

ROYAL BANK OF CANADA
Form FWP
October 29, 2018

ISSUER FREE WRITING PROSPECTUS

Filed Pursuant to Rule 433

Registration Statement No. 333-227001

Dated October 29, 2018

Royal Bank of Canada Airbag Autocallable Yield Notes

• Notes Linked to the Common Stock of International Business Machines Corporation due on or about October 31, 2019

Investment Description

Airbag Autocallable Yield Notes (the “Notes”) are unsecured and unsubordinated notes issued by Royal Bank of Canada linked to the performance of the common stock of International Business Machines Corporation (the “Reference Stock”). The issue price of each Note will be \$1,000. Royal Bank of Canada will pay you a monthly coupon regardless of the performance of the Reference Stock. If the closing price of the Reference Stock on any quarterly Observation Date is greater than or equal to the initial underlying price, Royal Bank of Canada will automatically call the Notes and pay you the principal amount per Note plus the applicable coupon payment for that date and no further amounts will be owed to you. If the Notes are not automatically called, Royal Bank of Canada will pay you on the maturity date either the principal amount per Note or, if the closing price of the Reference Stock on the final valuation date is below the conversion price, Royal Bank of Canada will deliver to you a number of shares of the Reference Stock equal to the principal amount per Note divided by the conversion price (the “share delivery amount”) for each of your Notes plus accrued and unpaid interest (subject to adjustments in the case of certain corporate events described in the product prospectus supplement no. ABYON-2 under “General Terms of the Notes — Anti-dilution Adjustments”). The Notes are not subject to conversion into our common shares under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act.

Investing in the Notes involves significant risks. You may lose some or all of your principal amount. In exchange for receiving a coupon on the Notes, you are accepting the risk of receiving shares of the Reference Stock at maturity that are worth less than the principal amount of your Notes and the credit risk of Royal Bank of Canada for all payments under the Notes. Generally, the higher the coupon rate on a Note, the greater the risk of loss on that Note. The contingent repayment of principal only applies if you hold the Notes until maturity. Any payment on the Notes, including any repayment of principal, is subject to the creditworthiness of Royal Bank of Canada. If Royal Bank of Canada were to default on its payment obligations, you may not receive any amounts owed to you under the Notes and you could lose your entire investment. The Notes will not be listed on any securities exchange.

Features Key Dates¹

Income — Regardless of the performance of the Reference Stock, Royal Bank of Canada will pay you a monthly coupon. In exchange for receiving the monthly coupon payment on the Notes, you are accepting the risk of receiving shares of the Reference Stock at maturity that are worth less than your principal amount and the credit risk of Royal Bank of Canada for all payments under the Notes.

Automatically Callable — If the closing price of the Reference Stock on any quarterly Observation Date is greater than or equal to the initial underlying price, we will automatically call the Notes and pay you the principal amount per Note plus the applicable coupon payment for that date and no further amounts will be owed to you. If the Notes are not called, you may have downside market exposure to the Reference Stock at maturity.

Contingent Repayment of Principal at Maturity — If the Notes are not previously called and the price of the Reference Stock does not close below the conversion price on the final valuation date, Royal Bank of Canada will pay you the principal amount at maturity, and you will not participate in any appreciation or depreciation in the value of the Reference Stock. If the price of the Reference Stock closes below the conversion price on the final valuation date, Royal Bank of Canada will deliver to you at maturity the share delivery amount for each of your Notes, which is expected to be worth less than your principal amount and may have no value at all. The contingent repayment of principal only applies if you hold the Notes until maturity. Any payment on the Notes, including any repayment of

principal, is subject to the creditworthiness of Royal Bank of Canada.

Trade Date¹ October 29, 2018

Settlement Date¹ October 31, 2018

Observation Dates^{1 2} Quarterly

Final Valuation Date² October 29, 2019

Maturity Date² October 31, 2019

¹ Expected. In the event that we make any change to the expected trade date and settlement date, the final valuation date and/or the maturity date will be changed so that the stated term of the Notes remains approximately the same.

² Subject to postponement in the event of a market disruption event and as described under “General Terms of the Notes — Payment at Maturity” in the accompanying product prospectus supplement no. ABYON-2.

