBRS and Moody's expect to provide, on or prior to the Effective Date, a Rating Agency Confirmation (as defined in Condition 20) in respect of the executed Amendment Documents.

### **3 Is Royal Bank of Canada utilising a forward start adjustment in the pricing methodology?**

The Issuer will utilise a Forward Start Adjustment. An adjustment will be made for the period from the Pricing Date to the next Interest Payment Date in respect of the Series CB35 Covered Bonds on December 8, 2021, from which the change in Interest Basis is proposed to occur. The adjustment is set out in *Annex B – Margin Adjustment* to this Consent Solicitation Memorandum.

### **4 Which Transaction Documents will be impacted by the Covered Bondholder Proposal?**

If the Extraordinary Resolution is passed and the Eligibility Condition relating to the Extraordinary Resolution is satisfied, the Issuer intends to execute a Supplemental Trust Deed, an Amended and Restated Series CB35 Final Terms and the Amended and Restated Series CB35 Covered Bond Swap Confirmation (each as defined below) in respect of the Series CB35 Covered Bonds in order to implement the change in Interest Basis applicable to the Series CB35 Covered Bonds.

### **5 What is the quorum and majority required for the initial Meeting?**

The quorum required to consider the Extraordinary Resolution is, for the initial Meeting, one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Series CB35 Covered Bonds and, for any adjourned Meeting, one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Series CB35 Covered Bonds. To be passed at either Meeting, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast. If you attend the Meeting (via audio or video conference) and abstain from voting, or if you give Consent Instructions or Ineligible Holder Instructions to abstain from voting, this will count towards the quorum but will not be considered to be a vote cast for the purposes of determining whether the Extraordinary Resolution has been passed. Only votes cast (whether for or against) will be taken into account when determining whether the Extraordinary Resolution has been passed. 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.

**6 Are you offering a consent fee to Covered Bondholders?**

No consent fee will be offered to Covered Bondholders.

In its January 16, 2020 public statement, the RFR WG noted that, given the interest of both issuers and investors in removing exposure to LIBOR risk, consent solicitations undertaken for this purpose have not typically involved the payment of consent fees (or any other incentives to vote on an extraordinary resolution to give effect to the proposed amendments to the conditions of the bond).

**7 When will the Covered Bondholder Proposal be implemented?**

The Extraordinary Resolution, if passed by the requisite majority of Eligible Covered Bondholders of the Series CB35 Covered Bonds will be effective on and from the Effective Date and the amendment will be implemented as and when determined by the Issuer in accordance with the Extraordinary Resolution.

**8 What happens to the Series CB35 Covered Bonds if the Covered Bondholders do not consent to the Covered Bondholder Proposal?**

If the Extraordinary Resolution is not passed, meaning that the Covered Bondholders have not consented to the Covered Bondholder Proposal, the Series CB35 Covered Bonds will remain outstanding and will continue to pay a rate of interest with reference to GBP LIBOR.

Consequently, upon the discontinuance of GBP LIBOR, the rate of interest on the Series CB35 Covered Bonds could ultimately revert to the rate of interest for the last interest period prior to GBP LIBOR's discontinuance. This would effectively convert the Series CB35 Covered Bonds into fixed rate bonds.

**9 What happens to my Series CB35 Covered Bonds if I voted against the relevant Extraordinary Resolution (or abstained from voting) but the Extraordinary Resolution passes regardless?**

If the Extraordinary Resolution is passed and the Covered Bondholder Proposal is implemented, the Series CB35 Covered Bonds will be amended (notwithstanding that you voted against the Covered Bondholder Proposal or abstained from voting) and the Series CB35 Covered Bonds will bear a rate of interest with reference to Compounded Daily SONIA, in line with the proposed transitioning methodology set out in the Extraordinary Resolution. 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.

**10 What happens if I give Consent Instructions or Ineligible Holder Instructions to abstain from voting, or if I attend the Meeting (via audio or video conference) and abstain from voting?**

In such a case, the principal amount represented by your Series CB35 Covered Bonds will count towards the quorum but will not be considered to be a vote cast for the purposes of determining whether the Extraordinary Resolution has been passed. Only votes cast (whether for or against) will be taken into account when determining whether the Extraordinary Resolution has been passed. In such circumstances, you will also be considered a Dissenting Holder and the Issuer reserves the right to, but

shall not be required to, take such steps as it may determine to treat your Series CB35 Covered Bonds as not having been amended.

#### **11 What are the relevant deadlines?**

The deadline for receipt by the Tabulation Agent of Consent Instructions and Ineligible Holder Instructions from Covered Bondholders wishing to vote in respect of the Extraordinary Resolution (or to abstain from voting, as the case may be) is 4:00 p.m. (London time) on September 17, 2021 (such time and date, the **Expiration Deadline**).

The deadlines set by any such intermediary and each Clearing System for the submission and revocation of Consent Instructions or Ineligible Holder Instructions may be earlier than the relevant deadlines specified in this Consent Solicitation Memorandum.

#### **12 Will a vote (or an abstain instruction) at the initial Meeting be valid at an adjourned Meeting?**

Yes. The Covered Bondholders should note that Consent Instructions or Ineligible Holder Instructions or forms of proxy given in respect of the Meeting shall remain valid for any adjourned Meeting unless validly revoked.

#### **13 When will the Series CB35 Covered Bonds be blocked in the Clearing Systems?**

Following the submission of a Consent Instruction or Ineligible Holder Instruction through Euroclear and/or Clearstream, Luxembourg, the Series CB35 Covered Bonds which are the subject of such instruction will be blocked from trading by the relevant Clearing System until the earliest of the date on which the Extraordinary Resolution is duly passed, the conclusion of the Meeting in relation to the Series CB35 Covered Bonds and the date upon which the Covered Bondholder becomes entitled to withdraw, and does withdraw, its vote (or abstain instruction, as the case may be), in the circumstances set out under the heading "*Revocation Rights*". Following the expiry of the Expiration Deadline, the Covered Bondholder will only be able to revoke its Consent Instructions or Ineligible Holder Instructions in the limited circumstances set out under the heading "*Revocation Rights*".

#### **14 What are the voting mechanics?**

Covered Bondholders may vote on the proposed Extraordinary Resolution (or be represented at the Meeting but abstain from voting) by either being appointed as a proxy in the manner described under Section 5 (*Procedures in connection with the Consent Solicitation*) which will allow the Covered Bondholder to attend (via audio or video conference) and vote (or abstain, as the case may be) at the Meeting as a proxy or arranging to deliver a Consent Instruction or Ineligible Holder Instruction through the Clearing Systems to the Tabulation Agent with respect to their Series CB35 Covered Bonds.

The Covered Bondholders who are not direct accountholders in the Clearing Systems should read carefully the provisions set out in the "*Voting and Quorum*" section of the Notice of Covered Bondholder Meeting which accompanies this Consent Solicitation Memorandum, and the provisions set out in the Section 5 (*Procedures in connection with the Consent Solicitation*) section of this Consent Solicitation Memorandum.

#### **15 Can a Covered Bondholder vote by proxy?**

Yes. If an Accountholder wishes the votes attributable to its Series CB35 Covered Bonds (or to be represented at the Meeting but abstain from voting) to be included in a form of proxy to be issued by the Issuing and Paying Agent that appoints the Tabulation Agent as a proxy to attend (via audio or video conference) and vote at the Meeting, it must make arrangements for the votes relating to such Series CB35 Covered Bonds to be sent as an electronic voting instruction either in favour of or against the Extraordinary Resolution (or to abstain from voting, as the case may be), to the relevant Clearing System not later than 48 hours before the time fixed for such Meeting. As part of such electronic instructions each Covered Bondholder must also confirm whether it is an Eligible Covered Bondholder or an Ineligible Covered Bondholder for the purposes of the Consent Solicitation.

## **16 What if the quorum threshold is not met at the initial Meeting?**

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 of the Meeting (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.

## **17 Can I trade my Series CB35 Covered Bonds during the Consent Solicitation?**

Yes, the Series CB35 Covered Bonds may continue to be traded, save in respect of Series CB35 Covered Bonds that have been blocked in the Clearing Systems, in respect of which see *Question 14 - When will the Series CB35 Covered Bonds be blocked in the Clearing Systems?* above.

## **18 How will the Meeting be held in light of Covid-19?**

In light of the ongoing developments in relation to Covid-19, it has 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.

Covered Bondholders that do not deliver a valid Consent Instruction but who wish to attend the audio or video conference (rather than being represented by the Tabulation Agent) will be provided with further details about attending the Meeting. Please note that any Covered Bondholders wishing to participate in the Meeting or to nominate a third party to do so on their behalf will need to 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 by 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.

## **19 Do I need to take any action due to the Meeting being held via audio or video conference (in light of Covid-19) if I have given a Consent Instruction or Ineligible Holder Instruction instructing the Issuing and Paying Agent to appoint one or more representatives of the Tabulation Agent as its proxy to attend the Meeting (and any adjourned Meeting) and vote (or abstain from voting, as the case may be) in respect of my Series CB35 Covered Bonds?**

In such a case, no further action from the Covered Bondholder is required.

