

ROYAL BANK OF CANADA
Form FWP
January 08, 2019

ISSUER FREE WRITING PROSPECTUS

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Dated January 8, 2019

Royal Bank of Canada Trigger Autocallable Contingent Yield Notes

[\$·] Notes Linked to the Least Performing Underlying of the S&P 500[®] Index and the Russell 2000[®] Index due on or about January 21, 2022

Investment Description

Trigger Autocallable Contingent Yield Notes (the “Notes”) are unsecured and unsubordinated debt securities issued by Royal Bank of Canada linked to the performance of the least performing of the S&P 500[®] Index and the Russell 2000[®] Index (each, an “Underlying Index,” and together, the “Underlying Indices”). We will pay a quarterly Contingent Coupon payment if the closing levels of both Underlying Indices on the applicable Coupon Observation Date are equal to or greater than their respective Coupon Barriers. Otherwise, no coupon will be paid for that quarter. We will automatically call the Notes early if the closing levels of both Underlying Indices on any quarterly Call Observation Date (beginning after six months) are equal to or greater than their respective Initial Levels. If the Notes are called, we will pay you the principal amount of your Notes plus the Contingent Coupon for the applicable quarter, and no further amounts will be owed to you under the Notes. If the Notes are not called prior to maturity and the Final Levels of both Underlying Indices are equal to or greater than their respective Downside Thresholds (which are the same levels as their respective Coupon Barriers), we will pay you a cash payment at maturity equal to the principal amount of your Notes plus the Contingent Coupon for the final quarter. However, if the Final Level of the Underlying Index with the lowest percentage change from its Initial Level (the “Least Performing Underlying Index”) is less than its Downside Threshold, we will pay you less than the full principal amount, if anything, resulting in a loss on your initial investment that is proportionate to the negative performance of the Least Performing Underlying Index over the term of the Notes, and you may lose up to 100% of your initial investment. 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 will not receive a coupon for any Coupon Observation Date on which either Underlying Index closes below its Coupon Barrier. The Notes will not be automatically called if either Underlying Index closes below its Initial Level on a quarterly Call Observation Date. You may lose some or all of your principal amount if the Least Performing Underlying Index closes below its Downside Threshold, regardless of the performance of the other Underlying Index. The contingent repayment of principal only applies if you hold the Notes until maturity. Generally, the higher the Contingent Coupon Rate on a security, the greater the risk of loss. Any payment on the Notes, including any repayment of principal, is subject to our creditworthiness. If we were to default on our 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

Contingent Coupon — We will pay a quarterly Contingent Coupon payment if the closing levels of both Underlying Indices on the applicable Coupon Observation Date are equal to or greater than their respective Coupon Barriers. Otherwise, no coupon will be paid for the quarter.

Automatically Callable — We will automatically call the Notes and pay you the principal amount of your Notes plus the Contingent Coupon otherwise due for the applicable quarter if the closing levels of both Underlying Indices on any quarterly Call Observation Date (beginning after six months) are equal to or greater than their respective Initial Levels. If the Notes are not called, investors will have the potential for downside equity market risk at maturity.

Contingent Repayment of Principal at Maturity — If by maturity the Notes have not been called and each Underlying Index does not close below its Downside Threshold on the Final Valuation Date, we will repay your principal amount per Note at maturity. However, if the closing level of the Least Performing Underlying Index is less than its Downside Threshold on the Final Valuation Date, we will pay less than the principal amount, if anything, resulting in a loss on

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your initial investment that is proportionate to the decline in the level of the Least Performing Underlying Index from the trade date to the Final Valuation Date. 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 our creditworthiness.

Key Dates¹

Trade Date¹ January 18, 2019

Settlement Date¹ January 24, 2019

Coupon Observation Dates² Quarterly (see page 6)

Call Observation Dates² Quarterly (callable after six months)
(see page 6)

Final Valuation Date² January 18, 2022

Maturity Date² January 21, 2022

Expected. In the event that we make any change to the expected trade date and settlement date, the Coupon¹ Observation Dates, the Call Observation Dates, 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 if a market disruption event occurs, as described under “General Terms of the Notes—Payment at Maturity” below.

