Pricing Supplement to Short Form Base Shelf Prospectus dated January 30, 2018, the Prospectus Supplement thereto dated January 30, 2018 and the Prospectus Supplement thereto dated January 30, 2018

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

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

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or for the account or benefit of U.S. persons.

June 26, 2018

Royal Bank of Canada
Senior Note Program
Index Linked Securities
Maximum US$20,000,000 (200,000 Securities)
RBC S&P 500 Barrier Conditional RoC Securities (USD), Series 2
Due July 11, 2023
Non-Principal Protected Securities

Royal Bank of Canada (the "**Bank**") is offering up to US$20,000,000 of RBC S&P 500 Barrier Conditional RoC Securities (USD), Series 2 (which we refer to as the "**Securities**" for the purpose of this pricing supplement only and not for the purpose of the "base shelf prospectus" as defined below), designed for investors who are prepared and can afford to take the risk that they will lose substantially all of their investment and that regular Partial Principal Repayments (defined herein) will not be made on the Securities, because they believe that the Closing Level (defined herein) of the S&P 500® Index (the "**Index**") will be greater than or equal to the Barrier Level (defined herein) on each Observation Date (defined herein) and that the Final Index Level (defined herein) will be greater than or equal to the Barrier Level. Payment at maturity will be based on the price performance of the Index. Holders of the Securities will also receive Partial Principal Repayments payable semi-annually on each Partial Principal Repayment Date (defined herein) each at a fixed amount of US$2.70 per Security if there is a Digital Payout Event (defined herein) on the immediately preceding Observation Date. The return on the Securities is limited; even if a Digital Payout Event occurs on each Observation Date and the Index Return (defined herein) is positive, the maximum return on the Securities would be equal to US$24.30 per Security plus an amount equal to 5.00% of any Index Return in excess of US$24.30.

The initial estimated value of the Securities as of June 21, 2018 was US$93.58 per Security, which is less than the price to the public and is not an indication of the actual profit to the Bank or its affiliates. The actual value of the Securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value in more detail below. See "Risk Factors" and "Preparation of Initial Estimated Value".

The Securities are described in this pricing supplement delivered together with our short form base shelf prospectus dated January 30, 2018 (the "**base shelf prospectus**"), the prospectus supplement establishing our Senior Note Program dated January 30, 2018 (the "**program supplement**") and a prospectus supplement which generally describes index linked securities that we may offer under our Senior Note Program dated January 30, 2018 (the "**product supplement**").

The Securities are not fixed income securities and are not designed to be alternatives to fixed income or money market instruments. The Securities are structured products that possess downside risk.

The Securities will not constitute deposits insured under the *Canada Deposit Insurance Corporation Act*.

Holders of the Securities will not be subject to United States withholding tax under Section 871(m) of the U.S. Internal Revenue Code.

An investment in the Securities involves risks. An investment in the Securities is not the same as a direct investment in the securities that comprise the index to which the Securities are linked and investors have no rights with respect to the securities underlying such index. The Securities are considered to be "specified derivatives" under applicable Canadian securities laws. If you purchase Securities, you will be exposed to changes in the level of the Index and fluctuations in interest rates, among other factors. Index levels are volatile and an investment in the Securities may be considered to be speculative. Since the Securities are not principal protected and the Principal Amount (defined herein) will be at risk, you could lose substantially all of your investment. See "Risk Factors".

Price: US$100 per Security

Minimum Subscription: US$5,000 (50 Securities)

	Price to public	**Selling Commissions and Dealer's fee**[(1)]	**Net proceeds to the Bank**
Per Security	US$100.00	US$3.00	US$97.00
Total[(2)]	US$20,000,000	US$600,000	US$19,400,000

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(1) A commission of 3.00% of the Principal Amount of Securities issued under this offering will be paid to the Dealers (defined below) for further payment to representatives, including representatives employed by the Dealers, whose clients purchase the Securities. An agency fee will also be paid, from the Bank's own funds, to Laurentian Bank Securities Inc. in an amount up to 0.15% of the Principal Amount of the Securities issued under this offering for acting as independent agent.

(2) Reflects the maximum offering size of the Securities. **There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.**

The Securities are offered severally by RBC Dominion Securities Inc. ("**RBC DS**") and Laurentian Bank Securities Inc. (collectively, the "**Dealers**") as agents under a dealer agreement dated January 30, 2018, as amended or supplemented from time to time. **RBC DS is our wholly owned subsidiary. Consequently, we are a related and connected issuer of RBC DS within the meaning of applicable securities legislation.** See "Dealers" in this pricing supplement and "Plan of Distribution" in the program supplement.

The Securities will not be listed on any stock exchange. Securities may be resold using the Fundserv network at a price determined at the time of sale by the Calculation Agent (defined herein), which price may be lower than the Principal Amount of such Securities. The Securities will also be subject to specified early trading charges, depending on when the Securities are sold. There is no assurance that a secondary market for the Securities will develop or be sustained. See "Secondary Market for Securities", "Description of the Securities–Calculation Agent" and "Risk Factors" in the program supplement and "Secondary Market" in this pricing supplement.

Prospectus for Securities

Securities described in this pricing supplement will be issued under our Senior Note Program and will be unsecured, unsubordinated debt obligations. The Securities are Senior Debt Securities (as defined in the base shelf prospectus referred to below) and are described in four separate documents: (1) the base shelf prospectus, (2) the program supplement, (3) the product supplement, and (4) this pricing supplement, all of which collectively constitute the "prospectus" for the Securities. See "Prospectus for Securities" in the program supplement.

Documents Incorporated by Reference

This pricing supplement is deemed to be incorporated by reference into the base shelf prospectus solely for the purpose of our Senior Note Program and the Securities issued hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the base shelf prospectus and reference should be made to the base shelf prospectus for full particulars.

Caution Regarding Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in the base shelf prospectus and in the documents incorporated by reference therein, in the program supplement, in the product supplement, in this pricing supplement, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements in, or incorporated by reference in, this prospectus include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, the Economic, market, and regulatory review and outlook section of our management's discussion and analysis for the three and six month periods ended or as at April 30, 2018 (the "**Q2 2018 Management's Discussion and Analysis**") and in the Economic, market and regulatory review and outlook section of our management's discussion and analysis for the year ended October 31, 2017 (the "**2017 Management's Discussion and Analysis**") for Canadian, U.S., European and global economies, the regulatory environment in which we operate, the Strategic priorities and Outlook sections in the 2017 Management's Discussion and Analysis as updated by the Overview and outlook section of the Q2 2018 Management's Discussion and Analysis for each of our business segments, and the risk environment including our liquidity and funding risk, and includes our President and Chief Executive Officer's statements. The forward-looking information contained in, or incorporated by reference in, this prospectus is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risks sections of the 2017 Management's Discussion and Analysis and the Risk management section of the Q2 2018 Management's Discussion and Analysis incorporated by reference herein; including global uncertainty and volatility, elevated Canadian housing prices and household indebtedness, information technology and cyber risk, including the risk of cyber-attacks or other information security events at or impacting our service providers or other third parties with whom we interact, regulatory change, technological innovation and non-traditional competitors, global environmental policy and climate change, changes in consumer behaviour, the end of quantitative easing, the business and economic conditions in the geographic regions in which we operate, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency and environmental and social risk.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us or the Securities, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward-looking statements contained in this prospectus are set out in the Overview and outlook section and for each business segment under the Strategic priorities and Overview and outlook headings in our 2017 Management's Discussion and Analysis, as updated by the Overview and outlook section of the Q2 2018 Management's Discussion and Analysis. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections of our 2017 Management's Discussion and Analysis and the Risk management section of the Q2 2018 Management's Discussion and Analysis incorporated by reference in this prospectus.

