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# Information Statement

Dated January 14, 2025

Issue Date: February 7, 2025

Maturity Date: August 10, 2028

Price: US\$100 per Note

# Royal Bank of Canada

## RBC Principal Protected S&P 500® Futures Excess Return Index LEOS® (USD), Series 1

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# Royal Bank of Canada

## RBC Principal Protected S&P 500<sup>®</sup> Futures Excess Return Index LEOS<sup>®</sup> (USD), Series 1

### SUMMARY

The following is a summary of the basic terms of the Royal Bank of Canada deposit notes called “RBC Principal Protected S&P 500<sup>®</sup> Futures Excess Return Index LEOS<sup>®</sup> (USD), Series 1” (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 “**US\$**” are to **U.S. dollars**. Capitalized terms which are not otherwise defined herein are defined under “Definitions”. LEOS<sup>®</sup> is a registered trademark of Royal Bank of Canada.

<b>Issuer:</b>	Royal Bank of Canada (“ <b>Royal Bank</b> ”, “ <b>we</b> ”, “ <b>our</b> ” or “ <b>us</b> ”). Our head office is located at 200 Bay Street, Toronto, Ontario, M5J 2J5.
<b>Fundserv Code:</b>	RBC12287
<b>Index:</b>	The variable return on the Notes (“ <b>Variable Return</b> ”) will be determined by reference to the performance of the S&P 500 <sup>®</sup> Futures Excess Return Index (the “ <b>Index</b> ”). The Index measures the performance of a rolling position in the nearest maturing quarterly E-mini <sup>®</sup> S&P 500 <sup>®</sup> futures contracts (the “ <b>Underlying Futures Contracts</b> ”) trading on the Chicago Mercantile Exchange (Symbol: ES). For further information on the Index, see “ <i>Summary Information Regarding the Index</i> ”. The Notes do not represent an interest in the Index or in the securities of the entities that comprise the Index and holders will have no right or entitlement to such securities including dividends or other distributions paid on these securities. The closing level of the Index on January 13, 2025 was 492.08. There is no requirement for Royal Bank to hold any interest in the Index or in the securities of the entities that comprise the Index.
<b>Index Sponsor:</b>	S&P Dow Jones Indices (the “ <b>Index Sponsor</b> ”)
<b>Issue Date:</b>	On or about February 7, 2025
<b>Initial Valuation Date:</b>	February 6, 2025
<b>Final Valuation Date:</b>	August 7, 2028
<b>Maturity Date and Term:</b>	On or about August 10, 2028, resulting in a term to maturity of approximately 3.50 years. The Principal Amount will only be payable at maturity. For further information, see “ <i>Payments Under the Notes</i> ”.
<b>Payment Amount:</b>	The amount payable on each Note upon maturity (the “ <b>Payment Amount</b> ”) 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 “ <i>Payments Under the Notes</i> ”.
<b>Variable Return:</b>	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.
<b>Percentage Change:</b>	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.

<b>Base Level:</b>	Except in circumstances described below under “ <i>Payments Under the Notes – Extraordinary Events</i> ”, the Base Level of the Index is the official closing level of the Index, as published by the Index Sponsor, on the Initial Valuation Date, rounded to two decimal places.
<b>Settlement Level:</b>	The Settlement Level of the Index will be the official closing level (or deemed closing level, as the case may be) of the 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 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 “ <i>Payments Under the Notes – Extraordinary Events</i> ”.
<b>Participation Rate:</b>	The Participation Rate will be equal to 100.00%.
<b>Extraordinary Events:</b>	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 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 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 would be payable for or in respect of the remaining term of the Notes. See “ <i>Payments Under the Notes – Extraordinary Events</i> ”.
<b>Eligibility for Investment:</b>	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, first home savings accounts, 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 “ <i>Canadian Federal Income Tax Considerations – Eligibility for Investment</i> ”, including the summary of the “prohibited investment” rules.
<b>No Early Redemption:</b>	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 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 and, in particular, any purchase price will be reduced by up to 3.50% of the Principal Amount if the Noteholder sells Notes within 180 days of the Issue Date due to an Early Trading Charge. The resale price of Notes could be below the US\$100 Principal Amount per Note.</p> <p>Resales of the Notes in any secondary market will be effected through Fundserv and will be subject to certain procedures, requirements and limitations relating to Fundserv. For further information, see “<i>Related Matters - Resale of Notes Through Fundserv</i>”.</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> .

**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.

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.

**Fees and Expenses:**

Selling agents who sell the Notes will receive, from our own funds, an initial selling commission of 3.00% of the Principal Amount of each Note sold. This fee will not reduce the amount of return payable on 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. For further information, see “*Related Matters – Fees and Expenses*”.

