

ROYAL BANK OF CANADA
Form FWP
February 01, 2018

RBC Capital Markets® Filed Pursuant to Rule 433
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The information in this preliminary terms supplement is not complete and may be changed.

Preliminary Terms

Supplement

Subject to Completion:

Dated January 31, 2018

Pricing Supplement

Dated February __, 2018 Absolute Return Buffered Enhanced Return Notes
Linked to the Lesser Performing of One Exchange
to the Product Traded Fund and One Equity Index, Due August 26,
Prospectus Supplement 2022

ERN-ETF-1 Dated
January 11, 2016, the Royal Bank of Canada

Prospectus Supplement

Dated January 8, 2016,
and the Prospectus Dated
January 8, 2016

Royal Bank of Canada is offering Absolute Return Buffered Enhanced Return Notes (the “Notes”) linked to the lesser performing of one exchange traded fund and one equity index (each, a “Reference Asset” and collectively, the “Reference Assets”). The Notes offered are senior unsecured obligations of Royal Bank of Canada and will have the terms described in the documents described above, as supplemented or modified by this terms supplement.

| Reference Assets | Initial Levels* | Buffer Levels |
|--------------------------------|-----------------|--------------------------|
| iShares® MSCI EAFE ETF (“EFA”) | | 80% of its Initial Level |
| EURO STOXX 50® Index (“SX5E”) | | 80% of its Initial Level |

* For each Reference Asset, the Initial Level will be its closing price or closing level, as applicable, on the Pricing Date.

The Notes do not guarantee any return of principal at maturity. Any payments on the Notes are subject to our credit risk.

Investing in the Notes involves a number of risks. See “Additional Risk Factors Specific to the Notes” beginning on page PS-6 of the product prospectus supplement dated January 11, 2016, on page S-1 of the prospectus supplement dated January 8, 2016, and “Selected Risk Considerations” beginning on page P-7 of this terms supplement.

The Notes will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this terms supplement is truthful or complete. Any representation to the contrary is a criminal offense.

| | | | |
|-----------------|----------------------|-------------------------|--|
| Issuer: | Royal Bank of Canada | Stock Exchange Listing: | None |
| Pricing Date: | February 23, 2018 | Principal Amount: | \$1,000 per Note |
| Issue Date: | February 28, 2018 | Maturity Date: | August 26, 2022 |
| Valuation Date: | August 23, 2022 | Leverage Factor: | [210%-220%] (to be determined on the Pricing Date) |
| Initial Level: | | | |

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For each Reference Asset, its closing price or closing level, as applicable, on the Pricing Date.

Final Level:

For each Reference Asset, its closing price or closing level, as applicable, on the Valuation Date.

If, on the Valuation Date, the Final Level of the Lesser Performing Reference Asset is greater than or equal to its Initial Level, then the investor will receive a return equal to the product of the Percentage Change (as defined below) of the Lesser Performing Reference Asset and the Leverage Factor.

Redemption Amount:

If the Final Level of the Lesser Performing Reference Asset is less than its Initial Level, but greater than or equal to its Buffer Level (80% of its Initial Level), then the investor will receive a one-for-one positive return equal to the absolute value of the Percentage Change of the Lesser Performing Reference Asset.

If the Final Level of the Lesser Performing Reference Asset is less than its Buffer Level, then the investor will lose 1% of the principal amount for any decrease in the value of the Lesser Performing Reference Asset beyond its Buffer Level. An investor could lose some or substantially all of its investment in the Notes.

Lesser Performing Reference Asset:

The Reference Asset which has the lowest Percentage Change.

Interest Payments:

None.

CUSIP:

78013XEW4

| | Per Note | Total |
|---|----------|-------|
| Price to public ⁽¹⁾ | 100.00% | \$ |
| Underwriting discounts and commissions ⁽¹⁾ | 3.00% | \$ |
| Proceeds to Royal Bank of Canada | 97.00% | \$ |

⁽¹⁾Certain dealers who purchase the Notes for sale to certain fee-based advisory accounts may forego some or all of their underwriting discount or selling concessions. The public offering price for investors purchasing the Notes in these accounts may be between \$970 and \$1,000 per \$1,000 in principal amount.

The initial estimated value of the Notes as of the date of this terms supplement is \$930.29 per \$1,000 in principal amount, which is less than the price to public. The final pricing supplement relating to the Notes will set forth our estimate of the initial value of the Notes as of the Pricing Date, which will not be less than \$910.29 per \$1,000 in principal 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 in more detail below.