Royal Bank of Canada
Senior Note Program
Index Linked Securities
Maximum US$20,000,000 (200,000 Securities)
RBC S&P 500 Barrier Conditional RoC Securities (USD), Series 2
Due July 11, 2023
Non-Principal Protected Securities

Issuer:	Royal Bank of Canada (the "**Bank**")
Dealers:	RBC Dominion Securities Inc. ("**RBC DS**") and Laurentian Bank Securities Inc. Laurentian Bank Securities Inc., a dealer to which we are neither related nor connected, participated in the due diligence activities performed by the Dealers in respect of the offering, but did not participate in the structuring and pricing of the offering or the calculation of the initial estimated value of the Securities. See "Plan of Distribution" in the program supplement.
Issue:	RBC S&P 500 Barrier Conditional RoC Securities (USD), Series 2 due July 11, 2023.
Fundserv Code:	RBC9392
Objective of the Securities:	The Securities have been designed for investors who are prepared and can afford to take the risk that they will lose substantially all of their investment and that regular Partial Principal Repayments (defined below) will not be made on the Securities, because they believe that the Closing Level (defined below) will be greater than or equal to the Barrier Level (defined below) on each Observation Date (defined below) and that the Final Index Level (defined below) will be greater than or equal to the Barrier Level. Holders of the Securities will receive a Partial Principal Repayment on each Partial Principal Repayment Date (defined below) for which a Digital Payout Event (defined below) occurred on the immediately preceding Observation Date. If the Final Index Level is greater than or equal to the Barrier Level, holders of the Securities will receive an Aggregate Return (defined below) equal to or exceeding the Partial Principal Repayment Amount (defined below).
Issue Price:	The Securities will be issued at a price equal to their Principal Amount (defined below).
Minimum Investment:	50 Securities or US$5,000.
Denomination:	Securities are issuable in denominations of US$100 (the "**Principal Amount**") and in minimum increments of US$100.
Issue Date:	July 13, 2018 or such other date as may be agreed to by the Bank and the Dealers.
Issue Size:	The maximum issue size will be an aggregate amount of US$20,000,000.
Maturity Date:	July 11, 2023 (approximately a five-year term). See "Description of the Index Linked Securities – Maturity Date and Amount Payable" in the product supplement.
Principal at Risk Securities:	All but 1% of the Principal Amount of the Securities is fully exposed. You could lose substantially all of your investment. See "Description of the Index Linked Securities — Principal at Risk Securities" and "Risk Factors" in the product supplement.
Return of Capital Securities:	The Securities are "RoC Securities". See "Description of the Index Linked Securities – Return of Capital Securities" in the product supplement.
Index:	The return on the Securities is linked to the price performance of the S&P 500® Index (the "**Index**"). See "Description of the Index Linked Securities — Indices" in the product supplement. See Appendix A to this pricing supplement for summary information regarding the Index. Securities do not represent an interest in the Index or in the securities of the companies that comprise the Index, and holders will have no right or entitlement to such securities including, without limitation, redemption rights (if any), voting rights or rights to receive dividends or other distributions paid on such securities (the annual dividend

yield on the Index as of June 20, 2018 was 1.892%, representing an aggregate dividend yield of approximately 9.822% compounded annually over the five-year term, on the assumption that the dividend yield remains constant). There is no requirement for the Bank to hold any interest in the Index or in the securities of the companies that comprise the Index.

This pricing supplement has been prepared for the sole purpose of assisting prospective investors in making an investment decision with respect to the Securities. This pricing supplement relates only to the Securities offered hereby and does not relate to the Index and/or the Index Sponsor (defined below). The Bank and the Dealers have not verified the accuracy or completeness of any information pertaining to the Index or determined whether there has been any omission by the Index Sponsor to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any information has been furnished by the Index Sponsor which may affect the significance or accuracy of such information. Neither the Bank nor any Dealer makes any representation that such publicly available documents or any other publicly available information regarding the Index or the Index Sponsor is accurate or complete. Prospective investors should independently investigate the Index and the Index Sponsor and decide whether an investment in the Securities is appropriate. The Index Sponsor has not participated in the preparation of this pricing supplement and the Securities are not in any way sponsored, endorsed, sold or promoted by the Index Sponsor. See "Description of the Index Linked Securities – Indices" in the product supplement.

Index Sponsor: Standard & Poor's

Initial Index Level: The "**Initial Index Level**" is the Closing Level, as published by the Index Sponsor, on July 6, 2018 (the "**Initial Valuation Date**").

Barrier Level: The "**Barrier Level**" is 70.00% of the Initial Index Level.

Final Index Level: The "**Final Index Level**" is the Closing Level, as published by the Index Sponsor, on July 6, 2023 (the "**Final Valuation Date**").

Closing Level: The "**Closing Level**" on any date is the official closing level of the Index quoted on http://www.standardandpoors.com for such date, as determined by the Calculation Agent (defined below). The official closing level of the Index is available from other sources, such as Bloomberg; however, neither the Bank nor the Dealers make any representation as to the accuracy of such information and all calculations regarding the Closing Level will be made by the Calculation Agent.

Partial Principal Repayments: Holders will receive partial repayments of the Principal Amount (the "**Partial Principal Repayments**" and each, a "**Partial Principal Repayment**") at a fixed amount per semi-annual period of US$2.70 per US$100 Principal Amount, payable semi-annually on each Partial Principal Repayment Date, only if there is a Digital Payout Event on the immediately preceding Observation Date.

Observation Dates: An "**Observation Date**" for the purposes of determining the amount of any Partial Principal Repayment will occur semi-annually on the dates specified below from and including January 7, 2019 to and including January 6, 2023. If any such Observation Date is not an Exchange Day (defined in the product supplement), it shall be postponed to the next succeeding Exchange Day.

The Bank intends the Observation Dates to be:

January 7, 2019	July 8, 2019
January 6, 2020	July 6, 2020
January 6, 2021	July 6, 2021
January 6, 2022	July 6, 2022
January 6, 2023	

Partial Principal Repayment Dates: The "**Partial Principal Repayment Date**" for a Partial Principal Repayment, if any, will occur semi-annually on the dates specified below from and including January 10, 2019 to and including January 11, 2023.

The Bank intends the Partial Principal Repayment Dates to be:

January 10, 2019	July 11, 2019
January 9, 2020	July 9, 2020
January 11, 2021	July 9, 2021
January 11, 2022	July 11, 2022
January 11, 2023	

Partial Principal Repayment Amount: "**Partial Principal Repayment Amount**" means an amount equal to the sum of all the Partial Principal Repayments made per US$100 Principal Amount of Securities.

Outstanding Principal Amount: The "**Outstanding Principal Amount**" on each US$100 Principal Amount per Security at any particular time will be equal to: (i) US$100 minus (ii) the sum of all the Partial Principal Repayments made on the Security at or prior to the particular time.

Digital Payout Event: A "**Digital Payout Event**" will occur if, on the relevant Observation Date, the Closing Level is greater than or equal to the Barrier Level. RBC DS intends to publish whether there has been a Digital Payout Event on each Observation Date on its website at www.rbcnotes.com.

Payment at Maturity: On the Maturity Date, the amount payable (the "**Redemption Amount**") for each US$100 Principal Amount per Security will be equal to the sum of (i) the Outstanding Principal Amount and (ii) the Aggregate Return (which may be positive or negative).

Aggregate Return: The "**Aggregate Return**" is computed per US$100 Principal Amount and is calculated as follows:

If the Index Return is **positive and greater than US$24.30**, the Aggregate Return is equal to the sum of (i) the Partial Principal Repayment Amount and (ii) 5.00% × (Index Return - US$24.30).

If the Index Return is **positive and equal to or lower than US$24.30**, the Aggregate Return is equal to the Partial Principal Repayment Amount.

If the Index Return is **zero or negative but not lower than (i.e., not worse than) -US$30.00** (i.e., the Final Index Level is equal to or above the Barrier Level), the Aggregate Return is equal to the Partial Principal Repayment Amount.

