

*This Information Statement does 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.*

*In Canada, the offering and sale of the Notes may be subject to restrictions within any particular province or territory. The Notes may not be offered or sold in any jurisdiction outside of Canada except in circumstances which do not constitute a public offering or distribution under the laws of the jurisdiction where the Notes are to be offered or sold. Royal Bank and the selling agents require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions. In particular, the Notes have not been and will not be registered under the Securities Act of 1933 (United States) and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from the registration requirements of the Securities Act of 1933 (United States). 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.*



# **Information Statement**

Dated October 21, 2021

Issue Date: November 2, 2021

Maturity Date: October 22, 2026

Price: \$100 per Note

# Royal Bank of Canada

## RBC Principal Protected Solactive Canadian Banks Index Linked Guaranteed Return LEOS® (CAD), Series 28, F-Class

### Contents

SUMMARY .....	4
SAMPLE CALCULATIONS OF THE PAYMENT AMOUNT .....	7
SUMMARY INFORMATION REGARDING THE UNDERLYING INDEX AND THE TARGET INDEX.....	8
Historical Performance .....	9
License Agreement and Disclaimer .....	9
PAYMENTS UNDER THE NOTES.....	11
Payment Amount on Maturity .....	11
Fixed Interest Payment .....	11
Fixed Interest Payment Dates .....	11
Calculation of Variable Return .....	11
Calculation of Percentage Change .....	11
Extraordinary Events .....	12
Delay in Determination of the Base Level and/or Settlement Level .....	12
Available Information Respecting Percentage Change.....	12
METHOD OF PAYMENT .....	13
RELATED MATTERS .....	14
Differences from Fixed Rate Investments.....	14
Suitability for Investment Purposes .....	14
Registration.....	14
Plan of Distribution.....	14
Fees and Expenses .....	15
Purchases by RBC DS .....	15
No Redemption Prior to Maturity .....	15
Secondary Market.....	15
Right of Cancellation.....	15
Secondary Market Resales.....	15
Governing Law .....	16
Further Issuance of Notes .....	16
Notices to Noteholders .....	16
Amendments to the Notes.....	16
Potential Conflicts of Interest .....	16
Discontinuance or Modification of the Underlying Index .....	16
Deferred Payment.....	17

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....	18
Holders Resident in Canada.....	18
Holders Not Resident in Canada.....	19
Eligibility for Investment.....	19
RISK FACTORS .....	21
DEFINITIONS .....	23
SCHEDULE A – DISCLOSURE FOR SALES IN PERSON OR BY TELEPHONE .....	26

# Royal Bank of Canada

## RBC Principal Protected Solactive Canadian Banks Index Linked Guaranteed Return LEOS® (CAD), Series 28, F-Class

### SUMMARY

The following is a summary of the basic terms of the Royal Bank of Canada deposit notes called "RBC Principal Protected Solactive Canadian Banks Index Linked Guaranteed Return LEOS® (CAD), Series 28, F-Class" (individually a "Note" and collectively the "Notes"). All references to the Notes and to a Note contained in this Information Statement will include the Global Note (as defined herein). Unless otherwise indicated, references to "\$" are to **Canadian dollars**. Capitalized terms which are not otherwise defined herein are defined under "Definitions". LEOS® is a registered trademark of Royal Bank of Canada.

**Issuer:** Royal Bank of Canada ("Royal Bank", "we", "our" or "us"). Our head office is located at 200 Bay Street, Toronto, Ontario, M5J 2J5.

**Underlying Index:** Variable return on the Notes ("Variable Return") will be determined by reference to the adjusted returns of the Solactive Equal Weight Canada Banks 5% AR Index (the "Underlying Index"). The Underlying Index is an adjusted return index that aims to track the gross total return performance of the Solactive Equal Weight Canada Banks Index (the "Target Index"), subject to a reduction of a synthetic dividend of 5.00% per annum calculated daily in arrears (the "Adjusted Return Factor"). **For the avoidance of doubt, the Variable Return is linked to the Underlying Index and is not linked to the Target Index.** The Notes do not represent an interest in the Underlying Index, the Target Index or in the securities of the entities that comprise the Target 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 closing level of the Underlying Index on October 18, 2021 was 194.67. The Adjusted Return Factor will therefore result in a reduction of a synthetic dividend of 0.0270 index points on October 19, 2021. If the closing level of the Target Index does not change, over the term of the Notes the sum of the Adjusted Return Factor will result in an aggregate reduction of synthetic dividends of approximately 43.64 index points, representing 22.42% of the closing level of the Underlying Index on October 18, 2021. If the closing level of the Target Index changes over the term of the Notes, the aggregate reduction of synthetic dividends may be higher or lower than 43.64 index points. There is no requirement for Royal Bank to hold any interest in the Underlying Index, the Target Index or in the securities of the entities that comprise the Target Index. For further information on the Underlying Index, see "Summary Information Regarding the Underlying Index and the Target Index".

In addition to Variable Return, if any, payable on the Notes, the Notes will pay fixed interest payments ("Fixed Interest") that are not contingent on or related to the performance of the Underlying Index, on such dates and equal to such amounts as are specified in this Information Statement.

**Issue Date:** On or about November 2, 2021

**Initial Valuation Date:** October 18, 2021

**Final Valuation Date:** October 19, 2026

**Maturity Date and Term:** On or about October 22, 2026, resulting in a term to maturity of approximately 5 years. The Principal Amount will only be payable at maturity. For further information, see "Payments Under the Notes".

**Fixed Interest Payment Dates:** Fixed Interest on each Note will be paid on or about October 21, 2022, October 23, 2023, October 23, 2024, October 23, 2025 and October 22, 2026 (each, a "Fixed Interest Payment Date").

**Fixed Interest:** Fixed Interest on the Notes will be payable on each Fixed Interest Payment Date, in arrears, annually ending on a Fixed Interest Payment Date (each, an "Interest Period"). Fixed Interest will be payable for each Interest Period at a fixed interest rate of 0.25% of the Principal Amount per Note.

**Payment Amount:** The amount payable on each Note upon maturity (the "**Payment Amount**") will be equal to the sum of (a) the Principal Amount of the Note, plus (b) the Variable Return, if any. The amount and method of determining Variable Return and the timing of the payment of Variable Return, if any, may be affected by certain Extraordinary Events. In all cases, the Principal Amount will only be payable at maturity. For further information, see "*Payments Under the Notes*".

The Payment Amount will be paid in addition to the Fixed Interest that is due on the Maturity Date.

**Variable Return:** The Variable Return, if any, on each Note upon maturity will be an amount equal to the Principal Amount multiplied by the Percentage Change multiplied by the Participation Rate. The Variable Return, if any, will not be less than zero.

**Percentage Change:** The Percentage Change will equal an amount, expressed as a percentage and rounded to three decimal places, determined as follows:

$$\frac{(\text{Settlement Level} - \text{Base Level})}{\text{Base Level}}$$

If this calculation results in a negative number, then the Percentage Change will be deemed to be zero.

**Base Level:** Except in circumstances described below under "*Payments Under the Notes – Extraordinary Events*", the Base Level of the Underlying Index is the official closing level of the Underlying Index, as published by Solactive AG (the "**Index Sponsor**"), on the Initial Valuation Date, rounded to two decimal places.

**Settlement Level:** The Settlement Level of the Underlying Index will be the official closing level (or deemed closing level, as the case may be) of the Underlying Index, as published by the Index Sponsor, on the Final Valuation Date, rounded to two decimal places. If any such day is not an Exchange Day for the Underlying Index, the Final Valuation Date will be the next following Exchange Day. The determination of the Settlement Level may be subject to acceleration or postponement upon the occurrence of certain Extraordinary Events described below under "*Payments Under the Notes – Extraordinary Events*".

**Participation Rate:** The Participation Rate will be equal to 120.00%.

**Extraordinary Events:** An Extraordinary Event is an event that could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes. An Extraordinary Event could include, among other things, the suspension of or a limitation on trading on any Principal Exchange or Related Exchange or in securities of entities that comprise 20% or more of the Target Index; any court or governmental order prohibiting us from performing our obligations; or any governmental action that has a material adverse effect on relevant financial markets. An Extraordinary Event may delay the time at which the Percentage Change is determined in respect of the Underlying Index and delay the time of any related return payment and may allow us the option of crystallizing the amount of return payable and (if positive) paying such amount as a single, one-time final payment of Alternative Variable Return, in which case no further return, other than any remaining Fixed Interest payments, would be payable for or in respect of the remaining term of the Notes. See "*Payments Under the Notes – Extraordinary Events*".

**Eligibility for Investment:** The Notes, if issued on the date of this Information Statement, would be qualified investments for trusts governed by registered retirement savings plans, registered disability savings plans, registered education savings plans, registered retirement income funds, tax-free savings accounts and deferred profit sharing plans within the meaning of the Income Tax Act (Canada) (other than a deferred profit sharing plan to which payments are made by Royal Bank or a corporation or partnership with which Royal Bank does not deal at arm's length). See "*Canadian Federal Income Tax Considerations – Eligibility for Investment*", including the summary of the "prohibited investment" rules.

