



RBC Callable Yield Security Description

Medium Term Investments

Potential Coupon payable over the term of the notes, based on Underlying Performance

Conditional Downside Protection based on the performance of the Underlying Asset

RBC CALLABLE YIELD SECURITIES

- › RBC Callable Yield Securities provide investors with potential interest payments during the term of the note, along with conditional downside principal protection, based on the performance of the Underlying Asset.
- › Notes may be linked to a variety of asset classes, including Indices, Equities and Exchange Traded Funds.

INVESTMENT HIGHLIGHTS

Potential Coupons: Clients will receive a potential coupon paid during the term of the note, on a monthly, quarterly, semi-annual or annual basis. Interest payments will be made depending the performance of the Underlying Asset. If the performance of the Underlying Asset is above the Coupon Barrier on the relevant Observation Date, a “Digital Payout Event” will occur and Interest will be payable on the pre-determined Payment Date.

Conditional Downside Protection: Clients will receive a Redemption Amount of \$100 if at maturity the Closing Level of the Underlying Asset is above the Protection Barrier Level at maturity. If the Closing Level of the Underlying Asset is below the Protection Barrier, the note will return the performance of the Underlying Asset, which will reflect the full loss of the Underlying Asset.

Autocall Redemption prior to Maturity: The Notes will be automatically called if the closing level of the Underlying Asset is above the Initial Level on an Observation Date. The Notes will be redeemed for an amount equal to the principal amount.

SAMPLE PAYOUT SCENARIOS

Example 1: Gain Scenario with Autocall Redemption at Par

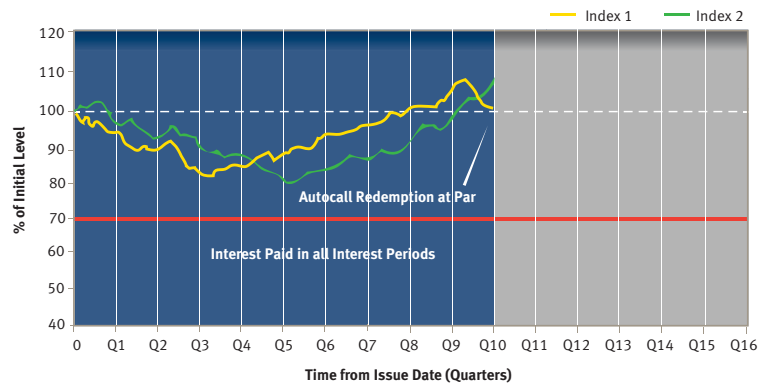
In this scenario, the Daily Closing Levels of all of the Indices are above their respective Autocall Redemption Levels on the Observation Date. This would constitute an Autocall Redemption Event and the Bank would redeem the Securities.

The Autocall Redemption Amount would be equal to \$100.

There is a Digital Payout Event on each of the 10 Observation Dates prior to the redemption of the Securities because the Daily Closing Levels of all of the Indices are above their respective Coupon Barrier Levels. The Interest Payable is \$2.50 per Interest Period.

Example if Autocalled:

- (a) Principal Amount of Securities: \$100
- (b) Total interest payments made on Payment Dates : 10 Interest Periods: $\$100 \times 2.50\% \times 10 = \25.00
- (c) Total amount paid over term of the Securities: \$125.00



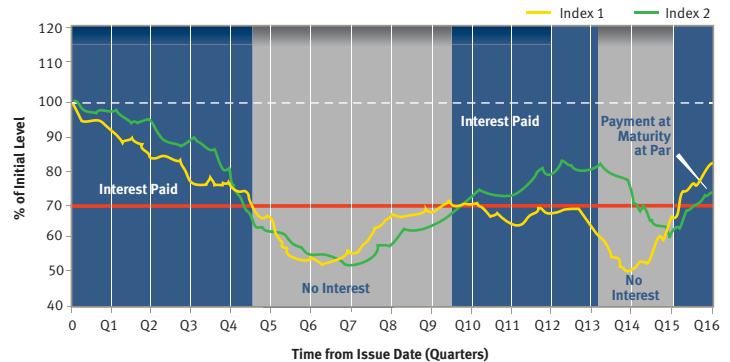
PAYOUT SCENARIOS CONTINUED

Example 2: Gain Scenario with Payment on the Maturity Date at Par

In this scenario, there is no Observation Date on which all of the Indices are above their respective Autocall Redemption Levels and the Securities would not be Autocalled before the Maturity Date. The Final Redemption Amount would be equal to \$100.

In addition, there is a Digital Payout Event on 9 of the 16 Observation Dates. On the other 7 Observation Dates, no Digital Payout Event would occur because the Daily Closing Level of one of the Indices is below its Coupon Barrier Level. Therefore, interest in the amount of \$2.50 would be payable for 8 Interest Periods for total interest payments of:

- (a) Principal Amount of Securities: \$100
- (b) Total interest payments made on Payment Dates : 9 Interest Periods: $\$100 \times 2.50\% \times 9 = \22.50
- (c) Total amount paid over term of the Securities: \$122.50



Example 3: Loss Scenario with Payment on the Maturity Date at Less Than Par

In this scenario, there is no Observation Date on which the Closing Levels of all of the Indices are above their Autocall Redemption Levels. The Securities would not be redeemed before the Maturity Date. On the Final Valuation Date, the Final Level of one of the Indices is below the Coupon Barrier Level and Protection Barrier Level.

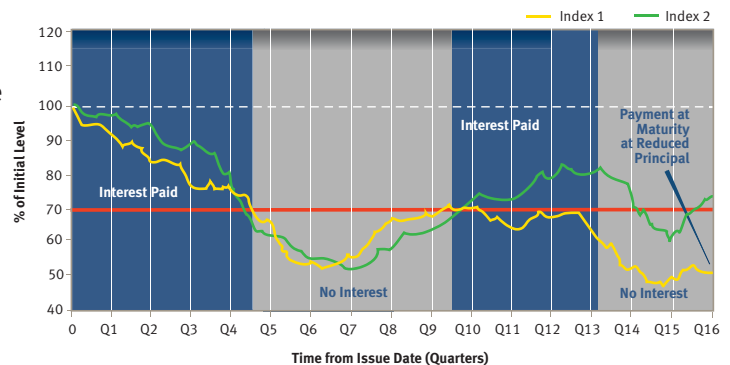
Index 1 is the Worst Performing Index, with an Initial Level (Xi) of 3,000 and a Final Level (Xf) of 1,500.

At maturity, the Final Redemption Amount would be calculated as follows:

$$\text{Principal Amount of Securities} \times (X_f / X_i) = \$100 \times (1,500 / 3,000) = \$50.00$$

In addition, there is a Digital Payout Event on 8 of the 16 Observation Dates. On the other 8 Observation Dates, no Digital Payout Event would occur because the Closing Level of one of the Indices is below its Coupon Barrier Level. Therefore, interest in the amount of \$2.50 would be payable for 8 Interest Periods for total interest payments of:

- (a) Principal Amount of Securities: \$50.00
- (b) Total interest payments made on Payment Dates : 10 Interest Periods: $\$100 \times 2.50\% \times 8 = \20.00
- (c) Total amount paid over term of the Securities: \$70.00



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