If the Index Return is **negative and lower than (i.e., worse than) -US$30.00** (i.e., the Final Index Level is below the Barrier Level), the Aggregate Return is equal to the sum of (i) the Partial Principal Repayment Amount and (ii) the Index Return. However, the Index Return for the purposes of this calculation will not be lower than -US$99.00.

Index Return: "**Index Return**" means $((X_f / X_i) - 1) \times$ US$100

where:

"X_f" means the Final Index Level, and

"X_i" means the Initial Index Level.

As a result, the Aggregate Return will not be determinable before the Final Valuation Date. See "Risk Factors" below.

Sample Calculations: See Appendix B to this pricing supplement for sample calculations of the Redemption Amount and any Partial Principal Repayments payable on the Securities.

Issuer Credit Rating:

Moody's:	A1
Standard & Poor's:	AA-
DBRS:	AA

The Securities themselves have not been and will not be rated. See "Description of the Securities — Ratings" in the program supplement.

Extraordinary Events: Determination of the Closing Level, including the Initial Index Level and/or the Final Index Level, and the Redemption Amount may be postponed, or the Bank can accelerate determination of the Final Index Level and the Redemption Amount and repay the Securities in full prior to their maturity, in certain circumstances. If an

Extraordinary Event occurs then the Calculation Agent may, but is not required to, make such adjustments to any payment or other term of the Securities as it determines to be appropriate, acting in good faith, to account for the economic effect of such event on the Securities and determine the effective date of any such adjustment. See “Description of the Securities — Special Circumstances” in the program supplement and “Description of the Index Linked Securities — Extraordinary Events” in the product supplement. For the purposes of determining the Actualized Fair Value (defined in the product supplement) per Security upon the occurrence of an Extraordinary Event, in addition to the specific factors described in the product supplement and any other factors that are relevant in the circumstances, the Calculation Agent will determine such Actualized Fair Value per Security on the basis of the then Outstanding Principal Amount.

Summary of Fees and Expenses: A commission of 3.00% of the Principal Amount of Securities issued under this offering will be paid to the Dealers for further payment to representatives, including representatives employed by the Dealers, whose clients purchase the Securities. An agency fee will also be paid, from the Bank’s own funds, to Laurentian Bank Securities Inc. in an amount up to 0.15% of the Principal Amount of the Securities issued under this offering for acting as independent agent. The selling commissions and the agency fee are indirectly borne by holders of the Securities. There are no fees directly payable by a holder of Securities. See “Description of the Securities — Summary of Fees and Expenses” in the program supplement. An early trading charge may also apply. See “Secondary Market” below.

Eligibility for Investment: Eligible for RRSPs, RRIFs, RESPs, RDSPs, DPSPs and TFSAs. See “Eligibility for Investment” in Appendix C, including the summary of the “prohibited investment” rule.

Risk Factors: You should carefully consider all the information set out in this prospectus for any Securities in which you are considering investing. **In particular, you should evaluate the risks described under “Risk Factors” in each of the base shelf prospectus and the product supplement, as well as the risks described below.** The return on the Securities is unknown and subject to many variables, including interest rate fluctuations and changes in the Index levels. You should independently determine, with your own advisors, whether an investment in the Securities is suitable for you having regard to your own investment objectives and expectations.

Limited Upside Participation by the Securities

The return on the Securities is limited; even if the Closing Level is greater than the Barrier Level on each Observation Date and the Index Return is positive, the maximum return on the Securities would be equal to US$24.30 per Security plus an amount equal to 5.00% of the Index Return in excess of US$24.30 (if any).

Uncertain Return until Final Valuation Date

The return, if any, on the Securities will be uncertain until the Final Valuation Date. Whether there is a return on the Securities will depend on the Closing Level on the Observation Dates and the Final Valuation Date. No Partial Principal Repayment will be made on a Partial Principal Repayment Date unless there is a Digital Payout Event on the immediately preceding Observation Date. There can be no assurance that the Securities will generate a positive return or that the objectives of the Securities will be achieved and, in particular, there is a substantial risk of the Aggregate Return being negative. Other than the Partial Principal Repayments which may be payable, holders of the Securities may not be repaid the amount they invested in the Securities (other than US$1.00 per Security), depending on the price performance of the Index. Historical levels of the Index should not be considered as an indication of the future price performance of the Index. Investors should understand that the risk involved in this type of investment is greater than that normally associated with other types of investments.

Volatility May Affect the Return on or Trading Value of the Securities

Volatility is the term used to describe the size and frequency of price and/or market fluctuations. If the volatility, or anticipated volatility, of the Index changes over the term of the Securities, the trading value of the Securities may be adversely affected. In addition, if the Closing Level on an Observation Date is less than the Barrier Level, you will not receive a Partial Principal Repayment on the relevant Partial Principal Repayment Date, and if the Final Index Level is less than the Barrier Level, the Aggregate Return will be reduced. In periods of high volatility, the likelihood of an investor not receiving some or all of the Partial Principal Repayments increases.

The Initial Estimated Value of the Securities Is Less than the Price to the Public and May not Reflect the Secondary Market Price, if any, of the Securities

The initial estimated value set forth on the cover page of this pricing supplement does not represent a minimum price at which the Bank, RBC DS or any of our affiliates would be willing to purchase the Securities in any secondary market (if any exists) at any time. If you attempt to sell the Securities prior to maturity, their market value may be lower than the initial estimated value and the price you paid for them. This is due to, among other things, changes in the level of the Index and the inclusion in the price to the public of the selling commissions and the agency fee, as well as an amount retained by the Bank to compensate it for the creation, issuance and maintenance of the Securities (which may or may not also include any costs of its hedging obligations thereunder). These factors, together with various market and economic factors over the term of the Securities, could reduce the price at which you may be able to sell the Securities in any secondary market and will affect the value of the Securities in complex and unpredictable ways. Even if there is no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Securities prior to maturity may be less than your original purchase price. The Securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Securities to maturity.

The Initial Estimated Value of the Securities Is an Estimate Only, Calculated as of the Time the Terms of the Securities Were Set

The initial estimated value of the Securities is based on the value of the Bank's obligation to make the payments on the Securities. The return on the Securities can be replicated by purchasing and selling a combination of financial instruments, such as call options and put options. The fair value of the financial instrument components that would replicate the return on the Securities is equal to the fair value of the Securities. The Bank's estimate is based on a variety of assumptions, which may include expectations as to dividends, interest rates, the Bank's internal funding rates and volatility, and the term to maturity of the Securities. The Bank's internal funding rates may differ from the market rates for the Bank's conventional debt securities. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Securities or similar securities at a price that is significantly different than the Bank does. The value of the Securities at any time after the date of this pricing supplement will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Securities in the secondary market, if any, should be expected to differ materially from the initial estimated value of the Securities.

Preparation of Initial Estimated Value:

The Securities are debt securities of the Bank, the return on which is linked to the price performance of the Index. In order to satisfy the Bank's payment obligations under the Securities, the Bank may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the Issue Date which may or may not be with RBC DS or one of our other subsidiaries. The terms of these hedging arrangements, if any, take into account a number of factors, including the Bank's creditworthiness, interest rate movements, the volatility of the Index, and the term to maturity of the Securities.

The price of the Securities to the public also reflects the selling commissions and the agency fee, as well as an amount retained by the Bank to compensate it for the creation, issuance and maintenance of the Securities (which may or may not also include any costs of its hedging obligations thereunder). The initial estimated value for the Securities shown on the cover page will therefore be less than their public offering price. See “Risk Factors – The Initial Estimated Value of the Securities Is Less than the Price to the Public and May not Reflect the Secondary Market Price, if any, of the Securities” above.