**No Early Redemption:** The Notes will not be redeemable by Royal Bank before the Maturity Date.

<b>Risk Factors:</b>	The Notes provide opportunities but may pose risks. You should carefully consider the risks involved in purchasing Notes before reaching a decision and you should discuss with your advisors the suitability of purchasing Notes in light of your particular investment objectives and after reviewing all available information, including the risk factors described at " <i>Risk Factors</i> ".
<b>Suitability for Investment Purposes:</b>	Investors should consult with their advisors regarding the suitability of an investment in the Notes. For further information see " <i>Related Matters - Suitability for Investment Purposes</i> ".
<b>Secondary Market:</b>	<p>The Notes will not be listed on any stock exchange and there is no assurance that a secondary market for Notes will develop or be sustainable. RBC DS has indicated to Royal Bank that it intends to use its best reasonable efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. RBC DS may, in its sole discretion, cease to offer to purchase Notes without any requirement to provide notice to Noteholders, registered or beneficial, including in circumstances where RBC DS perceives that the supply of Notes exceeds demand or if any change occurs in conditions imposed by regulatory or legislative action such that RBC DS determines that it can no longer lawfully purchase or sell Notes without incurring unreasonable expenses or complying with onerous conditions.</p> <p>If RBC DS offers to purchase Notes in connection with a secondary market transaction, there is no assurance that the purchase price will be the highest possible price available in any secondary market for the Notes. The resale price of Notes could be below the \$100 Principal Amount per Note.</p>
<b>Notes non-CDIC Protected:</b>	The Notes will not constitute deposits that are insured under the <i>Canada Deposit Insurance Corporation Act</i> .
<b>Right of Cancellation:</b>	<p>An initial purchaser will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser.</p> <p>Upon cancellation of the order, the initial purchaser is entitled to a refund of the Principal Amount and any fees relating to the purchase that they may have paid. This right to cancel a purchase order does not extend to investors buying a Note in any secondary market. An initial purchaser of the Notes may cancel their purchase order by calling their investment advisor or RBC DS at (800) 280-4434.</p>
<b>Fees and Expenses:</b>	Unless Notes are sold by us to a selling agent acting as principal, no part of any commission or fee paid by us to the selling agent may be reallocated, directly or indirectly, to the purchaser of Notes or to others, and the selling agent will not be entitled to receive any commission from any other party in respect of initial sales of Notes. For further information, see " <i>Related Matters – Fees and Expenses</i> ".
<b>Availability of Information:</b>	<p>Detailed information about the Notes, including a copy of this Information Statement, will be posted on Royal Bank's structured notes website at <a href="http://www.rbcnotes.com">www.rbcnotes.com</a> and will be provided in writing on request from RBC DS at (800) 280-4434.</p> <p>Certain additional information regarding the Notes will also be provided on an ongoing basis at <a href="http://www.rbcnotes.com">www.rbcnotes.com</a>, including (i) the most recent bid price for the Notes and/or (ii) the last available measure that would be used to determine the Variable Return.</p> <p>Such information will also be available from your investment advisor.</p>
<b>Deferred Payment:</b>	Federal laws of Canada prohibit anyone from receiving interest at an effective rate that is greater than 60% per annum. Therefore, in the event that the sum of the Variable Return, the Fixed Interest and any other interest payments paid on the Notes are greater than 60% per annum at maturity, we will pay you, at maturity, only the portion of the Variable Return that constitutes 60% per annum, taking into account the Fixed Interest and any other interest payments, and will pay the balance, together with interest at Royal Bank's equivalent term deposit rate as soon as permitted under applicable laws.

## SAMPLE CALCULATIONS OF THE PAYMENT AMOUNT

The examples set out below are included for illustration purposes only and do not take into account the Fixed Interest payments. The levels of the Underlying Index used to illustrate the calculation of Variable Return are not estimates or forecasts of the level of the Underlying Index on which the Base Level and Settlement Level 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.

**Example #1 — Hypothetical calculation of the Payment Amount where the Percentage Change of the Underlying Index is positive.** It is assumed that the Base Level of the Underlying Index is 194.67 and the Settlement Level of the Underlying Index is 253.07 (hypothetical). The Payment Amount would be calculated as follows:

Base Level = 194.67

Settlement Level = 253.07

Percentage Change =  $(253.07 - 194.67) / 194.67 = 0.30000$  or 30.000%

Participation Rate = 120.00%

Variable Return =  $\$10,000.00 \times 30.000\% \times 120.00\% = \$3,600.00$

Payment Amount =  $\$10,000.00 + \$3,600.00 = \$13,600.00$

In this example, the Payment Amount provides a return equivalent to an annually compounded rate of return of 6.34%.

**Example #2 — Hypothetical calculation of the Payment Amount where the Percentage Change of the Underlying Index is deemed to be zero.** It is assumed that the Base Level of the Underlying Index is 194.67 and the Settlement Level of the Underlying Index is 136.27 (hypothetical). The Payment Amount would be calculated as follows:

Base Level = 194.67

Settlement Level = 136.27

Percentage Change =  $(136.27 - 194.67) / 194.67 = -0.30000$  or -30.000%

Participation Rate = 120.00%

Variable Return =  $\$10,000.00 \times 0.000\% \times 120.00\% = \$0.00$

Payment Amount =  $\$10,000.00 + \$0.00 = \$10,000.00$

In this example, the Payment Amount provides a return equivalent to an annually compounded rate of return of 0.00%.

## SUMMARY INFORMATION REGARDING THE UNDERLYING INDEX AND THE TARGET INDEX

### The Solactive Equal Weight Canada Banks 5% AR Index

The Solactive Equal Weight Canada Banks 5% AR Index was first launched and published on May 18, 2020. The Solactive Equal Weight Canada Banks Index was first launched on August 25, 2017. Additional information with respect to the Underlying Index and the Target Index can be found at [www.solactive.com/indices](http://www.solactive.com/indices). The Solactive Equal Weight Canada Banks 5% AR Index is owned, calculated, administered and published by the Index Sponsor, Solactive AG, assuming the role as administrator under the Regulation (EU) 2016/1011.

### The Underlying Index

The Solactive Equal Weight Canada Banks 5% AR Index is an adjusted return index that aims to track the gross total return performance of the Target Index, subject to a reduction of a synthetic dividend of 5% per annum calculated daily in arrears. **For the avoidance of doubt, the Variable Return is linked to the Underlying Index and is not linked to the Target Index.**

The performance of the Underlying Index will vary higher or lower from the performance of a price return index with the same constituents and weights as the Target Index over the term of the Notes depending on whether the impact of the dividends and other distributions reinvested in the Target Index is greater or less than the impact the Adjusted Return Factor has on the closing level over the term of the Notes. An investment in the Notes does not represent a direct or indirect investment in any of the constituent securities that comprise the Target Index. Holders of the Notes have no right or entitlement to the dividends or distributions paid on such constituent securities.

### The Target Index

The Solactive Equal Weight Canada Banks Index is a gross total return index that reflects the price changes of its constituent securities and the reinvestment in the index of any dividends and distributions paid in respect of such securities. For the calculation of the level of the Target Index, any dividends or other distributions paid on the constituent securities of the Target Index are assumed to be reinvested across all of the constituent securities of the Target Index. The composition of the Target Index is ordinarily reviewed two times a year in March and September and is also subject to extraordinary adjustments in compliance with the rules of the Index Sponsor.

The Target Index is an equally-weighted free-float market capitalization index. The methodology for the Target Index provides that the constituent securities fulfill all of the following criteria: (i) primarily listed on the Toronto Stock Exchange and listed in the form of common stock; (ii) classified by the Index Sponsor as “Major Banks” or “Regional Banks”; (iii) new index members must have a minimum free-float market capitalization of \$10 billion and \$5 billion for current index members; and (iv) must have a minimum average daily trading value of \$10 million across all Canadian exchanges, as calculated by the Index Sponsor.

### Constituents of the Target Index

The following table shows, as of October 18, 2021, the constituent securities included in the Target Index and their respective weightings:

Constituent	Weighting*
The Toronto-Dominion Bank	17.15%
National Bank of Canada	16.95%
Bank of Montreal	16.73%
The Bank of Nova Scotia	16.53%
Royal Bank of Canada	16.34%
Canadian Imperial Bank of Commerce	16.30%

Source: Solactive AG, [www.solactive.com](http://www.solactive.com).

