RBC Capital Markets®

RBC UK Diversified Industries Quarterly Phoenix Notes



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An investment combining the potential for Annualised Returns of up to 9%, the opportunity for quarterly market triggered redemptions, and linked to a selection of UK Stocks.

Product Summary[1]

Product	Phoenix Autocallable Notes linked to a selection of UK Stocks.
Issuer	Royal Bank of Canada, rated as Aa3 (Moody's), AA (Fitch), AA- (S&P), as at 16.01.2014.
Underlying ('Stocks')	VODAFONE GROUP PLC (VOD LN Equity) INTL CONSOLIDATED AIRLINE-DI (IAG LN Equity) ROYAL BANK OF SCOTLAND GROUP (RBS LN Equity)
Key Dates	Initial Valuation Date: 14 February 2014 Issue Date: 28 February 2014 Final Valuation Date: 14 February 2019 Maturity Date: 28 February 2019
Investment Term	5 Years
Autocall Periods	**Quarterly –** starting on the second quarter, if on any Quarterly Observation Date ALL Stocks are equal to or greater than 100% of their Initial Level, the note is automatically redeemed early by the Issuer. Upon early redemption investors receive back 100% of initial capital, plus the relevant 2.25% Bonus Payment.
Bonus Payment[2]	If ALL the Underlying Stocks are at or above 75% of their Initial Level (Bonus Trigger) on each quarterly Observation Date, then the investor receives a 2.25% Bonus Payment.[2]
Capital Buffer	Capital is at risk if there is a fall of more than 50% in any Stock. The performance is measured by comparing the Final Valuation Level vs. the Initial Valuation Level. If no Stock has fallen by more than 50% then 100% capital is returned at Maturity. If any Stock has fallen by more than 50% (a barrier breach) then investors receive the performance of the Worst Performing Stock at Maturity, and capital will be lost.
Subscription Period	16/01/2014 - 14/02/2014, subject to availability
ISIN Codes	GBP: XS0988248984

1 : Full product details are available in the Termsheet, which is available on request.
2 : As long as issuer does not default, the Final Redemption Amount is linked to the "Worst Performer" in the underlying basket.

Risk Disclaimer

For Professional advisors only. Please bear in mind that investors are exposed to the credit risk of the Issuer. The Notes are not capital protected and investors may receive back less than the original amount invested. The value of the investment can go down as well as up and investors can potentially lose all of their investment. Any secondary market provided by Royal Bank of Canada is subject to change and may be stopped without notice and investors may therefore be unable to sell or redeem the Notes until their maturity. If the Notes are redeemed early they may be redeemed at a level less than the amount originally invested.

Key Features

- 18 opportunities for market linked early redemption, every quarter except the first, if ALL Stocks are at or above 100% of their Initial Levels.
- Potential for returns equivalent to 9.0% p.a., in exchange for a defined level of risk – max return 45% over 5 Years.
- Regular Income of 2.25% quarterly, paid as long as all Stocks are at or above 75% of Initial valuation Levels, observed on each quarterly Observation Date.
- Defensive outlook – important capital buffer, no loss of capital as long as none of the Stocks has fallen below 50% of its Initial Valuation Level observed on the Final Observation Date (European Barrier).

Investment Term	**Short (<1Yr)**		**Long (5 Yr)**
Capital Risk[2]	**Protected**	**1 3 6**	**Leveraged**
Payoff Profile	**Growth**		**Income**
Target Audience	**Professional Investors Only**		
Annualised Return[3]	**GBP 9.0% p.a.**		
Comparative Return[4]	5 year GBP Interest Rate: (16.01.2014) **GBP 1.96%**		

1. The Key Features table above is intended to provide a broad objective overview of the product attributes. **The measures used are purely illustrative and RBC makes no representation to the suitability of the Notes for individual investors.**

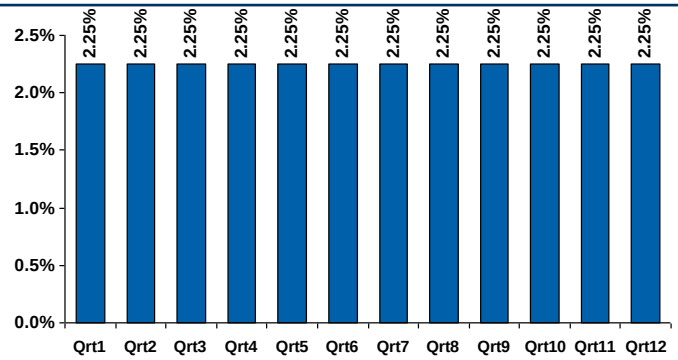
2. Risk measure is defined as a scale of 1 (lowest risk) to 6 (highest). Where 100% capital protection at maturity is rated 1, and 75-100% Capital protection at Maturity is rated 2, <50% Capital Protection or >40% Capital Buffer with European observation is rated 3, >40% Capital Buffer with American observation is rated 4, Delta-one payoffs are rated 5, and Leveraged exposure is rated 6. This risk measure is purely indicative and RBC makes no representation to the suitability of the Notes for individual investors.