The Bank has adopted written policies and procedures for determining the fair value of Securities issued by it pursuant to the Senior Note Program. These policies and procedures include: (a) methodologies used for valuing each type of financial instrument component that can be used in combination to replicate the return of the Securities; (b) the methods by which the Bank will review and test valuations to assess the quality of the prices obtained as well as the general functioning of the valuation process; and (c) how to deal with conflicts of interest.

Suitability for Investment:

You should consult with your advisors regarding the suitability of an investment in the Securities. The Securities may be suitable for:

- investors seeking an investment product with exposure to the large-cap segment of the United States equity market
- investors who believe that the Closing Level will be equal to or above the Barrier Level on each Observation Date and on the Final Valuation Date
- investors who believe that the Final Index Level will not be below the Barrier Level
- investors who are willing and can afford to risk substantially all of the principal amount of their investment
- investors looking for the potential to earn a return linked to the price performance of the Index and who are prepared to assume the risks associated with an investment linked to the price performance of the Index
- investors with an investment horizon equal to the term to maturity of the Securities who are prepared to hold the Securities until maturity
- investors who are prepared to take the risk that regular Partial Principal Repayments will not be made on the Securities
- investors who understand that the potential return on the Securities is limited; the maximum return on the Securities is equal to US$24.30 per Security plus an amount equal to 5.00% of the Index Return in excess of US$24.30 (if any)

Book-entry Only Securities:

The Securities will be Fundserv Securities (defined in the program supplement) and will be issued through the “book-entry-only system”. See “Description of the Securities – Global Securities” and “– Legal Ownership” in the program supplement.

If the Securities are issued in fully registered and certificated form in the circumstances described in the program supplement under “Description of the Securities – Legal Ownership – Book-Entry-Only Fundserv Securities”, any Partial Principal Repayments will be paid by the Bank to the registered holder.

Listing:

The Securities will not be listed on any stock exchange. See “Risk Factors” in the product supplement.

Secondary Market:

Securities may be purchased through dealers and other firms that facilitate purchase and related settlement using the Fundserv network. Securities may be resold using the Fundserv network at a sale price equal to the price posted on Fundserv as of the close of business on the Exchange Day on which the order is placed, as determined by and posted to Fundserv by the Calculation Agent, which sale price may be lower than the Principal Amount of such Securities, and such purchase price may be less an early trading charge as specified below. See “Risk Factors – The Initial Estimated Value of the Securities Is Less than the Price to the Public and May not Reflect the Secondary Market Price, if any, of the Securities” above.

Information regarding the Closing Level, the Barrier Level and the daily closing price for the Securities may be accessed at www.rbcnotes.com. There is no assurance that a secondary market for the Securities will develop or be sustained. See “Secondary Market for Securities” in the program supplement.

If a Security is sold within the first 540 days from the Issue Date, the proceeds from the sale of the Securities will be reduced by an early trading charge ("**Early Trading Charge**") equal to a percentage of the Principal Amount determined as set out below.

If Sold Within the Following No. of Days from Issue Date	Early Trading Charge (% of Principal Amount)
1 - 180 days	3.50%
181 - 270 days	3.00%
271 - 360 days	2.50%
361 - 450 days	1.50%
451 - 540 days	0.50%
Thereafter	Nil

Fiscal Agent: RBC DS. See "Description of the Securities – Fiscal Agency, Calculation Agency and Fundserv Depository Agreement" in the program supplement.

Calculation Agent: RBC DS. See "Description of the Securities – Calculation Agent" in the program supplement and "Risk Factors" in the product supplement.

Tax: An initial purchaser of Securities who acquires Securities from the Bank on the Issue Date and who, at all relevant times, for purposes of the *Income Tax Act* (Canada), is an individual (other than a trust), is a resident of Canada, deals at arm's length with and is not affiliated with the Bank, and acquires and holds the Securities as capital property until maturity is herein referred to as a "**Resident Holder**". Any Partial Principal Repayments received before maturity in respect of the Securities should not be included in the Resident Holder's income when received, but rather should reduce the Resident Holder's adjusted cost base of the Securities. However, a Resident Holder will be required to include in income, on a transfer of a Security occurring before it matures, any excess of the price for which it was so transferred by the Resident Holder over its outstanding principal amount at the time of the transfer. Furthermore, a Resident Holder will be required to include in computing income for the taxation year in which the Maturity Date occurs the amount, if any, by which the amount payable to the Resident Holder at maturity exceeds the Outstanding Principal Amount immediately before that time, except to the extent such amount has been previously included in the income of the Resident Holder in a previous taxation year. If the Resident Holder receives an amount less than the adjusted cost base of the Securities to the Resident Holder, the Resident Holder will realize a capital loss equal to the shortfall. All amounts relating to the acquisition, holding or disposition of the Securities must be converted into Canadian dollars on the relevant day for Canadian income tax purposes. See "Certain Canadian Tax Considerations" in Appendix C. **Potential purchasers of Securities should consult with their own tax advisors having regard to their particular circumstances.**

APPENDIX A

Summary Information Regarding the Index

The following is a summary description of the S&P 500® Index based on information obtained from the Index Sponsor's website at www.standardandpoors.com.

Index	S&P 500® Index
Country	United States
Current Exchanges	New York Stock Exchange; The NASDAQ Stock Market; Chicago Mercantile Exchange; Chicago Board Options Exchange
Index Sponsor	Standard & Poor's
Number of Component Securities	500
Method of Calculation	Market Capitalization Weighted
Closing Level (June 20, 2018)	2,767.32

General Description

We have obtained all information regarding the S&P 500® Index contained herein, including its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Standard & Poor's ("**S&P**"). S&P has no obligation to continue to publish, and may discontinue publication of, the S&P 500® Index.

The S&P 500® Index is the most widely accepted barometer of the U.S. market. It includes 500 blue-chip, large-cap stocks, which together represent about 80% of the total U.S. equities market. Companies eligible for addition to the S&P 500® Index have a market capitalization of at least US$6.1 billion. S&P chooses companies for inclusion in the S&P 500® Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of its stock guide database, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the S&P 500® Index to achieve the objectives stated above. S&P calculates the S&P 500® Index by reference to the prices of the S&P constituent stocks without taking account of the value of dividends or other distributions paid on such stocks.

