

1st SUPPLEMENTARY PROSPECTUS DATED DECEMBER 1, 2017



ROYAL BANK OF CANADA
(a Canadian chartered bank)

€32,000,000,000

Global Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments by

RBC COVERED BOND GUARANTOR LIMITED PARTNERSHIP
(a limited partnership formed under the laws of Ontario)

This Supplementary Prospectus (the “**1st Supplementary Prospectus**”) to the Prospectus dated September 8, 2017 (the “**Prospectus**”), which comprises a base prospectus under Article 5.4 of the Prospectus Directive for Royal Bank of Canada (“**RBC**” or the “**Issuer**”), constitutes a supplementary prospectus in respect of the base prospectus for RBC for purposes of Section 87G of the *Financial Services and Markets Act 2000* (the “**FSMA**”) and is prepared in connection with €32,000,000,000 Global Covered Bond Programme of Royal Bank of Canada, unconditionally and irrevocably guaranteed as to payments by RBC Covered Bond Guarantor Limited Partnership (the “**Guarantor LP**”), established by RBC.

Terms defined in the Prospectus have the same meaning when used in this 1st Supplementary Prospectus. The 1st Supplementary Prospectus is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by RBC.

RBC and the Guarantor LP accept responsibility for the information in this 1st Supplementary Prospectus. To the best of the knowledge of RBC and the Guarantor LP, having taken reasonable care to ensure that such is the case, the information contained in this 1st Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this 1st Supplementary Prospectus is to (a) incorporate by reference in the Prospectus the Issuer’s latest audited consolidated financial statements (including management’s discussion and analysis thereof) and Annual Information Form; (b) incorporate by reference in the Prospectus the Investor Report dated October 31, 2017 (the “**Investor**

Report"); (c) include a new statement in respect of no material adverse change and significant change; (d) in light of the issuance of the 2017 MD&A (as defined below), delete certain top risk factors, revise one top risk factor and to introduce a new Issuer top risk factor; (e) update the Issuer's rating disclosure in light of the recent ratings outlook upgrade from Fitch Ratings, Inc. ("**Fitch USA**"); (f) update paragraph 4 of the section entitled "General Information and Recent Developments" in the Base Prospectus regarding governmental, legal or arbitration proceedings which may have, or have had, a significant effect on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole; and (g) disclose recent developments relating to RBC's addition to the list of global systemically important banks ("**G-SIBs**") by the Financial Stability Board ("**FSB**").

To the extent that there is any inconsistency between (a) any statement in this 1st Supplementary Prospectus or any statement incorporated by reference into the Prospectus by this 1st Supplementary Prospectus; and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements referenced in (a) above will prevail.

Save as disclosed in this 1st Supplementary Prospectus, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme has arisen or been noted, as the case may be, since the publication of the Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are, by virtue of this 1st Supplementary Prospectus, incorporated in, and form part of, the Prospectus:

- (i) RBC's Annual Information Form dated November 28, 2017 (the "**2017 AIF**");
- (ii) the following sections of RBC's 2017 Annual Report (the "**2017 Annual Report**") for the year ended October 31, 2017:
 - (a) the Management's Discussion and Analysis on pages 11 through 116 (the "**2017 MD&A**"); and
 - (b) the audited consolidated financial statements, which comprise the consolidated balance sheets as at October 31, 2017 and October 31, 2016, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity, and statements of cash flows for each of the years in the two-year period ended October 31, 2017, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, together with the Report of Independent Registered Public Accounting Firm thereon on pages 117 through 204 (the "**2017 Audited Consolidated Financial Statements**"),

the remainder of the 2017 Annual Report is either not relevant for prospective investors or covered elsewhere in this Supplement and is not incorporated by reference; and

- (c) the Investor Report dated October 31, 2017 (the "**Investor Report**").

The 2017 AIF, the 2017 Annual Report, which includes the 2017 Audited Consolidated Financial Statements and the 2017 MD&A, and the Investor Report have been filed with Morningstar plc (appointed by the Financial Conduct Authority to act as the National Storage Mechanism), are available for viewing at <http://www.morningstar.co.uk/uk/NSM> and have been announced via the Regulatory News Service operated by the London Stock Exchange.

For the avoidance of doubt, any document incorporated by reference in the 2017 AIF, the 2017 Audited Consolidated Financial Statements, the 2017 MD&A and Investor Report shall not form part of this 1st Supplementary Prospectus.