If the Notes priced on the date of this terms supplement, RBC Capital Markets, LLC, which we refer to as RBCCM, acting as agent for Royal Bank of Canada, would receive a commission of approximately \$30.00 per \$1,000 in principal amount of the Notes and would use a portion of that commission to allow selling concessions to other dealers of up to approximately \$30.00 per \$1,000 in principal amount of the Notes. The other dealers may forgo, in their sole discretion, some or all of their selling concessions. See "Supplemental Plan of Distribution (Conflicts of Interest)" below.

RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

SUMMARY

The information in this “Summary” section is qualified by the more detailed information set forth in this terms supplement, the product prospectus supplement, the prospectus supplement, and the prospectus.

General: This terms supplement relates to an offering of Absolute Return Buffered Enhanced Return Notes (the “Notes”) linked to the lesser performing of one exchange traded fund and one equity index (the “Reference Assets”).

Issuer: Royal Bank of Canada (“Royal Bank”)

Issue: Senior Global Medium-Term Notes, Series G

Pricing Date: February 23, 2018

Issue Date: February 28, 2018

Term: 4.5 years

Denominations: Minimum denomination of \$1,000, and integral multiples of \$1,000 thereafter.

Designated Currency: U.S. Dollars

Valuation Date: August 23, 2022

Maturity Date: August 26, 2022

Initial Level: For each Reference Asset, its closing price or closing level, as applicable, on the Pricing Date.

Final Level: For each Reference Asset, its closing price or closing level, as applicable, on the Valuation Date.

Buffer Level: For each Reference Asset, 80% of its Initial Level.

Buffer Percentage: 20%

Leverage Factor: [210%-220%], to be determined on the Pricing Date.

Redemption Amount: On the Valuation Date, we will pay you at maturity an amount based on the Final Level of the Lesser Performing Reference Asset:

- If the Final Level of the Lesser Performing Reference Asset is greater than or equal to its Initial Level, then the investor will receive an amount equal to:
 $\$1,000 + (\$1,000 \times \text{Percentage Change of the Lesser Performing Reference Asset} \times \text{Leverage Factor})$
- If the Final Level of the Lesser Performing Reference Asset is less than its Initial Level, but greater than or equal to its Buffer Level, then the investor will receive a one-for-one positive return equal to the absolute value of the Percentage Change of the Lesser Performing Reference Asset, calculated as follows:
 $\$1,000 + [\$1,000 \times (-1 \times \text{Percentage Change of the Lesser Performing Asset})]$
- If the Final Level of the Lesser Performing Reference Asset is less than its Buffer Level, then the investor will receive an amount equal to:
 $\$1,000 + [\$1,000 \times (\text{Percentage Change of the Lesser Performing Reference Asset} + \text{Buffer Percentage})]$

In this case, the amount of cash that you receive will be less than your principal amount, resulting in a loss that is proportionate to the decline of the Lesser Performing Reference Asset from the Pricing Date to the Valuation Date beyond its Buffer Level. Investors in the Notes could lose some or

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substantially all of their investment if there has been a decline in the value of the Lesser Performing Reference Asset below its Buffer Level.

With respect to each Reference Asset:

Percentage
Change:

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

Lesser

Performing Reference Asset: The Reference Asset which has the lowest Percentage Change.

P-2 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

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|--|--|
| Market Disruption Event: | If a market disruption event occurs on the Valuation Date as to a Reference Asset, the determination of the Final Level of that Reference Asset will be postponed. However, the determination of the Final Level of any Reference Asset that is not affected by that market disruption event will not be postponed. |
| Calculation Agent: | RBC Capital Markets, LLC (“RBCCM”) |
| U.S. Tax Treatment: | By purchasing a Note, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the Note as a pre-paid cash-settled derivative contract in respect of the Reference Assets for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the Notes are uncertain and the Internal Revenue Service could assert that the Notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the section below, “Supplemental Discussion of U.S. Federal Income Tax Consequences,” and the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product prospectus supplement dated January 11, 2016 under “Supplemental Discussion of U.S. Federal Income Tax Consequences,” which apply to the Notes. |
| Secondary Market: | RBCCM (or one of its affiliates), though not obligated to do so, may maintain a secondary market in the Notes after the Issue Date. The amount that you may receive upon sale of your Notes prior to maturity may be less than the principal amount. |
| Listing: | The Notes will not be listed on any securities exchange. |
| Settlement: | DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under “Description of Debt Securities—Ownership and Book-Entry Issuance” in the prospectus dated January 8, 2016). |
| Terms Incorporated in the Master Note: | All of the terms appearing above the item captioned “Secondary Market” on the cover page and pages P-2 and P-3 of this terms supplement and the terms appearing under the caption “General Terms of the Notes” in the product prospectus supplement dated January 11, 2016, as modified by this terms supplement. |