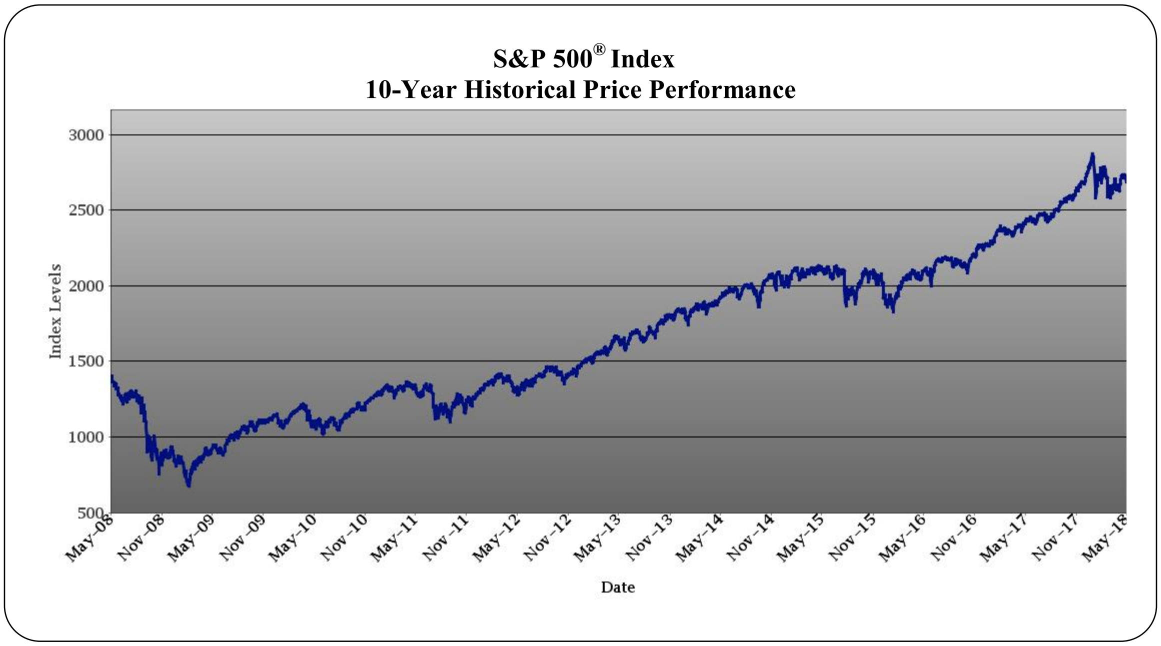
S&P currently computes the S&P 500® Index as of a particular time as follows: the product of the market price per share and the number of then outstanding shares of each component stock is determined as of that time (referred to as the "market value" of that stock); the market values of all component stocks as of that time are aggregated; the mean average of the market values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined; the mean average market values of all these common stocks over the base period are aggregated (the aggregate amount being referred to as the "base value"); the current aggregate market value of all component stocks is divided by the base value; and the resulting quotient, expressed in decimals, is multiplied by ten. While S&P currently employs the above methodology to calculate the S&P 500® Index, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the amount payable at maturity to beneficial owners of the Securities. S&P adjusts the foregoing formula to offset the effects of changes in the market value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. These changes may result from causes such as the issuance of stock dividends; the granting to shareholders of rights to purchase additional shares of stock; the purchase of shares by employees pursuant to employee benefit plans; consolidations and acquisitions; the granting to shareholders of rights to purchase other securities of the issuer; the substitution by S&P of particular component stocks in the S&P 500® Index; or other reasons. In these cases, S&P first recalculates the aggregate market value of all component stocks, after taking account of the new market price per share of the particular component stock or the new number of outstanding shares of that stock or both, as the case may be, and then determines the new base value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the base value is adjusted in proportion to any change in the aggregate market value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of these causes upon the S&P 500® Index.

Historical Price Performance

The following chart sets forth the historical price performance of the S&P 500® Index for the period from May 30, 2008 to May 31, 2018. Historical price performance does not take into account distributions or dividends paid on the securities underlying the S&P 500® Index.



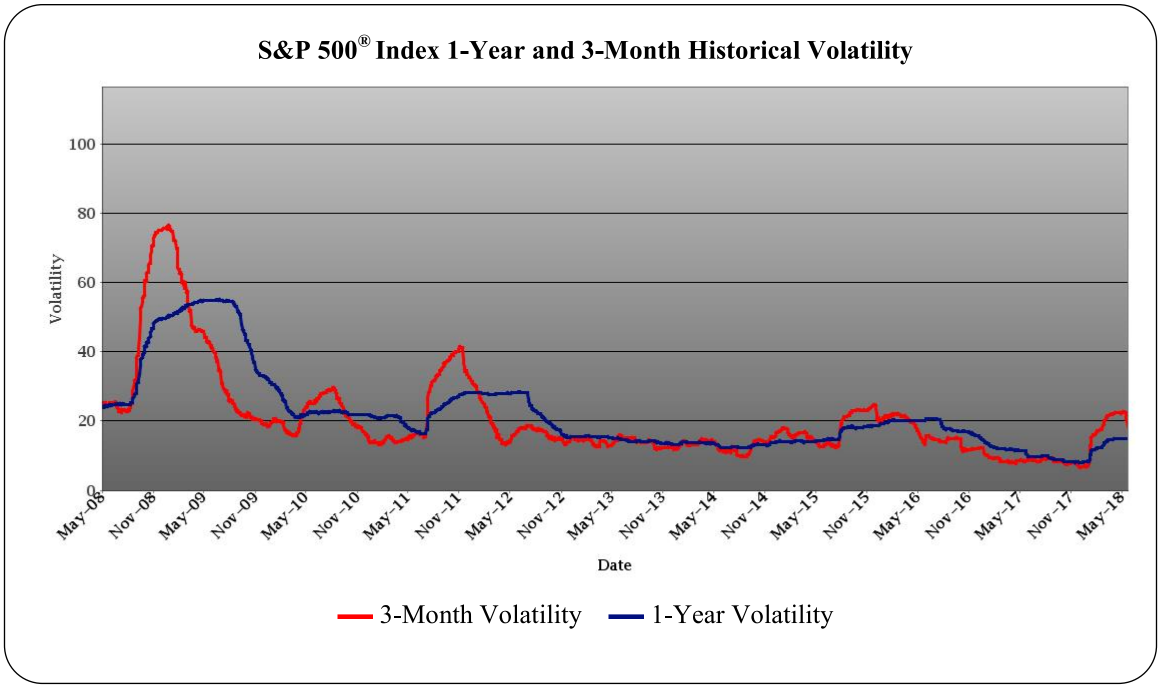
Historical price performance of the S&P 500® Index will not necessarily predict future price performance of the S&P 500® Index or the Securities. The source of the data displayed in this chart is Bloomberg L.P. and its accuracy cannot be guaranteed.

Historical annual percentage change of the S&P 500® Index										
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Percentage change (%)	-38.49	23.45	12.78	-0.00	13.41	29.60	11.39	-0.73	9.54	19.42

Source: Bloomberg L.P.: Measures annualized period as of December 31 of the previous year.

The following chart sets forth the one-year and three-month historical volatility of the S&P 500® Index for the period from May 30, 2008 to May 31, 2018.

Historical volatility is not a guarantee of future volatility.



The source of the data displayed in this chart is Bloomberg L.P. and its accuracy cannot be guaranteed.

Volatility is the term used to describe the magnitude and frequency of the changes in a security's value over a given time period. A higher volatility means that a security's value can potentially be spread out over a larger range of values. This means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate dramatically, but changes in value at a steady pace over a period of time.

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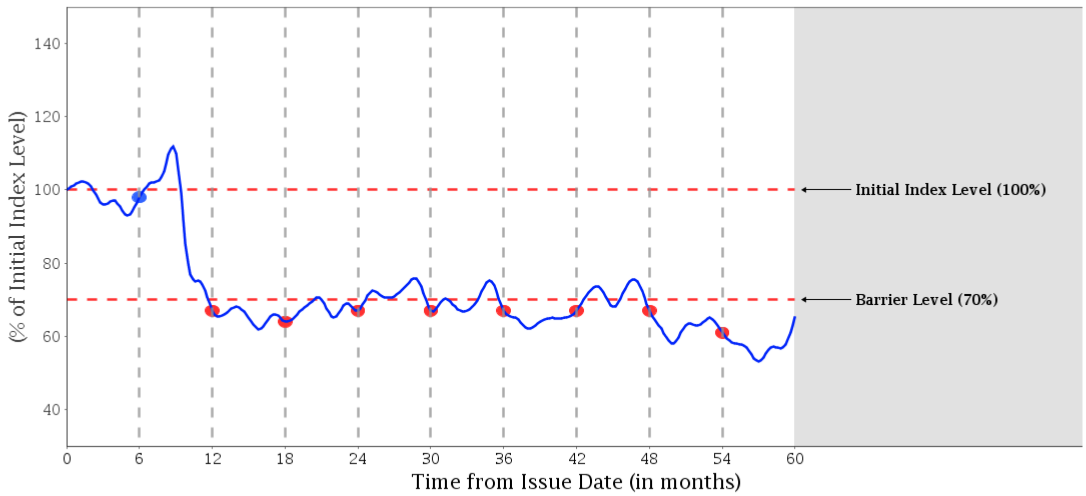
APPENDIX B

Sample Calculations of Redemption Amount and Partial Principal Repayments

The examples set out below are included for illustration purposes only. The price performance of the Index used to illustrate the calculation of the Redemption Amount and the Partial Principal Repayments over the term of the Securities is not an estimate or forecast of the price performance of the Index or the Securities. All examples assume that a holder of the Securities has purchased Securities with an aggregate Principal Amount of US$100 and that no Extraordinary Event has occurred. All examples assume a Barrier Level of 70.00% of the Initial Index Level. For convenience, each vertical line in the charts below represents both a hypothetical Observation Date and the next succeeding Partial Principal Repayment Date. Certain dollar amounts are rounded to the nearest whole cent.