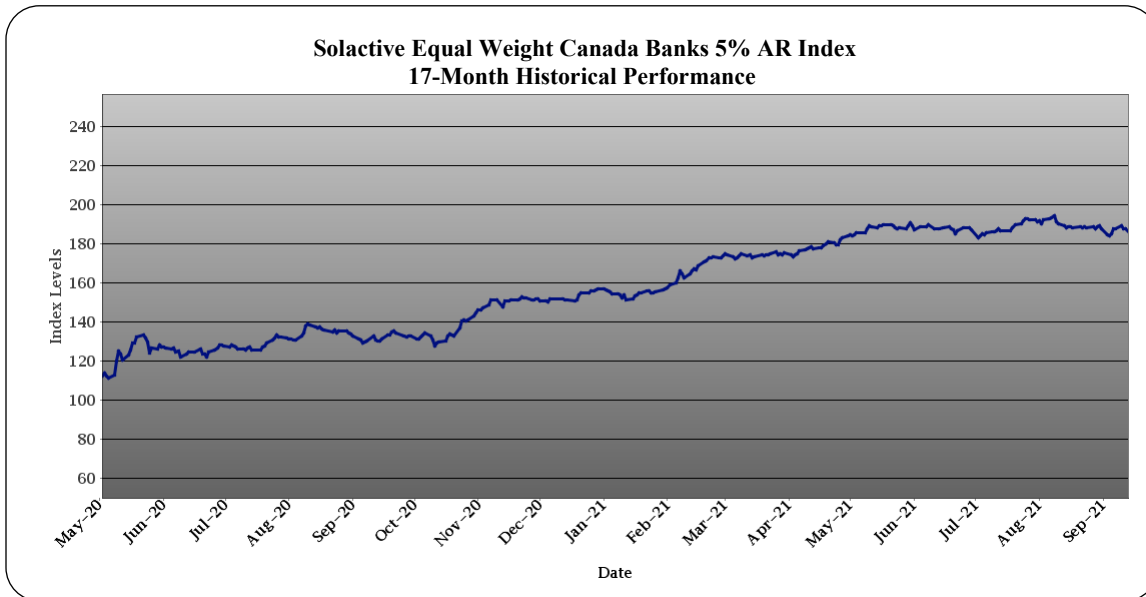
\*Percentages may not add up to 100% due to rounding.

There can be no guarantee that the constituents of the Target Index or any component thereof will maintain their current level of capitalization or continue to operate their business with emphasis on the areas indicated. Historical performance is representative of historical performance only and is not indicative of, or a representation of, future performance.



**Historical Performance**

The following chart demonstrates the historical level of the Solactive Equal Weight Canada Banks 5% AR Index for the period from May 18, 2020 to September 30, 2021. The historical performance of the Solactive Equal Weight Canada Banks 5% AR Index tracks the gross total return performance of the Target Index, subject to a reduction of a synthetic dividend of 5% per annum calculated daily in arrears.



**Historical performance of the Solactive Equal Weight Canada Banks 5% AR Index will not necessarily predict future performance of the Solactive Equal Weight Canada Banks 5% AR Index or the Notes.** The source of the data displayed in this chart is Bloomberg L.P. and its accuracy cannot be guaranteed.

Historical monthly percentage change of the Solactive Equal Weight Canada Banks 5% AR Index												
Month	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021
Percentage change (%)	-0.58	13.89	2.36	-0.05	7.69	6.12	2.91	5.85	-0.28	-0.52	0.99	-1.08

Source: Bloomberg L.P.: Measures monthly period as of the last trading day of the previous month.

**License Agreement and Disclaimer**

Lion & Globe symbol and LEOS® are trademarks of Royal Bank of Canada.

All information contained in this Information Statement regarding the Underlying Index and the Target Index, including, without limitation, the make-up, performance, method of calculation and changes in their constituents, has been derived from publicly available sources without independent verification. Such information reflects the policies of and is subject to change by the Index Sponsor. Royal Bank makes no representation or warranty as to the accuracy or completeness of such information. The Index Sponsor independently calculates, maintains and publishes the Underlying Index and Target Index. The Index Sponsor has no obligation to continue to publish, and may discontinue publication of, the Underlying Index or the Target Index. The Index Sponsor has no obligation relating to the Notes or amounts to be paid to an investor, including any obligation to take the needs of Royal Bank or the beneficial owners of the Notes into consideration for any reason. The Index Sponsor will not receive any of the proceeds of the offering of the Notes, is not responsible for and has not participated in, the offering of the Notes nor is it responsible for, nor will it participate in, the determination or calculation of the amount receivable by beneficial owners of the Notes. The Index Sponsor makes no representation or warranty, express or implied, regarding the advisability of investing in securities generally or the Notes in particular. Neither the Index Sponsor nor any of its affiliates are involved in the operation or distribution

of the Notes and neither the Index Sponsor nor its affiliates shall have any liability for operation or distribution of the Notes or the failure of the Notes to achieve their investment objective.

The Index Sponsor is not related to Royal Bank. The Index Sponsor and Royal Bank have entered into a license agreement providing Royal Bank, in exchange for a fee, with the right to use the Underlying Index in connection with the Notes. The Index Sponsor does not guarantee the accuracy or completeness of the Underlying Index or the Target Index, any data included therein, or any data from which it is derived, and the Index Sponsor has no liability for any errors, omissions, or interruptions therein. The Index Sponsor does not make any warranty, express or implied, as to results to be obtained from use of information provided by the Index Sponsor in respect of the Underlying Index or the Target Index and the Index Sponsor expressly disclaims all warranties of suitability with respect thereto.

The Underlying Index and the Target Index are calculated by the Index Sponsor. The Notes are not sponsored, promoted, sold or supported in any other manner by the Index Sponsor nor does the Index Sponsor offer any express or implicit guarantee or assurance either with regard to the results of using the Underlying Index and/or Underlying Index trade marks or the closing level at any time or in any other respect. The Underlying Index and the Target Index are calculated and published by the Index Sponsor. The Index Sponsor uses its best efforts to ensure that the Underlying Index and the Target Index are calculated correctly. Irrespective of its obligations towards Royal Bank, the Index Sponsor has no obligation to point out errors in the Underlying Index or the Target Index to third parties including but not limited to investors and/or financial intermediaries of the Notes. Neither publication of the Underlying Index or the Target Index by the Index Sponsor nor the use of the Underlying Index or the Underlying Index trade marks for the purpose of use in connection with the Notes constitutes a recommendation by the Index Sponsor to invest capital in the Notes nor does it in any way represent an assurance or opinion of the Index Sponsor with regard to any investment in the Notes.

The name “Solactive” is a registered trademark of the Index Sponsor. The Index Sponsor is registered with and regulated by the German Federal Financial Supervisory Authority.

## PAYMENTS UNDER THE NOTES

The following is a summary description of the basis for the calculation of the amounts payable under the Notes.

### Payment Amount on Maturity

In addition to the final Fixed Interest payment, a Noteholder's payment entitlement at maturity or "**Payment Amount**" will be calculated by us or by the Calculation Agent based on the following formula:

$$\text{Payment Amount} = \text{Principal Amount} + \text{Variable Return}$$

Alternatively, in certain circumstances Alternative Variable Return may be determined and, if positive, be payable prior to maturity. In such circumstances, the Fixed Interest payments will remain payable during the term of the Notes but no Variable Return will be payable at maturity. This possibility is described below under "Extraordinary Events – Payment Due to an Extraordinary Event".

### Fixed Interest Payment

Fixed Interest on the Notes will be payable on each Fixed Interest Payment Date, as listed in the schedule below, in arrears, at a fixed interest rate of 0.25% of the Principal Amount per Note for each Interest Period. The Fixed Interest payments are not contingent on or related to the performance of the Underlying Index.

### Fixed Interest Payment Dates

October 21, 2022  
October 23, 2023  
October 23, 2024  
October 23, 2025  
October 22, 2026

### Calculation of Variable Return

"**Participation Rate**" will be 120.00%.

"**Variable Return**" payable on a Note will be an amount (if any), not less than zero, calculated based on the following formula:

$$\text{Variable Return} = (\text{Principal Amount} \times \text{Percentage Change} \times \text{Participation Rate})$$

In no event will Variable Return, if any, be less than zero. Together with Fixed Interest payments, Variable Return will represent the return on the Notes for the entire period that the Notes are issued and outstanding. Once finally determined, Variable Return in respect of each day during which the Notes are outstanding will be the total Variable Return divided by the number of days the Notes are outstanding.

### Calculation of Percentage Change

The "**Percentage Change**" will be a number, expressed as a percentage and rounded to three decimal places, determined as follows:

$$\text{Percentage Change} = \frac{(\text{Settlement Level} - \text{Base Level})}{\text{Base Level}}$$

where:

"**Base Level**" is, subject to a delay in the circumstances described under "*– Extraordinary Events*", the official closing level of the Underlying Index, as published by the Index Sponsor, on the Initial Valuation Date, rounded to two decimal places.

"**Settlement Level**" is, subject to a delay or acceleration in the circumstances described under "*– Extraordinary Events*", the official closing level (or deemed closing level, as the case may be) of the Underlying Index, as published by the Index Sponsor, on the Final Valuation Date, rounded to two decimal places. If any such day is not an Exchange Day for the Underlying Index, the Final Valuation Date will be the next following Exchange Day. The determination of the Settlement Level may be subject to acceleration or postponement upon the occurrence of certain Extraordinary Events described below under "*– Extraordinary Events*".