NOTICE TO INVESTORS: THE NOTES ARE SIGNIFICANTLY RISKIER THAN CONVENTIONAL DEBT INSTRUMENTS. THE ISSUER IS NOT NECESSARILY OBLIGATED TO REPAY THE FULL PRINCIPAL AMOUNT OF THE NOTES AT MATURITY, AND THE NOTES CAN HAVE THE FULL DOWNSIDE MARKET RISK OF THE REFERENCE STOCK. THIS MARKET RISK IS IN ADDITION TO THE CREDIT RISK INHERENT IN PURCHASING A DEBT OBLIGATION OF ROYAL BANK OF CANADA. YOU SHOULD NOT PURCHASE THE NOTES IF YOU DO NOT UNDERSTAND OR ARE NOT COMFORTABLE WITH THE SIGNIFICANT RISKS INVOLVED IN INVESTING IN THE NOTES.

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER “KEY RISKS” BEGINNING ON PAGE 6, THE RISKS DESCRIBED UNDER “RISK FACTORS” BEGINNING ON PAGE PS-4 OF THE PRODUCT PROSPECTUS SUPPLEMENT NO. ABYON-2 AND UNDER “RISK FACTORS” BEGINNING ON PAGE S-1 OF THE PROSPECTUS SUPPLEMENT BEFORE PURCHASING ANY NOTES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR NOTES. IF THE NOTES ARE NOT CALLED, YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT.

Notes Offering

This free writing prospectus relates to Airbag Autocallable Yield Notes we are offering. The initial underlying price and conversion price for the Notes will be determined on the trade date. The Notes will be issued in minimum denominations of \$1,000.00, and integral multiples of \$1,000.00 in excess thereof. Coupons will be paid monthly in arrears in 12 equal installments, subject to an earlier automatic call.

Reference Stock	Coupon Rate	Initial Underlying Price	Conversion Price	CUSIP	ISIN
Common Stock of International Business Machines Corporation (IBM)	7.00% to 7.30% per annum (to be determined on the Trade Date)	•	90.00% of the initial underlying price	78014G732	US78014G7328

See “Additional Information About Royal Bank of Canada and the Notes” in this free writing prospectus. The Notes will have the terms specified in the prospectus dated September 7, 2018, the prospectus supplement dated September 7, 2018, product prospectus supplement no. ABYON-2 dated October 26, 2018 and this free writing prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this free writing prospectus or the accompanying prospectus, prospectus supplement and product prospectus supplement no. ABYON-2. Any representation to the contrary is a criminal offense.

Offering of the Notes	Price to Public		Fees and Commissions (1)		Proceeds to Us	
	Total	Per Note	Total	Per Note	Total	Per Note
Notes Linked to the Common Stock of International Business Machines	•	\$1,000	•	\$15	•	\$985

Corporation (IBM)

⁽¹⁾ UBS Financial Services Inc., which we refer to as UBS, will receive a commission that will depend on market conditions on the trade date. In no event will the commission received by UBS exceed \$15.00 per \$1,000 principal amount of the Notes. See “Supplemental Plan of Distribution (Conflicts of Interest)” below.

The initial estimated value of the Notes as of the date of this document is \$980.13 per \$1,000 in principal amount, which is less than the price to public. The 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 more than \$20 less than this 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 under “Key Risks,” Supplemental Plan of Distribution (Conflicts of Interest)” and “Structuring the Notes” below.

The Notes will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States government agency or instrumentality.

UBS Financial Services Inc. RBC Capital Markets, LLC

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Additional Information About Royal Bank of Canada and the Notes

Royal Bank of Canada has filed a registration statement (including a prospectus) with the Securities and Exchange Commission, or SEC, for the offering to which this free writing prospectus relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Royal Bank of Canada has filed with the SEC for more complete information about Royal Bank of Canada and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Royal Bank of Canada, any agent or any dealer participating in this offering will arrange to send you the prospectus, the prospectus supplement, product prospectus supplement no. ABYON-2 and this free writing prospectus if you so request by calling toll-free 1-877-688-2301.

You may revoke your offer to purchase the Notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the Notes prior to their issuance. In the event of any changes to the terms of the Notes, we will notify you and you will be asked to accept such changes in connection with your purchase. You may also choose to reject such changes, in which case we may reject your offer to purchase.