Example #1 — A Partial Principal Repayment Paid and Index Return Negative and Lower than (i.e., worse than) -US$30.00



- Indicates Observation Dates on which the Barrier Level is breached; therefore no Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- Indicates Observation Dates on which there is a Digital Payout Event; therefore a Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- S&P 500® Index

(i) Partial Principal Repayments

In this example, there is a Digital Payout Event on 1 of the 9 Observation Dates. On the other 8 Observation Dates, no Digital Payout Event would occur because the Closing Level is below the Barrier Level. Therefore, the Partial Principal Repayment of US$2.70 per semi-annual period would be payable for 1 semi-annual period on the applicable Partial Principal Repayment Date. The Partial Principal Repayment Amount over the term of the Securities is as follows:

$$\text{US\$2.70 per semi-annual period} \times 1 \text{ period}$$

$$\text{US\$2.70} \times 1 = \text{US\$2.70}$$

(ii) Calculation of Outstanding Principal Amount

The Outstanding Principal Amount per Security is equal to US$100 minus the Partial Principal Repayment Amount. Therefore, the Outstanding Principal Amount per Security is as follows:

$$\text{US\$100} - \text{US\$2.70} = \text{US\$97.30}$$

(iii) Calculation of Index Return

Assuming the Initial Index Level (X_i) is 2,762.59 and the Final Index Level (X_f) is 1,795.68, the Index Return is as follows:

$$((X_f / X_i) - 1) \times \text{US\$100}$$

$$((1{,}795.68 / 2{,}762.59) - 1) \times \text{US\$100} = -\text{US\$35.00}$$

(iv) Calculation of Aggregate Return

Since the Index Return is negative and lower than -US$30.00, the Aggregate Return per Security is equal to the sum of (i) the Partial Principal Repayment Amount and (ii) the Index Return (which shall not be lower than -US$99.00). The Aggregate Return per Security is as follows:

US$2.70 + -US$35.00 = -US$32.30

(v) Redemption Amount

The Redemption Amount per Security is equal to the Outstanding Principal Amount plus the Aggregate Return per Security. Therefore, the Redemption Amount per Security is as follows:

US$97.30 + -US$32.30 = US$65.00

Therefore, the total amounts payable per Security from the Issue Date to the Maturity Date are:

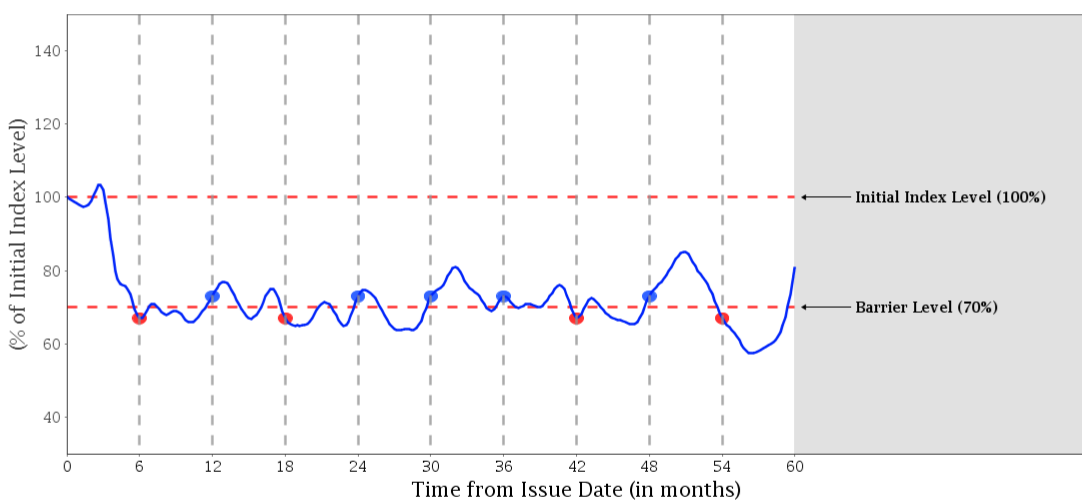
(a) Partial Principal Repayment Amount: US$2.70

(b) Redemption Amount: US$65.00

(c) Total amount paid over the term of the Securities: US$67.70

The equivalent annually compounded rate of return in this example is -7.51%.

Example #2 — Some Partial Principal Repayments Paid and Index Return Zero or Negative but not Lower than (i.e., not worse than) -US$30.00



- Indicates Observation Dates on which the Barrier Level is breached; therefore no Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- Indicates Observation Dates on which there is a Digital Payout Event; therefore a Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- S&P 500® Index

(i) Partial Principal Repayments

In this example, there is a Digital Payout Event on 5 of the 9 Observation Dates. On the other 4 Observation Dates, no Digital Payout Event would occur because the Closing Level is below the Barrier Level. Therefore, the Partial Principal Repayment of US$2.70 per semi-annual period would be payable for 5 semi-annual periods on the applicable Partial Principal Repayment Date. The Partial Principal Repayment Amount over the term of the Securities is as follows:

US$2.70 per semi-annual period × 5 periods

US$2.70 × 5 = US$13.50

(ii) Calculation of Outstanding Principal Amount

The Outstanding Principal Amount per Security is equal to US$100 minus the Partial Principal Repayment Amount. Therefore, the Outstanding Principal Amount per Security is as follows:

US$100 - US$13.50 = US$86.50

(iii) Calculation of Index Return

Assuming the Initial Index Level (X_i) is 2,762.59 and the Final Index Level (X_f) is 2,229.41, the Index Return is as follows:

$$((X_f / X_i) - 1) \times \text{US\$}100$$

$$((2{,}229.41 / 2{,}762.59) - 1) \times \text{US\$}100 = -\text{US\$}19.30$$

(iv) Calculation of Aggregate Return

Since the Index Return is zero or negative but not lower than -US$30.00, the Aggregate Return per Security is equal to the Partial Principal Repayment Amount of US$13.50.

(v) Redemption Amount

The Redemption Amount per Security is equal to the Outstanding Principal Amount plus the Aggregate Return per Security. Therefore, the Redemption Amount per Security is as follows:

US$86.50 + US$13.50 = US$100.00

Therefore, the total amounts payable per Security from the Issue Date to the Maturity Date are:

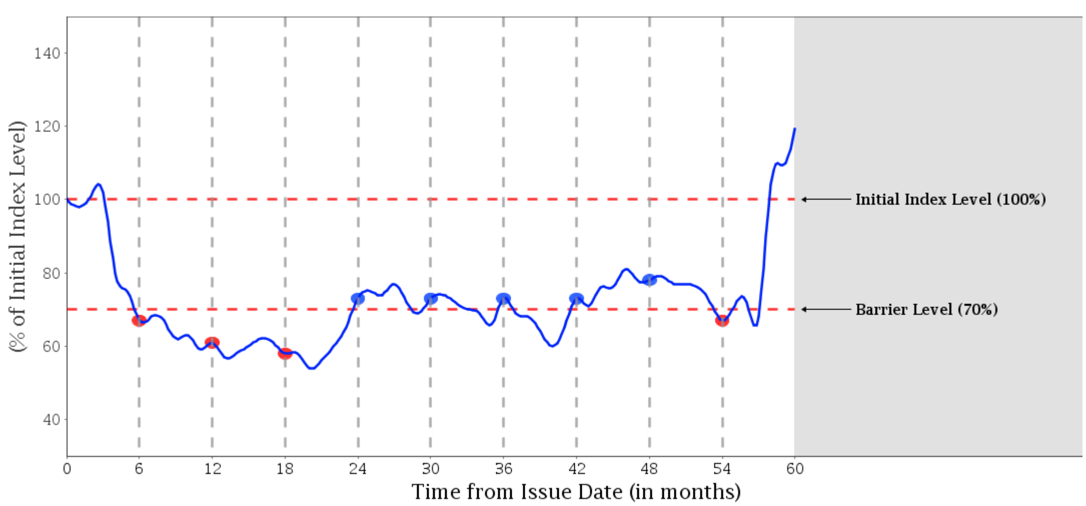
(a) Partial Principal Repayment Amount: US$13.50

(b) Redemption Amount: US$100.00

(c) Total amount paid over the term of the Securities: US$113.50

The equivalent annually compounded rate of return in this example is 2.56%.

