

ROYAL BANK OF CANADA  
Form FWP  
April 02, 2018

RBC Capital Markets® Filed Pursuant to Rule 433  
Registration Statement No. 333-208507

The information in this preliminary terms supplement is not complete and may be changed.

#### Preliminary Terms

##### Supplement

Subject to Completion:

Dated April 2, 2018 \$\_\_\_\_\_

Pricing Supplement Auto-Callable Contingent Coupon Barrier Notes

Dated April \_\_, 2018 to Linked to the SPDR® S&P® Oil & Gas Exploration

the Product Prospectus & Production ETF, Due April 16, 2021

Supplement No. TP-1, Royal Bank of Canada

Prospectus Supplement

and Prospectus, Each

Dated January 8, 2016

Royal Bank of Canada is offering Auto-Callable Contingent Coupon Barrier Notes (the “Notes”) linked to the SPDR® S&P® Oil & Gas Exploration & Production ETF (the “Reference Stock”). The Notes offered are senior unsecured obligations of Royal Bank of Canada, will pay a quarterly Contingent Coupon at the rate and under the circumstances specified below, and will have the terms described in the documents described above, as supplemented or modified by this terms supplement.

The Notes do not guarantee any return of principal at maturity. Any payments on the Notes are subject to our credit risk.

Investing in the Notes involves a number of risks. See “Risk Factors” beginning on page PS-5 of the product prospectus supplement dated January 8, 2016, on page S-1 of the prospectus supplement dated January 8, 2016, and “Selected Risk Considerations” beginning on page P-7 of this terms supplement.

The Notes will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this terms supplement is truthful or complete. Any representation to the contrary is a criminal offense.

|                                   |   |                         |   |
|-----------------------------------|---|-------------------------|---|
| Issuer:                           | Royal Bank of Canada  | Stock Exchange Listing: | None  |
| Trade Date:                       | April 13, 2018  | Principal Amount:       | \$1,000 per Note  |
| Issue Date:                       | April 18, 2018  | Maturity Date:          | April 16, 2021  |
| Observation Dates:                | Quarterly, as set forth below                                   | Coupon Payment Dates:   | Quarterly, as set forth below.                              |
| Valuation Date:                   | September 23, 2019  | Contingent Coupon Rate: | [8.05-9.05]% per annum (to be determined on the Trade Date) |
| Initial Stock Price:              | The closing price of the Reference Stock on the Trade Date.     |                         |   |
| Final Stock Price:                | The closing price of the Reference Stock on the Valuation Date. |                         |   |
| Call Stock Price:                 | 100% of the Initial Stock Price.                                |                         |   |
| Trigger Price and Coupon Barrier: | 75% of the Initial Stock Price.                                 |                         |   |

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**Contingent Coupon:** If the closing price of the Reference Stock is greater than or equal to the Coupon Barrier on the applicable Observation Date, we will pay the Contingent Coupon applicable to that Observation Date. You may not receive any Contingent Coupons during the term of the Notes. If the Notes are not previously called, we will pay you at maturity an amount based on the Final Stock Price:

**Payment at Maturity (if held to maturity):** For each \$1,000 in principal amount, \$1,000 plus the Contingent Coupon at maturity, unless the Final Stock Price is less than the Trigger Price. If the Final Stock Price is less than the Trigger Price, then the investor will receive at maturity, for each \$1,000 in principal amount, a cash payment equal to: \$1,000 + (\$1,000 x Reference Stock Return). Investors in the Notes will lose some or all of their principal amount if the Final Stock Price of the Reference Stock is less than the Trigger Price.

**Call Feature:** If the closing price of the Reference Stock is greater than or equal to the Call Stock Price starting on October 15, 2018 and on any Observation Date thereafter, the Notes will be automatically called for 100% of their principal amount, plus the Contingent Coupon applicable to the corresponding Observation Date.

**Call Settlement Dates:** The Coupon Payment Date corresponding to that Observation Date.

**CUSIP:** 78013XKA5

|   | Per Note | Total |
|---|----------|-------|
| Price to public <sup>(1)</sup>                        | 100.00%  | \$    |
| Underwriting discounts and commissions <sup>(1)</sup> | 1.25%    | \$    |
| Proceeds to Royal Bank of Canada                      | 97.75%   | \$    |

<sup>(1)</sup> Certain dealers who purchase the Notes for sale to certain fee-based advisory accounts may forego some or all of their underwriting discount or selling concessions. The public offering price for investors purchasing the Notes in these accounts may be between \$977.50 and \$1,000 per \$1,000 in principal amount.

The initial estimated value of the Notes as of the date of this terms supplement is \$955.48 per \$1,000 in principal amount, which is less than the price to public. The final pricing supplement relating to the Notes will set forth our estimate of the initial value of the Notes as of the Trade Date, which will not be less than \$935.48 per \$1,000 in principal amount. The actual value of the Notes at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value in more detail below.

If the Notes priced on the date of this terms supplement, RBC Capital Markets, LLC, which we refer to as RBCCM, acting as agent for Royal Bank of Canada, would receive a commission of approximately \$12.50 per \$1,000 in principal amount of the Notes and would use a portion of that commission to allow selling concessions to other dealers of up to approximately \$12.50 per \$1,000 in principal amount of the Notes. The other dealers may forgo, in their sole discretion, some or all of their selling concessions. See "Supplemental Plan of Distribution (Conflicts of Interest)" below.