You should read this free writing prospectus together with the prospectus dated September 7, 2018, as supplemented by the prospectus supplement dated September 7, 2018, relating to our Series H medium-term notes of which these Notes are a part, and the more detailed information contained in product prospectus supplement no. ABYON-2 dated October 26, 2018. This free writing prospectus, together with the documents listed below, contains the terms of the Notes and supersedes all other 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, fact sheets, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the accompanying product prospectus supplement no. ABYON-2, as the Notes involve risks not associated with conventional debt securities.

If the terms discussed in this free writing prospectus differ from those discussed in the product prospectus supplement no. ABYON-2, the prospectus supplement, or the prospectus, the terms discussed herein will control.

You may access these on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filing for the relevant date on the SEC website):

..Product prospectus supplement no. ABYON-2 dated October 26, 2018:

<https://www.sec.gov/Archives/edgar/data/1000275/000114036118041394/form424b5.htm>

..Prospectus supplement dated September 7, 2018

<https://www.sec.gov/Archives/edgar/data/1000275/000121465918005975/f97180424b3.htm>

..Prospectus dated September 7, 2018:

<https://www.sec.gov/Archives/edgar/data/1000275/000121465918005973/l96181424b3.htm>

As used in this free writing prospectus, “we,” “us” or “our” refers to Royal Bank of Canada.

Investor Suitability

The Notes may be suitable for you if, among other considerations:

- .. You fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire initial investment.
- .. You can tolerate a loss of all or a substantial portion of your investment and are willing to make an investment that may have the full downside market risk of an investment in the Reference Stock.
- .. You are willing to accept the risks of investing in equities in general and in the Reference Stock in particular.
You believe the final underlying price of the Reference Stock is not likely to be below the conversion price and, if it is, you can tolerate receiving shares of the Reference Stock at maturity worth less than your principal amount or that may have no value at all.
- .. You understand and accept that you will not participate in any appreciation in the price of the Reference Stock and that your return on the Notes is limited to the coupons paid.
- .. You are willing to forgo dividends or other benefits of owning shares of the Reference Stock.
- .. You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside price fluctuations of the Reference Stock.
You are willing and able to invest in a security that will be called on any Observation Date on which the closing price of the Reference Stock is greater than or equal to the initial underlying price, and you are otherwise able to hold the Notes to maturity.
- .. You are willing to invest in Notes for which there may be little or no secondary market and you accept that the secondary market will depend in large part on the price, if any, at which RBC Capital Markets, LLC, which we refer to as "RBCCM," is willing to purchase the Notes.
- .. You would be willing to invest in the Notes if the coupon rate were set to the low end of the range set forth on the cover page of this free writing prospectus (the actual coupon rate will be set on the trade date).
You are willing to assume the credit risk of Royal Bank of Canada for all payments under the Notes, and understand that if Royal Bank of Canada defaults on its obligations, you may not receive any amounts due to you, including any repayment of principal.

The Notes may not be suitable for you if, among other considerations:

- .. You do not fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire initial investment.
- .. You require an investment designed to provide a full return of principal at maturity.
- .. You are unwilling to accept the risks of investing in equities in general or in the Reference Stock in particular.
- .. You are not willing to make an investment that may have the full downside market risk of an investment in the Reference Stock.
- .. You believe that the final underlying price of the Reference Stock is likely to be below the conversion price, which could result in a total loss of your initial investment.
- .. You cannot tolerate receiving shares of the Reference Stock at maturity worth less than your principal amount or that may have no value at all.
- .. You seek an investment that participates in the appreciation in the price of the Reference Stock or that has unlimited return potential.
- .. You want to receive dividends or other distributions paid on the Reference Stock.
- .. You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside price fluctuations of the Reference Stock.
- .. You would be unwilling to invest in the Notes if the coupon rate were set to the low end of the range indicated on the cover page of this free writing prospectus (the actual coupon rate will be set on the trade date).
- .. You seek an investment for which there will be an active secondary market.
You are unable or unwilling to invest in a security that will be called on any Observation Date on which the closing price of the Reference Stock is greater than or equal to the initial underlying price, or you are otherwise unable or unwilling to hold the Notes to maturity.
- .. You are not willing to assume the credit risk of Royal Bank of Canada for all payments under the Notes, including any repayment of principal.