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 DOWNSIDE MARKET RISK SIMILAR TO THE LEAST PERFORMING UNDERLYING INDEX. YOU MAY BE EXPOSED TO THE MARKET RISK OF EACH UNDERLYING INDEX ON THE FINAL VALUATION DATE, AND ANY DECLINE IN THE LEVEL OF ANY UNDERLYING INDEX MAY NEGATIVELY AFFECT YOUR RETURN AND WILL NOT BE OFFSET OR MITIGATED BY A LESSER DECLINE OR ANY POTENTIAL INCREASE IN THE LEVEL OF THE OTHER UNDERLYING INDEX. 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 7 OF THIS FREE WRITING PROSPECTUS 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. YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT IN THE NOTES.

Note Offering

This free writing prospectus relates to Trigger Autocallable Contingent Yield Notes we are offering linked to the least performing underlying of the S&P 500[®] Index and the Russell 2000[®] Index. The Initial Levels, Downside Thresholds, Coupon Barriers and Contingent Coupon Rate for the Notes will be determined on the trade date. The Notes will be issued in minimum denominations of \$10.00, and integral multiples of \$10.00 in excess thereof, with a minimum investment of \$1,000.00.

Underlying

Indices (Least Performing of)	Tickers	Contingent Coupon Rate	Initial Levels	Downside Thresholds	Coupon Barriers	CUSIP	ISIN
S&P 500 [®] Index (SPX)	SPX	[9.15% - 10.15%] per annum (to be determined on the trade date)	·	70% of its Initial Level	70% of its Initial Level	78014H185 US78014H1858	
Russell 2000 [®] Index (RTY)	RTY		·	70% of its Initial Level	70% of its Initial Level		

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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, 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 and prospectus supplement. Any representation to the contrary is a criminal offense.

	Price to Public	Fees and Commissions ⁽¹⁾	Proceeds to Us
Offering of the Notes	Total Per Note	Total Per Note	Total Per Note
Notes linked to the Least Performing Underlying of the S&P 500 [®] Index and the Russell 2000 [®] Index	· \$10.00	\$0.00 \$0.00	· \$10.00

⁽¹⁾ All sales of the Notes will be made to certain fee-based advisory accounts for which UBS Financial Services Inc., which we refer to as UBS, is an investment advisor and UBS will act as placement agent. The purchase price will be \$10.00 per Note and UBS will forego any commissions related to these sales. See “Supplemental Plan of Distribution (Conflicts of Interest)” below.

The initial estimated value of the Notes as of the date of this document is \$9.9404 per \$10 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 \$0.20 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, 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. 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 “Key Risks” below, as the Notes involve risks not associated with conventional debt securities.

If the terms of the prospectus and prospectus supplement are inconsistent with the terms discussed herein, the terms discussed in this free writing prospectus 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):

..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 same downside market risk as an investment in the securities composing the Least Performing Underlying Index.

.. You believe the closing levels of both Underlying Indices will be equal to or greater than their respective Coupon Barriers on most or all of the Coupon Observation Dates (including the Final Valuation Date).

.. You are willing to make an investment whose return is limited to the applicable Contingent Coupon payments, regardless of any potential appreciation of the Underlying Indices, which could be significant.

.. You do not seek guaranteed current income from this investment and are willing to forgo the dividends paid on the equity securities composing the Underlying Indices.

.. You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations of the Underlying Indices.

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 Contingent Coupon Rate is set to the low end of the range specified on the cover page of this free writing prospectus (the actual Contingent Coupon Rate will be set on the trade date).

.. You are willing to accept individual exposure to each Underlying Index and that the performance of the Least Performing Underlying Index will not be offset or mitigated by the performance of the other Underlying Index.

.. You understand and accept the risks associated with the Underlying Indices.

.. You are willing to invest in securities that may be called early and you are otherwise willing to hold such securities to maturity.

.. You are willing to assume our credit risk for all payments under the Notes, and understand that if we default on our 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 cannot tolerate a loss on your investment and require an investment designed to provide a full return of principal at maturity.