RBC Capital Markets, LLC

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Auto-Callable Contingent Coupon Barrier Notes  
to the SPDR® S&P® Oil & Gas Exploration &  
Production ETF,  
Due April 16, 2021

**SUMMARY**

The information in this “Summary” section is qualified by the more detailed information set forth in this terms supplement, the product prospectus supplement, the prospectus supplement, and the prospectus.

**General:** This terms supplement relates to an offering of Auto-Callable Contingent Coupon Barrier Notes (the “Notes”) linked to the SPDR® S&P® Oil & Gas Exploration & Production ETF (the “Reference Stock”).

**Issuer:** Royal Bank of Canada (“Royal Bank”)

**Issue:** Senior Global Medium-Term Notes, Series G

**Trade Date:** April 13, 2018

**Issue Date:** April 18, 2018

**Term:** Approximately three (3) years

**Denominations:** Minimum denomination of \$1,000, and integral multiples of \$1,000 thereafter.

**Designated Currency:** U.S. Dollars

We will pay you a Contingent Coupon during the term of the Notes, periodically in arrears on each Coupon Payment Date, under the conditions described below:

**Contingent Coupon:**

- If the closing price of the Reference Stock is greater than or equal to the Coupon Barrier on the applicable Observation Date, we will pay the Contingent Coupon applicable to that Observation Date.
- If the closing price of the Reference Stock is less than the Coupon Barrier on the applicable Observation Date, we will not pay you the Contingent Coupon applicable to that Observation Date. You may not receive a Contingent Coupon for one or more quarterly periods during the term of the Notes.

**Contingent Coupon Rate:** [8.05-9.05%] per annum ([2.0125%-2.2625%] per quarter), to be determined on the Trade Date.

**Observation Dates:** Quarterly, on July 13, 2018, October 15, 2018, January 14, 2019, April 15, 2019, July 15, 2019, October 14, 2019, January 13, 2020, April 13, 2020, July 13, 2020, October 13, 2020, January 13, 2021 and the Valuation Date.

**Coupon Payment Dates:** The Contingent Coupon, if applicable, will be paid quarterly on July 18, 2018, October 18, 2018, January 17, 2019, April 18, 2019, July 18, 2019, October 17, 2019, January 16, 2020, April 16, 2020, July 16, 2020, October 16, 2020, January 19, 2021 and the Maturity Date.

**Record Dates:** The record date for each Coupon Payment Date will be one business day prior to that scheduled Coupon Payment Date; provided, however, that any Contingent Coupon payable at maturity or upon a call will be payable to the person to whom the payment at maturity or upon the call, as the case may be, will be payable.

**Call Feature:** If, on any Observation Date beginning on October 15, 2018, the closing price of the Reference Stock is greater than or equal to the Call Stock Price, then the Notes will be automatically called.

**Call Settlement Dates:** If the Notes are called on any Observation Date beginning on October 15, 2018, the Call Settlement Date will be the Coupon Payment Date corresponding to that Observation Date.

**Payment if Called:** If the Notes are automatically called, then, on the applicable Call Settlement Date, for each \$1,000 principal amount, you will receive \$1,000 plus the Contingent Coupon otherwise due on that Call Settlement Date.

**Valuation Date:** April 13, 2021

**Maturity Date:** April 16, 2021

Initial Stock Price: The closing price of the Reference Stock on the Trade Date.

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Auto-Callable Contingent Coupon Barrier Notes  
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Final Stock Price: The closing price of the Reference Stock on the Valuation Date.

Call Stock Price: 100% of the Initial Stock Price.

Trigger Price and Coupon Barrier: 75% of the Initial Stock Price.

If the Notes are not previously called, we will pay you at maturity an amount based on the Final Stock Price of the Reference Stock:

Payment at Maturity (if not previously called and held to maturity):

- If the Final Stock Price is greater than or equal to the Trigger Price, we will pay you a cash payment equal to the principal amount plus the Contingent Coupon otherwise due on the Maturity Date.
- If the Final Stock Price is below the Trigger Price, you will receive at maturity, for each \$1,000 in principal amount, a cash payment equal to: \$1,000 + (\$1,000 x Reference Stock Return). The amount of cash that you receive will be less than your principal amount, if anything, resulting in a loss that is proportionate to the decline of the Reference Stock from the Trade Date to the Valuation Date. Investors in the Notes will lose some or all of their principal amount if the Final Stock Price of the Reference Stock is less than the Trigger Price.

Reference Stock Return:  $\frac{\text{Final Stock Price} - \text{Initial Stock Price}}{\text{Initial Stock Price}}$

Stock Settlement: Not applicable. Payments on the Notes will be made solely in cash.

Market Disruption Events: The occurrence of a market disruption event (or a non-trading day) as to the Reference Stock will result in the postponement of an Observation Date or the Valuation Date, as described in the product prospectus supplement.

Calculation Agent: RBC Capital Markets, LLC (“RBCCM”)

U.S. Tax Treatment: By purchasing a Note, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the Notes as a callable pre-paid cash settled contingent income-bearing derivative contract linked to the Reference Stock for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the Notes are uncertain and the Internal Revenue Service could assert that the Notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the section below, “Supplemental Discussion of U.S. Federal Income Tax Consequences” and the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product prospectus supplement dated January 8, 2016 under “Supplemental Discussion of U.S. Federal Income Tax Consequences,” which apply to the Notes.