## **20 Who should Covered Bondholders contact in case they have any questions?**

Covered Bondholders may contact the Solicitation Agent for further information, whose contact details are included below:

### **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](mailto:liability.management@rbccm.com)

Questions or requests for assistance with respect to the procedures for participating in the Consent Solicitation, in connection with attending (via audio or video conference) or voting at the Meeting and/or the delivery of a Consent Instruction or an Ineligible Holder Instruction may be directed to the Tabulation Agent, whose contact details are included below:

### **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](mailto:rbc@lucid-is.com)



## SECTION 3 – COVERED BONDHOLDER PROPOSAL

### 1. INTRODUCTION

The proposal set out in this Consent Solicitation Memorandum is a proposal by the Issuer to the Covered Bondholders to approve the Extraordinary Resolution set out in *Annex D – Extraordinary Resolution Proposed to be Passed* of this Consent Solicitation Memorandum. For further background on the Covered Bond Proposal, please see Section 1 (*Background*) of this Consent Solicitation Memorandum.

### 2. COVERED BONDHOLDER PROPOSAL

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 the Effective Date (with the first Interest Amount based on such new Rate of Interest being paid on the Interest Payment Date occurring on March 8, 2022 (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 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 A** to this Consent Solicitation Memorandum.
- (b) The Margin, as adjusted, in respect of the Series CB35 Covered Bonds (the **Adjusted Margin**) will be 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.,

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 B** to this Consent Solicitation Memorandum.

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 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**).

### 3. SUBMISSION OF INSTRUCTIONS

Covered Bondholders are urged to deliver valid Consent Instructions or Ineligible Holder Instructions through the relevant Clearing Systems, as appropriate in accordance with the procedures of, and within the time limits specified by, the Clearing Systems, the relevant intermediaries and in this Consent Solicitation Memorandum for receipt no later than the Expiration Deadline.

The Covered Bondholders should read carefully the provisions set out in the "*Voting and Quorum*" section of the Notice which accompanies this Consent Solicitation Memorandum and the provisions set out in the Section 5 (*Procedures in connection with the Consent Solicitation*) of this Consent Solicitation Memorandum.

#### **4. IMPLEMENTATION**

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.

Copies of the latest drafts of the Amendment Documents and any other relevant ancillary documents or notices being amended or provided pursuant to the Covered Bond Proposal will be available 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(s) and during the Meeting(s).

**Nothing in the Covered Bondholder Proposal or in any other Section of this Consent Solicitation Memorandum requires the Issuer to implement all or any part of the Covered Bondholder Proposal, even if the Consent Conditions (including the approval of the Extraordinary Resolution by the Series CB35 Covered Bondholders) have been satisfied.**

**Nothing in this Consent Solicitation Memorandum prevents any Covered Bondholder of the Series CB35 Covered Bonds from voting against the Extraordinary Resolution (or from abstaining from the vote). Covered Bondholders who do not vote (or who abstain) or whose votes or instructions are deemed to be invalid or who vote against the Covered Bondholder Proposal will, if the Extraordinary Resolution is passed, become bound by the Extraordinary Resolution when implemented.**

**No consent fee will be payable in connection with the Covered Bondholder Proposal.**

## SECTION 4 - INDICATIVE TIMETABLE

Set out below is an indicative timetable showing one possible outcome for the timing of the Consent Solicitation, which will depend on, among other things, timely receipt (and non-revocation) of instructions, the rights of the Issuer (where applicable) to extend, waive any condition of, amend, re-open and/or terminate the Consent Solicitation or the Covered Bondholder Proposal (other than the terms of the Extraordinary Resolution) as described in this Consent Solicitation Memorandum and the passing of the Extraordinary Resolution at the initial Meeting for the Series CB35 Covered Bonds. Accordingly, the actual timetable may differ significantly from the timetable below.

**In relation to the times and dates indicated below, the Covered Bondholders holding Covered Bonds in Euroclear Bank SA/NV (Euroclear) or Clearstream Banking, S.A. (Clearstream, Luxembourg) (each, a Clearing System) should note the particular practices and policies of the relevant Clearing System regarding their communications deadlines, which will determine the latest time at which instructions may be delivered to the relevant Clearing System (which may be earlier than the deadlines set out below) so that they are received by the Tabulation Agent within the deadline set out below.**

The Covered Bondholders who are not direct accountholders in the Clearing Systems should read carefully the provisions set out in the "Voting and Quorum" section of the Notice of Covered Bondholder Meeting which accompanies this Consent Solicitation Memorandum, and the provisions set out in Section 5 (*Procedures in connection with the Consent Solicitation*) section of this Consent Solicitation Memorandum.

### **Covered Bonds held through Euroclear or Clearstream, Luxembourg**

The Beneficial Owners of the Covered Bonds that are held in the name of a broker, dealer, bank, custodian, trust company or other nominee or custodian should contact such entity sufficiently in advance of the relevant date if they wish to submit the appropriate Consent Instructions or Ineligible Holder Instructions and procure that the Covered Bonds are blocked in accordance with the normal procedures of the relevant Clearing System and the deadlines imposed by such Clearing System.

Covered Bondholders should note that Consent Instructions or Ineligible Holder Instructions or forms of proxies given in respect of the initial Meeting shall remain valid for any adjourned Meeting unless validly revoked.

### **Initial Meeting**

#### **Date/Time**

#### **Action**

**August 31, 2021**

1. Notice of the Meeting to be delivered to the Clearing Systems.

*(At least 21 clear days before the Meeting)*

Release of Notice through the regulatory news service of the London Stock Exchange.

Copies of this Consent Solicitation Memorandum to be available from the Tabulation Agent and the Covered Bondholder Information (as defined in the Notice) to be available from the Tabulation Agent ((including on the website of the Tabulation Agent (<https://deals.lucid-is.com/rbc>)). From this date, Covered Bondholders may arrange for Covered Bonds held by Clearstream, Luxembourg and/or Euroclear in their accounts to be blocked in such accounts and held to the order and under the control of the Issuing and Paying Agent in order to obtain forms of proxy or give valid Consent Instructions or Ineligible Holder Instructions, to the Tabulation Agent.

The Notice is deemed to be served to the Covered Bondholders on August 31, 2021.

**By 4:00 p.m. (London time)  
on September 17, 2021**  
*(At least 48 hours before the  
Meeting)*

2. Expiration Deadline.
- Final time by which Covered Bondholders must arrange:
- (i) being appointed as proxy to attend (via audio or video conference) and vote at the Meeting (or to be represented at the Meeting but abstain from voting) and issuance of such form of proxy by the Issuing and Paying Agent; or
  - (ii) receipt by the Tabulation Agent of valid Consent Instructions or Ineligible Holder Instructions in accordance with the procedures of Euroclear and / or Clearstream, Luxembourg.
- 3.

Final time by which Covered Bondholders must have given notice to the Tabulation Agent (via the relevant Clearing Systems) of any intended revocation of, or amendment to, Consent Instructions or Ineligible Holder Instructions previously given by them.

**9:00 a.m. (London time)  
on September 22, 2021**

4. **COVERED BONDHOLDERS' MEETING HELD**
- The initial Meeting will commence at 9:00 a.m. (London time) and will be held via audio or video conference.

**If the Extraordinary Resolution is passed at the initial Meeting:**

**As soon as reasonably  
practicable after the Meeting**

5. Release of an announcement of the results of the Meeting and, if the Extraordinary Resolution is passed, satisfaction (or not as the case may be) of the Eligibility Condition on the regulatory news service of the London Stock Exchange.
- Delivery of notice of such results to Euroclear and Clearstream, Luxembourg for communication to their account holders.

**At or around 1:00 p.m. (London  
time) on September 22, 2021  
(Pricing Date)**

6. **Pricing Time and Pricing Date**
- Solicitation Agent to calculate the Adjusted Margin, the LIBOR vs SONIA Interpolated Basis and the Forward Start Adjustment.
- A pricing announcement will be sent to the Covered Bondholders as soon as practicable following the Pricing Time on the Pricing Date. Such pricing announcement will be delivered to Euroclear and Clearstream, Luxembourg for communication to their account holders, and released on the regulatory news service of the London Stock Exchange.

**December 8, 2021  
(Effective Date)**

7. The modifications to the Conditions of the Series CB35 Covered Bonds described in this Consent Solicitation Memorandum will be implemented with effect on and from December 8, 2021 (the **Effective Date**).

**Please note that any Covered Bondholders wishing to participate in the Meeting or to nominate a third party to do so on their behalf will need to 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 by 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.**

**If a quorum is not achieved at the initial Meeting or the quorum is achieved and the Extraordinary Resolution is passed but the Eligibility Condition is not satisfied, such Meeting shall be adjourned for not less than 13 clear days nor more than 42 clear days and the adjourned Meeting will be held at such time as will be notified to the Covered Bondholders in the notice of adjourned Meeting. The adjourned Meeting will be held in accordance with the terms of the Trust Deed.**

**The Pricing Date is subject to change in the case of an adjourned Meeting.**

**If the Extraordinary Resolution is passed at the adjourned Meeting and the Eligibility Condition is satisfied, subject as specified under Section 6 (*Amendment and Termination*) below, the modifications with respect to the Series CB35 Covered Bonds described in this Consent Solicitation Memorandum will be implemented on the Effective Date.**

**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.**

## **SECTION 5 – PROCEDURES IN CONNECTION WITH THE CONSENT SOLICITATION**

### **(1) Procedures for participating in the Consent Solicitation**

Covered Bondholders are responsible for complying with all of the procedures for participating in the Consent Solicitation. None of the Issuer, the Guarantor LP, the Solicitation Agent, the Tabulation Agent, the Bond Trustee or the Issuing and Paying Agent assumes any responsibility for informing Covered Bondholders of irregularities with respect to compliance with such procedures.

