

**2<sup>nd</sup> SUPPLEMENTARY PROSPECTUS DATED DECEMBER 8, 2016**



**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 “**2<sup>nd</sup> Supplementary Prospectus**”) to the Prospectus dated July 29, 2016, as supplemented by the 1<sup>st</sup> Supplementary Prospectus dated August 26, 2016 (together, 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 2<sup>nd</sup> Supplementary Prospectus. The 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> Supplementary Prospectus is to (a) incorporate by reference in the Base Prospectus:

- (i) 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;
- (ii) incorporate by reference in the Prospectus the Investor Report dated October 31, 2016;
- (iii) include new statements in respect of material adverse change and significant change;
- (iv) to introduce new Issuer risk factors relating to global uncertainty and Brexit in light of the publication of the 2016 MD&A and to delete the risk factor relating to high levels of Canadian household debt;
- (v) to update paragraph 3 of the section entitled "General Information and Recent Developments" in the Prospectus regarding governmental, legal or arbitration proceedings; and
- (iv) to disclose recent developments relating to senior management changes.

To the extent that there is any inconsistency between (a) any statement in this 2<sup>nd</sup> Supplementary Prospectus or any statement incorporated by reference into the Prospectus by this 2<sup>nd</sup> Supplementary Prospectus and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this 2<sup>nd</sup> 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 1<sup>st</sup> Supplementary Prospectus dated August 26, 2016.

## **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (i) RBC's Annual Information Form dated November 29, 2016 (the "**2016 AIF**");
- (ii) the following sections of RBC's 2016 Annual Report (the "**2016 Annual Report**") for the year ended October 31, 2016:
  - (a) the Management's Discussion and Analysis on pages 8 through 114 (the "**2016 MD&A**"); and
  - (b) the audited consolidated financial statements, which comprise the consolidated balance sheets as at October 31, 2016 and October 31, 2015, 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 three-year period ended October 31, 2016, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, together with the Reports of Independent Registered Public Accounting Firms thereon on pages 116 through 205 (the "**2016 Audited Consolidated Financial Statements**"),

the remainder of the 2016 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, 2016 (the “**Investor Report**”).

The 2016 AIF, the 2016 Annual Report, which includes the the 2016 Audited Consolidated Financial Statements and the 2016 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 2016 AIF, the 2016 Audited Consolidated Financial Statements, the 2016 MD&A and the Investor Report shall not form part of this 2<sup>nd</sup> Supplementary Prospectus.

Copies of this 2<sup>nd</sup> 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 200 Bay Street, 4<sup>th</sup> Floor, North Tower, Toronto, Ontario, Canada M5J 2W7, Attention: Vice President & Head, 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 2<sup>nd</sup> 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 MATERIAL ADVERSE CHANGE**

Since October 31, 2016, the date of the most recently published audited consolidated financial statements of the Issuer, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.

#### **STATEMENT OF NO SIGNIFICANT CHANGE**

Since October 31, 2016, the date of the most recently published financial statements of the Issuer, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole.

## **RISK FACTORS**

The section entitled “Risk Factors” in the Registration Document incorporated by reference in the Prospectus is amended by deleting the risk factor “High levels of Canadian household debt” and is supplemented by the following:

### **Global uncertainty**

Uncertainty around the potential for a global recession remained heightened during 2016. Concerns remain around the social, political and economic impacts of mass immigration in continental Europe led by the Middle East’s changing political landscape, Russia-Ukraine tension and territorial disputes between Japan and China. Increasing income inequality, unemployment and decline in living standards against the backdrop of growing foreign ownership of strategic assets is driving an increase in nationalism and extremist political movements around the globe. Slow global growth and the attempts of central banks around the world to use monetary policy to stimulate their economies, even using negative interest rates, remains a key risk. Following the recent U.S. election, drastic policy changes including trade and fiscal policy, could be a key risk that may result in economic uncertainty for the U.S. and its trading partners, including Canada.

### **Brexit**

The Brexit vote has resulted in increased concerns about the economic, legal, political, regulatory and trade consequences for the U.K. and Europe. The Issuer will be monitoring negotiations between the U.K., the EU and individual member states closely to assess the potential impacts to its business strategy in the U.K. and in Europe.

## **UPDATE TO LITIGATION STATEMENT**

Paragraph 3 of the section entitled “General Information and Recent Developments” on page 262 of the Prospectus is hereby deleted in its entirety and replaced with the following:

“Other than the litigation matters disclosed in Note 27 (with the exception of the subsection entitled “Other matters”) to the 2016 Audited Consolidated Financial Statements set out on pages 194 and 195 of the Bank’s 2016 Audited Consolidated Financial Statements and incorporated by reference herein, there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer 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.”

## **RECENT DEVELOPMENTS**

Janice R. Fukakusa will retire as Chief Administrative Officer and Chief Financial Officer on January 31, 2017. Rod Bolger will take over as Chief Financial Officer effective December 1, 2016 and will join Group Executive on January 31, 2017.