Example #3 — Some Partial Principal Repayments Paid and Index Return Positive and Equal to or Lower than US$24.30



- Indicates Observation Dates on which the Barrier Level is breached; therefore no Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- Indicates Observation Dates on which there is a Digital Payout Event; therefore a Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- S&P 500® Index

(i) Partial Principal Repayments

In this example, there is a Digital Payout Event on 5 of the 9 Observation Dates. On the other 4 Observation Dates, no Digital Payout Event would occur because the Closing Level is below the Barrier Level. Therefore, the Partial Principal Repayment of US$2.70 per semi-annual period would be payable for 5 semi-annual periods on the applicable Partial Principal Repayment Date. The Partial Principal Repayment Amount over the term of the Securities is as follows:

US$2.70 per semi-annual period × 5 periods

US$2.70 × 5 = US$13.50

(ii) Calculation of Outstanding Principal Amount

The Outstanding Principal Amount per Security is equal to US$100 minus the Partial Principal Repayment Amount. Therefore, the Outstanding Principal Amount per Security is as follows:

US$100 - US$13.50 = US$86.50

(iii) Calculation of Index Return

Assuming the Initial Index Level (X_i) is 2,762.59 and the Final Index Level (X_f) is 3,295.77, the Index Return is as follows:

$$((X_f / X_i) - 1) \times \text{US\$}100$$

$$((3{,}295.77 / 2{,}762.59) - 1) \times \text{US\$}100 = \text{US\$}19.30$$

(iv) Calculation of Aggregate Return

Since the Index Return is positive and equal to or lower than US$24.30, the Aggregate Return per Security is equal to the Partial Principal Repayment Amount of US$13.50.

(v) Redemption Amount

The Redemption Amount per Security is equal to the Outstanding Principal Amount plus the Aggregate Return per Security. Therefore, the Redemption Amount per Security is as follows:

US$86.50 + US$13.50 = US$100.00

Therefore, the total amounts payable per Security from the Issue Date to the Maturity Date are:

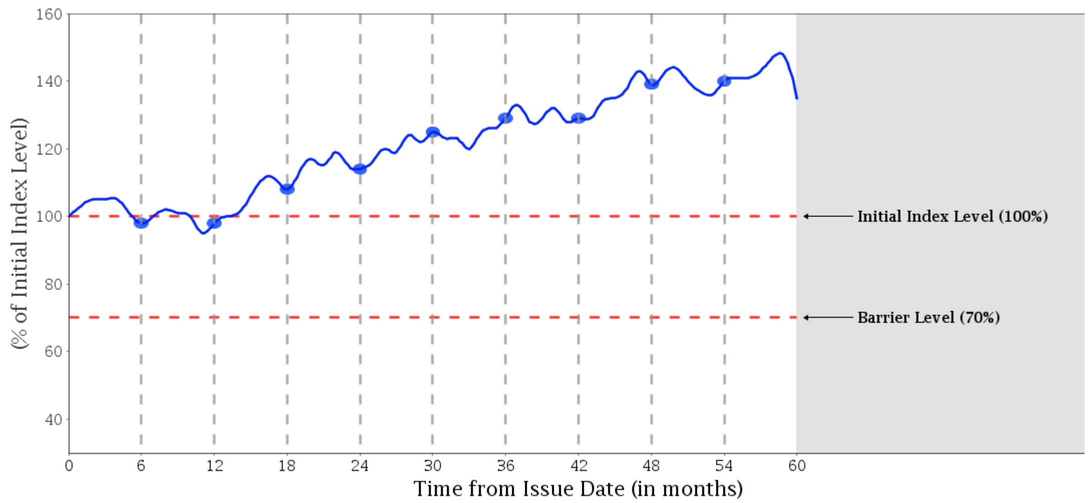
(a) Partial Principal Repayment Amount: US$13.50

(b) Redemption Amount: US$100.00

(c) Total amount paid over the term of the Securities: US$113.50

The equivalent annually compounded rate of return in this example is 2.56%.

Example #4 — All Partial Principal Repayments Paid and Index Return Positive and Greater than US$24.30



- Indicates Observation Dates on which the Barrier Level is breached; therefore no Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- Indicates Observation Dates on which there is a Digital Payout Event; therefore a Partial Principal Repayment will occur on the related Partial Principal Repayment Date.
- S&P 500® Index

(i) Partial Principal Repayments

In this example, there is a Digital Payout Event on each of the 9 Observation Dates because the Closing Level is at or above the Barrier Level on each such date. Therefore, the Partial Principal Repayment of US$2.70 per semi-annual period would be payable on each Partial Principal Repayment Date, and the Partial Principal Repayment Amount over the term of the Securities is as follows:

US$2.70 per semi-annual period × 9 periods

US$2.70 × 9 = US$24.30

(ii) Calculation of Outstanding Principal Amount

The Outstanding Principal Amount per Security is equal to US$100 minus the Partial Principal Repayment Amount. Therefore, the Outstanding Principal Amount per Security is as follows:

US$100 - US$24.30 = US$75.70

(iii) Calculation of Index Return

Assuming the Initial Index Level (X_i) is 2,762.59 and the Final Index Level (X_f) is 3,729.50, the Index Return is as follows:

$$((X_f / X_i) - 1) \times \text{US\$}100$$

$$((3{,}729.50 / 2{,}762.59) - 1) \times \text{US\$}100 = \text{US\$}35.00$$

(iv) Calculation of Aggregate Return

Since the Index Return is positive and greater than US$24.30, the Aggregate Return per Security is equal to the sum of (i) the Partial Principal Repayment Amount and (ii) 5.00% × (Index Return - US$24.30). Therefore, the Aggregate Return per Security is as follows:

US$24.30 + (5.00% × (US$35.00 - US$24.30)) = US$24.84

(v) Redemption Amount

The Redemption Amount per Security is equal to the Outstanding Principal Amount plus the Aggregate Return per Security. Therefore, the Redemption Amount per Security is as follows:

$$US\$75.70 + US\$24.84 = US\$100.54$$

Therefore, the total amounts payable per Security from the Issue Date to the Maturity Date are:

(a) Partial Principal Repayment Amount: US$24.30

(b) Redemption Amount: US$100.54

(c) Total amount paid over the term of the Securities: US$124.84

The equivalent annually compounded rate of return in this example is 4.54%.

APPENDIX C

Certain Canadian Tax Considerations

In the opinion of the Bank's counsel, Davies Ward Phillips & Vineberg LLP, the following summary fairly describes the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to an initial purchaser of Securities under this pricing supplement who, at all relevant times, for purposes of the Tax Act, deals at arm's length with and is not affiliated with the Bank (a "**Holder**").