Covered Bondholders are advised to check with any Clearing System, bank, securities broker or other intermediary through which they hold Series CB35 Covered Bonds when such Clearing System or intermediary would need to receive instructions from a Covered Bondholder in order for that Covered Bondholder to be able to participate in, or revoke their instruction to participate in, the Consent Solicitation by the deadlines specified in this Consent Solicitation Memorandum.

In relation to the delivery or revocation of Consent Instructions or Ineligible Holder Instructions or forms of proxy or otherwise making arrangements for the giving of Consent Instructions or Ineligible Holder Instructions, in each case through the Clearing Systems, Covered Bondholders should note the particular practice and policy of the relevant Clearing System, including any earlier deadlines set by such Clearing System.

### **(2) Revocability of Consent Instructions**

Any Consent Instruction may be revoked by the relevant Covered Bondholder at any time prior to the Expiration Deadline but not thereafter (except in the limited circumstances outlined in Section 6 (*Amendment and Termination*)) (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Covered Bondholders hold their Series CB35 Covered Bonds).

### **(3) Procedure for voting**

The following is a summary of the arrangements which have been made for the purpose of Covered Bondholders voting in respect of the Extraordinary Resolution to be proposed at the Meeting as set out above. These arrangements satisfy the requirements of the provisions contained in the Trust Deed relating to the meetings of Covered Bondholders of the Series CB35 Covered Bonds convened for the purpose of passing the Extraordinary Resolution, and such further regulations regarding the requisitioning and/or the holding of the Meeting and attendance and voting thereat, as prescribed by the Bond Trustee from time to time, and as set out herein. Full details of these arrangements are set out in Schedule 5 (*Provisions for Meetings of Covered Bondholders*) to the Trust Deed.

All of the Series CB35 Covered Bonds are represented by a Regulation S Global Covered Bond held by a common safekeeper for Euroclear Bank SA/NV and Clearstream, Luxembourg.

Any Covered Bondholder who wishes to vote in respect of the Extraordinary Resolution (or to be represented at the Meeting but abstain from voting) 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 below, 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 to abstain from voting, as the case may be) in accordance with the procedures set out below.

Covered Bondholders should note that the timings and procedures set out below reflect the requirements for Covered Bondholders' meetings set out in Schedule 5 (*Provisions for meetings of Covered Bondholders*) to 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 be represented at the Meeting but abstain from voting) 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.

### ***Blocking of Covered Bonds and Restrictions on Transfers***

#### **A. For Covered Bonds held through Euroclear or Clearstream, Luxembourg:**

This Section A only applies to Covered Bonds held through Euroclear or Clearstream, Luxembourg.

Each person who is the owner of a particular principal amount of 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 below.

- 1 An Accountholder wishing to attend (via audio or video conference) and vote at the Meeting (or to be represented at the Meeting but abstain from voting) should send an electronic instruction to the relevant Clearing System to request a form of proxy from the Issuing and Paying Agent in respect of the Series CB35 Covered Bonds in which they have an interest for the purpose of attending and voting at the Meeting (or abstain from voting, as the case may be) (which will be held via audio or video conference only).
- 2 If an Accountholder wishes the votes attributable to its Series CB35 Covered Bonds (or to be represented at the Meeting but abstain from voting) to be included in a form of proxy to be issued by the Issuing and Paying Agent that appoints the Tabulation Agent as a proxy to attend (via audio or video conference) and vote at the Meeting (or abstain from voting, as the case may be), it must make arrangements for the votes or instructions relating to such Series CB35 Covered Bonds to be sent as an electronic voting instruction either in favour of or against the Extraordinary Resolution (or to abstain from voting, as the case may be), to the relevant Clearing System not later than 48 hours before the time fixed for such Meeting. As part of such electronic instructions each Covered Bondholder must also confirm whether it is an Eligible Covered Bondholder or an Ineligible Covered Bondholder for the purposes of the Consent Solicitation.
- 3 The form of proxy issued by the Issuing and Paying Agent appointing the Tabulation Agent as its proxy shall be deposited at the specified office of the Tabulation Agent (being such place approved for such purpose by the Bond Trustee) at least 24 hours before the time appointed for holding the Meeting and in default the form of proxy shall not be treated as valid unless the Chair decides otherwise before the Meeting proceeds to business. A copy of such form of proxy shall (if the Bond Trustee requires) be deposited with the Bond Trustee before the commencement of the Meeting but the Bond Trustee shall not be obliged to investigate or be concerned with the validity or the authority of the proxy appointed.
- 4 An Accountholder whose Covered Bond(s) are held at the relevant Clearing System who wishes to obtain a form of proxy or give a Consent Instruction or Ineligible Holder Instruction either in favour of or against the Extraordinary Resolution, should, not less than 48 hours before the time appointed for the holding of the Meeting and within the relevant time limit specified by the relevant Clearing System, request the relevant Clearing System to block its Covered Bond(s) in its own account and hold the same to the order or under the control of the Issuing and Paying Agent in respect of such Covered Bond(s). As part of such electronic instructions each Covered Bondholder must also confirm whether it is an Eligible Covered Bondholder or an Ineligible Covered Bondholder for the purposes of the Consent Solicitation.
- 5 An Accountholder whose Covered Bond(s) have been so blocked will thus be able to obtain a form of proxy from, or procure that a Consent Instruction or Ineligible Holder Instruction is given in accordance with the procedures of, Euroclear and/or Clearstream, Luxembourg, to the Issuing and Paying Agent. The Series CB35 Covered Bonds so blocked will be released in accordance with the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be.

## **B. General provisions relating to a Meeting:**

- 1 Covered Bondholders may vote on the proposed Extraordinary Resolution (or be represented at the Meeting but abstain from voting) by either being appointed as a proxy in the manner described above which will allow the Covered Bondholder to attend (via audio or video conference) and vote at the Meeting (or abstain from voting, as the case may be) as a proxy or arranging to deliver a Consent Instruction or Ineligible Holder Instruction through the Clearing Systems to the Tabulation Agent with respect to their Series CB35 Covered Bonds. Covered Bondholders wishing to attend the Meeting to be held via audio or video conference (rather than being represented by the Tabulation Agent) will be provided with further details about attending the Meeting.
- 2 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.
- 3 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.
- 4 The question submitted to the Meeting shall be decided 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).
- 5 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 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.
- 6 To be passed, the Extraordinary Resolution requires a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the persons voting upon a show of hands, or if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast (excluding abstentions).
- 7 If passed, subject to satisfaction of the Consent Conditions relating to that Extraordinary Resolution, such Extraordinary Resolution will be binding on all Covered Bondholders whether or not they are present at the Meeting and whether or not voting.



- 8 The implementation of the Extraordinary Resolution is conditional on satisfaction of the Consent Conditions.

#### **(4) Ineligible Covered Bondholders**

In respect of any Series CB35 Covered Bonds held through Euroclear or 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 by an Ineligible Covered Bondholder (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 Series CB35 Covered Bonds to which such Ineligible Holder Instruction relates, the securities account number at Euroclear or Clearstream, Luxembourg, as applicable, in which the Series CB35 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 Meeting (and, if applicable, any adjourned Meeting) and vote in favour of or against the Extraordinary Resolution (or to abstain from voting, as the case may be). 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 Series CB35 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 Series CB35 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 Consent Solicitation) and (ii) the conclusion of the Meeting (or, if applicable, any adjourned Meeting).

Only Direct Participants (as defined in Section 8 (*Definitions*)) may submit Ineligible Holder Instructions. Each Beneficial Owner of the Series CB35 Covered Bonds who is an Ineligible Covered Bondholder and is not a Direct Participant, must arrange for the Direct Participant through which Beneficial Owner of the Series CB35 Covered Bonds who is an Ineligible Covered Bondholder holds its Series CB35 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.

In addition to the acknowledgements, representations, warranties and undertakings set out in paragraph (6) below, by delivering, or arranging for the delivery on its behalf, of an Ineligible Holder Instruction in accordance with the procedures described below, a Covered Bondholder shall agree, undertake, acknowledge and represent to the Issuer, the Guarantor LP, the Tabulation Agent, the Solicitation Agent, the Bond Trustee, and the Issuing and Paying Agent at (i) the time of submission of such Ineligible Holder Instruction, (ii) the Expiration Deadline and (iii) the time of the relevant initial Meeting and at the time of any adjourned Meeting that it is an Ineligible Covered Bondholder.

Each Ineligible Covered Bondholder submitting an Ineligible Holder Instruction in accordance with its terms shall be deemed to have agreed to indemnify the Issuer, the Guarantor LP, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent, the Bond Trustee, the Security Trustee and any of their respective affiliates, directors, officers, employees or agents against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, such vote or instruction by such Covered Bondholder.

#### **(5) Requirements of U.S. Securities Laws**

If an Extraordinary Resolution is passed and implemented in respect of the Series CB35 Covered Bonds, the Amended and Restated Series CB35 Final Terms relating to the Series CB35 Covered Bonds 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 Series CB35 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 of the Securities Act.