**Availability of Information:**

Detailed information about the Notes, including a copy of this Information Statement, will be posted on Royal Bank’s structured notes website 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 any applicable Early Trading Charge and/or (ii) the last available measure that would be used to determine the Variable Return.

Such information will also be available from your investment advisor.

**Deferred Payment:**

Federal laws of Canada prohibit lenders from entering into an agreement or arrangement to receive interest at an annual percentage rate of interest, calculated in accordance with generally accepted actuarial practices and principles, exceeding 35% of the credit advanced under the agreement or arrangement. This prohibition may not apply, depending on the amount of the credit advanced and, in certain circumstances, the annual percentage rate of interest received by the lender/investor on such credit advanced. To the extent permitted by law, Royal Bank will not voluntarily claim the benefits of any laws concerning usurious rates of interest. If not permitted by law to do so, when any payment is to be made by Royal Bank to a holder of the Notes, payment of a portion of such amount may be deferred to ensure compliance with such laws, if applicable.

## SAMPLE CALCULATIONS OF THE PAYMENT AMOUNT

The examples set out below are included for illustration purposes only. The levels of the Index used to illustrate the calculation of the Variable Return are not estimates or forecasts of the level of the Index on which the Base Level and Settlement Level or the calculation of the Percentage Change, and in turn the Variable Return, will depend. All examples assume that a Noteholder has purchased Notes with an aggregate principal amount of US\$10,000 and that no Extraordinary Event has occurred.

**Example #1 — Hypothetical calculation of the Payment Amount where the Percentage Change of the Index is positive.** It is assumed that the Base Level of the Index is 492.08 and the Settlement Level of the Index is 639.71 (hypothetical). The Payment Amount would be calculated as follows:

Base Level = 492.08

Settlement Level = 639.71

Percentage Change =  $(639.71 - 492.08) / 492.08 = 0.30001$  or 30.001%

Participation Rate = 100.00%

Variable Return =  $\text{US\$}10,000.00 \times 30.001\% \times 100.00\% = \text{US\$}3,000.10$

Payment Amount =  $\text{US\$}10,000.00 + \text{US\$}3,000.10 = \text{US\$}13,000.10$

In this example, the Payment Amount provides a return equivalent to an annually compounded rate of return of 7.78%.

**Example #2 — Hypothetical calculation of the Payment Amount where the Percentage Change of the Index is deemed to be zero.** It is assumed that the Base Level of the Index is 492.08 and the Settlement Level of the Index is 344.45 (hypothetical). The Payment Amount would be calculated as follows:

Base Level = 492.08

Settlement Level = 344.45

Percentage Change =  $(344.45 - 492.08) / 492.08 = -0.30001$  or -30.001%

Participation Rate = 100.00%

Variable Return =  $\text{US\$}10,000.00 \times 0.000\% \times 100.00\% = \text{US\$}0.00$

Payment Amount =  $\text{US\$}10,000.00 + \text{US\$}0.00 = \text{US\$}10,000.00$

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

## SUMMARY INFORMATION REGARDING THE INDEX

The following is a summary description of the S&P 500<sup>®</sup> Futures Excess Return Index based on information obtained from the Index Sponsor's website at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

<b>Index</b>	S&P 500 <sup>®</sup> Futures Excess Return Index
<b>Country</b>	United States of America
<b>Index Sponsor</b>	S&P Dow Jones Indices
<b>Weighting Method</b>	Price Weighted
<b>Rebalancing Frequency</b>	No Rebalance
<b>Calculation Frequency</b>	Real time
<b>Closing Index Level (January 13, 2025)</b>	492.08

### General Information

The S&P 500<sup>®</sup> Futures Excess Return Index was first launched on August 11, 2010.

All information contained in this Information Statement regarding the S&P 500<sup>®</sup> Futures Excess Return Index, including, without limitation, its make-up, method of calculation and changes in its components, has been derived from publicly available information, without independent verification. This information reflects the policies of, and is subject to change by, the Index Sponsor. The S&P 500<sup>®</sup> Futures Excess Return Index is calculated, maintained and published by the Index Sponsor. The Index Sponsor has no obligation to continue to publish, and may discontinue the publication of, the S&P 500<sup>®</sup> Futures Excess Return Index.

The S&P 500<sup>®</sup> Futures Excess Return Index measures the performance of a rolling position in the nearest maturing quarterly E-mini<sup>®</sup> S&P 500<sup>®</sup> futures contracts trading on the Chicago Mercantile Exchange (Symbol: ES). E-mini<sup>®</sup> S&P 500<sup>®</sup> futures contracts are U.S. dollar-denominated futures contracts based on the S&P 500<sup>®</sup> Index (the “**Reference Index**”). The S&P 500<sup>®</sup> Futures Excess Return Index is reported by Bloomberg under the ticker symbol “SPXFP.”