P-3 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

ADDITIONAL TERMS OF YOUR NOTES

You should read this terms supplement together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016 and the product prospectus supplement dated January 11, 2016, relating to our Senior Global Medium-Term Notes, Series G, of which these Notes are a part. Capitalized terms used but not defined in this terms supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this terms supplement will control. The Notes vary from the terms described in the product prospectus supplement in several important ways. You should read this terms supplement carefully, including “—Additional Terms Related to the SX5E” below.

This terms supplement, together with the documents listed below, contains the terms of the Notes and supersedes all 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, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the prospectus supplement dated January 8, 2016 and “Additional Risk Factors Specific to the Notes” in the product prospectus supplement dated January 11, 2016, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the Securities and Exchange Commission (the “SEC”) website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus dated January 8, 2016:

<http://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm>

Prospectus Supplement dated January 8, 2016:

<http://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm>

Product Prospectus Supplement ERN-ETF-1 dated January 11, 2016:

<https://www.sec.gov/Archives/edgar/data/1000275/000114036116047385/form424b5.htm>

Our Central Index Key, or CIK, on the SEC website is 1000275. As used in this terms supplement, “we,” “us,” or “our” refers to Royal Bank of Canada.

Royal Bank of Canada has filed a registration statement (including a product prospectus supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this terms supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us 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 product prospectus supplement, the prospectus supplement and the prospectus if you so request by calling toll-free at 1-877-688-2301.

P-4 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

HYPOTHETICAL EXAMPLES

The table set out below is included for illustration purposes only. The table illustrates the hypothetical Redemption Amount of the Notes for a hypothetical range of performance for the Lesser Performing Reference Asset, assuming the following terms:

| | |
|--|---|
| Hypothetical Initial Level (for each Reference Asset): | 1,000.00* |
| Hypothetical Buffer Level (for each Reference Asset): | 800.00, which is 80% of the hypothetical Initial Level |
| Hypothetical Leverage Factor: | 215%, which is the midpoint of the Leverage Factor range of [210%-220%] (to be determined on the Pricing Date). |
| Buffer Percentage: | 20% |
| Principal Amount: | \$1,000 per Note |

* The hypothetical Initial Level of 1,000.00 used in the examples below has been chosen for illustrative purposes only and does not represent the actual Initial Level of either Reference Asset. The actual Initial Levels for each Reference Asset will be set forth on the cover page of the final pricing supplement relating to the Notes. We make no representation or warranty as to which of the Reference Assets will be the Lesser Performing Reference Asset. It is possible that the Final Level of each Reference Asset will be less than its Initial Level.

Hypothetical Final Levels of the Lesser Performing Reference Asset are shown in the first column on the left. The second column shows its hypothetical Percentage Changes. The third column shows the hypothetical Redemption Amount to be paid on the Notes per \$1,000 in principal amount.

| Hypothetical Final Level of the Lesser Performing Reference Asset | Hypothetical Percentage Change of the Lesser Performing Reference Asset | Hypothetical Redemption Amount per \$1,000 in Principal Amount |
|---|---|--|
| 1,300.00 | 30.00% | \$1,645.00 |
| 1,200.00 | 20.00% | \$1,430.00 |
| 1,100.00 | 10.00% | \$1,215.00 |
| 1,000.00 | 0.00% | \$1,000.00 |
| 900.00 | -10.00% | \$1,100.00 |
| 800.00 | -20.00% | \$1,200.00 |
| 799.00 | -20.10% | \$999.00 |
| 750.00 | -25.00% | \$950.00 |
| 700.00 | -30.00% | \$900.00 |
| 600.00 | -40.00% | \$800.00 |
| 500.00 | -50.00% | \$700.00 |
| 400.00 | -60.00% | \$600.00 |
| 250.00 | -75.00% | \$450.00 |
| 0.00 | -100.00% | \$200.00 |

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments at maturity set forth in the table above are calculated.