#### **(6) Acknowledgements, Representations, Warranties and Undertakings**

Each Covered Bondholder, the relevant person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (in each case, on behalf of any relevant Beneficial Owner) and each proxy and sub-proxy who attends (via audio or video conference) (whether abstaining from voting or not) and/or votes at the Meeting including by any submission of a Consent Instruction acknowledges, represents, warrants and undertakes to the Issuer, the Bond Trustee, the Guarantor LP, the Issuing and Paying Agent, the Solicitation Agent and the Tabulation Agent at (i) the time of submission of such Consent Instruction or Ineligible Holder Instruction (as applicable), (ii) the Expiration Deadline and (iii) the time of the Meeting and the time of any adjourned Meeting (and if a Covered Bondholder is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such Covered Bondholder or Direct Participant should contact the Tabulation Agent immediately) that:

- (a) It has received, reviewed, agrees to be bound by and accepts the terms, conditions and other considerations of this Consent Solicitation Memorandum and the Covered Bondholder Proposal.
- (b) It is assuming all the risks inherent in participating in the Consent Solicitation and has undertaken all the appropriate analyses of the implications of the Consent Solicitation without reliance on the Issuer, the Guarantor LP, the Bond Trustee, the Issuing and Paying Agent, the Solicitation Agent or the Tabulation Agent.
- (c) It has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any vote in relation to the Extraordinary Resolution or any abstention instruction, in any jurisdiction and that it has not taken or omitted to take any action in breach of the representations or which will or may result in the Issuer, the Guarantor LP, the Solicitation Agent, the Tabulation Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with any votes in favour of the Covered Bondholder Proposal.
- (d) It has full power and authority to vote in the Meeting (or, if applicable, any adjourned Meeting) (or to give any instructions in relation thereto).
- (e) The Consent Instruction or Ineligible Holder Instruction is made on the terms and conditions set out in this Consent Solicitation Memorandum and therein.
- (f) The Consent Instruction or Ineligible Holder Instruction is being submitted in compliance with the applicable laws or regulations of the jurisdiction in which the Covered Bondholder is located or in which it is resident or located and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the Consent Instruction or Ineligible Holder Instruction.
- (g) By blocking Covered Bonds in the relevant Clearing System, it will be deemed to consent to the relevant Clearing System providing details concerning its identity to the Tabulation Agent (and for the Tabulation Agent to provide such details to the Issuer, the Bond Trustee, the Guarantor LP, the Issuing and Paying Agent, the Solicitation Agent and their respective legal advisers).
- (h) Any consents delivered by it in respect of the Extraordinary Resolution are made upon the terms and subject to the conditions of the Consent Solicitation and by delivery of a Consent Instruction or Ineligible Holder Instruction in favour of the Extraordinary Resolution. It acknowledges that the submission of a valid Consent Instruction or Ineligible Holder Instruction in favour of the Extraordinary Resolution to the relevant Clearing System in accordance with the standard procedures of the relevant Clearing System and/or the Tabulation Agent, as applicable, constitutes its written consent to the Extraordinary Resolution implementing the Covered Bondholder Proposal and instruction to the Issuing and Paying Agent to issue a form of proxy appointing the Tabulation Agent as proxy to attend (via audio or video conference), and to cast the votes corresponding to the Series CB35 Covered Bonds (or to abstain from voting as applicable) which are the subject of the Consent Instruction or Ineligible Holder Instruction in favour of the Extraordinary Resolution implementing the Covered Bondholder Proposal at the Meeting in relation to the Covered Bonds. It acknowledges that the submission of a valid

Consent Instruction or Ineligible Holder Instruction against the Extraordinary Resolution to the relevant Clearing System in accordance with the standard procedures of the relevant Clearing System and/or the Tabulation Agent, as applicable, constitutes an instruction to the Issuing and Paying Agent to issue a Consent Instruction or Ineligible Holder Instruction appointing the Tabulation Agent as its proxy to attend (via audio or video conference), and to cast the votes corresponding to the Series CB35 Covered Bonds (or to abstain from voting as applicable) which are the subject of the Consent Instruction or Ineligible Holder Instruction against the Extraordinary Resolution implementing the Covered Bondholder Proposal at the Meeting.

- (i) It agrees to ratify and confirm each and every act or thing that may be done or effected by the Issuer, the Guarantor LP, the Tabulation Agent, the Solicitation Agent, the Issuing and Paying Agent, the Bond Trustee or any of their respective directors or any person nominated by the Issuer or the Guarantor LP in the proper exercise of his or her powers and/or authority hereunder.
- (j) It agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by the Issuer, the Guarantor LP, the Bond Trustee, the Issuing and Paying Agent, the Tabulation Agent and the Solicitation Agent to be desirable, in each case to perfect any of the authorities expressed to be given hereunder.
- (k) It will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Issuer, the Guarantor LP, the Bond Trustee, the Issuing and Paying Agent, the Tabulation Agent and the Solicitation Agent to be necessary or desirable to effect delivery of the consents related to the Series CB35 Covered Bonds or to evidence such power and authority.
- (l) It holds and will hold, until the earlier of (i) the date on which its Consent Instruction or Ineligible Holder Instruction is validly revoked (including the automatic revocation of such Consent Instruction or Ineligible Holder Instruction on the termination of the Consent Solicitation), in accordance with the terms of the Consent Solicitation and (ii) conclusion of the Meeting or (if applicable) any adjourned Meeting, as the case may be, the Series CB35 Covered Bonds the subject of the Consent Instruction or Ineligible Holder Instruction, in the relevant Clearing System and, if it holds its Series CB35 Covered Bonds through Euroclear, or Clearstream, Luxembourg in accordance with the requirements of the relevant Clearing System and by the deadline required by the relevant Clearing System, it has submitted, or has caused to be submitted, a Consent Instruction or Ineligible Holder Instruction to the relevant Clearing System, as the case may be, to authorise the blocking of such Series CB35 Covered Bonds with effect on and from the date thereof so that no transfers of such Series CB35 Covered Bonds may be effected until the occurrence of any of the events listed in (i) or (ii) above.
- (m) It acknowledges that none of the Issuer, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent and/or the Guarantor LP or any of their respective affiliates, directors, officers, employees or agents has made any recommendation as to whether to vote on the Extraordinary Resolution (or to abstain from voting, as the case may be) and it represents that it has made its own decision with regard to voting on the Extraordinary Resolution (or any abstention, as the case may be) based on any independent legal, financial, tax or other advice that it has deemed necessary to seek.
- (n) It acknowledges that all authority conferred or agreed to be conferred pursuant to these acknowledgements, representations, warranties and undertakings and every obligation of the Covered Bondholder offering to vote on the Extraordinary Resolution (or to abstain from voting, as the case may be) shall to the extent permitted by applicable law be binding upon the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of the Covered Bondholder voting on the Extraordinary Resolution and shall not be affected by, and shall survive, the death or incapacity of the Covered Bondholder voting on the Extraordinary Resolution, as the case may be.
- (o) It is not a person from whom it is unlawful to seek approval of the Covered Bondholder Proposal.
- (p) It is not a Sanctions Restricted Person.

- (q) It is an Eligible Covered Bondholder (in case of a Consent Instruction) or an Ineligible Covered Bondholder (in case of an Ineligible Holder Instruction).
- (r) No information has been provided to it by the Issuer, the Guarantor LP, the Bond Trustee, the Solicitation Agent or the Tabulation Agent, or any of their respective directors or employees, with regard to the tax consequences for Covered Bondholders arising from the participation in the Consent Solicitation or the implementation of the Extraordinary Resolution, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Consent Solicitation, and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Guarantor LP, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Agents or any of their respective directors or employees, or any other person in respect of such taxes and payments.
- (s) The Series CB35 Covered Bonds, and the guarantees thereof, have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, unless an exemption from the registration requirements of the Securities Act is available (terms used in this and the following paragraph that are, unless otherwise specified, defined in Regulation S are used as defined in Regulation S).
- (t) It is not a U.S. person (as defined in Regulation S under the Securities Act) and is not acting for the account or benefit of any U.S. person, and it is not located or resident in the United States.
- (u) The terms and conditions of the Consent Solicitation shall be deemed to be incorporated in, and form a part of, the Consent Instruction or Ineligible Holder Instruction which shall be read and construed accordingly and that the information given by or on behalf of such Covered Bondholder in the Consent Instruction or Ineligible Holder Instruction is true and will be true in all respects at the time of the Meeting (or any adjourned Meeting).
- (v) It acknowledges that the Solicitation Agent may (but is not obliged to) submit Consent Instructions for its own account as well as on behalf of other Beneficial Owners of the Covered Bonds.

The representation set out at paragraph (p) above is only sought and given other than on the day of submission of a Consent Instruction to the extent that to do so would not result in a violation of Regulation (EC) No 2271/1996 of 22 November 1996, as amended, supplemented or updated from time to time (the **EU Blocking Regulation**) as it forms part of United Kingdom domestic law by virtue of the EUWA and/or any associated and applicable national law, instrument or regulation similar to the EU Blocking Regulation which may be implemented in the United Kingdom.

In addition, by submitting a Consent Instruction as described above, each Covered Bondholder shall be deemed to agree, and acknowledge, represent, warrant and undertake, that, in the event the Extraordinary Resolution is passed and from the Effective Date until the expiry of the period of 40 days after the later of (A) the date on which the Extraordinary Resolution is passed and (B) the date the amendments made pursuant to the Amended and Restated Series CB35 Final Terms become effective, sales may not be made in the United States or to U.S. persons unless made outside the United States pursuant to Rule 903 and 904 of Regulation S of the Securities Act, such agreements, acknowledgements, representations, warranties and undertakings in each case being made to the Issuer, the Guarantor LP, the Tabulation Agent and the Solicitation Agent at (i) the time of submission of such Consent Instruction, (ii) the Expiration Deadline and (iii) the time of the Meeting and the time of any adjourned Meeting.