### Index Calculations

The S&P 500<sup>®</sup> Futures Excess Return Index is an excess return index, meaning that its performance is based solely on changes in the daily contract price of its Underlying Futures Contract and positive or negative yields associated with rolling Underlying Futures Contracts. An excess return index is distinct from a total return index, which, in addition to reflecting those price and roll returns, would also reflect interest on a hypothetical cash position collateralizing the Underlying Futures Contracts.

As each Underlying Futures Contract approaches maturity, it is replaced by the next maturing Underlying Futures Contract in a process referred to as “rolling.” The rolling of the S&P 500<sup>®</sup> Futures Excess Return Index occurs quarterly over a one-day rolling period (the “**Roll Day**”) every March, June, September and December, effective after the close of trading five business days preceding the last trading date of the maturing Underlying Futures Contract, subject to adjustment in the case of holidays or market disruptions.

The closing level of the S&P 500<sup>®</sup> Futures Excess Return Index on any trading day reflects the change in the daily contract price of the Underlying Futures Contract since the immediately preceding trading day. On each quarterly Roll Day, the closing level of the S&P 500<sup>®</sup> Futures Excess Return Index reflects the change from the daily contract price of the maturing Underlying Futures Contract on the immediately preceding trading day to the daily contract price of the next maturing Underlying Futures Contract on that Roll Day.

The daily contract price of an Underlying Futures Contract will be the settlement price reported by the Chicago Mercantile Exchange. If the Chicago Mercantile Exchange fails to open due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events, the S&P 500<sup>®</sup> Futures Excess Return Index uses the prior daily contract prices. In situations where the Chicago Mercantile Exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, The Index Sponsor calculates the closing level of the S&P 500<sup>®</sup> Futures Excess Return Index based on the daily contract prices published by the Chicago Mercantile Exchange or, if no daily contract price is available, the Index Committee will determine the course of action.

### Index Governance

An S&P Dow Jones Indices index committee (the “**Index Committee**”) maintains the S&P 500<sup>®</sup> Futures Excess Return Index. The Index Committee may revise index policy covering rules for including currencies, the timing of rebalancing or other matters. The Index Committee

considers information about changes to the S&P 500<sup>®</sup> Futures Excess Return Index and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

The Index Committees reserve the right to make exceptions when applying the methodology of the S&P 500<sup>®</sup> Futures Excess Return Index if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, notice will be provided, whenever possible

In addition to the daily governance of the S&P 500<sup>®</sup> Futures Excess Return Index and maintenance of its index methodology, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the S&P 500<sup>®</sup> Futures Excess Return Index continues to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones may publish a consultation inviting comments from external parties.

### **License Agreement and Disclaimer**

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S&P DOW JONES INDICES DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY ROYAL BANK, HOLDERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND ROYAL BANK, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

## PAYMENTS UNDER THE NOTES

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

### Payment Amount on Maturity

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 no Variable Return will be payable at maturity. This possibility is described below under "Extraordinary Events – Payment Due to an Extraordinary Event".

### Calculation of Variable Return

"**Participation Rate**" will be 100.00%.

"**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. 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 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 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 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 Index would pay, taking into account all relevant market circumstances, for a right to receive the return 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 through Fundserv, 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 Noteholders will have no further entitlement to receive any return on their investment, including in respect of Variable Return.***

#### **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 Index is calculated or determined by us, or (b) as soon as practicable after such date if the level of the 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 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 Fundserv to dealers and financial advisors with clients who hold Notes, 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 through RBC DS (or its delegate on our behalf) via Fundserv to dealers and financial advisors with clients who hold Notes. Royal Bank will, directly or indirectly through RBC DS, hold all of the beneficial interests in the Notes for and on behalf of Noteholders or their representatives, as a custodial agent appointed for the purpose of holding such beneficial interests and facilitating certain transactions in respect of the Notes through Fundserv. Royal Bank will appoint RBC DS as its agent (who may delegate its responsibilities, without notice to Noteholders, to, and in reliance upon, third party service providers) to record the respective Noteholders' beneficial interests in the Notes, in each case as may be instructed by the dealers and financial advisors representing such Noteholders in accordance with Fundserv procedures and requirements. Holders of Notes should understand that Royal Bank or RBC DS (or its delegate), as the case may be, will only make such recordings as may be instructed through Fundserv by a Noteholder's dealer or financial advisor and will have no obligation to confirm or take notice of any such instructions, appointments, revocations or any other matters pertaining to, a Noteholder's appointment of, or arrangements with, a dealer or financial advisor. See "*Related Matters – Registration*".

Payments of the Principal Amount 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 Principal Amount remains payable at maturity.