Secondary Market: RBCCM (or one of its affiliates), though not obligated to do so, may maintain a secondary market in the Notes after the Issue Date. The amount that you may receive upon sale of your Notes prior to maturity may be less than the principal amount.

Listing: The Notes will not be listed on any securities exchange.

Settlement: DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under “Description of Debt Securities—Ownership and Book-Entry Issuance” in the prospectus dated January 8, 2016).

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Terms Incorporated in the Master Note: All of the terms appearing above the item captioned “Secondary Market” on the cover page and pages P-2 and P-3 of this terms supplement and the terms appearing under the caption “General Terms of the Notes” in the product prospectus supplement dated January 8, 2016, as modified by this terms supplement.

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Auto-Callable Contingent Coupon Barrier Notes  
to the SPDR® S&P® Oil & Gas Exploration &  
Production ETF,  
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#### ADDITIONAL TERMS OF YOUR NOTES

You should read this terms supplement together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016 and the product prospectus supplement dated January 8, 2016, relating to our Senior Global Medium-Term Notes, Series G, of which these Notes are a part. Capitalized terms used but not defined in this terms supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this terms supplement will control. The Notes vary from the terms described in the product prospectus supplement in several important ways. You should read this terms supplement carefully.

This terms supplement, together with the documents listed below, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the prospectus supplement dated January 8, 2016 and in the product prospectus supplement dated January 8, 2016, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the Securities and Exchange Commission (the “SEC”) website at [www.sec.gov](http://www.sec.gov) as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus dated January 8, 2016:

<https://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm>

Prospectus Supplement dated January 8, 2016:

<http://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm>

Product Prospectus Supplement dated January 8, 2016:

<https://www.sec.gov/Archives/edgar/data/1000275/000114036116047446/form424b5.htm>

Our Central Index Key, or CIK, on the SEC website is 1000275. As used in this terms supplement, “we,” “us,” or “our” refers to Royal Bank of Canada.

Royal Bank of Canada has filed a registration statement (including a product prospectus supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this terms supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, Royal Bank of Canada, any agent or any dealer participating in this offering will arrange to send you the product prospectus supplement, the prospectus supplement and the prospectus if you so request by calling toll-free at 1-877-688-2301.

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Auto-Callable Contingent Coupon Barrier Notes  
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#### HYPOTHETICAL EXAMPLES

The table set out below is included for illustration purposes only. The table illustrates the Payment at Maturity of the Notes (including the final Contingent Coupon, if payable) for a hypothetical range of performance for the Reference Stock, assuming the following terms and that the Notes are not automatically called prior to maturity:

|  |  |
|--|--|
| Hypothetical Initial Stock Price:              | \$100.00*  |
| Hypothetical Trigger Price and Coupon Barrier: | \$75.00, which is 75.00% of the hypothetical Initial Stock Price   |
| Hypothetical Contingent Coupon Rate:           | 8.55% per annum (or 2.1375% per quarter), which is the midpoint of the Contingent Coupon Rate range of [8.05%-9.05%] per annum (to be determined on the Trade Date). |
| Hypothetical Contingent Coupon Amount:         | \$21.375 per quarter   |
| Observation Dates:                             | Quarterly  |
| Principal Amount:                              | \$1,000 per Note   |

\* The hypothetical Initial Stock Price of \$100 used in the examples below has been chosen for illustrative purposes only and does not represent the expected actual Initial Stock Price. The actual Initial Stock Price will be set forth on the cover page of the final pricing supplement relating to the Notes.

Hypothetical Final Stock Prices are shown in the first column on the left. The second column shows the Payment at Maturity for a range of Final Stock Prices on the Valuation Date. The third column shows the amount of cash to be paid on the Notes per \$1,000 in principal amount. If the Notes are called prior to maturity, the hypothetical examples below will not be relevant, and you will receive on the applicable Coupon Payment Date, for each \$1,000 principal amount, \$1,000 plus the Contingent Coupon otherwise due on the Notes.

| Hypothetical Final Stock Price of the Reference Stock | Payment at Maturity as Percentage of Principal Amount | Payment at Maturity (assuming that the Notes were not previously called) |
|---|---|--|
| \$150.00  | 102.1375%*  | \$1,021.375*   |
| \$140.00  | 102.1375%*  | \$1,021.375*   |
| \$125.00  | 102.1375%*  | \$1,021.375*   |
| \$120.00  | 102.1375%*  | \$1,021.375*   |
| \$110.00  | 102.1375%*  | \$1,021.375*   |
| \$100.00  | 102.1375%*  | \$1,021.375*   |
| \$90.00   | 102.1375%*  | \$1,021.375*   |
| \$80.00   | 102.1375%*  | \$1,021.375*   |
| \$75.00   | 102.1375%*  | \$1,021.375*   |
| \$74.99   | 74.9900%  | \$749.900  |
| \$70.00   | 70.0000%  | \$700.000  |
| \$60.00   | 60.0000%  | \$600.000  |
| \$50.00   | 50.0000%  | \$500.000  |



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|         |          |           |
|---------|----------|-----------|
| \$40.00 | 40.0000% | \$400.000 |
| \$30.00 | 30.0000% | \$300.000 |
| \$20.00 | 20.0000% | \$200.000 |
| \$10.00 | 10.0000% | \$100.000 |
| \$0.00  | 0%       | \$0.00    |

\*Including the final Contingent Coupon, if payable.