**If the Covered Bondholder is unable to give any of the representations and warranties described above, such Covered Bondholder should contact the Tabulation Agent.**

#### **(7) Additional terms of the Consent Solicitation**

- (a) Each Covered Bondholder submitting a Consent Instruction or Ineligible Holder Instruction in accordance with its terms shall be deemed to have agreed to indemnify the Issuer, the

Guarantor LP, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent, the Bond Trustee and any of their respective affiliates, directors, officers, employees or agents against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, such vote or instruction by such Covered Bondholder.

- (b) If any Consent Instructions or Ineligible Holder Instructions or other communication (whether electronic or otherwise) addressed to the Issuer, the Bond Trustee, the Solicitation Agent, the Issuing and Paying Agent or the Tabulation Agent is communicated on behalf of a Covered Bondholder (by an attorney-in-fact, custodian, bond trustee, administrator, director or officer of a corporation or any other person acting in a fiduciary or representative capacity) that fact must be indicated in the relevant communication, and a power of attorney or other form of authority, in a form satisfactory to the Issuer, must be delivered to the Issuer, the Bond Trustee, the Solicitation Agent, the Issuing and Paying Agent or the Tabulation Agent (as applicable) by the Expiration Deadline. Failure to submit such evidence as aforesaid may result in rejection of the acceptance. Neither the Issuer nor any of the Bond Trustee, the Solicitation Agent, the Issuing and Paying Agent or the Tabulation Agent shall have any responsibility to check the genuineness of any such power of attorney or other form of authority so delivered and may conclusively rely on, and shall be protected in acting in reliance upon, any such power of attorney or other form of authority.

#### **(8) Responsibility for delivery of Consent Instruction or Ineligible Holder Instruction**

- (a) None of the Issuer, the Guarantor LP, the Solicitation Agent, the Bond Trustee, the Issuing and Paying Agent or the Tabulation Agent will be responsible for the communication of the Consent Instruction or Ineligible Holder Instruction by:
- Beneficial Owners to the Covered Bondholder through which they hold their Series CB35 Covered Bonds;
  - the Covered Bondholder to the relevant Clearing System and/or the Tabulation Agent, as applicable; or
  - the Clearing Systems.
- (b) If a Beneficial Owner holds its Series CB35 Covered Bonds through another Covered Bondholder, such Beneficial Owner should contact that Covered Bondholder to discuss the manner in which transmission of the Consent Instruction or Ineligible Holder Instruction may be made on its behalf.
- (c) If the Covered Bondholder through which a Beneficial Owner holds its Series CB35 Covered Bonds is unable to submit a Consent Instruction or Ineligible Holder Instruction on its behalf, such Beneficial Owner should contact the Tabulation Agent for assistance.
- (d) Covered Bondholders and Beneficial Owners are solely responsible for arranging the timely delivery of their Consent Instruction or Ineligible Holder Instructions.
- (e) If a Beneficial Owner submits Consent Instructions or Ineligible Holder Instructions in respect of its Series CB35 Covered Bonds through another Covered Bondholder, such Beneficial Owner should consult with that Covered Bondholder as to whether it will charge any service fees in connection with the participation in the Consent Solicitation.

#### **(9) Revocation Rights**

- (a) Beneficial Owners who are not also Covered Bondholders are advised to check with the bank, securities broker or any other intermediary through which they hold their Series CB35 Covered Bonds whether such intermediary would require receiving instructions to participate in, or withdraw their instruction to participate in, the Consent Solicitation prior to the deadlines set out in this Consent Solicitation Memorandum (also refer to "*Procedure for voting*" above).

- (b) Covered Bondholders may revoke Consent Instructions or Ineligible Holder Instructions at any time prior to the Expiration Deadline but not thereafter (except in the limited circumstances outlined in Section 6 (*Amendment and Termination*)) (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Covered Bondholders hold their Series CB35 Covered Bonds).
- (c) In the case of an adjourned Meeting, the Expiration Deadline will be notified to the Covered Bondholders in the notice of the adjourned Meeting and will not be less than 48 hours before the adjourned Meeting. Any Consent Instruction may be revoked by the relevant Covered Bondholders at any time prior to, but not after, such Expiration Deadline for the adjourned Meeting, but only if the revocation is made in accordance with the provisions of the Trust Deed (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which the Covered Bondholders hold their Covered Bonds).
- (d) Covered Bondholders wishing to exercise any such rights of revocation should do so in accordance with the provisions of the Trust Deed and the procedures of the relevant Clearing System. Beneficial Owners of the Covered Bonds that are held through an intermediary are advised to check with such entity the deadline for it to receive instructions to revoke Consent Instructions in order to meet the above deadlines. For the avoidance of doubt, any Covered Bondholder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Consent Instruction will remain effective.
- (e) The exercise of any such right of revocation in respect of a Consent Instruction will be effective for the purposes of revoking the instruction given by the relevant Covered Bondholder for the appointment of the Tabulation Agent by the Issuing and Paying Agent as the relevant proxy to vote at the Meeting on such Covered Bondholder's behalf only if a valid revocation instruction is received by the Tabulation Agent no later than the Expiration Deadline or (if applicable) 48 hours before the relevant adjourned Meeting.

## **(10) Tax Consequences**

In view of the number of different jurisdictions where tax laws may apply to a Covered Bondholder, this Consent Solicitation Memorandum does not discuss the tax consequences for Covered Bondholders arising from the Consent Solicitation or the Extraordinary Resolution and their implementation. Covered Bondholders are urged to consult their own professional advisers regarding the possible tax consequences of these transactions under the laws of the jurisdictions that apply to them, as well as the possible tax consequences of holding the Series CB35 Covered Bonds after they are modified pursuant to the Extraordinary Resolution (which could differ, potentially materially, from the tax consequences of holding the Series CB35 Covered Bonds before they are modified). Covered Bondholders are liable for their own taxes and have no recourse to the Issuer, the Guarantor LP, the Solicitation Agent, the Bond Trustee, Tabulation Agent or any Agent with respect to any taxes arising in connection with the Consent Solicitation and/or the implementation of the Extraordinary Resolution.

## **(11) Irregularities**

All questions as to the validity, form and eligibility (including the time of receipt) of any Consent Instructions or Ineligible Holder Instructions or revocation or revision thereof or delivery of Consent Instructions or Ineligible Holder Instructions will be determined by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all Consent Instructions or Ineligible Holder Instructions not in a form which is, in the opinion of the Issuer, lawful. The Issuer also reserves the absolute right to waive defects in Consent Instructions or Ineligible Holder Instructions with regard to any Series CB35 Covered Bonds. None of the Issuer, the Guarantor LP, the Solicitation Agent, the Bond Trustee, the Security Trustee, the Issuing and Paying Agent or the Tabulation Agent shall be under any duty to give notice to Covered Bondholders or Beneficial Owners of any irregularities in Consent Instructions or Ineligible Holder Instructions; nor shall any of them incur any liability for failure to give notification of any material amendments to the terms and conditions of the Consent Solicitation.

**(12) Participation by the Issuer, the Guarantor LP, Solicitation Agent, the Bond Trustee, the Issuing and Paying Agent and the Tabulation Agent**

The Issuer, the Guarantor LP, the Solicitation Agent, the Bond Trustee, the Issuing and Paying Agent and the Tabulation Agent are entitled to have or hold positions in the Series CB35 Covered Bonds either for their own account or for the account, directly or indirectly, of third parties and may make or continue to make a market in, or subject to the provisions of the Trust Deed vote (or abstain) in respect of, or act as principal in any transactions in, or relating to, or otherwise act in relation to, the Series CB35 Covered Bonds and may or may not, subject to the provisions of the Trust Deed, submit or deliver valid Consent Instructions or Ineligible Holder Instructions in respect of such Series CB35 Covered Bonds. The Issuer, the Guarantor LP, the Solicitation Agent, the Bond Trustee, the Issuing and Paying Agent and the Tabulation Agent are entitled to continue to hold or dispose of, in any manner it may elect, any Series CB35 Covered Bonds that it may hold as at the date of this Consent Solicitation Memorandum or, from such date, to acquire further Series CB35 Covered Bonds, subject to applicable law and may or may not, subject to the provisions of the Trust Deed, submit or deliver valid Consent Instructions or Ineligible Holder Instructions in respect of such Series CB35 Covered Bonds. For the avoidance of doubt, any Series CB35 Covered Bonds held by or on behalf of the Issuer or the Guarantor LP, in each case as Beneficial Owner shall (unless and until ceasing to be so held) be deemed not to be outstanding. No such submission or non-submission by the Issuer, the Guarantor LP, the Solicitation Agent, the Solicitation Agent, the Bond Trustee, the Issuing and Paying Agent or the Tabulation Agent should be taken by any Series CB35 Covered Bondholder or any other person as any recommendation or otherwise by any of the Issuer, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Issuing and Paying Agent and the Guarantor LP, as the case may be, as to the merits of participating or not participating in the Consent Solicitation.

**(13) Announcements**

If the Issuer is required to make an announcement relating to matters in connection with the Consent Solicitation, any such announcement will be made in accordance with all applicable rules and regulations via (a) notice to the Clearing Systems for communication to Covered Bondholders and (b) an announcement released on the regulatory news service of the London Stock Exchange.

Copies of all announcements, notices and press releases can also be obtained from the Tabulation Agent, the contact details for which appear on the last page of this Consent Solicitation Memorandum. Covered Bondholders are urged to contact the Tabulation Agent for the relevant announcements during the course of the Consent Solicitation. In addition, Covered Bondholders may contact the Solicitation Agent for information using the contact details on the last page of this Consent Solicitation Memorandum.