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 RBC DS, acting as depository for the Notes 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. In relation to Royal Bank's role as custodian in connection with the Notes, we will have no obligation to confirm or take notice of any such instructions, appointments, revocations or any other matters pertaining to a Noteholder's appointment of or arrangements with a dealer or financial advisor or any notices given to or through the Fundserv system.

## 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. The Notes will not provide Noteholders with a regular income stream prior to maturity or a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Return on the Notes, if any, unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, is uncertain in that if the level of the Index does not increase over the term of the Notes, no return will be payable on the Notes. There is no assurance that the level of the Index will increase over the term of the Notes and there is therefore no assurance that a Noteholder will receive any amount other than repayment of the Principal Amount at maturity.

The Notes are not suitable for investors who need or expect a regular income stream, or who expect to receive a specific return, over the term of the Notes. No assurance can be made that a Noteholder will receive any payment on the Notes other than 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 for 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 Index. The Notes are only suitable for investors with a long-term investment horizon who are prepared to hold the Notes until maturity and who do not need or expect to receive regular payments of return over the term of the Notes.

### 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 Royal Bank in Toronto, Canada as custodian of the Global Note, and registered in the name of RBC DS in Toronto, Canada as depository for the Notes. 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.

Holders of Notes will have an indirect beneficial interest in the Global Note. Royal Bank will, directly or indirectly through RBC DS, hold all of the beneficial interests in the Notes for and on behalf of such Noteholders or their representatives, as a custodial agent appointed for the sole purpose of holding such beneficial interests and facilitating certain transactions in respect of the Notes through Fundserv. These arrangements are provided for in agreements between Royal Bank, as custodian, RBC DS and the dealers or financial advisors who represent Noteholders for the purposes of implementing transactions through the Fundserv system. Royal Bank will appoint RBC DS as its agent to record the respective Noteholders’ beneficial interests in the Notes, in each case as may be instructed by the dealers or financial advisors representing such Noteholders in accordance with the Fundserv procedures and requirements. Holders of Notes should understand that Royal Bank and RBC DS will only make such recordings and process such transactions as may be instructed through Fundserv by a dealer or financial advisor recorded under Fundserv as representing the applicable Noteholder and will have no obligation to confirm or take notice of any instructions, appointments, revocations or any other matters pertaining to the Noteholder’s appointment of or arrangements with a dealer or financial advisor purporting to act on his or her behalf or in respect of any notices given to or through the Fundserv system. Transactions involving Notes may only be implemented through Fundserv by dealers or financial advisors that have access to the Fundserv system and have an effective agreement with Royal Bank and RBC DS regarding the specific application of the Fundserv procedures to such transactions. If a Noteholder were to replace or transfer his or her investment accounts to another dealer or financial advisor who did not satisfy such conditions, the Noteholder would be required to sell his or her Notes pursuant to the procedures described under “- *Resale of Notes Through Fundserv*”.

### Plan of Distribution

Each Note will be issued at US\$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. Selling commission 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 “– *Resale of Notes Through Fundserv*”.

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.

With respect to a purchase of Notes, the full aggregate Principal Amount of the Notes to be purchased must be delivered by the purchaser’s dealer or financial advisor through Fundserv no later than three Exchange Days prior to the Issue Date.

Despite the delivery of such funds in respect of an offer to purchase Notes, we reserve the right not to accept any such offer. If for any reason Notes are not issued to a person who has delivered such funds, delivered funds will be forthwith returned to the prospective purchaser’s dealer or financial advisor through Fundserv. No interest or other compensation will be paid to the purchaser in respect of delivered funds or to the dealer or financial advisor representing such purchaser.

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**

We will pay selling agents who sell the Notes, from our own funds, an initial selling commission of 3.00% of the Principal Amount of each Note. This fee will not reduce the amount of return payable on 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.

Unless Notes are sold by us to a selling agent acting as principal, no part of any selling 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 selling commission from any other party in respect of initial sales of Notes. In this regard, it should be noted that the Net Bid Price (described under “– *Resale of Notes Through Fundserv*”) payable in connection with a resale of Notes would reflect a reduction in respect of an Early Trading Charge, which amount attributes to a selling holder a portion of the fees, costs and other amounts associated with the creation, issuance and maintenance of the Notes subject to such resale.

#### **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.

#### **Resale of Notes Through Fundserv**

Holders of Notes wishing to sell Notes prior to the Maturity Date will be permitted to do so using the procedures established to redeem securities through Fundserv commencing the day after the Issue Date. Such sales will be subject to certain procedures, requirements and limitations relating to the Fundserv system. Any other sale of Notes will not be recognized. Holders of Notes wishing to sell all or a part of their holdings should consult with their dealers or financial advisors in advance in order to understand the timing and other procedures, requirements and limitations of selling through the Fundserv system.