Example 1: The value of the Lesser Performing Reference Asset increases by 10% from the Initial Level of 1,000.00 to its Final Level of 1,100.00. Because the Final Level of the Lesser Performing Reference Asset is greater than the Initial Level, the investor receives at maturity, a cash payment of \$1,215.00 per Note, calculated as follows:

$$\$1,000 + (\$1,000 \times \text{Percentage Change of the Lesser Performing Reference Asset} \times \text{Leverage Factor})$$

$$= \$1,000 + (\$1,000 \times 10\% \times 215\%) = \$1,215.00$$

Example 2: The value of the Lesser Performing Reference Asset decreases by 20% from the Initial Level of 1,000.00 to its Final Level of 800.00. Because the Final Level of the Lesser Performing Reference Asset is less than the Initial Level but greater than its Buffer Level of 800.00, the investor receives at maturity, a positive return equal to the absolute value of the Percentage Change, despite the 20% decline in the value of the Lesser Performing Reference Asset, calculated as follows:

$$\begin{aligned} & \$1,000 + [\$1,000 \times (-1 \times \text{Percentage Change of the Lesser Performing Reference Asset})] \\ & = \$1,000 + [\$1,000 \times (-1 \times -20\%)] = \$1,000 + \$200 = \$1,200.00. \end{aligned}$$

Example 3: The value of the Lesser Performing Reference Asset is 400.00 on the Valuation Date, which is less than its Buffer Level of 800.00. Because the Final Level of the Lesser Performing Reference Asset is less than its Buffer Level of 800.00, we will pay only \$600.00 for each \$1,000 in the principal amount of the Notes, calculated as follows:

$$\text{Principal Amount} + [\text{Principal Amount} \times (\text{Reference Asset Return of the Lesser Performing Reference Asset} + \text{Buffer Percentage})]$$

$$= \$1,000 + [\$1,000 \times (-60.00\% + 20\%)] = \$1,000 - \$400.00 = \$600.00$$

* * *

The Payments at Maturity shown above are entirely hypothetical; they are based on prices of the Reference Assets that may not be achieved on the Valuation Date and on assumptions that may prove to be erroneous. The actual market value of your Notes on the Maturity Date or at any other time, including any time you may wish to sell your Notes, may bear little relation to the hypothetical Redemption Amounts shown above, and those amounts should not be viewed as an indication of the financial return on an investment in the Notes or on an investment in the EFA or the securities held by or included in either Reference Asset.

P-6 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

SELECTED RISK CONSIDERATIONS

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Assets. These risks are explained in more detail in the section “Additional Risk Factors Specific to the Notes” in the product prospectus supplement. In addition to the risks described in the prospectus supplement and the product prospectus supplement, you should consider the following:

Principal at Risk – Investors in the Notes could lose some or substantially all of their principal amount if there is a decline in the value of the Lesser Performing Reference Asset between the Pricing Date and the Valuation Date of more than 20%. You will lose 1% of the principal amount of your Notes for each 1% that the Lesser Performing Reference Asset has declined below its Buffer Level.

Your Redemption Amount Will Be Determined Solely by Reference to the Lesser Performing Reference Asset Even if the Other Reference Asset Performs Better – Your Redemption Amount will be determined solely by reference to the performance of the Lesser Performing Reference Asset. Even if the Final Level of the other Reference Asset has increased compared to its Initial Level, or has experienced a decrease that is less than that of the Lesser Performing Reference Asset, your return will only be determined by reference to the performance of the Lesser Performing Reference Asset, regardless of the performance of the other Reference Asset. The Notes are not linked to a weighted basket, in which the risk may be mitigated and diversified among each of the basket components. For example, in the case of notes linked to a weighted basket, the return would depend on the weighted aggregate performance of the basket components reflected as the basket return. As a result, the depreciation of one basket component could be mitigated by the appreciation of the other basket components, as scaled by the weighting of that basket component. However, in the case of the Notes, the individual performance of each of the Reference Assets would not be combined, and the depreciation of one Reference Asset would not be mitigated by any appreciation of the other Reference Asset. Instead, your return will depend solely on the Final Level of the Lesser Performing Reference Asset.

The Notes Do Not Pay Interest and Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity – You will not receive any interest payments on the Notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of Royal Bank.

Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes – The Notes are Royal Bank’s senior unsecured debt securities. As a result, your receipt of the Redemption Amount is dependent upon Royal Bank’s ability to repay its obligations at that time. This will be the case even if the prices or levels of the Reference Assets increase after the Pricing Date. No assurance can be given as to what our financial condition will be at the maturity of the Notes.

There May Not Be an Active Trading Market for the Notes – Sales in the Secondary Market May Result in Significant Losses – There may be little or no secondary market for the Notes. The Notes will not be listed on any securities exchange. RBCCM and other affiliates of Royal Bank may make a market for the Notes; however, they are not required to do so. RBCCM or any other affiliate of Royal Bank may stop any market-making activities at any time. Even if a secondary market for the Notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the

difference between bid and asked prices for your Notes in any secondary market could be substantial.

The Initial Estimated Value of the Notes Will Be Less than the Price to the Public — The initial estimated value set forth on the cover page and that will be set forth in the final pricing supplement for the Notes does not represent a minimum price at which we, RBCCM or any of our 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 prices or levels of the Reference Assets, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount and the estimated 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 your original purchase price, as any such sale price would not be expected to include the underwriting discount and the hedging costs relating to the Notes. In addition to bid-ask spreads, the value of the Notes determined by RBCCM for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding 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.

P-7 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

The Initial Estimated Value of the Notes on the Cover Page of this Terms Supplement and that We Will Provide in the Final Pricing Supplement Are Estimates Only, Calculated as of the Time the Terms of the Notes Are Set — The initial estimated value of the Notes will be 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 estimates are 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 Pricing 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.

Inconsistent Research — Royal Bank or its affiliates may issue research reports on the Reference Assets or on securities that are, or may become, components of the Reference Assets. We may also publish research from time to time on financial markets and other matters that may influence the prices or levels of the Reference Assets or the value of the Notes, or express opinions or provide recommendations that may be inconsistent with purchasing or holding the Notes or with the investment view implicit in the Notes or the Reference Assets. You should make your own independent investigation of the merits of investing in the Notes and the Reference Assets.

Market Disruption Events and Adjustments – The Redemption Amount and the Valuation Date are subject to adjustment as to each Reference Asset as described in the product prospectus supplement. For a description of what constitutes a market disruption event as well as the consequences of that market disruption event, see “General Terms of the Notes—Market Disruption Events” in the product prospectus supplement and “—Additional Terms of Your Notes Related to the SX5E—Market Disruption Events” below.

Our Business Activities May Create Conflicts of Interest — We and our affiliates expect to engage in trading activities related to the Reference Assets or the securities held by or included in the Reference Assets that are not for the account of holders of the Notes or on their behalf. These trading activities may present a conflict between the holders’ interests in the Notes and the interests we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the prices or levels of the Reference Assets, could be adverse to the interests of the holders of the Notes. We and one or more of our affiliates may, at present or in the future, engage in business with the issuers of the securities held by or included in the Reference Assets, including making loans to or providing advisory services. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates’ obligations and your interests as a holder of the Notes. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the Reference Assets or securities held by or included in the Reference Assets. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities by us or one or more of our affiliates may affect the prices or levels of the Reference Assets, and, therefore, the market value of the Notes.

You Will Not Have Any Shareholder Rights and Will Have No Right to Receive Any Shares of the EFA or the Securities Held by or Included in the Reference Assets at Maturity — The return on your Notes is unlikely to reflect the

return you would realize if you actually owned shares of the EFA or the securities held by or included in a Reference Asset. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on those securities during the term of your Notes. As an owner of the Notes, you will not have voting rights or any other rights that holders of those securities may have. The Final Level of either Reference Asset will not reflect any dividends paid on the EFA or the securities held by or included in the Reference Asset, and accordingly, any positive return on the Notes may be less than the potential positive return on the EFA or the securities held by or included in a Reference Asset.

The EFA and its Underlying Index Are Different — The performance of the EFA may not exactly replicate the performance of its underlying index, because the EFA will reflect transaction costs and fees that are not included in the calculation of its underlying index. It is also possible that the performance of the EFA may not fully replicate or may in certain circumstances diverge significantly from the performance of its underlying index due to the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments contained in the EFA or due to other circumstances. The EFA may use futures contracts, options, swap agreements, currency forwards and repurchase agreements in seeking performance that corresponds to its underlying index and in managing cash flows.