**(14) All Covered Bondholders of the Series CB35 are bound by the Extraordinary Resolution, if implemented**

Covered Bondholders should note that if the Extraordinary Resolution is passed and is implemented as a result of the Eligibility Condition being satisfied it will be binding on all Covered Bondholders of the Series CB35 Covered Bonds, whether or not they chose to participate in the Consent Solicitation or otherwise vote (or abstain) 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.

**(15) Risk Factors**

**Blocking of Covered Bonds held through Euroclear and/or Clearstream, Luxembourg**

Following the submission of Consent Instructions or Ineligible Holder Instructions through Euroclear and/or Clearstream, Luxembourg, the Series CB35 Covered Bonds which are the subject of such

instructions will be blocked from trading by the relevant Clearing System until the earlier of the conclusion of the Meeting in relation to the Series CB35 Covered Bonds and the date upon which the Covered Bondholder is or becomes entitled to revoke, and does revoke, its vote or instruction, in the circumstances set out under the heading "*Revocation Rights*" above. Following the expiry of the Expiration Deadline, the Covered Bondholder will only be able to revoke its Consent Instructions or Ineligible Holder Instructions of the relevant Extraordinary Resolution in the limited circumstances set out under the heading "*Revocation Rights*" above.

### **Responsibility for complying with the procedures of the Consent Solicitation**

Covered Bondholders are solely responsible for complying with all of the procedures for submitting Consent Instructions or Ineligible Holder Instructions. None of the Issuer, the Guarantor LP, the Solicitation Agent, the Issuing and Paying Agent, the Bond Trustee or the Tabulation Agent assumes any responsibility for informing Covered Bondholders of irregularities with respect to Consent Instructions or Ineligible Holder Instructions.

### **No assurance that the Covered Bondholder Proposal will be implemented**

Until the Extraordinary Resolution is passed and the Eligibility Condition is satisfied, and the Amendment Documents are executed, and subject to there having been no prior termination of the Consent Solicitation by the Issuer, no assurance can be given that the Covered Bondholder Proposal will be implemented in respect of the Series CB35 Covered Bonds even if the Consent Conditions (including the approval of the Extraordinary Resolution by the Series CB35 Covered Bondholders) have been satisfied. The Issuer may terminate the Consent Solicitation in accordance with the provisions for such termination set out in Section 6 (*Amendment and Termination*).

### **The market continues to develop in relation to SONIA as a reference rate for floating rate Covered Bonds**

If the Extraordinary Resolution is passed and implemented, from and including the Effective Date the Interest Rate for the Covered Bonds will be determined on the basis of Compounded Daily SONIA (as set out in Annex A to this Consent Solicitation Memorandum). Compounded Daily SONIA differs from GBP LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas GBP LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors should be aware that GBP LIBOR and SONIA may behave materially differently as interest reference rates for the Covered Bonds. The use of SONIA as a reference rate is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, Covered Bondholders should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to GBP LIBOR. In the context of backwards-looking SONIA rates, market participants and relevant working groups are, as of the date of this Consent Solicitation Memorandum, assessing the differences between compounded rates and weighted average rates, and such groups (including ICE Benchmark Administration Limited and Refinitiv) have developed, and other groups (such as FTSE Russell) are continuing to develop, forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term) by reference, primarily, to SONIA Overnight Index Swap quotes provided in interdealer central limit order books and, where such data is unavailable, subject to a waterfall of alternative data). The adoption of SONIA might, accordingly, see component inputs into swap rates or other composite rates transferring from GBP LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions of the Series CB35 Covered Bonds that reference a SONIA rate. Furthermore, the Issuer may in the future issue Covered Bonds referencing SONIA that differ materially in terms of interest determination when compared with the Series CB35 Covered Bonds. Equally in such circumstances, it may be difficult for the Guarantor LP to find any future required replacement Swap Provider to properly hedge its interest rate exposure on the Series CB35 Covered Bonds should a Swap



Provider need to be replaced and the Series CB35 Covered Bonds uses an application of SONIA that differs from products then prepared to be hedged by such Swap Providers. The development of Compounded Daily SONIA as an interest reference rate for the covered bond market, as well as continued development of the SONIA-based rate for such markets and the market infrastructure for adopting such rate, could result in reduced liquidity or increased volatility or could otherwise affect the marketability or market price of the Series CB35 Covered Bonds.

Furthermore, the Rate of Interest on Covered Bonds which reference Compounded Daily SONIA will only be determined immediately or shortly prior to the relevant Interest Payment Date. It may be difficult for investors in the Series CB35 Covered Bonds which reference Compounded Daily SONIA to estimate reliably the amount of interest which will be payable on Series CB35 Covered Bonds, and some investors may be unable or unwilling to trade the Series CB35 Covered Bonds without changes to their information technology systems, both of which factors could adversely impact the liquidity of the Series CB35 Covered Bonds. Further, in contrast to LIBOR-based Covered Bonds, if the Covered Bonds referencing Compounded Daily SONIA become due and payable as a result of an event of default under Condition 7, or are otherwise redeemed early on a date other than an Interest Payment Date, the rate of interest payable for the final Interest Period in respect of the Covered Bonds shall only be determined immediately or shortly prior to the date on which the Covered Bonds become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the covered bond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Covered Bondholders should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with the acquisition, holding or disposal of the Series CB35 Covered Bonds referencing Compounded Daily SONIA.

As SONIA is published by the Bank of England based on data from other sources, the Issuer has no control over their determination, calculation or publication. There can be no guarantee that SONIA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Series CB35 Covered Bonds. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on the Series CB35 Covered Bonds and the trading prices of the Series CB35 Covered Bonds.

Furthermore, to the extent a rate for Compounded Daily SONIA is not published, the applicable rate to be used to calculate the Interest Rate on the Series CB35 Covered Bonds referencing such rate will be determined using the fallback provisions set out in Annex A to this Consent Solicitation Memorandum. Any of these fallback provisions may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Covered Bonds if Compounded Daily SONIA had been so published in its current form.

Accordingly, Covered Bonds that reference SONIA entail significant risks not associated with similar investments in conventional debt securities.

#### **(16) Governing Law and Jurisdiction**

The terms of the Consent Solicitation, including without limitation each Consent Instruction or Ineligible Holder Instruction shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. By submitting a Consent Instruction or Ineligible Holder Instruction, a Covered Bondholder (and, if applicable, any beneficial owner of the Series CB35 Covered Bonds who holds such Series CB35 Covered Bonds through another Covered Bondholder) irrevocably and unconditionally agrees for the benefit of the Issuer, the Guarantor LP, the Solicitation Agent, the Bond Trustee, the Issuing and Paying Agent and the Tabulation Agent that the courts of Ontario are to have jurisdiction to settle any disputes which may arise out of or in connection with the Consent Solicitation or any of the documents referred to in this Consent Solicitation Memorandum and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

**(17) Miscellaneous**

Covered Bondholders who need assistance with respect to the procedures for participating in the Consent Solicitation should contact the Tabulation Agent, the contact details for whom appear on the back cover of this Consent Solicitation Memorandum.

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

## SECTION 6 – AMENDMENT AND TERMINATION

### Amendment and Termination

Notwithstanding any other provision of the Consent Solicitation, the Issuer may, subject to applicable laws and the Meeting Provisions, at its option and in its sole discretion:

- (a) terminate the Consent Solicitation at any time (including after any Extraordinary Resolution has been passed but prior to the Effective Date) (including with respect to Consent Instructions submitted in respect of the Consent Solicitation before the time of such termination) and not implement the Proposed Amendments in respect of the Series CB35 Covered Bonds pursuant to the Consent Solicitation; and
- (b) otherwise amend or modify at any time the terms of the Consent Solicitation (other than the terms of the Extraordinary Resolution) in any respect (including, but not limited to, by waiving, where possible, any conditions to completion of the Consent Solicitation).

In the event the Consent Solicitation is terminated, if not already held, the Meeting will still be held and, as specified in the paragraph below, the Extraordinary Resolution will still be considered and voted on at the Meeting. However, on such termination of the Consent Solicitation, all such Consent Instructions relating to the Consent Solicitation will be deemed to be revoked automatically.

If, following the termination of the Consent Solicitation, the Extraordinary Resolution is subsequently passed at the Meeting (or any adjourned Meeting), it will nevertheless be ineffective (as implementation of the Extraordinary Resolution is conditional on the Consent Solicitation not having been terminated).

In the event the Consent Solicitation is terminated, the Series CB35 Covered Bonds in respect of which Consent Instructions had been submitted prior to the time of such termination will be unblocked promptly in the relevant account in the Clearing Systems.

The Issuer will promptly give written notice of any extension, amendment, termination or waiver to the Tabulation Agent, followed by an announcement thereof to Covered Bondholders as promptly as practicable, to the extent required by this Consent Solicitation Memorandum or by law. See "*Procedures in connection with the Consent Solicitation – Announcements*".

The Bond Trustee may, in its sole discretion, concur with the Issuer in accepting any votes or instructions tendered after the Expiration Deadline provided that the Issuer and/or the Tabulation Agent has confirmed that it is practicable to verify and count such late votes or instructions in time for the Meeting.

### Revocation Rights

Any Consent Instruction may be revoked by the relevant Covered Bondholder at any time prior to the Expiration Deadline but not thereafter (except in the limited circumstances outlined in Section 6 (*Amendment and Termination*)) (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Covered Bondholders hold their Series CB35 Covered Bonds).