3. Potential Return is calculated as the potential annualised return.

4. Comparative Return is the equivalent maturity Swap rates per Bloomberg on 16/01/2014.

Fees: A fee or commissions may be payable to distributors and third parties in connection to the marketing and sale of the Notes. Further details are available on request.

Potential Bonus Payments[3] (example for the first 12 quarters) [4]



3. Bonus Payments made if ALL Stocks are at or above 75% of their Initial Level.

4. Full investment term is 5 years.

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Investment Description

The RBC UK Phoenix Notes are designed for investors seeking potential growth returns (up to 9.0% p.a.) compared to current low deposit rates, and are moderately bullish on global equity markets over the medium term.

The Notes are a Phoenix Autocall structure linked to telecommunications, airline and financial Industry linked Stocks. In flat, rising and moderately bearish equity markets investors will receive a 2.25% Bonus Payment quarterly as long as ALL Stocks are at or above 75% of their Initial Levels. The maximum return is 45% over 5 years, and no memory feature on coupons missed.

The Notes 'Autocall' or early redeem on a quarterly Observation Date, except the first quarter, if all the Stocks are recorded as being at or above their Initial Levels. On early redemption, the Notes return 100% of capital plus the relevant 2.25% Bonus Payment.

Even if the Notes do not early redeem, they contain an important 'Capital Buffer' which acts as a protection feature for the investor. The Notes will return 100% of capital invested as long as none of the Stocks at the Final Valuation Date have fallen by more than 50% from their Initial Valuation Levels. Capital is at risk if any Stock has fallen by more than 50%, in which case the Final Redemption Amount will be equivalent to the performance of the Least Performing Stock and some or all capital will be lost.

Scenario Analysis

Performance of Least Performing Stock at the Final Valuation Date (Final Level/Initial Level)	Redemption at Maturity (excluding Bonus Payments paid through the life of the product.)
110%	102.25%
100%	102.25%
75%	102.25%
50%	100%
40%	40%
15%	15%
0%	0%

'Capital Buffer'

Payoff Illustration : Autocall Mechanism & Bonus Payments

Timeline

Quarter 1

- $WO^1 \geq 100\%$ → No Early Redemption
- $75\% \leq WO1 < 100\%$ → Pays 2.25% coupon , Product continues,
- $WO^1 < 75\%$ → No Payments , Product continues,

Quarter 2

- $WO^1 \geq 100\%$ → Product early redeems at 102.25%
- $75\% \leq WO1 < 100\%$ → Pays 2.25% coupon , Product continues,
- $WO^1 < 75\%$ → No Payments , Product continues,

Early Redemption:

100% + Bonus amount

Observations continue quarterly, the Full investment term is 20 Quarters.

Maturity

- $WO^1 \geq 75\%$ → Product redeems at 102.25%
- $50\% \leq WO^1 < 75\%$ → Product redeems at 100.0%
- $WO^1 < 50\%$

Final Redemption:

100% + Bonus if applicable

Capital Loss. Final Redemption Amount will be equivalent to the performance of the Least Performing Underlying, calculated as: $\text{Final Level}_{WO}/\text{Initial Level}_{WO}$.

1. 'WO' means the Least Performing stock.

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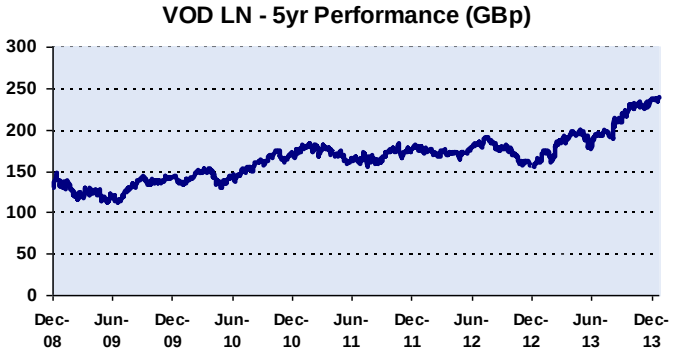
PAST PERFORMANCE IS NO INDICATION OF FUTURE PERFORMANCE

Underlying Stocks

Vodafone Group PLC.