RBC DS may, from time to time, purchase and sell Notes but will not be obliged to do so. RBC DS will have the right, in its sole discretion, to cease to offer to purchase or sell Notes. If RBC DS determines to stop facilitating a secondary market for the Notes, holders of Notes may not be able to resell their Notes through the Fundserv system.

To give effect to a sale of Notes through Fundserv, the dealer or financial advisor for a Noteholder must initiate an irrevocable request to “redeem” the applicable Notes in accordance with the then established procedures of Fundserv. The use of Fundserv’s redemption procedures for this purpose is a matter of convenience to give effect to a sale transaction within Fundserv’s existing systems and procedures. Despite this terminology, Notes will not be “redeemed”, but rather Notes will be sold through these procedures to RBC DS. In turn, RBC DS will be able in its discretion to resell such Notes to other third parties at negotiated prices or to hold them for its own account. Noteholders should be aware that, from time to time, the Fundserv “redemption” procedures required to give effect to any resale of Notes may be suspended for any reason without notice, thus effectively preventing Noteholders from selling their Notes. Potential purchasers requiring liquidity should carefully consider this possibility before purchasing Notes.

Generally, to be effective on an Exchange Day, a redemption request will need to be initiated by 2:00 p.m. (Toronto time) on that Exchange Day (or such other time as may be established by Fundserv). Any request received after such time will be deemed to be a request sent and received on the next following Exchange Day.

A sale of a Note will be effected at a sale price (the “**Net Bid Price**”) equal to (i) the Fundserv “closing price” of a Note as of the close of business on the Exchange Day on which the order is placed as posted to Fundserv by RBC DS (in its capacity as Calculation Agent) on the following Exchange Day, minus (ii) any applicable pre-determined reduction amount set out below (similar in concept to a deferred sales charge applied in relation to an early redemption of certain mutual fund securities) (an “**Early Trading Charge**”). Accordingly, a Noteholder will not be able to negotiate a sale price for Notes.

An Early Trading Charge of up to 3.50% of the Principal Amount of a Note will be deducted from the amount received by a holder of Notes as sales proceeds if the Noteholder sells Notes within 180 days of the Issue Date. The specific amount of Early Trading Charge in relation to a resale transaction will be determined as follows:

<b>If Sold Within the Following Number of Days from the Issue Date</b>	<b>Early Trading Charge (% of Principal Amount)</b>
1 - 60 days	3.50%
61 - 120 days	2.25%
121 - 180 days	1.00%
Thereafter	Nil

RBC DS, in its capacity as Calculation Agent, will act as the “fund sponsor” for the purpose of calculating and posting daily a “net asset value” in relation to Notes within Fundserv. It is required to post a “net asset value” for the Notes on a daily basis. The Net Bid Price will represent the price at which RBC DS may offer to purchase Notes from Noteholders in connection with a secondary market transaction. Such price will be determined as of the close of trading on the Principal Exchange for the applicable Exchange Day. There is no guarantee that the Net Bid Price for any day is the highest possible price available in any secondary market for the Notes, but it will represent a bid price generally available to Noteholders as at the relevant close of business, including clients of RBC DS. The Net Bid Price of a Note at any time will generally be dependent on, among other things, (a) how much the closing level of the Index has risen or fallen since the Issue Date, (b) the fact that the Principal Amount and Variable Return, if any, of the Note is only payable on the Maturity Date, and (c) a number of other interrelated factors, including, without limitation, volatility in the closing level of the Index, the level of interest rates in Canada and the United States, dividend yields on the underlying securities comprising the Index, the volatility, or degree to which the price of the underlying securities comprising the Index change and the time remaining to maturity. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note.

**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 US\$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 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 amount, if any, 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 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 Index or of calculations made in connection with the Notes.

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

If the level of the 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 Index, as applicable, by the Index Sponsor, the Base Level and Settlement Level (as applicable) will be determined by reference to the closing level of the 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 Index so as to materially impact the Index, as applicable, or in any other way has materially modified the Index so as to materially impact the Index, as applicable, 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 Index, either temporarily or permanently, and does not provide a successor index, we may, at our option, designate another index to replace the Index, as applicable, provided that we reasonably determine that the successor index substantially tracks the same strategy as the Index and substantially tracks the excess return performance of the Index, 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 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 Index, or the securities comprising the Index, then Royal Bank may, at its option, designate another index in respect of which it is able to hedge its related obligations to replace the 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 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 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 an average approximating the value of the Index, or the Variable Return, as applicable.