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Auto-Callable Contingent Coupon Barrier Notes  
to the SPDR® S&P® Oil & Gas Exploration &  
Production ETF,  
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#### Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments at maturity set forth in the table above are calculated, assuming the Notes have not been called.

Example 1: The price of the Reference Stock increases by 25% from the Initial Stock Price of \$100.00 to the Final Stock Price of \$125.00. Because the Final Stock Price is greater than the Trigger Price and its Coupon Barrier of \$75.00, the investor receives at maturity, in addition to the final Contingent Coupon of \$21.375 otherwise due on the Notes, a cash payment of \$1,000 per Note, despite the 25% appreciation in the price of the Reference Stock.

Example 2: The price of the Reference Stock decreases by 10% from the Initial Stock Price of \$100.00 to the Final Stock Price of \$90.00. Because the Final Stock Price is greater than the Trigger Price and its Coupon Barrier of \$75.00, the investor receives at maturity, in addition to the final Contingent Coupon of \$21.375 otherwise due on the Notes, a cash payment of \$1,000 per Note, despite the 10% decline in the price of the Reference Stock.

Example 3: The price of the Reference Stock decreases by 60% from the Initial Stock Price of \$100.00 to the Final Stock Price of \$40.00. Because the Final Stock Price is less than the Trigger Price and its Coupon Barrier of \$75.00, the final Contingent Coupon will not be payable on the Maturity Date, and we will pay only \$400.00 for each \$1,000 in the principal amount of the Notes, calculated as follows:

Principal Amount + (Principal Amount x Reference Stock Return)  
= \$1,000 + (\$1,000 x -60.00%) = \$1,000 - \$600.00 = \$400.00

\* \* \*

The Payments at Maturity shown above are entirely hypothetical; they are based on theoretical prices of the Reference Stock that may not be achieved on the Valuation Date and on assumptions that may prove to be erroneous. The actual market value of your Notes on the Maturity Date or at any other time, including any time you may wish to sell your Notes, may bear little relation to the hypothetical Payments at Maturity shown above, and those amounts should not be viewed as an indication of the financial return on an investment in the Notes.

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Auto-Callable Contingent Coupon Barrier Notes  
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#### SELECTED RISK CONSIDERATIONS

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Stock. These risks are explained in more detail in the section “Risk Factors,” in the product prospectus supplement. In addition to the risks described in the prospectus supplement and the product prospectus supplement, you should consider the following:

**Principal at Risk** — Investors in the Notes could lose all or a substantial portion of their principal amount if there is a decline in the trading price of the Reference Stock between the Trade Date and the Valuation Date. If the Notes are not automatically called and the Final Stock Price on the Valuation Date is less than the Trigger Price, the amount of cash that you receive at maturity will represent a loss of your principal that is proportionate to the decline in the closing price of the Reference Stock from the Trade Date to the Valuation Date. Any Contingent Coupons received on the Notes prior to the Maturity Date may not be sufficient to compensate for any such loss.

**The Notes Are Subject to an Automatic Call** — If on any Observation Date beginning in October 2018, the closing price of the Reference Stock is greater than or equal to the Call Stock Price, then the Notes will be automatically called. If the Notes are automatically called, then, on the applicable Call Settlement Date, for each \$1,000 in principal amount, you will receive \$1,000 plus the Contingent Coupon otherwise due on the applicable Call Settlement Date. You will not receive any Contingent Coupons after the Call Settlement Date. You may be unable to reinvest your proceeds from the automatic call in an investment with a return that is as high as the return on the Notes would have been if they had not been called.

**You May Not Receive Any Contingent Coupons** — We will not necessarily make any coupon payments on the Notes. If the closing price of the Reference Stock on an Observation Date is less than the Coupon Barrier, we will not pay you the Contingent Coupon applicable to that Observation Date. If the closing price of the Reference Stock is less than the Coupon Barrier on each of the Observation Dates and on the Valuation Date, we will not pay you any Contingent Coupons during the term of, and you will not receive a positive return on, your Notes. Generally, this non-payment of the Contingent Coupon coincides with a period of greater risk of principal loss on your Notes. Accordingly, if we do not pay the Contingent Coupon on the Maturity Date, you will also incur a loss of principal, because the Final Stock Price will be less than the Trigger Price.

**The Call Feature and the Contingent Coupon Feature Limit Your Potential Return** — The return potential of the Notes is limited to the pre-specified Contingent Coupon Rate, regardless of the appreciation of the Reference Stock. In addition, the total return on the Notes will vary based on the number of Observation Dates on which the Contingent Coupon becomes payable prior to maturity or an automatic call. Further, if the Notes are called due to the Call Feature, you will not receive any Contingent Coupons or any other payment in respect of any Observation Dates after the applicable Call Settlement Date. Since the Notes could be called as early as October 15, 2018, the total return on the Notes could be minimal. If the Notes are not called, you may be subject to the full downside performance of the Reference Stock even though your potential return is limited to the Contingent Coupon Rate. As a result, the return on an investment in the Notes could be less than the return on a direct investment in the Reference Stock.

**Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity** — The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of Royal Bank.

**Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes** — The Notes are our senior unsecured debt securities. As a result, your receipt of any Contingent Coupons, if payable, and the amount due on any relevant payment date is dependent upon our ability to repay its obligations on the applicable payment dates. This will be the case even if the price of the Reference Stock increases after the Trade Date. No assurance can be given as to what our financial condition will be during the term

of the Notes.

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Auto-Callable Contingent Coupon Barrier Notes  
to the SPDR® S&P® Oil & Gas Exploration &  
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Due April 16, 2021

**There May Not Be an Active Trading Market for the Notes-Sales in the Secondary Market May Result in Significant Losses** — There may be little or no secondary market for the Notes. The Notes will not be listed on any securities exchange. RBCCM and our other affiliates may make a market for the Notes; however, they are not required to do so. RBCCM or any other affiliate of ours may stop any market-making activities at any time. Even if a secondary market for the Notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your Notes in any secondary market could be substantial.

**Owning the Notes Is Not the Same as Owning the Reference Stock** — The return on your Notes is unlikely to reflect the return you would realize if you actually owned the shares of the Reference Stock. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on the Reference Stock during the term of your Notes. As an owner of the Notes, you will not have voting rights or any other rights that holders of the Reference Stock may have. Furthermore, the Reference Stock may appreciate substantially during the term of the Notes, while your potential return will be limited to the applicable Contingent Coupon payments.

**There Is No Affiliation Between the Investment Advisor or the Index Sponsor and RBCCM, and RBCCM Is Not Responsible for any Disclosure by the Investment Advisor or the Index Sponsor** — We are not affiliated with the investment adviser of the Reference Stock or the index sponsor of its underlying index. However, we and our affiliates may currently, or from time to time in the future, engage in business with these entities. Nevertheless, neither we nor our affiliates assume any responsibilities for the accuracy or the completeness of any information that any other entity prepares. You, as an investor in the Notes, should make your own investigation into the Reference Stock and the companies in which it invests. None of these companies are involved in this offering, and have no obligation of any sort with respect to your Notes. These companies have no obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of your Notes.

**The Policies of the Reference Stock's Investment Adviser Could Affect the Amount Payable on the Notes and Their Market Value** — The policies of the Reference Stock's investment adviser concerning the management of the Reference Stock, additions, deletions or substitutions of the securities held by the Reference Stock could affect the market price of shares of the Reference Stock and, therefore, the amount payable on the Notes and the market value of the Notes. The amount payable on the Notes and their market value could also be affected if the Reference Stock's investment adviser changes these policies, for example, by changing the manner in which it manages the Reference Stock, or if the Reference Stock's investment adviser discontinues or suspends maintenance of the Reference Stock, in which case it may become difficult to determine the market value of the Notes. The Reference Stock's investment adviser have no connection to the offering of the Notes and have no obligations to you as an investor in the Notes in making its decisions regarding the Reference Stock.

**Changes that Affect the Underlying Index of the Reference Stock Will Affect the Market Value of the Notes and the Payments on the Notes** — The policies of the sponsor of the underlying index of the Reference Stock concerning the calculation of that index, additions, deletions or substitutions of the components of that index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in that index and, therefore, could affect the share price of the Reference Stock, the amount payable on the Notes, if applicable, and the market value of the Notes prior to maturity. The amount payable on the Notes and their market value could also be affected if the sponsor changes these policies, for example, by changing the manner in which it calculates the index, or if the calculation or publication of the index is discontinued or suspended.

**You Must Rely on Your Own Evaluation of the Merits of an Investment Linked to the Reference Stock** — In the ordinary course of their business, our affiliates may have expressed views on expected movement in the Reference Stock or the equity securities that they represent, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to

time. Moreover, other professionals who transact business in markets relating to the Reference Stock may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning the Reference Stock from multiple sources, and you should not rely solely on views expressed by our affiliates.

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Auto-Callable Contingent Coupon Barrier Notes  
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**The Reference Stock and its Underlying Index Are Different** — The performance of the Reference Stock may not exactly replicate the performance of its underlying index, because the Reference Stock will reflect transaction costs and fees that are not included in the calculation of its underlying index. It is also possible that the performance of the Reference Stock may not fully replicate or may in certain circumstances diverge significantly from the performance of its underlying index due to the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments contained in such Reference Stock or due to other circumstances. The Reference Stock may use futures contracts, options, swap agreements, currency forwards and repurchase agreements in seeking performance that corresponds to its underlying index and in managing cash flows.

During periods of market volatility, securities underlying the Reference Stock may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the Reference Stock and the liquidity of the Reference Stock may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the Reference Stock. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the Reference Stock. As a result, under these circumstances, the market value of shares of such Reference Stock may vary substantially from the net asset value per share of such Reference Stock. For all of the foregoing reasons, the performance of the Reference Stock may not correlate with the performance of its underlying index as well as the net asset value per share of such Reference Stock, which could materially and adversely affect the value of the Notes in the secondary market and/or reduce any payment under the Notes.

**Management Risk** — The Reference Stock is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based on economic, financial and market analysis and investment judgment. Instead, the Reference Stock, utilizing a “passive” or indexing investment approach, attempts to approximate the investment performance of its underlying index by investing in a portfolio of securities that generally replicate its underlying index. Therefore, unless a specific security is removed from its underlying index, the Reference Stock generally would not sell a security because the security’s issuer was in financial trouble. In addition, the Reference Stock is subject to the risk that the investment strategy of its investment advisor may not produce the intended results.