## Extraordinary Events

### *Payment Due to an Extraordinary Event*

If we determine at any time that an Extraordinary Event has occurred and is continuing, and if such Extraordinary Event has continued for at least five consecutive days that would have been Exchange Days but for the occurrence of the Extraordinary Event, then we may, at our option, elect to determine and, if positive, pay Alternative Variable Return on all, but not part, of the Notes then issued and outstanding effective the close of business on the effective date notice of such election is given by us to the Noteholders.

"**Alternative Variable Return**" will be equal to the fair and reasonable amount, as determined by Royal Bank or the Calculation Agent, that a person or company (other than Royal Bank or any of its affiliates) that is an active participant in equity markets relevant to the securities of the entities that comprise the Target Index would pay, taking into account all relevant market circumstances, for a right to receive the return (other than Fixed Interest) that, but for the occurrence of the Extraordinary Event, would have been payable on the Maturity Date. Calculations and determinations in respect of Alternative Variable Return will, absent manifest error, be final and binding on Noteholders.

Payment of Alternative Variable Return will be made on the later of (a) the tenth Business Day after the effective date notice of the election to pay Alternative Variable Return is given by us, or (b) if any calculation is determined, made or confirmed by the Calculation Agent, the tenth Business Day after such calculation is so determined, made or confirmed.

***In such circumstances, the Principal Amount will remain payable only at maturity and Fixed Interest will remain payable only on any remaining Fixed Interest Payment Dates. Other than Fixed Interest, Noteholders will have no further entitlement to receive any return on their investment, including in respect of Variable Return. Noteholders will receive Fixed Interest on each of the Fixed Interest Payment Dates regardless of the occurrence of an Extraordinary Event.***

### **Delay in Determination of the Base Level and/or Settlement Level**

If an Extraordinary Event occurs and is continuing on a day scheduled to be a day on which the Base Level or Settlement Level is to be determined, then, unless we elect to determine and, if positive, pay Alternative Variable Return as contemplated under "*Payment Due to an Extraordinary Event*", the date on which the Base Level and/or Settlement Level will be determined will be the earlier of (a) the next Exchange Day on which there is no such Extraordinary Event and (b) the fifth Exchange Day following the Maturity Date.

If the date on which the Settlement Level is to be determined is postponed due to an Extraordinary Event, the Variable Return (if any) payable under the Notes will be paid on (a) the first Business Day after such Settlement Level is determined if the level of the Underlying Index is calculated or determined by us, or (b) as soon as practicable after such date if the level of the Underlying Index is determined or confirmed by the Calculation Agent.

### **Available Information Respecting Percentage Change**

A Noteholder may obtain current information with respect to the amount that would be the Percentage Change at a point in time from its dealer or financial advisor or by contacting a representative of the Calculation Agent. Such amount will be calculated on the basis described under "*Calculation of Percentage Change*" as if the date on which the information is provided was the Final Valuation Date.

**Neither we nor the Calculation Agent assume responsibility for the accuracy or completeness of such information. We and the Calculation Agent do not, and will not, assume any liability to Noteholders for any calculations or for any actions, including a sale of the Notes, taken by Noteholders in reliance upon our calculations.**

## METHOD OF PAYMENT

The Principal Amount, Fixed Interest and Variable Return or Alternative Variable Return, as the case may be, if any, payable under the Notes will be made available at our option by RBC DS (or its delegate on our behalf), either through our Paying and Transfer Agent and/or CDS (or the Nominee) in accordance with arrangements between us and the Paying and Transfer Agent and/or CDS, or if we in our sole discretion determine, directly to Noteholders. Our responsibility and liability in respect of Notes is limited to making payment of any amount due to CDS (or the Nominee).

Payments of the Principal Amount, Fixed Interest and Variable Return or Alternative Variable Return, as the case may be, if any, on Notes issued in definitive form (which will only occur in certain exceptional circumstances) will be made by cheque mailed to the Noteholder at the address of the Noteholder appearing in a register which we will maintain or cause to be maintained or, if requested in writing by the Noteholder at least five Business Days before the date of the payment and agreed to by us, by electronic funds transfer to a bank account designated by the Noteholder with a bank in Canada. Payment under any Note in definitive form is conditional upon the Noteholder first delivering the Note to us.

We reserve the right, in the case of the determination of Alternative Variable Return, to mark on the Global Note or the Notes, if represented in definitive form, as the case may be, that Alternative Variable Return, if any, has been paid in full and only the Fixed Interest payments and the Principal Amount remain payable. For greater certainty, if Alternative Variable Return is paid, the Fixed Interest will remain payable during the term of the Notes.

Neither we nor the Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership of any Notes or for maintaining, supervising or reviewing any records relating to such ownership so long as the Notes are represented by the Global Note.

Neither we nor the Paying and Transfer Agent nor CDS (or the Nominee) will be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note.

## RELATED MATTERS

The following is a summary of other information relevant to your decision to purchase Notes.

### Differences from Fixed Rate Investments

The Notes are different from conventional fixed rate investments. Other than the Fixed Interest payable on each Fixed Interest Payment Date the Notes will not provide Noteholders with a regular income stream prior to maturity, and will not provide a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, the return on the Notes is uncertain in that if the level of the Underlying Index does not increase over the term of the Notes, only the Fixed Interest will be payable on the Notes. There is no assurance that the level of the Underlying Index will increase over the term of the Notes and there is therefore no assurance that a Noteholder will receive any amount other than a fixed return of 0.25% of the Principal Amount per Note for each Interest Period and repayment of the Principal Amount at maturity.

No assurance can be made that a Noteholder will receive any payment on the Notes other than payment of the Fixed Interest on each Fixed Interest Payment Date and the repayment of the Principal Amount of each Note at maturity.

### Suitability for Investment Purposes

The Notes provide opportunities but also present risks. Investors should consult with their advisors regarding the suitability of an investment in the Notes given their investment objectives. The Notes may be suitable for investors who want to protect their principal investment at maturity, who are looking to earn a fixed rate return with the potential to earn an enhanced return over fixed rate investments and who are prepared to assume the risks associated with an investment in the Underlying Index, which is not a price return index and instead aims to track the gross total return performance of the Target Index less the Adjusted Return Factor. The Notes are only suitable for investors with a long-term investment horizon who are prepared to hold the Notes until maturity.

### Registration

The Notes will be represented in the form of a fully registered, book-entry only global note (the "**Global Note**") to be held by or on behalf of CDS in Toronto, Canada as custodian of the Global Note, and registered in the name of CDS in Toronto, Canada or its nominee (the "**Nominee**") initially CDS & CO. Except in limited circumstances, purchasers of beneficial interests in the Global Note (the "**Noteholders**") will not be entitled to receive Notes in definitive form. Rather, the Notes will be represented in book-entry form only.

### Plan of Distribution

Each Note will be issued at \$100, being 100% of the Principal Amount of the Note.

The Notes will be offered from time to time by us through selling agents. We may also sell Notes to a selling agent, acting as principal, for resale to one or more investors at varying prices related to prevailing market prices at the time of such resale to be determined by such selling agent. We also reserve the right to sell Notes to investors directly on our own behalf in those jurisdictions in which we are authorized to do so. Sales commissions and related fees are described under "**Fees and Expenses**".

Any selling agent may from time to time purchase and sell Notes in the secondary market, but is not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. The offering price and other selling terms for such sales in the secondary market may, from time to time, be varied by the relevant selling agent. See "**Secondary Market**".

We will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. A selling agent will have the right, in its discretion reasonably exercised, without notice to us, to reject any offer to purchase Notes received by it in whole or in part.

The Notes may not be offered or sold in any jurisdiction outside of Canada except in circumstances which do not constitute a public offering or distribution under the laws of the jurisdiction where the Notes are to be offered or sold. Royal Bank and the selling agents require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions. In particular, the Notes have not been and will not be registered under the *Securities Act of 1933* (United States), as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from the registration requirements of the *Securities Act of 1933* (United States), as amended. Terms used in this paragraph have the meanings given to them by Regulation S under the *Securities Act of 1933* (United States), as amended.

## **Fees and Expenses**

No selling commission will be paid to selling agents who sell the Notes. If an Extraordinary Event occurs, we may incur expenses unwinding any hedge position in respect of our obligation to make payments under the Notes, which could reduce the amount of return otherwise payable on the Notes.

## **Purchases by RBC DS**

RBC DS or any of its affiliates, associates or successors, may at any time, subject to applicable laws and the policies of any stock exchange on which the Notes may be listed, purchase Notes at any price in the open market or by private agreement.

## **No Redemption Prior to Maturity**

The Notes will not be redeemable by Royal Bank before the Maturity Date.

