



## RBC Principal Protected Canadian Financials LEOS®, Series 54

**5.5 year term****100%** Principal  
Protection at Maturity**125%** of the appreciation of a  
portfolio of 6 Canadian Bank shares

This Note is a 5.5 year investment designed to provide exposure to an equally weighted basket of the six largest Canadian Banks. Investors will receive 125% of the price appreciation of the Portfolio of Canadian Banks should the Portfolio rise in value and will receive their full principal amount at maturity should the Portfolio decrease in value. The principal amount is guaranteed by RBC on the maturity date of June 13, 2024.

**Offering Closes****December 7, 2018****Maturity Date****June 13, 2024****FundSERV****RBC2020****Website****[www.rbcnotes.com](http://www.rbcnotes.com)****Equity Portfolio**

Bank of Montreal  
The Bank of Nova Scotia  
Canadian Imperial Bank of Commerce  
National Bank of Canada  
Royal Bank of Canada  
The Toronto-Dominion Bank

**INVESTMENT HIGHLIGHTS****Issuer:** Royal Bank of Canada**Currency:** CAD**Term:** Approximately 5.5 years

**Portfolio:** Return linked to the price performance of a notional portfolio of the common shares of 6 Canadian Banks, equally weighted. Securities do not represent an interest in the Shares and holders have no right or entitlement to the Shares including dividends or other distributions paid thereon (the indicative dividend yield on the Portfolio as of November 5, 2018 was 4.21%, representing an aggregate dividend yield of approximately 25.46% compounded annually over the 5.5 year term, on the assumption that the dividend yield remains constant).

**Participation :** 125%

**Credit Rating:** 100% principal protection guaranteed by RBC at maturity. RBC is rated Aa2 by Moody's, AA- by Standard and Poors and AA by DBRS.

**Secondary Market:** The Notes are tradeable in a daily secondary market, subject to availability, which RBC Capital Markets will use reasonable efforts to provide as outlined in the Information Statement. An early trading charge may apply (initially 3.25%, reducing to 0% after 540 days). Proceeds on sale may be less than the \$100 Principal Amount

**Eligibility for****Investment:** RRSPs, RDSPs, RESPs, TFSAs and DPSPs

The deposit notes are not insured under the Canada Deposit Insurance Corporation Act. The Notes are not conventional notes or debt securities. For the various risks associated with such an investment, please see the Risk Factors section of the Information Statement.

## SAMPLE CALCULATIONS OF THE PAYMENT AMOUNT

The examples set out below are included for illustration purposes only. The prices of the Shares used to illustrate the calculation of Variable Return are not estimates or forecasts of the prices of the Shares on which the Base Prices and Settlement Prices\* or the calculation of the Percentage Change, and in turn Variable Return, will depend. All examples assume that a Noteholder has purchased Notes with an aggregate Principal Amount of \$10,000 and that no Extraordinary Event has occurred. Capitalized terms which are not otherwise defined herein are defined under “Definitions” in the Information Statement.

**Example #1 — Hypothetical calculation of the Payment Amount where Percentage Change is strongly positive.** It is assumed that the Base Price and the Settlement Price for each Share are as illustrated below (hypothetical). The Payment Amount would be calculated as follows:

Company Name	Symbol	Base Price	Settlement Price	Share Price Change	Component Weight	Weighted Component Change
Bank of Montreal	BMO	98.93	152.02	53.67%	16.667%	8.944%
The Bank of Nova Scotia	BNS	70.97	83.59	17.78%	16.667%	2.963%
Canadian Imperial Bank of Commerce	CM	114.40	219.85	92.18%	16.667%	15.363%
National Bank of Canada	NA	60.58	99.50	64.25%	16.667%	10.709%
Royal Bank of Canada	RY	95.64	171.82	79.65%	16.667%	13.276%
Toronto-Dominion Bank	TD	73.21	111.62	52.47%	16.667%	8.745%
Sum of the Weighted Component Changes						60.00%
Percentage Change						60.00%

Sum of the Weighted Component Changes = 60.000%  
 Percentage Change = 60.000%  
 Variable Return = \$10,000.00 × 60.000% × 125% = \$7,500.00  
 Payment Amount = \$10,000.00 + \$7,500.00 = \$17,500.00  
 A sum of the Weighted Component Changes of 60.000% results in a Percentage Change of 60.000% and a Payment Amount of \$17,500.00, which is equivalent to an annually compounded rate of return of 10.71%.

**Example #2 — Hypothetical calculation of the Payment Amount where Percentage Change is deemed to be zero.** It is assumed that the Base Price and the Settlement Price for each Share are as illustrated below (hypothetical). The Payment Amount would be calculated as follows:

Company Name	Symbol	Base Price	Settlement Price	Share Price Change	Component Weight	Weighted Component Change
Bank of Montreal	BMO	98.93	95.39	-3.58%	16.667%	-0.597%
The Bank of Nova Scotia	BNS	70.97	20.44	-71.21%	16.667%	-11.868%
Canadian Imperial Bank of Commerce	CM	114.40	31.63	-72.36%	16.667%	-12.059%
National Bank of Canada	NA	60.58	18.88	-68.84%	16.667%	-11.473%
Royal Bank of Canada	RY	95.64	27.35	-71.40%	16.667%	-11.900%
Toronto-Dominion Bank	TD	73.21	20.05	-72.62%	16.667%	-12.103%
Sum of the Weighted Component Changes						-60.00%
Percentage Change						0.00%

Sum of the Weighted Component Changes = -60.000%  
 Percentage Change = 0.000%  
 Variable Return = \$10,000.00 × 0.000% × 125% = \$0.00  
 Payment Amount = \$10,000.00 + \$0.00 = \$10,000.00  
 A sum of the Weighted Component Changes of -60.000% results in a Percentage Change of 0.000% and a Payment Amount of \$0.00, which is equivalent to an annually compounded rate of return of 0.00%.

An investment in the Deposit Notes provides opportunities for investment but may pose risks. See further details under “Risk Factors” in the Information Statement. Specific risks include:

- Interest Payable at Maturity – The Principal Amount plus Variable Return (if any) is payable only at maturity. The future performance of the Equity Portfolio is unknown and could result in no interest being paid should the average of the Share Return Percentages be negative. Noteholders do not have ownership in the Shares and therefore are not entitled to receive dividends or other distributions paid thereon. The indicative dividend yield of the Equity Portfolio was 4.21% as of November 5, 2018 which would equate to 25.46% over the term of the notes assuming dividends remain constant and are not re-invested.
- Secondary Market Price – The price for the Note in any secondary market will be based on market conditions and could be above or below the \$100 Principal Amount, subject to an early trading fee of up to 3.25%. RBC reserves the right not to make a secondary market.
- Extraordinary Events – The payment of Variable Return could be accelerated or delayed due to the occurrence of certain Extraordinary Events.

The Information Statement in respect of the RBC Principal Protected Canadian Financials LEOS®, Series 54 (the “Information Statement”) and this highlight document do not constitute an offer or invitation by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or invitation. The offering and sale of the Notes, described in the Information Statement, may be subject to restrictions within any particular province or territory. Royal Bank and the selling agents require persons into whose possession the Information Statement comes to inform themselves of and observe any and all such restrictions. No securities commission or similar authority has in any way passed upon the merits of the Notes and any representation to the contrary may be an offence. This highlight document must be read in conjunction with the Information Statement, which provides additional important disclosures and risk factors in respect of the Notes.