**Our Business Activities May Create Conflicts of Interest** — We and our affiliates expect to engage in trading activities related to the Reference Stock or the securities held by the Reference Stock that are not for the account of holders of the Notes or on their behalf. These trading activities may present a conflict between the holders’ interests in the Notes and the interests we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the prices of the Reference Stock, could be adverse to the interests of the holders of the Notes. We and one or more of our affiliates may, at present or in the future, engage in business with XOP or the issuers of the securities held by XOP, including making loans to or providing advisory services. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates’ obligations and your interests as a holder of the Notes. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the Reference Stock. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities by us or one or more of our affiliates may affect the price of the Reference Stock, and, therefore, the market value of the Notes.

**The Initial Estimated Value of the Notes Will Be Less than the Price to the Public** – The initial estimated value set forth on the cover page of this terms supplement and that will be set forth in the final pricing supplement for the Notes does not represent a minimum price at which we, RBCCM or any of our affiliates would be willing to purchase the Notes in any secondary market (if any exists) at any time. If you attempt to sell the Notes prior to maturity, their

market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the price of the Reference Stock, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount and the estimated costs relating to our hedging of the Notes. These factors, together with various credit, market and economic factors over the term of the Notes, are expected to reduce the price at which you may be able to sell the Notes in any secondary market and will affect the value of the Notes in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Notes prior to maturity may be less than your original purchase price,

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as any such sale price would not be expected to include the underwriting discount and the hedging costs relating to the Notes. In addition to bid-ask spreads, the value of the Notes determined for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding rate was used. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

The Initial Estimated Value of the Notes on the Cover Page of this Terms Supplement and that We Will Provide in the Final Pricing Supplement Are Estimates Only, Calculated as of the Time the Terms of the Notes Are Set –The initial estimated value of the Notes will be based on the value of our obligation to make the payments on the Notes, together with the mid-market value of the derivative embedded in the terms of the Notes. See “Structuring the Notes” below. Our estimates are based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the Notes. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Notes or similar securities at a price that is significantly different than we do.

The value of the Notes at any time after the Trade Date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Notes in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Notes.

Market Disruption Events and Adjustments – The payment at maturity, each Observation Date, and the Valuation Date are subject to adjustment as described in the product prospectus supplement. For a description of what constitutes a market disruption event as well as the consequences of that market disruption event, see “General Terms of the Notes—Market Disruption Events” in the product prospectus supplement.

The Holdings of the SPDR® S&P® Oil & Gas Exploration & Production ETF Are Concentrated in the Oil and Gas Exploration and Production Sector — All or substantially all of the stocks held by the XOP are issued by companies in the oil and gas exploration and production sector. As a result, the stocks that will determine the performance of the XOP are concentrated in one sector. Although an investment in the Notes will not give holders any ownership or other direct interests in the stocks held by the XOP, the return on the Notes will be subject to certain risks associated with a direct equity investment in gold or silver mining companies.

In addition, the stocks of companies in the oil and gas sector are subject to swift price fluctuations. The issuers of the stocks held by the XOP develop and produce, among other things, crude oil and natural gas, and provide, among other things, drilling services and other services related to oil and gas production and distribution. Stock prices for these types of companies are affected by supply and demand both for their specific product or service and for oil and gas products in general. The price of oil and gas, exploration and production spending, government regulation, world events and economic conditions will likewise affect the performance of these companies. Correspondingly, the stocks of companies in this sector are subject to swift price fluctuations caused by events relating to international politics, energy conservation, the success of exploration projects and tax and other governmental regulatory policies. Weak demand for the companies’ products or services or for oil and gas products and services in general, as well as negative developments in these other areas, would adversely impact the prices of the stocks held by the XOP, the market price of the XOP, and the value of the Notes.

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#### INFORMATION REGARDING THE REFERENCE STOCK

Information provided to or filed with the SEC by the Reference Stock under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-123257 and 811-10325, respectively, through the SEC's website at <http://www.sec.gov>. In addition, information regarding the Reference Stock may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We have not participated in the preparation of, or verified, such publicly available information. None of the forgoing documents or filings are incorporated by reference in, and should not be considered part of, this document.

The following information regarding the Reference Stock is derived from publicly available information.

We have not independently verified the accuracy or completeness of reports filed by the Reference Stock with the SEC, information published by it on its website or in any other format, information about it obtained from any other source or the information provided below.

The Notes are not sponsored, endorsed, sold or promoted by the investment adviser. The investment adviser makes no representations or warranties to the owners of the Notes or any member of the public regarding the advisability of investing in the Notes. The investment adviser has no obligation or liability in connection with the operation, marketing, trading or sale of the Notes.

We obtained the information regarding the historical performance of the Reference Stock set forth below from Bloomberg Financial Markets.

We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets. The historical performance of the Reference Stock should not be taken as an indication of its future performance, and no assurance can be given as to the market price of the Reference Stock on any Observation Date or on the Valuation Date. We cannot give you assurance that the performance of the Reference Stock will not result in the loss of all or part of your investment.