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act or such Regulations publicly announced by the federal Minister of Finance prior to the date hereof (the "**Proposals**") and counsel's understanding of the current administrative policies and practices of the Canada Revenue Agency ("**CRA**"). Except for the Proposals, this summary does not take into account or anticipate any changes (including retroactive changes) in the law or the administrative policies or practices of the CRA, whether by judicial, regulatory, governmental or legislative action, nor does it take into account tax laws of any province or territory of Canada, or of any jurisdiction outside Canada. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation. No assurance can be given that the Proposals will be implemented in their current form, or at all. This summary assumes that the Holder will neither undertake nor arrange a transaction in respect of the Securities primarily for the purpose of obtaining a tax benefit, has not entered into a "derivative forward agreement" (as defined in the Tax Act) in respect of the Securities and that the Securities are not issued at a discount.

This summary is of a general nature only and is not intended to constitute, nor should it be relied upon or construed as, tax advice to any particular Holder, nor is it exhaustive of all possible Canadian federal income tax considerations. Holders should consult their own tax advisors as to the potential consequences to them of the acquisition, ownership and disposition of Securities having regard to their particular circumstances. All amounts relating to the acquisition, holding or disposition of Securities must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada for the day the amount first arose, or such other rate of exchange as is acceptable to the CRA.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act, is an individual (other than a trust) resident in Canada who acquires and holds the Securities as capital property (a "**Resident Holder**"). Certain Resident Holders who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, have their Securities, and all other "Canadian securities" (as defined in the Tax Act) owned by such Resident Holders in the taxation year and each subsequent taxation year, treated as capital property as a result of having made the irrevocable election permitted by subsection 39(4) of the Tax Act.

Partial Principal Repayments

Any Partial Principal Repayments are specified under the terms of the Securities to be repayments of principal and not to be payments of interest thereon. In addition, while any Return (defined below) on the Securities will be income (see the definition and discussion of the Return below under "Payment at Maturity or Earlier Repayment in Full"), it may not be interest. Moreover, there is a substantial risk that minimal, or no Return will be received (see "Risk Factors" in this pricing supplement). Accordingly, Partial Principal Repayments should not be regarded as payments as, on account of, in lieu of payment of or in satisfaction of, current or future interest on the Securities. In light of inter alia the foregoing, the Bank's counsel is of the view that Partial Principal Repayments received before the Maturity Date in respect of the Securities should not be included in the Resident Holder's income when received but, rather, should reduce the Resident Holder's adjusted cost base of the Securities.

Holding of Securities

In certain circumstances, provisions of the Tax Act require a holder of a "prescribed debt obligation" (as defined for the purposes of the Tax Act) to include in income as interest for each taxation year the amount of any interest, bonus or premium receivable on the obligation over its term based on the maximum amount of interest, bonus or premium receivable on the obligation. While the Securities will generally be considered to be prescribed debt obligations to a Resident Holder, counsel understands that the CRA's current administrative practice is not to require any accrual of interest on a prescribed debt obligation until such time as the return thereon becomes determinable. Counsel has been advised that the Bank anticipates that throughout each taxation year ending before the Maturity Date (or throughout the portion of a taxation year ending with the date of their earlier repayment in full) the return on the Securities generally will not be determinable. Where this is the case, on the basis of such understanding of the CRA's administrative practice, there should be no deemed accrual of interest on the Securities for taxation years (being calendar years) of a Resident Holder ending prior to the Maturity Date (or, if applicable, the date of their earlier repayment in full), except as described below under "Disposition of Securities" where a Security is transferred before such date.

Payment at Maturity or Earlier Repayment in Full

A Resident Holder who holds the Securities until the Maturity Date (or earlier repayment in full by the Bank) will be required to include in computing the Resident Holder's income for the taxation year in which the Maturity Date (or earlier repayment in full) occurs the amount, if any, by which the amount payable at the Maturity Date (or earlier repayment in full) exceeds the Outstanding Principal Amount of the Securities immediately prior to that date (the "**Return**") except to the extent previously included by the Resident Holder in income. Alternatively, the Resident Holder will realize a capital loss to the extent that the amount received on such date is less than the Resident Holder's adjusted cost base of such Securities (which generally should be equal to the cost of the Securities to the Resident Holder less the total amount of the Partial Principal Repayments previously received by the Resident Holder). The income tax considerations associated with the realization of a capital loss are described below.

Disposition of Securities

Where a Resident Holder disposes of a Security (other than to the Bank on the Maturity Date or earlier repayment in full), the Tax Act requires the amount of interest, if any, accrued on the Security that is unpaid at that time to be included in computing the income of the Resident Holder for the taxation year in which the disposition occurs (except to the extent such amount has otherwise been included in computing the income of the Resident Holder for that year or a preceding year), and excludes such amount from the proceeds of disposition. On an assignment or other transfer of a Security by a Resident Holder (other than to the Bank on the Maturity Date or earlier repayment in full), a formula amount will be deemed to have accrued on the Security up to the time of the transfer, so that such amount will be required to be included in the income of the Resident Holder for the taxation year of the Resident Holder in which the transfer occurs. Such formula amount equals the excess, if any, of the price for which it is so transferred (converted, where applicable, into Canadian dollars using the exchange rate prevailing at the time of the transfer) over its U.S. dollar outstanding principal amount at such time converted into Canadian dollars using the exchange rate prevailing at such time.

The Resident Holder should realize a capital loss (or a capital gain) to the extent that the proceeds of disposition, net of amounts included in income as interest (including any formula amount as described above) and any reasonable costs of disposition, are less than (or exceed) the Resident Holder's adjusted cost base of the Securities (which generally should be equal to the cost of the Securities to the Resident Holder less the total amount of the Partial Principal Repayments previously received by the Resident Holder). Resident Holders who dispose of Securities prior to the Maturity Date (or earlier repayment in full) should consult their own tax advisors with respect to their particular circumstances.

Treatment of Capital Gains and Losses

One-half of any capital gain realized will constitute a taxable capital gain that must be included in the calculation of the Resident Holder's income. One-half of any capital loss realized is deductible against taxable capital gains of the Resident Holder, subject to and in accordance with the provisions of the Tax Act.

Holders Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act is neither resident nor deemed to be resident in Canada, deals at arm's length with any Canadian resident (or deemed Canadian resident) to whom the Holder disposes of the Securities, is neither a "specified shareholder" of the Bank nor a person who does not deal at arm's length with a specified shareholder of the Bank for purposes of the "thin capitalization" rule contained in subsection 18(4) of the Tax Act, does not use or hold and is not deemed to use or hold the Securities in the course of carrying on a business in Canada and is not an insurer carrying on an insurance business in Canada and elsewhere (a "**Non-Resident Holder**").

Interest paid or credited or deemed to be paid or credited on the Securities (including any amount paid at the Maturity Date (or earlier repayment in full) in excess of the principal amount and any interest deemed to be paid in certain cases involving the assignment or other transfer of a Security to a resident or deemed resident of Canada) to a Non-Resident Holder will not be subject to Canadian non-resident withholding tax unless any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class of shares of the capital stock of a corporation ("**Participating Debt Interest**"). Having regard to the terms of the Securities, interest paid or credited or deemed to be paid or credited on the Securities should not be considered to be Participating Debt Interest.

Eligibility for Investment

The Securities, if issued on the date of this pricing supplement, would be qualified investments (for purposes of the Tax Act) for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), tax-free savings accounts ("**TFSAs**"), registered disability savings plans ("**RDSPs**"), registered education savings plans ("**RESPs**") and deferred profit sharing plans ("**DPSPs**"), each within the meaning of the Tax Act (other than a DPSP to which payments are made by the Bank or a corporation or partnership with which the Bank does not deal at arm's length within the meaning of the Tax Act).

Notwithstanding the foregoing, if Securities are "prohibited investments" (as that term is defined in the Tax Act) for an RRSP, RRIF, TFSA, RDSP or RESP, the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be (each a "**Plan Holder**"), will be subject to a penalty tax as set out in the Tax Act. Securities will be "prohibited investments" for an RRSP, RRIF, TFSA, RDSP or RESP of a Plan Holder who has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Bank or who does not deal at arm's length, within the meaning of the Tax Act, with the Bank.