Capital One, National Association
Interest Rate Benchmark Transition Notice

NOTE: This Interest Rate Benchmark Transition Notices should be read in connection with the [ISDA 2020 IBOR Alternative Reference Rates Disclosure]

The London Interbank Offered Rate ("LIBOR") and other Interbank Offered Rates ("IBORs") are widely used reference rates for a vast number of financial products, including derivatives, loans and other products that you may have entered into or may be considering entering into with Capital One, National Association ("CONA").

Various regulatory authorities have announced support for a reduced reliance on LIBOR in favor of an alternative risk-free rate ("RFR") and it is currently expected that LIBOR will be phased out as early as the end of 2021. In that regard, the UK's Financial Conduct Authority, which is responsible for regulating LIBOR, has made clear that the publication of LIBOR is not guaranteed beyond 2021. Accordingly, it is uncertain whether LIBOR will continue to be published and/or be a representative benchmark after the end of 2021.

The contractual terms of your existing derivatives instruments with CONA provide a process for determining a fallback rate if LIBOR is not published on a given day. However, these contractual fallback methods do not specify a fallback rate that would take effect, and may not produce a reliable fallback rate, or any fallback rate, in the event LIBOR is permanently discontinued, or is rendered non-representative.

There is substantial work needed to prepare for an environment in which derivatives instruments and other financial products are no longer linked to LIBOR. Regulators, trade associations and market participants, including CONA, are actively involved in these preparations. As part of this work, the Alternative Reference Rates Committee ("ARRC"), a group of private market participants convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York to help ensure a successful transition away from U.S. Dollar ("USD") LIBOR, has recommended the Secured Overnight Financing Rate ("SOFR") as the alternative RFR for USD LIBOR. Notwithstanding the ARRC's recommendation for SOFR to be the alternative RFR for USD LIBOR, at present, uncertainty remains around (1) whether SOFR will be widely adopted as the alternative RFR for USD LIBOR; (2) how any such alternative RFRs would be calculated for particular products; and (3) any adjustment spreads that may be applicable in respect of a transition to any such alternative RFRs.

Upon the discontinuation of LIBOR or if LIBOR is deemed non-representative, various financial instruments may utilize different methods by which a fallback rate is determined, calculate the same fallback rate differently, and/or make inconsistent changes to other economic terms of such financial instruments. Any of these differences could result in a mismatch between the rate or other economics in your derivatives instruments compared to your other financial instruments, such as loans for which a derivatives instrument is intended as a hedge. As a result of the lack of clarity and uncertainty in connection with a LIBOR cessation event and potential mismatches that may result between financial instruments, you could be disadvantaged economically. Further, alternative RFRs (including but not limited to SOFR) are not direct replacement for, and do not operate in the same way as corresponding LIBOR and the implementation of any such alternative RFR may cause changes in the value of your derivatives transactions.

The International Swaps and Derivatives Association, Inc. ("ISDA") recently published amendments to update its definitions to provide certainty if USD LIBOR or another key IBOR is permanently discontinued or an applicable regulator announces that such IBOR is no longer a representative rate. Such amendments to the ISDA definitions will take effect on January 25, 2021. Under the updated ISDA definitions, USD LIBOR will fall back to term adjusted SOFR (compounded in arrears) plus an adjustment spread. The adjustment spread will be calculated based on a five-year median look-back of the historical spot difference between USD LIBOR and SOFR. Unless a different RFR is specifically designated in the derivative contract as the fallback rate, these updated fallback provisions will apply to all new derivative transactions executed on or after January 25, 2021.

The new fallback provisions will not apply to your existing derivatives transactions executed prior to January 25, 2021, unless such derivatives contracts are amended to incorporate or otherwise address these new fallbacks. As a result, in order to avoid the lack of clarity regarding the rate that your existing derivatives contracts would reference upon a LIBOR cessation event, you should consider:

> (1) adhering to the ISDA 2020 IBOR Fallbacks Protocol as a means to include new fallbacks in existing derivatives contracts; and/or
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> (2) bilaterally amending such existing derivative instruments to include sufficient fallback provisions to meet your needs.

Adherence to the ISDA 2020 IBOR Fallbacks Protocol will amend derivatives contracts with other adhering parties so that such contracts include the new ISDA fallbacks but will not result in inclusion of the ISDA fallback provisions in derivatives contracts with counterparties that do not adhere.

Even if the new ISDA fallback provisions are incorporated into your new and existing derivatives contracts, the discontinuation or non-representative determination of LIBOR and the application of the fallbacks in the updated ISDA definitions may result in a mismatch between the rate, calculations and/or other economics referenced in your derivatives instrument compared your other financial instruments, such as loans for which a derivatives instrument is intended as a hedge. Accordingly, it is important for you to determine any such potential mismatch between fallback amendments to LIBOR-impacted derivatives instruments and other LIBOR-linked financial products. Additionally, the economic result of the ISDA fallback provisions applying to non-linear transactions (*e.g.*, swaptions, interest rate caps/floors and in-arrears swaps) could be different from what the parties had originally contemplated when entering into a LIBOR transaction. Further, amendments to your existing derivatives contracts that are used to hedge specific products (*e.g.*, loans) may require lender or other third-party consents before any amendment is made, including amendments made through adherence to the ISDA 2020 IBOR Fallbacks Protocol or through bilateral amendments.

Prior to entering into any new IBOR-linked product, including LIBOR-linked derivatives transactions, we strongly urge you to ensure that you:

> (1) Understand that, during the lifetime of the product, the applicable IBOR may cease to be published or be a representative benchmark, and therefore may not be appropriate in a number of different ways and/or for a variety of reasons;
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> (2) Understand how the current fallback provisions of the product would operate, keeping in mind that amendments to the product or other action may be required or become desirable as the market conditions continue to evolve in response to IBOR reform;
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> (3) Review the terms of your other IBOR-linked financial instruments, such as derivatives and loan agreements, and consider whether IBOR reform could directly or indirectly result in a mismatch of the rates that apply across your portfolio; and
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> (4) Consider whether to consult and obtain advice from your own independent advisors to assess IBOR reform prior to (i) entering any IBOR-linked product, including derivatives, and (ii) adhering to the ISDA 2020 IBOR Fallbacks Protocol and/or entering into bilateral amendments to address the IBOR transition and amend your existing agreements to meet your hedging, financial, tax and accounting objectives.

For additional information on benchmark reform related to LIBOR and other IBORs, as well as information specific about the relevant rates, please see:

ISDA 2020 IBOR Alternative Reference Rates Disclosure

Interest Rate Derivatives Disclosure Annex

ISDA Launches IBOR Fallbacks and Protocol Press Release

Alternative Reference Rates Committee (ARRC)

The transition from LIBOR and other IBORs to RFRs is a complex process with many current uncertainties. We encourage you to review the information above and referenced herein to ensure that you are aware of the proposed LIBOR and IBOR reforms and associated risks and other considerations, and to engage appropriate legal and other professional advice in considering such risks and other considerations (including adherence to the ISDA 2020 IBOR Fallbacks Protocol and/or entering into other bilateral amendments). We note that CONA does not owe you any duties, nor have any liability to you, in relation to any IBOR reform-related developments. Nothing contained herein should be construed as legal, accounting, tax, trading or other professional advice.