#### SPDR® S&P® Oil & Gas Exploration & Production ETF (“XOP”)

The XOP is an investment portfolio maintained and managed by SSgA Funds Management, Inc. (“SSFM”). SSFM is the investment advisor to separate investment portfolios, including the Reference Asset. The XOP seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P® Oil & Gas Exploration & Production Select Industry® Index (the “underlying index”). The underlying index represents the oil and gas exploration and production sub-industry portion of the S&P Total Market Index, which measures the performance of the U.S. equity market. The XOP is composed of companies that are in the oil and gas sector exploration and production. The XOP trades on the NYSE Arca under the ticker symbol “XOP.” The inception date of the Fund is June 19, 2006. Prior to January 8, 2007, the Fund was known as the SPDR® Oil & Gas Exploration & Production ETF.

The XOP utilizes a “replication” investment approach in attempting to track the performance of the underlying index. The XOP typically invests in substantially all of the securities which comprise the underlying index in approximately the same proportions as the underlying index. The XOP will normally invest at least 80% of its total assets in the common stocks that comprise the underlying index.

#### S&P® Oil & Gas Exploration & Production Select Industry® Index

We have derived all information contained in this document regarding the underlying index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. Such information reflects the policies of, and is subject to change by, Standard & Poor's (“S&P”).

The underlying index is an equal-weighted index that is designed to measure the performance of the oil and gas exploration and production sub-industry portion of the S&P Total Market Index (“TMI”). The S&P TMI includes all U.S. common equities listed on the New York Stock Exchange (“NYSE”) (including NYSE Arca), the NYSE American,

the Nasdaq Global Select Market, and the Nasdaq Capital Market. Each of the component stocks in the underlying index is a constituent company within the oil and gas exploration and production sub-industry portion of the S&P TMI.

To be eligible for inclusion in the underlying index, companies must be in the S&P TMI and must be included in the relevant Global Industry Classification Standard (GICS) sub-industry. The GICS was developed to establish a global

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standard for categorizing companies into sectors and industries. In addition to the above, companies must satisfy one of the two following combined size and liquidity criteria:

- float-adjusted market capitalization above US\$500 million and float-adjusted liquidity ratio above 90%; or
- float-adjusted market capitalization above US\$400 million and float-adjusted liquidity ratio above 150%.

All U.S. companies satisfying these requirements are included in the underlying index. The total number of companies in the underlying index should be at least 35. If there are fewer than 35 stocks, stocks from a supplementary list of highly correlated sub-industries that meet the market capitalization and liquidity thresholds above are included in order of their float-adjusted market capitalization to reach 35 constituents. Minimum market capitalization requirements may be relaxed to ensure there are at least 22 companies in the underlying index as of each rebalancing effective date.

Eligibility factors include:

**Market Capitalization:** Float-adjusted market capitalization should be at least US\$400 million for inclusion in the underlying index. Existing index components must have a float-adjusted market capitalization of US\$300 million to remain in the underlying index at each rebalancing.

**Liquidity:** The liquidity measurement used is a liquidity ratio, defined as dollar value traded over the previous 12-months divided by the float-adjusted market capitalization as of the underlying index rebalancing reference date. Stocks having a float-adjusted market capitalization above US\$500 million must have a liquidity ratio greater than 90% to be eligible for addition to the underlying index. Stocks having a float-adjusted market capitalization between US\$400 and US\$500 million must have a liquidity ratio greater than 150% to be eligible for addition to the underlying index. Existing index constituents must have a liquidity ratio greater than 50% to remain in the underlying index at the quarterly rebalancing. The length of time to evaluate liquidity is reduced to the available trading period for IPOs or spin-offs that do not have 12 months of trading history.

**Takeover Restrictions:** At the discretion of S&P, constituents with shareholder ownership restrictions defined in company bylaws may be deemed ineligible for inclusion in the underlying index. Ownership restrictions preventing entities from replicating the index weight of a company may be excluded from the eligible universe or removed from the underlying index.

**Turnover:** S&P believes turnover in index membership should be avoided when possible. At times, a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to the underlying index, not for continued membership. As a result, an index constituent that appears to violate the criteria for addition to the underlying index will not be deleted unless ongoing conditions warrant a change in the composition of the underlying index.

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#### Historical Information

Below is a table setting forth the intra-day high, intra-day low and period-end closing prices of the Reference Stock. The information provided in the table is for the period from January 1, 2013 through March 29, 2018.