Vodafone Group PLC is a mobile telecommunications company providing a range of services, including voice and data communications. The Company operates in Continental Europe, the United Kingdom, the United States, Asia Pacific, Africa and the Middle East through its subsidiaries, associates, and investments.

Source: Bloomberg @ 16.01.2014



International Consolidated Airlines Group SA

International Consolidated Airlines Group SA provides international and domestic air passenger and cargo transportation services. The Company and its subsidiaries serve Europe, the Americas, Africa, Asia, Australia and the Middle East.

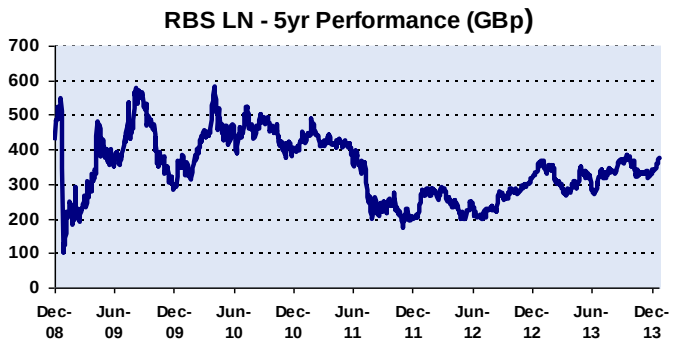
Source: Bloomberg @ 16.01.2014



Royal Bank of Scotland Group PLC

Royal Bank of Scotland Group plc, through subsidiaries, accepts deposits and offers commercial banking services. The bank offers business term loans; commercial mortgages; professional practice loans; asset finance and invoice finance loans; residential mortgages; consumer loans; credit cards; financial planning services; and life, personal lines, and income protection insurance.

Source: Bloomberg @ 16.01.2014



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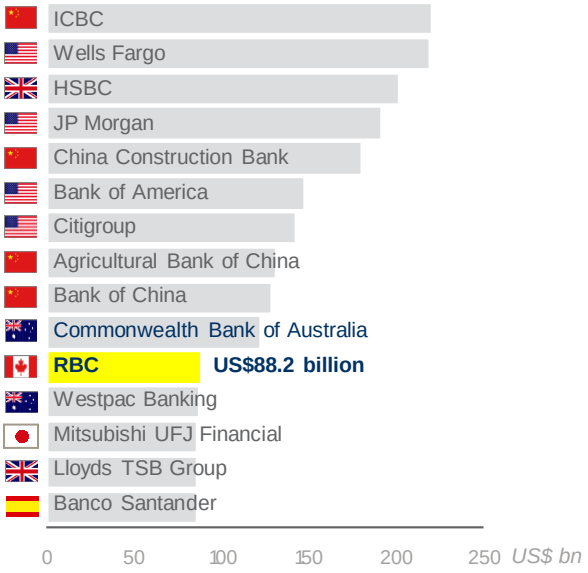


Royal Bank of Canada: Diversified Financial Strength, Global Capabilities

- Canada's largest bank by assets and market capitalization, with broad leadership in financial services.
- Well-diversified earnings stream across geographies and products.
- Approximately 80,000 full and part-time employees who serve more than 15 million clients worldwide.
- Top 11 bank by market capitalisation globally.(US$88.2 billion).
- Vision: Always earning the right to be our clients' first choice.
- Aspiration: To be a top performing diversified financial institution.
- Strategy:
  - Canada: To be the undisputed leader in financial services.
  - Global: To be a leading provider of capital markets and wealth management solutions.

Among the 15 Largest Banks Globally

(market capitalization in US$ billion, as of August 22, 2013)



Key metrics (C$ billions, except number of)

	Q3 2013	Q2 2013	Q1 2013
Total Assets	$851.3	$867.5	$837.6
Total Deposits	$546.2	$531.2	$514.7
Total Loans	$404.1	$398.6	$382.9

Strong Capital Ratios	Q3 2013	Strong Credit Ratings	
Tier 1 Capital	11.3%	Moody's	Aa3 (stable)
Total Capital Ratio	13.7%	Fitch	AA (stable)
Assets-to-Capital Multiple	16.8X	S&P	AA- (stable)
Common Equity Tier 1 Ratio	9.2%	DBRS	AA (stable)

Dividend	Q3 2013	Market Information	
Current Quarterly Div.	C$0.63	Ticker Symbol	RY
Dividend Yield	4.1%	Stock Exchanges	TSX & NYSE

Sources: RBC as at Oct'13, Bloomberg as at 23.08.2013

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