#### **Deferred Payment**

Federal laws of Canada prohibit lenders from entering into an agreement or arrangement to receive interest at an annual percentage rate of interest, calculated in accordance with generally accepted actuarial practices and principles, exceeding 35% of the credit advanced under the agreement or arrangement. This prohibition may not apply, depending on the amount of the credit advanced and, in certain circumstances, the annual percentage rate of interest received by the lender/investor on such credit advanced. To the extent permitted by law, Royal Bank will not voluntarily claim the benefits of any laws concerning usurious rates of interest. If not permitted by law to do so, when any payment is to be made by Royal Bank to a holder of the Notes, payment of a portion of such amount may be deferred to ensure compliance with such laws, if applicable.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Royal Bank's counsel, Stikeman Elliott 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.**

**Except as described below under "Disposition of Notes", for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Notes must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada for the day the amount first arose, or such other rate of exchange as is acceptable to the CRA.**

### **Holders Resident in Canada**

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act 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, in certain circumstances, be entitled to 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.

### ***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. On an 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 (converted, where applicable, into Canadian dollars using the exchange rate prevailing at the time of the transfer) over its U.S. dollar outstanding principal amount at the time of the transfer converted into Canadian dollars using the exchange rate prevailing at that time.

The Resident Holder should realize a capital loss (or a capital gain) to the extent that the proceeds of disposition, net of amounts included in income as interest (including any formula amount as described above) and any reasonable costs of disposition, are less than (or exceed) the Resident Holder's adjusted cost base of the Notes. **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 Gains and Losses***

Currently, one-half of any capital gain realized by a Resident Holder in a particular taxation year will constitute a taxable capital gain that must be included in the calculation of the Resident Holder's income for such year and one-half of any capital loss realized by a Resident Holder in a particular taxation year will constitute an allowable capital loss that must be deducted against taxable capital gains of the Resident Holder realized in such year and may be deductible against taxable capital gains in any of the Resident Holder's three previous taxation years or any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act. Proposals that would amend certain parts of the capital gains regime (the "**Capital Gains Proposals**") would increase a Resident Holder's capital gains inclusion rate for a taxation year ending after June 24, 2024 from one-half to two-thirds. The Capital Gains Proposals also include provisions that would, generally, offset the increase in the capital gains inclusion rate for up to \$250,000 of capital gains realized by the Resident Holder in a year, calculated net of any capital losses incurred in the year, and which are not offset by net capital losses from other years which are deducted against taxable capital gains in the year. If the Capital Gains Proposals are enacted as proposed, capital losses realized prior to June 25, 2024 which are deductible against capital gains included in income for taxation years ending after June 24, 2024 will offset an equivalent capital gain regardless of the inclusion rate which applied at the time such capital losses were realized. Resident Holders should consult their own tax advisors.

Capital gains realized by a Resident Holder may give rise to a liability for alternative minimum tax.

### **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, is not an entity in respect of which Royal Bank or any transferee resident (or deemed to be resident) in Canada to whom the Holder disposes of, loans or otherwise transfers the Notes is a "specified entity", and is not a "specified entity" in respect of such a transferee, in each case, for purposes of the "hybrid mismatch rules" contained in section 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, interest paid or credited or deemed to be paid or credited on the Notes should not be considered to be Participating Debt Interest.

In addition, in certain circumstances, interest that is paid by a resident of Canada to a non-resident of Canada will be a deemed dividend, and therefore subject to Canadian non-resident withholding tax, where the interest constitutes the deduction component of a "structured arrangement" that is a "hybrid mismatch arrangement", each as defined in subsection 18.4(1) of the Tax Act.

Taking into account the foregoing, Royal Bank does not intend to withhold Canadian non-resident withholding tax from interest paid or credited or deemed to be paid or credited by Royal Bank or an affiliate of Royal Bank on the Notes. **Non-Resident Holders should consult**

**with their own tax advisors before acquiring a Note or disposing of a Note to a resident or deemed resident of Canada other than Royal Bank or an affiliate of Royal Bank.**

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 (“**TFSA**s”), registered disability savings plans (“**RDSPs**”), first home savings accounts (“**FHSA**s”), 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, FHSA or RESP, the annuitant of the RRSP or RRIF, the holder of the TFSA, RDSP or FHSA, 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, FHSA 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 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.

***No return may be payable*** – It is uncertain how much return, if any, will be payable under the Notes. A holder may only receive the US\$100 Principal Amount of a Note on the Maturity Date.

***Return, if any, will depend on the performance of the Index*** – Subject to the occurrence of certain Extraordinary Events, return on the Notes, if any, will be calculated based on the increase in the level of the Index. No assurance can be given that the level of the Index will increase. Noteholders are not entitled to any dividends or other distributions that may be paid by an issuer of the securities comprising the Index.

***You will not have any rights to the futures contracts included in the Index or the securities included in the Reference Index*** – As an investor in the Notes, you will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the futures contracts included in the Index or the securities included in the Reference Index.