The suitability considerations identified above are not exhaustive. Whether or not the Notes are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting, and other advisers have carefully considered the suitability of an investment in the Notes in light of your particular circumstances. You should also review carefully the “Key Risks” beginning on page 6 of this free writing prospectus and “Risk Factors” in the accompanying product prospectus supplement no. ABYON-2 for risks related to an investment in the Notes. For more information on the Reference Stock, see “Information About the Reference Stock” in this free writing prospectus.

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Indicative Terms of the Notes¹

Issuer:	Royal Bank of Canada
Principal Amount per Note:	\$1,000 per Note
Term: ²	Approximately 12 months, if not previously called
Reference Stock:	The common stock of International Business Machines Corporation
Closing Price:	On any trading day, the last reported sale price of the Reference Stock on the principal national securities exchange on which it is listed for trading, as determined by the calculation agent.
Initial Underlying Price:	The closing price of the Reference Stock on the trade date.
Final Underlying Price:	The closing price of the Reference Stock on the final valuation date.
Coupon Payment:	The coupon payments will be made in 12 equal installments regardless of the performance of the Reference Stock, unless the Notes were earlier called. The coupon rate per annum will be between 7.00% and 7.30% per annum, and will be determined on the trade date.
1 st through 12 th Installment (if not earlier called)	The actual installment amount for the Notes is based on the coupon rate per annum, and will be set forth in the final pricing supplement relating to the notes, and will be between 0.5833% and 0.6083% of the principal amount.
Coupon Payment Dates:	Coupons will be paid in arrears in 12 equal monthly installments on the Coupon Payment Dates listed below, unless previously called. December 3, 2018, January 3, 2019, January 31, 2019, March 4, 2019, April 2, 2019, May 2, 2019, May 31, 2019, July 2, 2019, July 31, 2019, September 3, 2019, October 2, 2019 and October 31, 2019. The Notes will be automatically called if the closing price of the Reference Stock on any quarterly Observation Date is greater than or equal to the initial underlying price.
Automatic Call Provision:	If the Notes are called, Royal Bank of Canada will pay you on the corresponding Coupon Payment Date (which will be the "Call Settlement Date") a cash payment per Note equal to the principal amount per Note plus the applicable coupon payment otherwise due on that day. No further amounts will be owed to you under the Notes.
Observation Dates:	January 29, 2019, April 29, 2019, July 29, 2019 and October 29, 2019 (the final valuation date).

¹ Terms used in this free writing prospectus, but not defined herein, shall have the meanings ascribed to them in the product prospectus supplement.

² In the event we make any change to the expected trade date and settlement date, the final valuation date and/or the maturity date will be changed to ensure that the stated term of the Notes remains approximately the same.

Call Settlement Dates: Two business days following the relevant Observation Date, except that the Call Settlement Date for the final valuation date will be the Maturity Date. Each Call Settlement Date will occur on a Coupon Payment Date for the Notes.

Payment at Maturity: \emptyset If the Notes are not automatically called prior to maturity, and the final underlying price of the Reference Stock is not below the conversion price on the final valuation date, we will pay you at maturity an amount in cash equal to \$1,000 for each \$1,000 principal amount of the Notes, plus accrued and unpaid interest.

\emptyset If the Notes are not automatically called prior to maturity, and the final underlying price of the Reference Stock is below the conversion price on the final valuation date, we will deliver to you at

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maturity a number of shares of the Reference Stock equal to the share delivery amount (subject to adjustments) for each Note you own plus accrued and unpaid interest. The share delivery amount is expected to be worth less than the principal amount and may have a value equal to \$0.

Share
Delivery
Amount:³

A number of shares of the Reference Stock per \$1,000 principal amount Note equal to \$1,000 divided by the conversion price, as determined on the trade date. The share delivery amount is subject to adjustment upon the occurrence of certain corporate events affecting the Reference Stock. See “General Terms of the Notes — Anti-dilution Adjustments” in product prospectus supplement no. ABYON-2.

Conversion
Price:

90.00% of the initial underlying price (as may be adjusted in the case of certain adjustment events as described under “General Terms of the Notes — Anti-dilution Adjustments” in the product prospectus supplement).

³If you receive the share delivery amount at maturity, we will pay cash in lieu of delivering any fractional shares in an amount equal to that fraction multiplied by the closing price of the Reference Stock on the final valuation date.