| Period-Start Date | Period-End Date | High Intra-Day Price<br>of the Reference<br>Stock (\$) | Low Intra-Day Price<br>of the Reference<br>Stock (\$) | Period-End Closing<br>Price of the Reference<br>Stock (\$) |
|-------------------|-----------------|--|---|--|
| 1/1/2013          | 3/28/2013       | 62.66  | 54.38   | 60.49  |
| 4/1/2013          | 6/28/2013       | 63.30  | 54.05   | 58.18  |
| 7/1/2013          | 9/30/2013       | 66.80  | 58.29   | 65.89  |
| 10/1/2013         | 12/31/2013      | 73.74  | 64.27   | 68.53  |
| 1/1/2014          | 3/31/2014       | 72.35  | 63.68   | 71.83  |
| 4/1/2014          | 6/30/2014       | 84.04  | 70.72   | 82.28  |
| 7/1/2014          | 9/30/2014       | 82.67  | 68.26   | 68.83  |
| 10/1/2014         | 12/31/2014      | 69.68  | 42.04   | 47.86  |
| 1/1/2015          | 3/31/2015       | 54.20  | 41.63   | 51.66  |
| 4/1/2015          | 6/30/2015       | 56.18  | 46.21   | 46.66  |
| 7/1/2015          | 9/30/2015       | 46.80  | 31.65   | 32.84  |
| 10/1/2015         | 12/31/2015      | 40.82  | 28.31   | 30.22  |
| 1/1/2016          | 3/31/2016       | 31.68  | 22.07   | 30.35  |
| 4/1/2016          | 6/30/2016       | 38.27  | 29.02   | 34.81  |
| 7/1/2016          | 9/30/2016       | 39.26  | 32.22   | 38.46  |
| 10/1/2016         | 12/30/2016      | 44.97  | 34.14   | 41.42  |
| 1/1/2017          | 3/31/2017       | 25.71  | 20.98   | 22.81  |
| 4/1/2017          | 6/30/2017       | 24.88  | 20.89   | 22.08  |
| 7/1/2017          | 9/30/2017       | 25.57  | 20.99   | 25.24  |
| 10/1/2017         | 12/31/2017      | 37.82  | 31.67   | 37.18  |
| 1/1/2018          | 3/29/2018       | 40.19  | 30.99   | 35.22  |

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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The graph below illustrates the performance of the Reference Stock from January 1, 2013 to March 29, 2018 assuming an Initial Stock Price of \$35.22, which was the closing price of the Reference Stock on March 29, 2018. The red line represents a hypothetical Coupon Barrier and Trigger Price of \$26.42, which is equal to 75.00% of the closing price on March 29, 2018, rounded to two decimal places. The actual Coupon Barrier and Trigger Price will be based on the closing price of the Reference Stock on the Trade Date.

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#### SUPPLEMENTAL DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

The following disclosure supplements, and to the extent inconsistent supersedes, the discussion in the product prospectus supplement dated January 8, 2016 under “Supplemental Discussion of U.S. Federal Income Tax Consequences.” The discussions below and in the accompanying product prospectus supplement do not address the tax consequences applicable to holders subject to Section 451(b) of the Code.

Under Section 871(m) of the Code, a “dividend equivalent” payment is treated as a dividend from sources within the United States. Such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, the IRS has issued guidance that states that the U.S. Treasury Department and the IRS intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2019. Based on our determination that the Notes are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the Notes. However, it is possible that the Notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Reference Stock or the Notes, and following such occurrence the Notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. holders that enter, or have entered, into other transactions in respect of the Reference Stock or the Notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the Notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

#### SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

We expect that delivery of the Notes will be made against payment for the Notes on or about April 18, 2018, which is the third business day following the Trade Date (this settlement cycle being referred to as “T+3”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the Notes parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

For additional information as to the relationship between us and RBCCM, please see the section “Plan of Distribution—Conflicts of Interest” in the prospectus dated January 8, 2016.

In the initial offering of the Notes, they will be offered to investors at a purchase price equal to par, except with respect to certain accounts as indicated on the cover page of this document.

The value of the Notes shown on your account statement may be based on RBCCM’s estimate of the value of the Notes if RBCCM or another of our affiliates were to make a market in the Notes (which it is not obligated to do). That estimate will be based upon the price that RBCCM may pay for the Notes in light of then prevailing market conditions, our creditworthiness and transaction costs. For a period of approximately three months after the issue date of the Notes, the value of the Notes that may be shown on your account statement may be higher than RBCCM’s estimated value of the Notes at that time. This is because the estimated value of the Notes will not include the underwriting discount and our hedging costs and profits; however, the value of the Notes shown on your account statement during that period may initially be a higher amount, reflecting the addition of RBCCM’s underwriting discount and our estimated costs and profits from hedging the Notes. This excess is expected to decrease over time

until the end of this period. After this period, if RBCCM repurchases your Notes, it expects to do so at prices that reflect their estimated value.

We may use this terms supplement in the initial sale of the Notes. In addition, RBCCM or another of our affiliates may use this terms supplement in a market-making transaction in the Notes after their initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this terms supplement is being used in a market-making transaction.

No Prospectus (as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”)) will be prepared in connection with the Notes. Accordingly, the Notes may not be offered to the public in any member state of the European Economic Area (the “EEA”), and any purchaser of the Notes who subsequently sells any of the Notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, and a “retail investor” means a person who is one (or more) of: (a) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (b) a customer, within the meaning of Insurance Distribution

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Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared, and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### STRUCTURING THE NOTES

The Notes are our debt securities, the return on which is linked to the performance of the Reference Stock. As is the case for all of our debt securities, including our structured notes, the economic terms of the Notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these Notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate rather than the secondary market rate, is a factor that is likely to reduce the initial estimated value of the Notes at the time their terms are set. Unlike the estimated value included in this terms supplement or in the final pricing supplement, any value of the Notes determined for purposes of a secondary market transaction may be based on a different funding rate, which may result in a lower value for the Notes than if our initial internal funding rate were used.

In order to satisfy our payment obligations under the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Reference Stock, and the tenor of the Notes. The economic terms of the Notes and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate is a factor that reduces the economic terms of the Notes to you. The initial offering price of the Notes also reflects the underwriting commission and our estimated hedging costs. These factors result in the initial estimated value for the Notes on the Trade Date being less than their public offering price. See “Selected Risk Considerations—The Initial Estimated Value of the Notes Will Be Less than the Price to the Public” above.

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