***The Index reflects the price return of the futures contracts composing the Index, not the total return*** – The return on the Notes is based on the performance of the Index, which reflects changes in the market prices of the futures contracts composing the Index and positive or negative yields associated with rolling those futures contracts. The Index is not a “total return” index that, in addition to reflecting those prices and roll returns, would also reflect interest on a hypothetical cash position collateralizing the futures contracts composing the Index.

***The performance of the Index will differ from the performance of the Reference Index*** – A variety of factors can lead to a disparity between the performance of an equity index futures contract and the index referenced by those futures contracts, including the expected dividend yields of the equity securities included in that index, an implicit financing cost associated with the futures contract and policies of the exchange on which the futures contracts are traded, such as margin requirements. A decline in expected dividends yields or an increase in margin requirements may adversely affect the performance of the Index. In addition, the implicit financing cost will negatively affect the performance of the Index, with a greater negative effect when market interest rates are higher. During periods of high market interest rates, the Index is likely to underperform the Reference Index, perhaps significantly.

***Negative roll returns associated with the futures contracts composing the Index may adversely affect the level of the Index and the value of the Notes*** – Unlike equity securities, the futures contracts composing the Index, by their terms, have stated expirations. As the futures contracts composing the Index approach expiration, they are replaced by contracts of the same series that have a later expiration. For example, a futures contract notionally purchased and held in June may specify a September expiration date. As time passes, the contract expiring in September is replaced by a contract for delivery in December. This is accomplished by notionally selling the September contract and notionally purchasing the December contract. This process is referred to as “rolling.” Excluding other considerations, if prices are higher in the distant delivery months than in the nearer delivery months, the notional purchase of the December contract would take place at a price that is higher than the price of the September contract, thereby creating a negative “roll return.” Negative roll returns adversely affect the returns on the futures contracts composing the Index and, therefore, the value of the Index and any payments on, and the value of, the Notes. Because of the potential effects of negative roll returns, it is possible for the value of the Index to decrease significantly over time, even when the levels of the Reference Index are stable or increasing.

***The Index is subject to significant risks associated with futures markets*** – Futures markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, the participation of speculators and government regulation and intervention. In addition, futures exchanges generally have regulations that limit the amount of the futures contract price fluctuations that may occur in a single day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of those limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a price beyond the limit, or trading may be limited for a set period of time. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at potentially disadvantageous times or prices. These circumstances could delay the calculation of the value of the Index. These factors and others can cause the prices of the futures contracts composing the Index to be volatile and could adversely affect the value of the Index and any payments on, and the value of, your Notes.

**Adjustments to the Index or the Reference Index could adversely affect any payments on the Notes** – The sponsor of the Reference Index may add, delete, substitute or adjust the securities composing the Reference Index or the sponsor of the Index or the Reference Index may make methodological changes to the Index or the Reference Index, as applicable, that could affect its performance. The Calculation Agent will calculate the value to be used as the closing value of the Index in the event of certain material changes in, or modifications to, the Index. In addition, the sponsor of the Index may also discontinue or suspend calculation or publication of the Index at any time. Under these circumstances, the Calculation Agent may select a successor index that the Calculation Agent determines to be comparable to the Index or, if no successor index is available, the Calculation Agent will determine the value to be used as the closing value of the Index. Any of these actions could adversely affect the value of the Index and, consequently, the value of the Notes. See “*Related Matters – Discontinuance or Modification of the Index*”.

**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 and, in particular, any purchase price will be reduced by up to 3.50% of the Principal Amount if the Noteholder sells Notes within 180 days of the Issue Date. The resale price of Notes could be below the US\$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 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 Index); the level of interest rates in Canada and the United States, the dividends or other distributions paid on the underlying securities comprising the Index; the volatility or degree to which the price of the underlying securities comprising the Index change; and the time remaining until maturity. The effect of any one factor may be offset or magnified by the effect of another factor.

**Fundserv** – The Notes may only be purchased, settled and otherwise dealt with in accordance with the clearing and settlement procedures and services operated by Fundserv and certain other rules and protocols established with dealers and financial advisors in connection with such services. Only those dealers and financial advisors that have an effective agreement with Royal Bank will be eligible to deal with Notes on behalf of Noteholders.

**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, the amount of return 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 Index or individual securities comprising the 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 Index, which dealings will not take into account the effect, if any, on the level of the 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 amount, if any, 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 judgement 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.

**Credit Risk** – The Notes will evidence deposit liabilities of Royal Bank (credit ratings: Moody’s Aa1; 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 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 RBC DS. 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.

“**Capital Gains Proposals**” has the meaning ascribed thereto under “*Canadian Federal Income Tax Considerations*”.

“**CDIC**” means Canada Deposit Insurance Corporation.

“**CRA**” means the Canada Revenue Agency.

“**Dow Jones**” means Dow Jones Trademark Holdings LLC.