Investment Timeline

Trade Date: The closing price of the Reference Stock (initial underlying price) is observed, the conversion price and share delivery amount are determined, and the coupon rate is set.

Monthly (including at Maturity): Royal Bank of Canada pays the applicable coupon payments.

Quarterly: The Notes will be automatically called if the closing price of the Reference Stock on any Observation Date is greater than or equal to the initial underlying price. If the Notes are called, Royal Bank of Canada will pay you on the applicable Call Settlement Date a cash payment per Note equal to the principal amount of the Notes plus the applicable coupon payment otherwise due on that day and no further amounts will be due to you under the Notes.

Maturity Date: If the Notes have not been previously called, the final underlying price is determined as of the final valuation date.
If the final underlying price is not below the conversion price on the final valuation date, we will pay you an amount in cash equal to \$1,000 for each \$1,000 principal amount of the Notes plus the final coupon.
If the final underlying price is below the conversion price on the final valuation date, we will deliver to you a number of shares of the Reference Stock equal to the share delivery amount for each Note you own, plus the final coupon.

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR PRINCIPAL AMOUNT AS YOU MAY RECEIVE SHARES AT MATURITY THAT ARE WORTH LESS THAN YOUR PRINCIPAL AMOUNT OR HAVE NO VALUE AT ALL. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL, IS SUBJECT TO THE CREDITWORTHINESS OF ROYAL BANK OF CANADA. IF ROYAL BANK OF CANADA WERE TO DEFAULT ON ITS PAYMENT OBLIGATIONS, YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE NOTES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

Key Risks

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 “Risk Factors” section of the accompanying product prospectus supplement no. ABYON-2. We also urge you to consult your investment, legal, tax, accounting and other advisors before investing in the Notes.

Risks Relating to the Notes Generally

Your Investment in the Notes May Result in a Loss – The Notes differ from ordinary debt securities in that Royal Bank of Canada will not necessarily pay the full principal amount of the Notes at maturity. At maturity, if the Notes have not been previously called, Royal Bank of Canada will only pay you the principal amount of your Notes if the final underlying price of the Reference Stock is greater than or equal to the conversion price. If the final underlying price of the Reference Stock is below the conversion price, Royal Bank of Canada will deliver to you a number of shares of the Reference Stock equal to the share delivery amount for each Note you then own. Therefore, if the Notes are not automatically called and the final underlying price of the Reference Stock is below the conversion price, the value of the share delivery amount will decline by a proportionately higher percentage for each additional percentage the Reference Stock declines below the conversion price. Because the conversion price is 90% of the initial underlying price and the final underlying price is less than the conversion price, you will lose approximately 1.11% of your \$1,000 principal amount Note at maturity for each additional 1% that the final underlying price is less than the conversion price, as measured from the initial underlying price. If you receive shares of the Reference Stock at maturity, you will be exposed to any further decrease in the price of the Reference Stock from the final valuation date to the maturity date, and the value of those shares is expected to be less than the principal amount of the Notes or may have no value at all.

The Coupon Rate Per Annum Payable on the Notes Will Reflect in Part the Volatility of the Reference Stock, and May Not Be Sufficient to Compensate You for the Risk of Loss at Maturity – “Volatility” refers to the frequency and magnitude of changes in the price of the Reference Stock. The greater the volatility of the Reference Stock, the more likely it is that the price of that stock could close below its conversion price on the final valuation date, which would result in the loss of some or all of your principal. This risk will generally be reflected in a higher coupon rate per annum payable on the Notes than the interest rate payable on our conventional debt securities with a comparable term and/or a lower conversion price than on otherwise comparable securities. Therefore a relatively higher coupon rate may indicate an increased risk of loss. Further, a relatively lower conversion price may not necessarily indicate that the Notes have a greater likelihood of a return of principal at maturity. However, while the coupon rate and the conversion price are set on the trade date, the Reference Stock’s volatility can change significantly over the term of the Notes, and may increase. The price of the Reference Stock could fall sharply as of the final valuation date, which could result in a significant loss of principal.

The Contingent Repayment of Principal Applies Only at Maturity – If the Notes are not automatically called, you should be willing to hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, if any, you may have to do so at a loss relative to your initial investment, even if the price of the Reference Stock is above the conversion price.