In the event of an adjourned Meeting, if the Issuer (following the Expiration Deadline) amends the Consent Solicitation in any way that, in the opinion of the Issuer (in consultation with the Solicitation Agent), is materially prejudicial to the interests of Covered Bondholders that have already submitted Consent Instructions before the announcement of such amendment (which announcement shall include a statement that, in the opinion of the Issuer, such amendment is materially prejudicial to such Covered Bondholders), then such Consent Instructions may be revoked at any time from the date and time of such announcement until no earlier than 4.00 p.m. (London time) on the second Business Day immediately following such announcement.

Covered Bondholders wishing to exercise any such rights of revocation should do so in accordance with the procedures of Section 5 (*Procedures in Connection with the Consent Solicitation*) and the relevant Clearing System. Beneficial Owners of Series CB35 Covered Bonds that are held through an intermediary are advised to check with such entity the deadline for it to receive instructions to revoke Consent Instructions in order to meet the above deadlines. For the avoidance of doubt, any Covered

Bondholder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Consent Instruction will remain effective.

The exercise of any such right of revocation in respect of a Consent Instruction will be effective for the purposes of revoking the instruction given by the Covered Bondholder for the appointment of one or more representatives of the Tabulation Agent by the Issuing and Paying Agent as the relevant Covered Bondholder's proxy to vote at the Meeting (or to abstain from voting, as the case may be) on the Covered Bondholder's behalf only if a valid revocation instruction is received by the Tabulation Agent no later than the Expiration Deadline or (if applicable) 48 hours before any adjourned Meeting.

## **SECTION 7 - SOLICITATION AGENT AND TABULATION AGENT**

### ***Solicitation Agent***

RBC Europe Limited is acting as the Solicitation Agent for the Consent Solicitation. The Issuer has entered into a Solicitation Agency Agreement with the Solicitation Agent which contains certain provisions regarding expense reimbursement and indemnity arrangements relating to the Consent Solicitation.

The Solicitation Agent may, in the ordinary course of its business, make markets in debt securities of the Issuer, including the Series CB35 Covered Bonds, for its own account and for the accounts of its customers. As a result, from time to time, the Solicitation Agent may own certain of the Issuer's debt securities, including the Series CB35 Covered Bonds.

Each Solicitation Agent may (i) submit Consent Instructions for its own account and (ii) submit Consent Instructions or attend (via audio or video conference) and vote at the Meeting (or abstain from voting, as the case may be) or make other arrangements to be represented or to vote (or abstain) at the Meeting on behalf of other Covered Bondholders.

### ***Tabulation Agent***

The Issuer has retained Lucid Issuer Services Limited to act as Tabulation Agent for the Consent Solicitation relating to the Series CB35 Covered Bonds. The Tabulation Agent will assist Covered Bondholders that require assistance in connection with the Consent Solicitation. The Issuer has agreed to pay the Tabulation Agent a customary fee for its services in connection with the Consent Solicitation, and has also agreed to reimburse the Tabulation Agent for certain expenses relating to the Consent Solicitation.

The Tabulation Agent is the agent of the Issuer and owes no duty to any Covered Bondholder.

### ***General***

The Solicitation Agent and the Tabulation Agent, and their respective affiliates, may contact Covered Bondholders regarding the Consent Solicitation and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Consent Solicitation Memorandum, the Notice and related materials to Beneficial Owners of the Series CB35 Covered Bonds.

None of the Solicitation Agent, the Tabulation Agent, the Bond Trustee, the Issuing and Paying Agent or any of their respective directors, employees and affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Consent Solicitation, the Extraordinary Resolution, the Issuer, the Guarantor LP or the Series CB35 Covered Bonds in this Consent Solicitation Memorandum or for any failure by the Issuer or the Guarantor LP to disclose events that may have occurred and may affect the significance or accuracy of such information and the terms of any amendment to the Consent Solicitation.

None of the Issuer, the Guarantor LP, the Bond Trustee, the Solicitation Agent, the Tabulation Agent, the Agents or any director, officer, employee, agent or affiliate of any such person is acting for any Covered Bondholder, or will be responsible to any Covered Bondholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Consent Solicitation or the Extraordinary Resolution, and accordingly none of the Issuer, the Guarantor LP, the Solicitation Agent, the Tabulation Agent, the Agents or any director, officer, employee, agent or affiliate of any such person, makes any recommendation whether Covered Bondholders should participate in the Consent Solicitation or otherwise participate at the Meeting.

## SECTION 8 – DEFINITIONS

*Capitalised terms used but not defined in this Consent Solicitation Memorandum shall, unless the context otherwise requires, have the meanings set out in the Amended and Restated Master Definitions and Construction Agreement. In addition, the following terms shall have the following meanings:*

- 24 hours** Means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purposes the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid.
- 48 hours** Means a period of 48 hours including all or part of two days upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purposes the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
- Agents** Means each of the Issuing and Paying Agent, the Registrar, the Exchange Agent, the Transfer Agents and the Calculation Agent.
- Amended and Restated Master Definitions and Construction Agreement** Means the Amended and Restated Master Definitions and Construction Agreement, by and among, Royal Bank of Canada, RBC Covered Bond Guarantor Limited Partnership, Computershare Trust Company of Canada, 6848320 Canada Inc., RBC Covered Bond GP Inc., and PricewaterhouseCoopers LLP, dated September 8, 2017
- Amended and Restated Series CB35 Covered Bond Swap Confirmation** Means the amended and restated confirmation referencing Compounded Daily SONIA amending and restating the Existing Covered Bond Swap Confirmation to be entered into between the Guarantor LP and the Covered Bond Swap Provider pursuant to the Series CB35 Covered Bond Swap Agreement if the Extraordinary Resolution is passed and the Eligibility Condition relating to the Extraordinary Resolution is satisfied.
- Amended and Restated Series CB35 Final Terms** Means in respect of the Series CB35 Covered Bonds, the amended and restated Final Terms document the Issuer intends to execute if the Extraordinary Resolution is passed and the Eligibility Condition relating to the Extraordinary Resolution is satisfied in order to implement the relevant changes to the Conditions of the Series CB35 Covered Bonds.

<b>Amendment Documents</b>	<p>Means:</p> <ul style="list-style-type: none"> <li>(a) the Supplemental Trust Deed;</li> <li>(b) the Amended and Restated Series CB35 Final Terms; and</li> <li>(c) the Amended and Restated Series CB35 Covered Bond Swap Confirmation.</li> </ul>
<b>Beneficial Owner</b>	<p>Means a person who is the owner of a particular principal amount of the Series CB35 Covered Bonds and who holds such Series CB35 Covered Bonds either as shown in the records of the relevant Clearing System or in the records of any Covered Bondholder or in the records of any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Series CB35 Covered Bonds on such person's behalf and whose holding is shown in the records of a Covered Bondholder, as applicable.</p>
<b>Bond Trustee</b>	<p>Computershare Trust Company of Canada, acting through its offices located at 100 University Avenue, 11th Floor, Toronto, Ontario, Canada M5J 2Y1.</p>
<b>Business Day</b>	<p>Means a day which is a TARGET2 Business Day and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) and settle payments in Toronto and London.</p>
<b>Clearing Systems</b>	<p>Means Euroclear or Clearstream, Luxembourg, where the context permits and each, a <b>Clearing System</b>.</p>
<b>Clearstream, Luxembourg</b>	<p>Means Clearstream Banking, S.A.</p>
<b>COBS</b>	<p>Means the FCA Handbook Conduct of Business Sourcebook.</p>
<b>Compounded Daily SONIA</b>	<p>Means the rate of return of a daily compound interest investment determined as set out in Annex A to this Consent Solicitation Memorandum.</p>
<b>Conditions</b>	<p>In respect of each Series, the terms and conditions set out in Schedule 1 to the Trust Deed, as modified and supplemented by the Final Terms applicable to such Series, as any of the same may from time to time have been modified in accordance with the Trust Deed.</p>
<b>Consent Conditions</b>	<p>The conditions to the implementation of the Consent Solicitation and the Extraordinary Resolution.</p> <p>The implementation of the Consent Solicitation and the related Extraordinary Resolution will be conditional on:</p> <ul style="list-style-type: none"> <li>(a) the passing of the Extraordinary Resolution; and</li> <li>(b) the Eligibility Condition being satisfied,</li> </ul> <p>(together, the <b>Consent Conditions</b>).</p>

<b>Consent Solicitation</b>	Means in respect of the Series CB35 Covered Bonds the solicitation of consents from the Covered Bondholders to the Covered Bondholder Proposal, which is described in this Consent Solicitation Memorandum.
<b>Consents</b>	Means consents from Eligible Covered Bondholders to vote in favour of the Extraordinary Resolution in respect of the Series CB35 Covered Bonds approving the Covered Bondholder Proposal.
<b>Covered Bondholder or Holder</b>	Means the holders for the time being of the Covered Bonds.
<b>Covered Bonds</b>	Means the Series CB35 Covered Bonds.
<b>Direct Participant</b>	Means each person who is shown in the records of the Clearing Systems as a holder of the Series CB35 Covered Bonds.
<b>Dissenting Holder</b>	Means a Covered Bondholder that votes against the Extraordinary Resolution and, for the avoidance of doubt, does not include Covered Bondholders that vote for, give Consent Instructions or Ineligible Holder Instructions to abstain from voting, or attend the Meeting (via audio or video conference) and abstain from voting.
<b>Effective Date</b>	Means December 8, 2021.
<b>Eligibility Condition</b>	In respect of Series CB35 Covered Bonds, the condition to the implementation of the Extraordinary Resolution, if passed, that the quorum required for, and the requisite majority of votes cast at, the Meeting are 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).
<b>Eligible Covered Bondholder</b>	Each 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.
<b>Euroclear</b>	Euroclear Bank SA/NV
<b>Existing Covered Bond Swap Confirmation</b>	Means the confirmation of the transaction entered into pursuant to the Series CB35 Covered Bond Swap Agreement, with a trade date of December 8, 2017, relating to the Series CB35 Covered Bonds.
<b>Extraordinary Resolution</b>	Means in respect of the Series CB35 Covered Bonds, the Extraordinary Resolution to approve, inter alia, the Covered Bondholder Proposal in respect of the Series CB35 Covered Bonds to be proposed and considered at the Meeting.
<b>Final Terms</b>	Means in respect of the Series CB35 Covered Bonds, the final terms document executed by the Issuer at the time of issue of the