## **Secondary Market**

RBC DS has indicated to Royal Bank that it intends to use its best reasonable efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. In doing so, RBC DS may act as principal, purchasing and reselling Notes to new or existing Noteholders. RBC DS may, in its sole discretion, cease to offer to purchase Notes without any requirement to provide notice to Noteholders, registered or beneficial, including in circumstances where RBC DS perceives that the supply of Notes exceeds demand or if any change occurs in conditions imposed by regulatory or legislative action such that RBC DS determines that it can no longer lawfully purchase or sell Notes without incurring unreasonable expenses or complying with onerous conditions. Notwithstanding the foregoing, RBC DS may purchase and Royal Bank may continue to create and issue Notes under certain circumstances when RBC DS has ceased to maintain a market for the Notes. There is no provision for the early redemption of the Notes by Noteholders and there is no guarantee that any secondary market that may develop will be liquid or sustainable. Consequently, the Notes should not be viewed as trading instruments.

**The Noteholder may wish to consult his or her investment advisor as to whether it would be more favourable in the circumstances at any time to sell Notes (assuming the availability of a secondary market) or hold Notes until the Maturity Date.**

## **Right of Cancellation**

An initial purchaser will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser.

The agreement to purchase the Notes will be entered into (i) if the order to purchase is received via telephone or electronic means, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person, on the second day following the later of (a) the day on which this Information Statement is provided to the investor and (b) the day on which the order to purchase is received.

Initial purchasers of the Notes will be deemed to have been provided the Information Statement: (i) on the day recorded as the time of sending by the server or other electronic transmission system, if provided by electronic means; (ii) on the day recorded as the time of sending by a fax machine, if provided by fax; (iii) five Business Days after the postmark date, if provided by mail; and (iv) when it is received, in any other case.

Upon cancellation of the order, the initial purchaser is entitled to a refund of the Principal Amount and any fees relating to the purchase that they may have paid. This right to cancel a purchase order does not extend to investors buying a Note in any secondary market. An initial purchaser of the Notes may cancel their purchase order by calling their investment advisor or RBC DS at (800) 280-4434.

## **Secondary Market Resales**

The Principal Amount of each Note is guaranteed only if the Note is held until the Maturity Date. The resale of a Note by the investor in any secondary market could result in an investor receiving less than the Principal Amount.

## **Governing Law**

The Notes, and the terms thereof, will be governed by and construed in accordance with the laws of the Province of Ontario, Canada, and the federal laws of Canada applicable in Ontario.

## **Further Issuance of Notes**

We reserve the right to issue the Notes in additional tranches and may issue other note obligations, including listed note obligations subject to receipt of necessary approvals. Such other note obligations may have terms substantially similar to the terms of the Notes and may be offered by us concurrently with the offering of this or other tranches of Notes.

## **Notices to Noteholders**

We will provide notice to Noteholders of any material events relating to the Notes, including notice of any amendment to the Notes that impacts the amount of return payable in respect of the Notes.

## **Amendments to the Notes**

The Global Note may be amended without the consent of the Noteholders if in our reasonable opinion the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended if the amendment is approved by a resolution passed by the favourable votes of the Noteholders representing not less than 66 2/3% of the outstanding aggregate principal amount of the Notes represented for the purpose of considering the resolution. Each Noteholder is entitled to one vote per \$100 of principal amount held for the purpose of voting at meetings convened for this purpose. The Notes do not carry the right to vote in any other circumstances.

## **Potential Conflicts of Interest**

We, our subsidiary, RBC DS, or any of our respective affiliates will perform functions or engage in activities in the course of our normal respective business operations that could adversely impact the value of the Notes, your ability to resell your Notes or the amount or timing of receipt of entitlements under the Notes. For example, Royal Bank and RBC DS may from time to time, in the course of our respective normal business operations, have dealings in the securities comprising the Target Index, or with one or more of the issuers of such securities.

In addition, we or RBC DS, as our Calculation Agent, will be responsible for determining the amounts of the return payable under the Notes, including the amount of any Alternative Variable Return payable after the occurrence of an Extraordinary Event. We or RBC DS may exercise judgment and discretion in relation to the calculations, determinations, functions and activities undertaken in respect of the Notes from time to time. Whenever we or RBC DS are required to act, we will do so in good faith and our calculations and determinations in respect of the Notes will, absent manifest error, be final and binding on holders of Notes. We will base all such actions on normal commercial criteria in the particular circumstances and we will not take into account the effect, if any, of such actions on the level of the Underlying Index, the amount of Variable Return that may be payable on the Notes or Noteholders' interests generally.

Consequently, potential conflicts between the interests of Noteholders and our interests may arise. Neither we nor the Calculation Agent warrant the accuracy or completeness of the information made available with respect to the underlying securities comprising the Target Index or of calculations made in connection with the Notes.

## **Discontinuance or Modification of the Underlying Index**

If the level of the Underlying Index is not calculated and published by its Index Sponsor, but is calculated and publicly announced by another independent authoritative person or independent party acceptable to the Calculation Agent (the "**Third Party**") appointed as a result of the discontinuance of the calculation of the Underlying Index by the Index Sponsor, the Base Level and Settlement Level (as applicable) will be determined by reference to the closing level of the Underlying Index as so calculated and announced by such Third Party.

If, prior to the determination of the Base Level or Settlement Level, we determine in good faith that the Index Sponsor or the Third Party has materially changed the numerical form of, or the method or basis of calculating or reconfiguring, the Underlying Index or in any other way has materially modified the Underlying Index, the Calculation Agent will make such calculations as it may deem appropriate so that the Variable Return due is as near as practicable to that which would have been payable had such change or modification not taken effect.

If at any time the Index Sponsor or the Third Party ceases calculation and dissemination of the Underlying Index, either temporarily or permanently, and does not provide a successor index, we may, at our option, designate another third party equity index to replace the Underlying Index, provided that we reasonably determine that the successor index substantially tracks the market performance of the broad



local market in which the entities whose securities are represented or included in the Target Index participate subject to appropriate adjustments being made to the terms and provisions of the Notes which the Calculation Agent determines to be necessary or appropriate to preserve the economic value of the Notes as of the effective date of replacement. If at any time Royal Bank is unable to hedge its position in respect of its obligation to make payment of amounts owing under the Notes based on the Underlying Index or the Target Index, including as a result of the general unavailability, discontinuance or suspension of trading on any relevant Principal Exchange or Related Exchange of futures contracts, forward contracts or options contracts related to the Underlying Index, the Target Index or the securities comprising the Target Index, then Royal Bank may, at its option, designate another third party equity index in respect of which it is able to hedge its related obligations to replace the Underlying Index or the Target Index, provided that the requirements applicable to the successor index and the adjustments, each as described in the preceding sentence, shall apply. Otherwise, the Calculation Agent will make such calculations as it may deem appropriate to determine the Variable Return using, to the extent possible, the formula and method of calculating the Underlying Index as of the date it was last so calculated.

Neither we, the Calculation Agent nor any Third Party will be responsible for good faith errors or omissions in calculating or disseminating information regarding the Underlying Index, any successor index thereto or replacement index therefor, or for adjustments or calculations by the Calculation Agent or any Third Party in order to arrive at a calculation of a stock average approximating the Underlying Index, or the Variable Return, as applicable.

### **Deferred Payment**

Federal laws of Canada prohibit anyone from receiving interest at an effective rate that is greater than 60% per annum. Therefore, in the event that the sum of the Variable Return, the Fixed Interest and any other interest payments paid on the Notes are greater than 60% per annum at maturity, we will pay you, at maturity, only the portion of the Variable Return that constitutes 60% per annum, taking into account the Fixed Interest and any other interest payments, and will pay the balance, together with interest at Royal Bank's equivalent term deposit rate as soon as permitted under applicable laws.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Royal 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 Notes under this Information Statement who, at all relevant times, for purposes of the Tax Act, deals at arm's length with and is not affiliated with Royal 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 or on behalf of 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 Notes 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 Notes and that the Notes 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 Notes having regard to their particular circumstances.**

### **Holders Resident in Canada**

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, is an individual (other than a trust) resident in Canada who acquires and holds the Notes as capital property (a "**Resident Holder**"). Certain Resident Holders who might not otherwise be considered to hold their Notes as capital property may have their Notes, and all other "Canadian securities" (as defined in the Tax Act) owned by such Resident Holders in the taxation year and all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

### ***Holding of Notes***

A Resident Holder who holds the Notes until maturity (or earlier repayment in full by Royal Bank) will be required to include in computing the Resident Holder's income for the taxation year in which the maturity date (or early repayment) occurs the amount, if any, by which the amount payable at maturity (or early repayment) exceeds the Principal Amount of the Notes at that time except to the extent previously included by the Resident Holder in income.

The Notes will be a "prescribed debt obligation" for the purposes of the Tax Act. In certain circumstances, provisions of the Tax Act require a holder of a prescribed debt obligation to include in income as interest for each taxation year the amount of any interest, bonus or premium receivable in respect of the obligation over its term based on the maximum amount of interest, bonus or premium receivable on the obligation. Counsel's understanding of CRA's current administrative practice is that where the return on a prescribed debt obligation is not determinable, no deemed interest inclusion is required until such time as the return thereon becomes determinable. On the basis of this administrative practice, there should be no deemed interest inclusion on the Notes under the prescribed debt obligation rules prior to the date that the return thereon is determinable, except as described below under "Disposition of Notes" where a Note is transferred otherwise than to Royal Bank.