Reinvestment Risk – If your Notes are automatically called prior to the Maturity Date, no further payments will be owed to you under the Notes. Therefore, because the Notes could be called as early as the first Observation Date, the holding period over which you would receive the coupon payments could be as little as three months. There is no guarantee that you would be able to reinvest the proceeds from an investment in the Notes at a comparable return for a similar level of risk in the event the Notes are automatically called prior to the Maturity Date.

An Investment in the Notes Is Subject to the Credit Risk of Royal Bank of Canada – The Notes are unsubordinated, unsecured debt obligations of Royal Bank of Canada, and are not, either directly or indirectly, an obligation of any third party. Any payments to be made on the Notes, including payments in respect of an automatic call, coupon payments and any repayment of principal provided at maturity, depends on the ability of Royal Bank of Canada to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of Royal Bank of Canada may affect the market value of the Notes and, in the event Royal Bank of Canada were to default on its obligations, you may not receive any amounts owed to you under the terms of the Notes and you could lose your entire investment.

The Notes Will be Subject to Risks, Including Non-Payment in Full, Under Canadian Bank Resolution Powers — Under Canadian bank resolution powers, the Canada Deposit Insurance Corporation (“CDIC”) may, in circumstances where we have ceased, or are about to cease, to be viable, assume temporary control or ownership over us and may be granted broad powers by one or more orders of the Governor in Council (Canada), including the power to sell or dispose of all or a part of our assets, and the power to carry out or cause us to carry out a transaction or a series of transactions the purpose of which is to restructure our business of the Bank. As See “Description of Debt Securities Canadian Bank Resolution Powers” in the accompanying prospectus for a description of the Canadian bank resolution powers, including the bail-in regime. If the CDIC were to take action under the Canadian bank resolution powers with respect to us, this could result in holders of the Notes being exposed to losses.

Holders of the Notes Should Not Expect to Participate in any Appreciation of the Reference Stock, and Your Potential Return on the Notes is Expected to Be Limited to the Coupon Payments Paid on the Notes – Despite being exposed to the risk of a decline in the price of the Reference Stock, you should not expect to participate in any appreciation in the price of the Reference Stock. Any positive return on the Notes is expected to be limited to the coupon rate per annum. Accordingly, if the Notes are called prior to maturity, you will not participate in any of the Reference Stock's appreciation and your return will be limited to the principal amount plus the Coupons paid up to and including the Call Settlement Date. Similarly, if the Notes are not called prior to the final valuation date and the final underlying price is greater than the initial underlying price, your return on the Notes at maturity may be less than your return on a direct investment in the Reference Stock or on a similar security that allows you to participate in the appreciation of the price of the Reference Stock. In contrast, if the final underlying price is less than the conversion price, you will be exposed to the decline of the Reference Stock and we will deliver to you at maturity for each Note you own shares of the Reference Stock which are expected to be worth less than the principal amount as of the maturity date, in which case you may lose your entire investment. As a result, any positive return on the Notes is expected to be limited to the coupon rate per annum. In addition, if the Notes have not been previously called and if the price of the Reference Stock is less than the initial underlying price, as the maturity date approaches and the remaining number of Observation Dates decreases, the Notes are less likely to be automatically called, as there will be a shorter period of time remaining for the price of that Reference Stock to increase to the initial underlying price. An Investment in the Notes Is Subject to Single Stock Risk – The price of the Reference Stock can rise or fall sharply due to factors specific to that Reference Stock and its issuer, such as stock price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock market volatility and levels, interest rates and economic and political conditions. You, as an investor in the Notes, should make your own investigation into the Reference Stock issuer and the Reference Stock for your Notes. For additional information about the Reference Stock and its issuer, please see “Information about the Reference Stock” in this free writing prospectus and the Reference Stock issuer’s SEC filings referred to in those sections. We urge you to review financial and other information filed periodically by the Reference Stock issuer with the SEC.

Owning the Notes Is Not the Same as Owning the Reference Stock – The return on your Notes may not reflect the return you would realize if you actually owned the Reference Stock. For instance, you will not receive or be entitled to receive any dividend payments or other distributions over the

term of the 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. Further, the Reference Stock may appreciate over the term of the Notes and you will not participate in any such appreciation, which could be significant, even though you may be exposed to the decline of the Reference Stock at maturity.