.. You are not willing to make an investment that may have the same downside market risk as an investment in the equity securities composing the Least Performing Underlying Index.

You believe that the level of either Underlying Index will decline during the term of the Notes and is likely to close below its Coupon Barrier on most or all of the Coupon Observation Dates and below its Downside Threshold on the Final Valuation Date.

.. You seek an investment that participates in the full appreciation in the levels of the Underlying Indices or that has unlimited return potential.

.. You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations of the Least Performing Underlying Index.

You would be unwilling to invest in the Notes if the Contingent Coupon Rate is set to the low end of the range specified on the cover page of this free writing prospectus (the actual Contingent Coupon Rate will be set on the trade date).

.. You are unwilling to accept individual exposure to each Underlying Index and that the performance of the Least Performing Underlying Index will not be offset or mitigated by the performance of the other Underlying Index.

.. You seek guaranteed current income from this investment or prefer to receive the dividends paid on the securities composing the Underlying Indices.

.. You do not understand or accept the risks associated with the Underlying Indices.

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You are unable or unwilling to hold securities that may be called early, or you are otherwise unable or unwilling to hold such securities to maturity, or you seek an investment for which there will be an active secondary market for the Notes.

You are not willing to assume our credit risk 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 7 of this free writing prospectus for risks related to an investment in the Notes. In addition, you should review carefully the section below, “Information About the Underlying Indices,” for more information about these indices.

Indicative Terms of the Notes¹

Issuer: Royal Bank of Canada

Principal

Amount per \$10 per Note

Note:

Term:² Approximately three years, if not previously called

Underlying Indices: The S&P 500[®] Index (“SPX”) and the Russell 2000 Index (“RTY”)

If the closing levels of both Underlying Indices are equal to or greater than their respective Coupon Barriers on any Coupon Observation Date, we will pay you the Contingent Coupon applicable to that Coupon Observation Date.

Contingent Coupon: If the closing level of either Underlying Index is less than its Coupon Barrier on any Coupon Observation Date, the Contingent Coupon applicable to that Coupon Observation Date will not accrue or be payable, and we will not make any payment to you on the relevant Contingent Coupon Payment Date.

The Contingent Coupon will be a fixed amount based upon equal quarterly installments at the Contingent Coupon Rate, which is [9.15% - 10.15%] per annum (or [2.2875% - 2.5375%] per quarter for each \$10.00 principal amount Note (to be determined on the trade date).

Contingent Coupon payments on the Notes are not guaranteed. We will not pay you the Contingent Coupon for any Coupon Observation Date on which the closing level of either Underlying Index is less than its Coupon Barrier.

Contingent

Coupon Rate: [9.15% - 10.15%] per annum (to be determined on the trade date)

Rate:

The Notes will be called automatically if the closing levels of both Underlying Indices on any Call Observation Date (beginning after six months and set forth on page 6) are equal to or greater than their respective Initial Levels.

Automatic

Call Feature: If the Notes are called, we 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 Contingent Coupon payment otherwise due on that day (the “Call Settlement Amount”). No further amounts will be owed to you under the Notes.

If the Notes are not called and the Final Levels of both Underlying Indices are equal to or greater than their respective Downside Thresholds and the Coupon Barriers, we will pay you a cash payment per Note on the maturity date equal to \$10 plus the Contingent Coupon otherwise due on the maturity date.

Payment at

Maturity: If the Notes are not called and the Final Level of the Least Performing Underlying Index is less than its Downside Threshold, we will pay you a cash payment on the maturity date of less than the principal amount, if anything, resulting in a loss on your initial investment that is proportionate to the negative Underlying Index Return of the Least Performing Underlying Index, equal to:

$\$10.00 + (\$10.00 \times \text{Underlying Index Return of the Least Performing Underlying Index})$

Least

Performing

Underlying

Index:

The Underlying Index with the lowest Underlying Index Return.

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

² In the event we make any change to the expected trade date and settlement date, the Observation Dates, maturity date and other dates will be changed.