“**Early Trading Charge**” has the meaning ascribed thereto under “*Related Matters – Resale of Notes Through Fundserv*”.

“**Exchange Day**” means, in respect of the 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 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 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 Index or the securities comprising the 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 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 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 August 7, 2028.

“**Fundserv**” means Fundserv Inc. and its successors.

“**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**” means the S&P 500® Futures Excess Return Index.

“**Index Committee**” has the meaning ascribed thereto under “*Summary Information Regarding the Index*”.

“**Index Sponsor**” means S&P Dow Jones Indices and its successors.

“**Initial Valuation Date**” means February 6, 2025.

“**Issue Date**” means on or about February 7, 2025.

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

“**Maturity Date**” means on or about August 10, 2028.

“**Net Bid Price**” has the meaning ascribed thereto under “*Related Matters – Resale of Notes Through Fundserv*”.

“**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 US\$100 per Note.

“**Principal Exchange**” means, in relation to the Index, any stock exchange or quotation system on which securities included in the Index are listed.

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

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

“**Reference Index**” has the meaning ascribed thereto under “*Summary Information Regarding the Index*”.

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

“**Related Exchange**” means, in relation to the Index, is an exchange in respect of which futures contracts, forward contracts or options contracts are traded in respect of the Index or the underlying securities comprising the 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*”.

“**Roll Day**” has the meaning ascribed thereto under “*Summary Information Regarding the Index*”.

“**Royal Bank**” means Royal Bank of Canada and its successors and assigns.

“**S&P Dow Jones Indices**” means S&P Dow Jones Indices LLC, Standard & Poor’s Financial Services LLC or any of their respective affiliates.

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

“**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 Index*”.

“**Underlying Futures Contracts**” has the meaning ascribed thereto under “*Summary*”.

“**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 August 10, 2028 for a term to maturity of about 3.50 years. All amounts payable in respect of the Notes will be made available by Royal Bank in book entry form through RBC DS.

### How Return on the Notes is Calculated

The Notes are linked to the performance of the S&P 500<sup>®</sup> Futures Excess Return Index which measures the performance of a rolling position in the nearest maturing quarterly E-mini<sup>®</sup> S&P 500<sup>®</sup> futures contracts trading on the Chicago Mercantile Exchange (Symbol: ES). Return on the Notes, if any, is linked to 100.00% of the positive percentage change in the level of the Index. Return on the Notes, if any, will be calculated based on any increase in the level of the Index, measured from its official closing level on the Initial Valuation Date to its official closing level on the Final Valuation Date. The closing level of the Index on January 13, 2025 was 492.08.

### Fees and Expenses

Selling agents who sell the Notes will receive an initial selling commission of 3.00% of the US\$100 Principal Amount of each Note. This fee will not affect the amount of return payable under 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.

### Risk Factors

Risks of owning the Notes include the following:

- the Notes may not be a suitable investment for all investors;
- no Variable Return may be payable in respect of the Notes;
- the return will depend on the performance of the Index;
- Noteholders have no direct ownership interest in the underlying securities comprising the Index;
- a secondary market for the Notes may not develop or be sustainable;
- the Notes may be purchased, settled and cleared only through Fundserv's facilities;
- the occurrence of an Extraordinary Event could affect the return, 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; and
- the repayment of a Noteholder's Principal Amount 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. **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:

- all entitlements to receive interest, if any, 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 entitlement becomes calculable;
- any gain realized from the disposition of Notes on maturity and any gain (determined in U.S. dollars and translated into Canadian dollars at the current exchange rate) on a transfer of Notes before maturity likely will be included in income and likely will not give rise to a capital gain; and
- investors may realize capital gains or capital losses by virtue of fluctuations in the value of the U.S. dollar relative to the Canadian dollar where a Note is transferred otherwise than to Royal Bank.

***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. The Notes will not provide Noteholders with a regular income stream prior to maturity or a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Return on the Notes, if any, unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, is uncertain in that if the Settlement Level of the Index does not increase over the term of the Notes, no return will be payable on the Notes. There is no assurance that the level of the 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 repayment of the Principal Amount at maturity.

### Secondary Market

RBC DS intends to take steps to establish a secondary market for the Notes. The price paid to a Noteholder in connection with any resale made during the first 180 days will reflect a predetermined Early Trading Charge of up to 3.50%. The Notes will not be listed on any stock exchange and may only be dealt with through Fundserv. Despite the intention of RBC DS to take steps to establish a secondary market for the Notes, 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 to protect their principal investment until maturity;
- looking for 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 Index;
- with a long-term investment horizon who are prepared to hold the Notes until maturity; and
- who do not need or expect to receive regular payments of return over the term of the Notes.

### 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 any applicable Early Trading Charge, 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.