There Is No Affiliation Between the Reference Stock Issuer and Us, UBS and Our Respective Affiliates, and We Are Not Responsible for Any Disclosure by that Issuer - We, UBS and our respective affiliates are not affiliated with the Reference Stock issuer. However, we, UBS and our respective affiliates may currently, or from time to time in the future engage in business with the Reference Stock issuer. Nevertheless, neither we nor our affiliates assume any responsibilities for the accuracy or the completeness of any information about the Reference Stock and the Reference Stock issuer. You, as an investor in the Notes, should make your own investigation into the Reference Stock and the Reference Stock issuer for your Notes. The Reference Stock issuer is not involved in this offering and has no obligation of any sort with respect to your Notes. The Reference Stock issuer has 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.

There Can Be No Assurance that the Investment View Implicit in the Notes Will Be Successful – It is impossible to predict whether and the extent to which the price of the Reference Stock will rise or fall. The closing price of the Reference Stock will be influenced by complex and interrelated political, economic, financial and other factors that affect the Reference Stock. You should be willing to accept the downside risks of owning equities in general and the Reference Stock in particular, and the risk of losing some or all of your initial investment.

The Initial Estimated Value of the Notes Will Be Less than the Price to the Public – The initial estimated value for the Notes that is set forth on the cover page of this document, and that will be set forth in the final pricing supplement for the Notes, which will be less than the public offering price you pay for the Notes, does not represent a minimum price at which we, RBCCM or any of our other 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 public of the underwriting discount, and our estimated profit and the 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 the price to public, as any such sale price would not be expected to include the underwriting discount and our estimated profit and the costs relating to our hedging of the Notes. In addition, any price at which you may sell the Notes is likely to reflect customary bid-ask spreads for similar trades. In addition to bid-ask spreads, the value of the Notes determined for any secondary market price is expected to be based on a secondary market rate rather than the internal borrowing rate used to price the Notes and determine the initial estimated value. As a result, the secondary market price will be less than if the internal borrowing 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.

Our Initial Estimated Value of the Notes Is an Estimate Only, Calculated as of the Time the Terms of the Notes Are Set – The initial estimated value of the Notes is 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 estimate is 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 and the amount that may be paid at maturity.

Lack of Liquidity – The Notes will not be listed on any securities exchange. RBCCM intends to offer to purchase the Notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide

enough liquidity to allow you to trade or sell the Notes easily. Because other dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which RBCCM is willing to buy the Notes.

Potential Conflicts – We and our affiliates play a variety of roles in connection with the issuance of the Notes, including hedging our obligations under the Notes. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the Notes. Potentially Inconsistent Research, Opinions or Recommendations by RBCCM, UBS or Their Respective Affiliates – RBCCM, UBS or their respective affiliates may publish research, express opinions or provide recommendations as to the Reference Stock that are inconsistent with investing in or holding the Notes, and which may be revised at any time. Any such research, opinions or recommendations could affect the value of the Reference Stock, and therefore the market value of the Notes.

Uncertain Tax Treatment – Significant aspects of the tax treatment of an investment in the Notes are uncertain. You should consult your tax adviser about your tax situation.

Potential Royal Bank of Canada and UBS Impact on Price – Trading or other transactions by Royal Bank of Canada, UBS and our respective affiliates in the Reference Stock, or in futures, options, exchange-traded funds or other derivative products on the Reference Stock may adversely affect the market value of the Reference Stock, the closing price of the Reference Stock, and, therefore, the market value of the Notes.

The Terms of the Notes at Issuance and Their Market Value Prior to Maturity Will Be Influenced by Many Unpredictable Factors – Many economic and market factors will influence the terms of the Notes at issuance and their value prior to maturity. These factors are similar in some ways to those that could affect the value of a combination of instruments that might be used to replicate the payments on the Notes, including a combination of a bond with one or more options or other derivative instruments. For the market value of the Notes, we expect that, generally, the price of the Reference Stock on any day will affect the value of the Notes more than any other single factor.

However, you should not expect the value of the Notes in the secondary market to vary in proportion to changes in the price of the Reference Stock. The value of the Notes will be affected by a number of other factors that may either offset or magnify each other, including:

- the actual and expected volatility of the price of the Reference Stock;
- the time remaining to maturity of the Notes;
- the dividend rate on the Reference Stock;
- interest and yield rates in the market generally;

“a variety of economic, financial, political, regulatory or judicial events;

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