		Series CB35 Covered Bonds, which modifies or supplements the Conditions.
<b>Guarantor LP</b>		Means RBC Covered Bond Guarantor Limited Partnership.
<b>Ineligible Bondholder</b>	<b>Covered</b>	A Covered Bondholder who is not an Eligible Covered Bondholder.
<b>Issuing and Paying Agent</b>		Means The Bank of New York Mellon, acting through its London Branch at 1 Canada Square, London, E14 5AL, United Kingdom.
<b>LIBOR vs SONIA Interpolated Basis</b>		Means the interpolation methodology set out in Annex B to this Consent Solicitation Memorandum.
<b>Meeting</b>		Means in respect of the Series CB35 Covered Bonds, the meeting of Covered Bondholders convened by the Notice, to be held (via audio or video conference) on September 22, 2021 at the time specified in the Notice, and to consider and, if thought fit, pass the Extraordinary Resolution. In this Consent Solicitation Memorandum references to a Meeting shall include reference to any adjournment of the Meeting so far as the context permits. The Meeting will not be convened at a physical location.
<b>Meeting Provisions</b>		Means in respect of the Series CB35 Covered Bonds, the provisions for meetings of Covered Bondholders set out in Schedule 5 to the Trust Deed.
<b>MiFID II</b>		Means Directive 2014/65/EU (as amended or superseded).
<b>Notice</b>		Means the notice dated August 31, 2021 convening the Meeting and / or the Notice convening the adjourned Meeting, where applicable.
<b>Pricing Date</b>		Means September 22, 2021 or, in the event of an adjourned Meeting, means the date specified in the notice of the adjourned Meeting.
<b>Proposed Amendments</b>		Means the proposed modifications to the Conditions of the Series CB35 Covered Bonds (as set out in the Trust Deed and completed by the Final Terms for the Series CB35 Covered Bonds) to convert the Interest Basis applicable to the Series CB35 Covered Bonds from "GBP LIBOR" to "Compounded Daily SONIA" and to implement corresponding changes to the Trust Deed, Final Terms and the Series CB35 Covered Bond Swap Agreement, as further described under Section 1 ( <i>Background – Amendments to the Series CB35 Covered Bonds</i> ).
<b>Registrar</b>		The Bank of New York Mellon (Luxembourg) S.A., acting through its office at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg.
<b>Regulation S</b>		Means Regulation S under the Securities Act.
<b>Sanctions Authority</b>		Means each of: <ul style="list-style-type: none"> <li>(a) the United States government;</li> <li>(b) the United Nations;</li> </ul>

- (c) the European Union (or any of its member states);
- (d) the United Kingdom;
- (e) Canada;
- (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and
- (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury.

**Sanctions Restricted Person** Means each person or entity (a **Person**):

- (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions>); or
- (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (i) the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the **SSI List**), (ii) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 and Council Regulation (EU) No 1290/2014 and Council Regulation (EU) No 2015/1797 (the **EU Annexes**), or (iii) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes.

**Securities Act** Means the United States Securities Act of 1933, as amended.

**Series CB35 Covered Bonds** Means the GBP650,000,000 Floating Rate Covered Bonds due December 8, 2022 (ISIN: XS1733227554) of the Issuer.

**Series CB35 Covered Bond Swap Agreement** Means the Covered Bond Swap Agreement relating to the Series CB35 Covered Bonds dated December 8, 2017, between the Guarantor LP and the Covered Bond Swap Provider, as amended.

**Solicitation Agent** Means RBC Europe Limited, acting in their capacity as Solicitation Agent for the Consent Solicitation.

<b>Supplemental Trust Deed</b>	Means the deed supplemental to the Trust Deed to be entered into between the Issuer and the Bond Trustee following the conclusion of the Meeting, in the event that the Consent Conditions are satisfied.
<b>Tabulation Agent</b>	Means Lucid Issuer Services Limited.
<b>UK MiFIR</b>	Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.
<b>UK MiFIR Product Governance Rules</b>	The product governance rules under the FCA's Product Intervention and Product Governance Sourcebook.

**ANNEX A  
COMPOUNDED DAILY SONIA**

(a) **Screen Rate Determination for Covered Bonds referencing Compounded Daily SONIA**

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

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

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

“**n<sub>i</sub>**”, 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<sub>i-pLBD</sub>**” 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 the Base Rate Modification terms in (b) below, 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 the Base Rate Modification terms in (b) below, 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.

**(b) Base Rate Modification**

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 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 paragraph.

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 paragraph are satisfied.

Without prejudice to the obligations of the Issuer under this paragraph in respect of a Base Rate Modification, the Reference Rate and the fallback provisions provided for in paragraph (a) (*Screen Rate Determination for Covered Bonds referencing Compounded Daily SONIA*) above will continue to apply unless and until the Bond Trustee has received the Base Rate Modification Certificate in accordance with this paragraph. For the avoidance of doubt, the terms of this paragraph 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 paragraph 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 the Conditions.

**(c) *Miscellaneous***

**“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 B 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.

**ANNEX C  
PRINCIPAL CHANGES TO THE FINAL TERMS**

Item in Final Terms	Provision in current Final Terms	Summary of Provision in Amended and Restated Series CB35 Final Terms
8. Interest Basis:	<p>3-month GBP LIBOR + 0.23 per cent. per annum Floating Rate from and including the Interest Commencement Date to (but excluding) the Final Maturity Date</p> <p>1-month GBP LIBOR + 0.273 per cent. per annum Floating Rate from and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date</p>	<p>Compounded Daily SONIA + [Adjusted Margin to be calculated on the Pricing Date as set out in Annex B to this Consent Solicitation Memorandum] per cent. per annum Floating Rate from and including the Effective Date to (but excluding) the Final Maturity Date</p> <p>Compounded Daily SONIA + [Adjusted Margin to be calculated on the Pricing Date as set out in Annex B to this Consent Solicitation Memorandum] per cent. per annum Floating Rate from and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date.</p>

The following Floating Rate Covered Bond Provisions will be set out in full in the Amended and Restated Series CB35 Final Terms:

14. <b>Floating Rate Covered Bond Provisions</b>	Applicable
(i) Specified Period(s):	Not Applicable
(ii) Specified Interest Payment Dates:	<p>From (but excluding) the Issue Date to, and including, the Final Maturity Date, the 8th March, 8th June, 8th September and 8th December of each year</p> <p>From (but excluding) the Final Maturity Date to, and including, the Extended Due for Payment Date (or, if earlier, the Specified Interest Payment Date on which the Covered Bonds are redeemed in full), the 8th day of each month</p> <p>Subject to adjustment in accordance with the Business Day Convention specified in paragraph 14(iv) below</p>
(iii) First Interest Payment Date:	<p>For the period from and including the Issue Date to (but excluding) the Final Maturity Date, the Interest Payment Date falling on or nearest to March 8, 2018</p> <p>For the period from and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date, the Specified Interest Payment Date falling on or nearest to January 8, 2023</p>

(iv)	Business Day Convention:	Modified Following Business Day Convention
(v)	Business Centre(s):	Toronto, TARGET2 and London
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	Royal Bank of Canada, London Branch c/o Royal Bank of Canada, Toronto Branch RBC Centre, 8th Floor 155 Wellington Street West Toronto Ontario Canada M5V 3H1  shall be the Calculation Agent
(viii)	Screen Rate Determination:	Applicable
	– Reference Rate:	Compounded Daily SONIA
	– Interest Determination Date(s):	The fifth London Business Day prior to the end of each Interest Period
	– Relevant Screen Page:	Reuters Screen Page SONIA
	– Relevant Time:	Not Applicable
	– Reference Banks:	Not Applicable
	– Relevant Financial Centre:	Not Applicable
	– Principal Financial Centre:	Not Applicable
	– Observation Lookback Period:	Five London Banking Days
(ix)	ISDA Determination:	Not Applicable
(x)	Linear Interpolation:	Not Applicable
(xi)	Margin(s):	From and including the Issue Date to (but excluding) the Effective Date: +0.23 per cent. per annum  From and including the Effective Date to (but excluding) the Final Maturity Date: +[●] per cent. per annum  From and including the Final Maturity Date to (but excluding) the Extended Due for Payment Date: +[●] per cent. per annum
(xii)	Minimum Rate of Interest:	Not Applicable
(xiii)	Maximum Rate of Interest:	Not Applicable
(xiv)	Day Count Fraction:	Actual/365 (Fixed)

## ANNEX D

### EXTRAORDINARY RESOLUTION TO BE PASSED

#### 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)."

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