Underlying Index Returns: With respect to each Underlying Index,

$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$

Initial Level

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Downside
Thresholds: With respect to each Underlying Index, 70% of its Initial Level, to be determined on the trade date.
The Downside Threshold will equal the Coupon Barrier.

Coupon Barriers: With respect to each Underlying Index, 70% of its Initial Level, to be determined on the trade date.
The Coupon Barrier will equal the Downside Threshold.

Initial Levels: With respect to each Underlying Index, its closing level on the trade date.

Final Levels: With respect to each Underlying Index, its closing level on the Final Valuation Date, as determined by the calculation agent.

Investment Timeline

Trade Date: The Initial Level, Downside Threshold and Coupon Barrier of each Underlying Index are determined. The Contingent Coupon Rate is set.

Quarterly (beginning after six months): If the closing levels of both Underlying Indices are equal to or greater than their respective Coupon Barriers on any Coupon Observation Date, we will pay you a Contingent Coupon payment on the applicable Coupon Payment Date. The Notes will be called if the closing levels of both Underlying Indices on any Call Observation Date (beginning after six months) are equal to or greater than their respective Initial Levels. If the Notes are called, we will pay you a cash payment per Note equal to \$10.00 plus the Contingent Coupon otherwise due on that date.

Maturity Date: The Final Level of each Underlying Index is observed on the Final Valuation Date. If the Notes have not been called and the Final Levels of both Underlying Indices are equal to or greater than their respective Downside Thresholds (and their respective Coupon Barriers), we will repay the principal amount equal to \$10 per Note plus the Contingent Coupon otherwise due on the maturity date. If the Notes have not been called and the Final Level of the Least Performing Underlying Index is less than its Downside Threshold, we will pay less than the principal amount, if anything, resulting in a loss on your initial investment proportionate to the decline of the Least Performing Underlying Index, for an amount equal to:

$\$10 + (\$10 \times \text{Underlying Index Return of the Least Performing Underlying Index})$ per Note

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR PRINCIPAL AMOUNT. YOU WILL BE EXPOSED TO THE MARKET RISK OF EACH UNDERLYING INDEX ON EACH COUPON OBSERVATION DATE AND ON THE FINAL VALUATION DATE, AND ANY DECLINE IN THE LEVEL OF ONE UNDERLYING INDEX MAY NEGATIVELY AFFECT YOUR RETURN AND WILL NOT BE OFFSET OR MITIGATED BY A LESSER DECLINE OR ANY POTENTIAL INCREASE IN THE LEVEL OF THE OTHER UNDERLYING INDEX. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL, IS SUBJECT TO OUR CREDITWORTHINESS. IF WE WERE TO DEFAULT ON OUR PAYMENT OBLIGATIONS, YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE NOTES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

Coupon Observation Dates and Coupon Payment Dates*

Coupon Observation Dates	Coupon Payment Dates
April 18, 2019	April 24, 2019
July 18, 2019 ⁽¹⁾	July 22, 2019 ⁽²⁾
October 18, 2019 ⁽¹⁾	October 22, 2019 ⁽²⁾
January 21, 2020 ⁽¹⁾	January 23, 2020 ⁽²⁾
April 20, 2020 ⁽¹⁾	April 22, 2020 ⁽²⁾
July 20, 2020 ⁽¹⁾	July 22, 2020 ⁽²⁾
October 19, 2020 ⁽¹⁾	October 21, 2020 ⁽²⁾
January 19, 2021 ⁽¹⁾	January 21, 2021 ⁽²⁾
April 19, 2021 ⁽¹⁾	April 21, 2021 ⁽²⁾
July 19, 2021 ⁽¹⁾	July 21, 2021 ⁽²⁾
October 18, 2021 ⁽¹⁾	October 20, 2021 ⁽²⁾
January 18, 2022 ⁽¹⁾⁽³⁾	January 21, 2022 ⁽²⁾⁽⁴⁾

(1) These Coupon Observation Dates are also Call Observation Dates.

(2) These Coupon Payment Dates are also Call Settlement Dates.

(3) This is also the Final Valuation Date.

(4) This is also the maturity date.

* Expected. Subject to postponement if a market disruption event occurs, as described below under “General Terms of the Notes—Market Disruption Events.”