### ***Interest***

Any amount received or receivable by a Resident Holder (depending on the method regularly followed by the Resident Holder in computing income under the Tax Act) in a taxation year as, on account of, in lieu of payment of or in satisfaction of, interest will (including Fixed Interest and any Variable Return) be required to be included in computing the Resident Holder's income for the taxation year, except to the extent that such amount has already been included in the Resident Holder's income for that or a preceding taxation year.

### ***Disposition of Notes***

Where a Resident Holder disposes of a Note (other than to Royal Bank on the maturity date or earlier repayment in full), the Tax Act requires the amount of interest accrued on the Note 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 and excludes such amount from the proceeds of disposition, 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. Except as described two paragraphs below, on such assignment or other transfer of a Note by a Resident Holder (other than to Royal Bank on the Maturity Date), a formula amount will be deemed to have accrued on the Note 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 over its outstanding principal amount at the time of the transfer.

The Resident Holder should realize a capital loss 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 the Resident Holder's adjusted cost base of the Notes. As described above, any gain realized from the disposition of Notes will be included in income and will not give rise to a capital gain.

The discussion above as to the inclusion of a formula amount on a transfer of a Note assumes that the Notes should not be viewed as notes in respect of which it can be determined at the time of their issue that the maximum amount of interest payable thereon in a year ending after that time is less than the maximum amount of interest (including Variable Return) payable thereon in a subsequent year. The correctness of this assumption is not free from doubt and, if incorrect, a Resident Holder who transfers a Note (other than to Royal Bank) may, depending on the particular circumstances, be able to treat a resulting gain as a capital gain. **Resident Holders who dispose of Notes prior to the Maturity Date thereof (or earlier repayment in full by Royal Bank), should consult their own tax advisors with respect to their particular circumstances.**

#### ***Treatment of Capital Losses***

One-half of any capital loss realized by a Resident Holder will constitute an allowable capital loss that 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 the Notes, is neither a "specified shareholder" of Royal Bank nor a person who does not deal at arm's length with a specified shareholder of Royal 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 Notes 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 Notes (including any amount paid at maturity in excess of the principal amount and interest deemed to be paid in certain cases involving the assignment or other transfer of a Note to a resident or deemed resident of Canada, likely including any formula amount as described above) 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 Notes and, in particular, that the constituent securities of the Target Index include common shares of Royal Bank and of other Canadian corporations engaged in the same or similar business as Royal Bank, and that the Target Index is computed, in part by reference to dividends on such corporations' shares, interest paid or credited or deemed to be paid or credited on the Notes may be considered to be Participating Debt Interest, although there is uncertainty on this question. Accordingly, Royal Bank expects that Canadian non-resident withholding tax will be withheld and remitted at the rate of 25% of the gross amount of any interest paid to a Non-Resident Holder (including Fixed Interest and any Variable Return). However, the rate of this withholding tax may ultimately be reduced pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder. Non-Resident Holders should consult with their own tax advisors before acquiring Notes.

There should be no other taxes on income (including taxable capital gains) payable by a Non-Resident Holder in respect of a Note.

#### **Eligibility for Investment**

The Notes, if issued on the date of this Information Statement, 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 Royal Bank or a corporation or partnership with which Royal Bank does not deal at arm’s length within the meaning of the Tax Act).

Notwithstanding the foregoing, if Notes 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. Notes 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 Royal Bank or who does not deal at arm’s length, within the meaning of the Tax Act, with Royal Bank. Investors should consult their own tax advisors in this regard.

## RISK FACTORS

**The Notes provide opportunities but may pose risks. You should carefully consider the risks involved in purchasing Notes before reaching a decision and you should discuss with your advisors the suitability of purchasing Notes in light of your particular investment objectives and after reviewing all available information, including the following:**

***Suitability*** – A purchase of Notes is not suitable for a person strictly looking for a guaranteed rate of return. The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*. We make no recommendation as to the suitability of the Notes for your investment purposes.

***Only return in respect of the Fixed Interest payments may be payable*** – Other than the return provided by the Fixed Interest, it is uncertain how much return, if any, will be payable under the Notes. A holder may only receive the Fixed Interest and the \$100 Principal Amount of a Note on the Maturity Date.

***The Payment Amount at maturity will depend on the performance of the Underlying Index*** – Subject to the occurrence of certain Extraordinary Events, return on the Notes at maturity, other than in respect of the final Fixed Interest payment, will be calculated based on the increase in the level of the Solactive Equal Weight Canada Banks 5% AR Index. No assurance can be given that the level of the Solactive Equal Weight Canada Banks 5% AR Index will increase. Noteholders are not entitled to any dividends that may be paid by an issuer of the securities underlying the Target Index.

***Returns on the Underlying Index Are Reduced by the Adjusted Return Factor and will be Lower than Returns on the Target Index*** – Since the closing level of the Underlying Index is based on the application of the Adjusted Return Factor to daily changes in the closing level of the Target Index the performance of the Underlying Index will be less than that of the Target Index or a direct investment in the constituent securities of the Target Index. Furthermore, the difference between the Underlying Index and the Target Index over a longer period is subject to the effects of compounding returns and, as a result, may be greater or less than the Adjusted Return Factor pro-rated over the same period.

***The Adjusted Return Factor is a Fixed Percentage Deduction*** – The Adjusted Return Factor is a fixed percentage deduction which means that the daily performance of the Underlying Index is calculated by subtracting a fixed percentage from the daily gross total return performance of the Target Index. The Adjusted Return Factor is applied to the level of the Underlying Index and therefore results in a greater or lesser total number of points subtracted based on the fluctuations of the Underlying Index. In circumstances where the level of the Underlying Index increases over time, the Adjusted Return Factor will result in the subtraction of a greater number of index points from the level of the Underlying Index. As the Adjusted Return Factor is predetermined, the amount adjusted may not reflect short term changes in the dividend yield of the securities constituting the Target Index.

***Differences from the Target Index*** – Noteholders do not have an ownership interest in the securities comprising the Target Index. The Notes are not equivalent to a direct investment in the securities that comprise the Target Index and do not entitle holders to any interest in such securities, including any right to receive dividends or other distributions. The closing level of the Underlying Index on October 18, 2021 was 194.67. The Adjusted Return Factor will therefore result in a reduction of a synthetic dividend of 0.0270 index points on October 19, 2021. If the closing level of the Target Index does not change, over the term of the Notes the sum of the Adjusted Return Factor will result in an aggregate reduction of synthetic dividends of approximately 43.64 index points, representing 22.42% of the closing level of the Underlying Index on October 18, 2021. If the closing level of the Target Index changes over the term of the Notes, the aggregate reduction of synthetic dividends may be higher or lower than 43.64 index points. As such, the Notes are subject to different risks than such a direct investment and any return payable under the Notes will not be identical to the return associated with such securities.

***Secondary Market*** – The Notes will not be listed on any stock exchange and there is no assurance that a secondary market for Notes will develop or be sustainable. RBC DS may, from time to time, purchase and sell Notes, but will not be obligated to do so. If RBC DS determines, in its sole discretion, to stop facilitating a secondary market for the Notes, holders of Notes may not be able to resell their Notes. If RBC DS offers to purchase Notes in connection with a secondary market transaction, there is no assurance that the purchase price will be the highest possible price available in any secondary market for the Notes. The resale price of Notes could be below the \$100 Principal Amount per Note. The value of the Notes in any secondary market will be affected by a number of complex and inter-related factors, including the level of the Underlying Index (and in this regard it should be noted that any trading value may increase and decrease at a different rate than the level (which may be negative) of the Underlying Index); the level of interest rates in Canada; dividends or other distributions paid on the underlying securities comprising the Target Index; the volatility or degree to which the price of underlying securities comprising the Target Index change; the number of remaining Fixed Interest payments; and the time remaining until maturity. The effect of any one factor may be offset or magnified by the effect of another factor.

**Extraordinary Events** – The occurrence of certain Extraordinary Events may delay the time at which the amount of any return is determined and may allow us the option of crystallizing the amount of return payable and (if positive) paying such amount before maturity. These include events that could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes. In these circumstances, Fixed Interest will remain payable on any remaining Fixed Interest Payment Dates and the amount of return other than Fixed Interest payable under the Notes, if any, will be subject to reduction to reflect the direct or indirect costs of disposing of, terminating, settling, liquidating or otherwise unwinding arrangements to hedge market exposure to the Underlying Index, the Target Index or the individual securities comprising the Target Index.

**Potential conflicts of interest** – We or our subsidiary, RBC DS (RBC DS is a wholly owned subsidiary of the Royal Bank of Canada), will perform functions or engage in activities that could adversely impact on the value of the Notes, your ability to resell your Notes or the amount or timing of receipt of entitlements under the Notes. For example, Royal Bank and RBC DS may have dealings with one or more of the entities whose securities comprise the Target Index, which dealings will not take into account the effect, if any, on the level of the Underlying Index or Noteholders' interests generally. In addition, except in unusual circumstances we or RBC DS, as our Calculation Agent, will be responsible to determine the amounts of the return payable under the Notes, including the amount of any Alternative Variable Return payable after the occurrence of an Extraordinary Event, and may exercise judgment and discretion in relation to the calculations, determinations, functions and activities undertaken in respect of the Notes from time to time. Royal Bank's and RBC DS' calculations and determinations in respect of the Notes will, absent manifest error, be final and binding on holders of Notes. Consequently, potential conflicts between the interests of Noteholders and our interests may arise.