Copies of this 1st Supplementary Prospectus, the Prospectus and the documents incorporated by reference in either of these can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline "Publication of Prospectus"; and (ii) obtained on written request and without charge from (a) the Issuer at 13th Floor, 155 Wellington Street West, Toronto, Ontario, Canada M5V 3K7, Attention: Senior Vice President, Performance Management and Investor Relations and (b) the office of the Issuing and Paying Agent, The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, England, Attention: Manager, EMEA Corporate & Sovereign Department. Certain of the documents incorporated by reference in the Prospectus or this 1st Supplementary Prospectus may be viewed by accessing the Issuer's disclosure documents through the Internet (a) at the Canadian System for Electronic Document Analysis and Retrieval at <http://www.SEDAR.com> (an internet based securities regulatory filing system), and (b) at the U.S. Securities and Exchange Commission's website at <http://www.sec.gov> which websites are not incorporated in, and do not form part of, the Prospectus.

STATEMENT OF NO SIGNIFICANT CHANGE

There has been no significant change in the financial position of the Issuer and its consolidated subsidiaries taken as a whole since October 31, 2017, the last day of the financial period in respect of which the most recent audited consolidated financial statements of the Issuer have been prepared, or of the financial position or trading position of the Guarantor LP since October 5, 2007, being the date of its formation.

STATEMENT OF NO MATERIAL ADVERSE CHANGE

There has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries taken as a whole since October 31, 2017, the last day of the financial period in respect of which the most recent audited published consolidated financial statements of the Issuer have been prepared, or of the Guarantor LP since October 5, 2007, being the date of its formation.

RISK FACTORS

The section entitled “Risk Factors – Top and emerging risks - Top Risks” in the Registration Document incorporated by reference in the Prospectus is amended by:

- (i) deleting the risk factors entitled “Brexit”, “Oil & gas”, “Anti-money laundering” and “Exposure to more volatile sectors”;
- (ii) revising the risk factor entitled “Global uncertainty” as follows:

Global uncertainty	Global uncertainty remained a key risk during 2017. The U.S. administration continues to advocate policy changes related to trade, financial regulation and taxation, which add to overall global uncertainty and volatility. The Canadian economy faces additional risks from the uncertain outcome of negotiations of the North American Free Trade Agreement (NAFTA) and from the U.S. government’s posture on financial regulation and tax reform. Concerns remain around the social, political and economic impacts of the changing political landscape in Europe, especially the impact of mass immigration, Brexit negotiations, and the Catalan referendum. Concerns over a possible economic slowdown in China have increased in light of mixed economic data. Global tensions have also increased due to North Korea’s military activities.
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- (iii) and further supplementing it with the following new risk factors:

Canadian housing and household indebtedness	The housing market is a top concern for the Canadian financial system. Housing prices remain elevated in the Greater Toronto Area and Greater Vancouver Area and affordability remains stretched. The Issuer is actively monitoring the impact of recent Government of Ontario measures implemented in an attempt to help cool the housing market. As the Bank of Canada embarks on a path of gradual rate tightening, the rising interest rate environment adds an additional level of uncertainty since elevated household indebtedness is a key risk. Increasing indebtedness could have material negative credit quality implications for the Issuer’s consumer lending portfolios, including residential mortgages, credit lines, indirect lending, credit cards, automotive lending and other personal loans.
Regulatory changes	The Issuer operates in multiple jurisdictions, and the continued expansion of the breadth and depth of regulations may lead to declining profitability and slower response to market needs. Financial reforms coming on stream in multiple jurisdictions may have material impacts on the Issuer’s businesses and could affect their strategies.

ISSUER RATINGS

On October 27, 2017, Fitch USA revised the Issuer's outlook to stable from negative. The Issuer's credit ratings remained unchanged.

Fitch USA is not established in the European Union. However, ratings issued by Fitch are endorsed by Fitch Ratings Limited, which is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended.

AMENDMENT TO STATEMENT REGARDING GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS

Paragraph 4 of the section entitled "General Information and Recent Developments" on page 271 of the Prospectus is hereby deleted in its entirety and replaced with the following:

Other than the matters disclosed in Note 23 of the Issuer's 2017 Audited Consolidated Financial Statements set out on page 189 of the Issuer's 2017 Annual Report, and the matters disclosed (with the exception of the subsection entitled "Other matters") in Note 26 of the 2017 Audited Consolidated Financial Statements set out on pages 193 and 194 of the Issuer's 2017 Annual Report and incorporated by reference herein, there are no, nor have there been any governmental, legal or arbitration proceedings involving the Issuer or any of its subsidiaries or the Guarantor LP (including any such proceedings which are pending or threatened of which the Issuer or Guarantor LP is aware) which may have, or have had during the twelve months prior to the date of this document, individually or in the aggregate, a significant effect on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole or the Guarantor LP.

RECENT DEVELOPMENTS

On November 21, 2017, RBC was designated as a G-SIB by the FSB. RBC does not expect any significant impacts resulting from the designation and will begin disclosing the detailed template used in the calculation of each of the 12 G-SIB indicators beginning in Q1 2018.

The second sentence in the paragraph above is subject to the "Caution regarding Forward-Looking Statements" set out on pages 9 and 10 of the Prospectus.