Key Risks

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the securities composing the Underlying Indices. In addition, your investment in the Notes entails other risks not associated with an investment in conventional debt securities. You should consider carefully the following discussion of risks before you decide that an investment in the Notes is suitable for you. 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

Risk of Loss at maturity. The Notes differ from ordinary debt securities in that we will not necessarily repay the full principal amount of the Notes at maturity. If the Notes are not called, we will repay you the principal amount of your Notes in cash only if the Final Level of each Underlying Index is greater than or equal to its Downside Threshold, and we will only make that payment at maturity. If the Notes are not called and the Final Level of the Least Performing Underlying Index is less than its Downside Threshold, you will lose some or all of your initial investment in an amount proportionate to the decline in the level of the Least Performing Underlying Index.

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 levels of both Underlying Indices are above their respective Downside Thresholds.

You may not receive any Contingent Coupons. Royal Bank of Canada will not necessarily make periodic Contingent Coupon payments on the Notes. If the closing level of at least one Underlying Index on a Coupon Observation Date is less than its Coupon Barrier, we will not pay you the Contingent Coupon applicable to that Coupon Observation Date. If the closing level of at least one Underlying Index is less than its Coupon Barrier on each of the Coupon Observation Dates, 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 incur a loss of principal, because the Final Level of the Least Performing Underlying Index will be less than its Downside Threshold.

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 Underlying Indices. In addition, the total return on the Notes will vary based on the number of Coupon 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 automatic call feature, you will not receive any Contingent Coupons or any other payment in respect of any Coupon Observation Dates after the applicable Call Settlement Date. Since the Notes could be called as early as the first Call Observation Date, the total return on the Notes could be limited to six months. If the Notes are not called, you may be subject to the full downside performance of the Least Performing Underlying Index, even though your potential return is limited to the Contingent Coupon Rate. Generally, the longer the Notes are outstanding, the less likely it is that they will be automatically called due to the decline in the levels of the Underlying Indices and the shorter time remaining for the levels of the Underlying Indices to recover. As a result, the return on an investment in the Notes could be less than the return on a direct investment in the equity securities composing the Underlying Indices or on a similar security that allows you to participate in the appreciation of the levels of the Underlying Indices.

The Contingent Coupon Rate will reflect in part the volatility and correlation of the Underlying Indices 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 levels of the Underlying Indices. The greater the volatility of the Underlying Indices, the more likely it is that the level of either Underlying Index could close below its Downside Threshold on the Final Valuation Date.

This risk will generally be reflected in a higher Contingent Coupon Rate for the Notes than the interest rate payable on our conventional debt securities with a comparable term. In addition, lower correlation between the Underlying Indices can also indicate a greater likelihood of one Underlying Index closing below its Coupon Barrier or Downside Threshold on a Coupon Observation Date or Final Valuation Date. This greater risk will also be reflected in a higher Contingent Coupon Rate than on a security linked to Underlying Indices with a greater degree of correlation.

However, while the Contingent Coupon will be a fixed amount, the Underlying Indices' volatility and correlation can

change significantly over the term of the Notes. The levels of one or both of the Underlying Indices could fall sharply as of the Final Valuation Date, which could result in missed Contingent Coupon payments and a significant loss of your principal amount.

The Notes may be called early and are subject to reinvestment risk. The Notes will be called automatically if the closing levels of both Underlying Indices are equal to or greater than their respective Initial Levels on any Call Observation Date. In the event that the Notes are called prior to maturity, there is no guarantee that you will be able to reinvest the proceeds from an investment in the Notes at a comparable rate of return for a similar level of risk. To the extent you are able to reinvest your proceeds in an investment comparable to the Notes, you will incur transaction costs and the original issue price for such an investment is likely to include certain built in costs such as dealer discounts and hedging costs.

The Notes are subject to our credit risk. The Notes are subject to our credit risk, and our credit ratings and credit spreads may adversely affect the market value of the Notes. Investors are dependent on our ability to pay all amounts due on the Notes, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the Notes. If we were to default on our payment obligations, you may not receive any amounts owed to you under 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.

..