**Fixed Interest payments** – Fixed Interest will only be payable for each Interest Period, resulting in a maximum return provided by the Fixed Interest of \$1.25 per Note, or 0.25% of the Principal Amount for each Interest Period that the Notes are outstanding.

**Credit Risk** – The Notes will evidence deposit liabilities of Royal Bank (credit ratings: Moody's Aa2; Standard & Poor's AA-; DBRS AA) and will rank equally and rateably with all other deposit liabilities of Royal Bank and by their terms will be fungible. **Noteholders will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*.** The repayment of a Noteholder's Principal Amount, the payment of Fixed Interest and the payment of Variable Return or Alternative Variable Return, as the case may be, if any, are subject to the creditworthiness of Royal Bank.

## DEFINITIONS

The following capitalized terms are used frequently in this Information Statement and have the respective meanings set forth below:

"**Alternative Variable Return**" has the meaning ascribed thereto under "*Payments Under the Notes – Extraordinary Events – Payment Due to an Extraordinary Event*".

"**Base Level**" has the meaning ascribed thereto under "*Payments Under the Notes – Calculation of Percentage Change*".

"**Business Day**" means a day on which commercial banks are open for business and able to effect transactions in foreign exchange and foreign currency deposits in Toronto, Canada and a day on which book-entry transfers may be effected through CDS. If any date on which any action is otherwise required to be taken in respect of the Notes is not a Business Day, the date on which such action shall be taken shall, except as otherwise indicated, be the next following Business Day and, if the action involves payment of any amount, no interest or other compensation shall be paid as a result of any such delay.

"**Calculation Agent**" means the calculation agent for the Notes appointed by Royal Bank from time to time. The Calculation Agent initially will be RBC Dominion Securities Inc., whose address is P.O. Box 50, Royal Bank Plaza, 2nd Floor, South Tower, Toronto, Ontario, Canada M5J 2W7; Attention: Global Equity Derivatives.

"**CDIC**" means Canada Deposit Insurance Corporation.

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors.

"**CRA**" means the Canada Revenue Agency.

"**Exchange Day**" means, in respect of the Underlying Index, a day which is (or, but for the occurrence of an Extraordinary Event, would have been) a trading day on each of the Principal Exchanges and Related Exchanges for the securities of the entities comprising the Target Index or related contracts, options or instruments, including a day on which trading on such an exchange is scheduled to close prior to its regular closing time.

"**Extraordinary Event**" means any event, circumstance or cause which Royal Bank determines has or will have a material adverse effect on the ability of Royal Bank to perform its obligations under the Notes or to hedge its position in respect of its obligation to make payment of amounts owing thereunder, including as a result of any of Royal Bank's internal policies, and more specifically includes the following events to the extent that they have such effect:

- (a) the occurrence or existence on any Exchange Day during the one-half hour period that ends at the close of trading of any suspension of or limitation on trading (by reason of movements in price exceeding limits permitted by the relevant Principal Exchange or otherwise) on the relevant Principal Exchange in securities that comprise 20% or more of the level of the Target Index or a general limitation on prices for such securities on any Principal Exchange;
- (b) the closure on any Exchange Day (or a day that would be an Exchange Day) of the Principal Exchange or Related Exchange prior to its scheduled closing time unless such earlier closing time is announced by such exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such exchange for such day and (ii) the submission deadline for orders to be entered into such exchange's system for execution at the close of trading on such day;
- (c) any event (other than a closure described in (b)) that disrupts or impairs (as determined by Royal Bank) the ability of market participants in general (i) to effect transactions, or obtain market values, on the Principal Exchange or Related Exchange or (ii) to effect transactions in, or obtain market values for, futures, forward or options contracts on the Principal Exchange or Related Exchange;
- (d) the failure of the Principal Exchange or Related Exchange to open for trading during its regular trading session on any Exchange Day (or a day that would be an Exchange Day);
- (e) a suspension, absence or material limitation of trading in futures contracts, forward contracts or options contracts related to the Underlying Index, the Target Index or the securities comprising the Target Index on any relevant Principal Exchange or Related Exchange or a limitation on trading in futures, forward or options contracts on any relevant Principal Exchange or Related Exchange on any one day by reason of movements in prices that exceed the level permitted by such exchanges;

- (f) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other government authority which would make it unlawful or impracticable for Royal Bank to perform its obligations under the Notes or for dealers to execute, maintain or modify a hedge in a position in respect of the Underlying Index or the Target Index;
- (g) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any country, or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or a country in which any applicable Principal Exchange or Related Exchange is located;
- (h) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of Royal Bank to perform its obligations under the Notes or of a dealer to execute, maintain or modify a hedge of a position with respect to the Underlying Index or the Target Index or a material and adverse effect on the economy of Canada or the trading of securities, contracts or other instruments generally on a Principal Exchange or Related Exchange; or
- (i) a Hedging Event.

For the purpose of determining whether an Extraordinary Event exists at any time, a limitation on the hours or number of days of trading shall not constitute an Extraordinary Event if it results from an announced change in the regular business hours of a Principal Exchange or a Related Exchange, and an “absence” or “limitation on trading” of or on such Principal Exchange or Related Exchange will not include any time when such Principal Exchange or Related Exchange itself is closed for trading under ordinary circumstances.

**"Final Valuation Date"** means October 19, 2026.

**"Fixed Interest"** has the meaning ascribed thereto under "*Summary*".

**"Fixed Interest Payment Date"** has the meaning ascribed thereto under "*Summary*".

**"Global Note"** has the meaning ascribed thereto under "*Related Matters – Registration*".

**"Hedging Event"** means the occurrence of an event that has a material adverse effect on Royal Bank’s ability to place, maintain or modify any hedge, including without limitation:

- (a) the adoption of or any change in any applicable law or regulation (including tax law), or the promulgation or any change in the interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including by a taxing authority);
- (b) the termination or material amendment of any hedging contract with a third party;
- (c) the inability of Royal Bank after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset for hedging its price risk, or realize, recover or remit the proceeds of any such transaction or asset, including as a result of the application of Royal Bank’s internal policies; or
- (d) a material increase in the amount of tax, duty, expense or fee to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset for hedging its price risk or realize, recover or remit the proceeds of any such transaction or asset.

**"Holder"** has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

**"Index Sponsor"** means Solactive AG and its successors.

**"Initial Valuation Date"** means October 18, 2021.

**"Interest Period"** has the meaning ascribed thereto under "*Summary*".

**"Issue Date"** means on or about November 2, 2021.

**"LEOS®"** means LEOS (Liquid Equity Option-linked noteS)®.

**"Maturity Date"** means on or about October 22, 2026.



"**Nominee**" means the nominee appointed from time to time by CDS, initially CDS & CO.

"**Non-Resident Holder**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**Note**" or "**Notes**" has the meaning ascribed thereto under "*Summary*".

"**Noteholders**" has the meaning ascribed thereto under "*Related Matters - Registration*".

"**Participating Debt Interest**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**Participation Rate**" has the meaning ascribed thereto under "*Payments Under the Notes – Calculation of Variable Return*".

"**Paying and Transfer Agent**" means the paying and transfer agent for the Notes appointed by us from time to time. The Paying and Transfer Agent will initially be RBC Dominion Securities Inc. whose address is P.O. Box 50, Royal Bank Plaza, 6th Floor, South Tower, Toronto, Ontario, Canada M5J 2W7; Attention: National Operations.

"**Payment Amount**" has the meaning ascribed thereto under "*Payments Under the Notes – Payment Amount on Maturity*".

"**Percentage Change**" has the meaning ascribed thereto under "*Payments Under the Notes – Calculation of Percentage Change*".

"**Plan Holder**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**Principal Amount**" means \$100 per Note.

"**Principal Exchange**" means, in relation to the Underlying Index, any stock exchange or quotation system on which securities included in the Target Index are listed. As of the date of this Information Statement, the Principal Exchange is the Toronto Stock Exchange.

"**Proposals**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**RBC DS**" means RBC Dominion Securities Inc. and its successors and assigns.

"**Regulations**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**Related Exchange**" means, in relation to the Underlying Index, is an exchange in respect of which futures contracts, forward contracts or options contracts are traded in respect of the Underlying Index, the Target Index or the securities underlying the Target Index and through which Royal Bank expects to effect, directly or indirectly, transactions to hedge its position in respect of the Notes.

"**Resident Holder**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**Royal Bank**" means Royal Bank of Canada and its successors and assigns.

"**Settlement Level**" has the meaning ascribed thereto under "*Payments Under the Notes – Calculation of Percentage Change*".

"**Target Index**" means the Solactive Equal Weight Canada Banks Index.

"**Tax Act**" has the meaning ascribed thereto under "*Canadian Federal Income Tax Considerations*".

"**Third Party**" has the meaning ascribed thereto under "*Related Matters – Discontinuance or Modification of the Underlying Index*".

"**Underlying Index**" means the Solactive Equal Weight Canada Banks 5% AR Index.

"**Variable Return**" has the meaning ascribed thereto under "*Payments Under the Notes – Calculation of Variable Return*".

## SCHEDULE A – DISCLOSURE FOR SALES IN PERSON OR BY TELEPHONE

### Term of the Notes

The Notes mature and the Principal Amount of the Notes will be repaid on or about October 22, 2026 for a term to maturity of about 5 years. All amounts payable in respect of the Notes will be made available by Royal Bank in book entry form through CDS.

### How Return on the Notes is Calculated

The Notes are linked to the performance of the Solactive Equal Weight Canada Banks 5% AR Index (the “**Underlying Index**”). The Underlying Index is an adjusted return index that aims to track the gross total return performance of the Solactive Equal Weight Canada Banks Index (the “**Target Index**”), subject to a reduction of a synthetic dividend of 5.00% per annum calculated daily in arrears (the “**Adjusted Return Factor**”). Other than Fixed Interest, return on the Notes, if any, is linked to 120.00% of the positive percentage change in the level of the Underlying Index. **For the avoidance of doubt, the Variable Return is linked to the Underlying Index and is not linked to the Target Index.** Fixed Interest on the Notes will be payable on each Fixed Interest Payment Date, in arrears, annually at a fixed interest rate of 0.25% of the Principal Amount per Note for each Interest Period. The Fixed Interest payments are not contingent on or related to the performance of the Underlying Index. The Notes are not equivalent to a direct investment in the securities that comprise the Target Index and do not represent an interest in the Underlying Index, the Target Index or in the securities of the entities that comprise the Target 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. Other than the Fixed Interest which will be paid on each Fixed Interest Payment Date, return on the Notes, if any, will be calculated based on any increase in the level of the Underlying Index, measured from its official closing level on the Initial Valuation Date to its official closing level on the Final Valuation Date. If an Extraordinary Event occurs, Fixed Interest will remain payable on any remaining Fixed Interest Payment Dates. The closing level of the Underlying Index on October 18, 2021 was 194.67. The Adjusted Return Factor will therefore result in a reduction of a synthetic dividend of 0.0270 index points on October 19, 2021. If the closing level of the Target Index does not change, over the term of the Notes the sum of the Adjusted Return Factor will result in an aggregate reduction of synthetic dividends of approximately 43.64 index points, representing 22.42% of the closing level of the Underlying Index on October 18, 2021. If the closing level of the Target Index changes over the term of the Notes, the aggregate reduction of synthetic dividends may be higher or lower than 43.64 index points. As such, the Notes are subject to different risks than such a direct investment and any return payable under the Notes will not be identical to the return associated with such securities.

### Fees and Expenses

Unless Notes are sold by us to a selling agent acting as principal, no part of any commission or fee paid by us to the selling agent may be reallocated, directly or indirectly, to the purchaser of Notes or to others, and the selling agent will not be entitled to receive any commission from any other party in respect of initial sales of Notes. If an Extraordinary Event occurs, we may incur expenses unwinding any hedge position in respect of our obligation to make payments under the Notes, which could reduce the amount of return otherwise payable on the Notes.

### Risk Factors

#### Risks of owning the Notes include the following:

- the Notes may not be a suitable investment for all investors;
- return may be limited to 1.25% of the Principal Amount per Note over the term of the Notes;
- other than the return provided by the Fixed Interest, return will depend on the performance of the Underlying Index;
- returns on the Underlying Index are reduced by the Adjusted Return Factor and will be lower than returns on the Target Index;
- the difference between the Underlying Index and the Target Index over a longer period is subject to the effects of compounding returns and, as a result, may be greater or less than the Adjusted Return Factor pro-rated over the same period;
- the Adjusted Return Factor is a fixed percentage deduction which means that the daily performance of the Underlying Index is calculated by subtracting a fixed percentage from the daily gross total return performance of the Target Index;
- in circumstances where the level of the Underlying Index increases over time, the Adjusted Return Factor will result in the subtraction of a greater number of index points from the level of the Underlying Index;
- as the Adjusted Return Factor is predetermined, the amount adjusted may not reflect short term changes in the dividend yield of the securities constituting the Target Index;
- Noteholders have no direct ownership interest in the securities comprising the Target Index;
- a secondary market for the Notes may not develop or be sustainable;

- the occurrence of an Extraordinary Event could affect the return (other than Fixed Interest), if any, payable on the Notes or result in a payment of Alternative Variable Return prior to maturity;
- we or RBC DS may engage in activities that could adversely impact the Notes;
- Fixed Interest will only be payable for each Interest Period, resulting in a maximum return provided by the Fixed Interest of \$1.25 per Note, or 0.25% of the Principal Amount for each Interest Period that the Notes are outstanding; and
- the repayment of a Noteholder's Principal Amount, the payment of Fixed Interest and Variable Return or Alternative Variable Return, as the case may be, if any, are subject to the creditworthiness of Royal Bank. **Noteholders will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*.**

#### Tax Considerations

Potential Canadian income tax consequences for investors in Notes are described in the Information Statement under "*Canadian Federal Income Tax Considerations*".

Investors should, however, consider the following:

- Fixed Interest should be included in an individual Noteholder's income as it becomes due;
- all other interest on the Notes (including Alternative Variable Return) should be included in an individual Noteholder's income for the taxation year in which the amount of such interest becomes calculable; and
- any gain realized from the disposition of Notes likely will be included in income and likely will not give rise to a capital gain.

***This summary is not intended to constitute, nor should it be relied upon as, tax advice to any particular Noteholder. All Noteholders should consult their own tax advisors with respect to their tax positions and the tax consequences of holding Notes.***

#### Differences from Conventional Fixed Rate Investments

The Notes are different from conventional fixed rate investments. Other than the Fixed Interest payable on each Fixed Interest Payment Date, the Notes will not provide Noteholders with a regular income stream prior to maturity, and will not provide a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, the return on the Notes is uncertain in that if the Settlement Level of the Underlying Index does not increase over the term of the Notes, only the Fixed Interest will be payable on the Notes. There is no assurance that the level of the Underlying Index will increase over the term of the Notes and there is therefore no assurance that a Noteholder will receive any amount other than a fixed return of 0.25% of the Principal Amount per Note for each Interest Period during the term of the Notes and repayment of the Principal Amount at maturity.

#### Secondary Market

The Notes will not be listed on any stock exchange and there is no assurance that a secondary market for the Notes will develop or be sustainable. RBC DS has indicated that it intends to use its reasonable best efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. Despite its intention to make such efforts, RBC DS reserves the right, without providing prior notice to Noteholders, to choose not to do so in its sole discretion.

#### Secondary Market Resales

The Principal Amount of each Note is guaranteed only if the Note is held until maturity. The resale of a Note by the investor in any secondary market could result in the investor receiving less than the Principal Amount invested.

#### Right of Cancellation

The investor will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser. The purchaser may exercise this right by contacting their investment advisor or RBC DS.

#### Suitability of the Notes for Investment Purposes

The Notes may be suitable for:

- investors who want fixed interest payments and to protect their principal investment until maturity;
- investors looking to earn a fixed rate return with the potential to earn an enhanced return over fixed rate investments and who are prepared to assume the risks associated with an investment in the Underlying Index, which is not a price return index and instead aims to track the gross total return performance of the Target Index less the Adjusted Return Factor; and
- investors with a long-term investment horizon who are prepared to hold the Notes until maturity.

#### Non-CDIC Protected

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

#### No Early Redemption by Royal Bank

The Notes will not be redeemable by Royal Bank before the Maturity Date.

#### Availability of Information

Detailed information about the Notes, including a copy of the Information Statement, will be posted at [www.rbcnotes.com](http://www.rbcnotes.com) and will be provided in writing on request from RBC DS at (800) 280-4434.

Certain additional information regarding the Notes will also be provided on an ongoing basis at [www.rbcnotes.com](http://www.rbcnotes.com), including (i) the most recent bid price for the Notes, and/or (ii) the last available measure that would be used to determine the Variable Return.

#### Amendments to the Notes

The Global Note may be amended without the consent of the Noteholders if in our reasonable opinion the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended if the amendment is approved by the Noteholders representing not less than 66 2/3% of the outstanding aggregate principal amount of the Notes represented at such vote.

#### Potential Conflicts of Interest

Royal Bank or its subsidiary, RBC DS, will perform functions or engage in activities in the course of their normal respective business operations that could adversely impact the value of the Notes, your ability to resell your Notes or the amount or timing of receipt of entitlements under the Notes.

Royal Bank or RBC DS, as Calculation Agent and/or as market maker for the Notes, may have financial interests that differ from and may be adverse to those of the Noteholders.