During periods of market volatility, securities held by the EFA may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the EFA and the liquidity of the EFA may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the EFA. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the EFA. As a result, under these circumstances, the market value of shares of the EFA may vary substantially from the net asset value per share of the EFA. For all of the foregoing reasons, the performance of the EFA may

P-8 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

not correlate with the performance of its underlying index as well as the net asset value per share of the EFA, which could materially and adversely affect the value of the Notes in the secondary market and/or reduce your payment at maturity

The EFA Is Subject to Management Risks — The EFA is subject to management risk, which is the risk that the investment advisor's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, the investment advisor may invest a portion of the EFA's assets in securities not included in the relevant industry or sector but which the investment advisor believes will help the EFA track the relevant industry or sector.

Adjustments to the Reference Assets or the Underlying Index Could Adversely Affect the Notes — The investment advisor or the sponsor of the relevant Reference Asset or the Underlying Index (as defined below) is responsible for calculating and maintaining the relevant Reference Asset or the Underlying Index. The investment advisor or the sponsor can add, delete or substitute the stocks comprising the relevant Reference Asset or the Underlying Index. The investment advisor or the sponsor may make other methodological changes that could change the value of the relevant Reference Asset or the Underlying Index at any time. If one or more of these events occurs, the calculation of the amount payable at maturity may be adjusted to reflect such event or events. Consequently, any of these actions could adversely affect the amount payable at maturity and/or the market value of the Notes.

We and Our Affiliates Do Not Have Any Affiliation with the Advisor or the Sponsor of the Reference Assets or the Underlying Index and Are Not Responsible for its Public Disclosure of Information — We and our affiliates are not affiliated with the investment advisor or the sponsor of either Reference Asset or the underlying index of the EFA in any way and have no ability to control or predict its actions, including any errors in or discontinuance of disclosure regarding its methods or policies relating to the Reference Assets or the underlying index. The investment advisor or the sponsor of either Reference Asset or the underlying index is not involved in the offering of the Notes in any way and has no obligation to consider your interests as an owner of the Notes in taking any actions relating to the Reference Assets that might affect the value of the Notes. Neither we nor any of our affiliates has independently verified the adequacy or accuracy of the information about the investment advisor, the sponsor, or the Reference Assets contained in any public disclosure of information. You, as an investor in the Notes, should make your own investigation into the Reference Assets.

An Investment in Notes Linked to the Reference Assets Is Subject to Risks Associated with Foreign Securities Markets — The Reference Assets track the value of certain foreign equity securities. You should be aware that investments in securities linked to the value of foreign equity securities involve particular risks. The relevant foreign securities markets may have less liquidity and may be more volatile than U.S. or other securities markets and market developments may affect foreign markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. Prices of securities in foreign countries are subject to political, economic, financial and social factors that apply in those geographical regions. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in a foreign government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments

in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, foreign economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

The Notes Are Subject to Foreign Currency Exchange Rate Risk Related to the EFA — The price of the EFA will fluctuate based upon its net asset value, which will in turn depend in part upon changes in the value of the currencies in which the stocks held by the EFA are traded. Accordingly, investors in the notes will be exposed to currency exchange rate risk with respect to each of the currencies in which the stocks held by the EFA are traded. An investor's net exposure will depend in part on the extent to which these currencies strengthen or weaken against the U.S. dollar. If the dollar strengthens against these currencies, the net asset value of the EFA will be adversely affected and its price may decrease.

As a Holder of the Notes, You Will Not Have Direct Exposure to Fluctuations in the U.S. Dollar/Euro Exchange Rate Related to the SX5E — The value of the Notes will not be adjusted for exchange rate fluctuations between the U.S. dollar and the euro, even though any currency fluctuations could affect the performance of the SX5E. Therefore, if the euro appreciates or depreciates relative to the U.S. dollar over the term of the Notes, you will not receive any additional payment or incur any reduction in any payment on the Notes.

P-9 RBC Capital Markets, LLC

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due
August 23, 2022
Royal Bank of Canada

ADDITIONAL TERMS OF YOUR NOTES RELATED TO THE SX5E

Closing Level

The closing level of the SX5E on any trading day will equal its closing level published following the regular official weekday close of trading on that trading day.

A “trading day” as to the SX5E means a day on which the principal trading market for the SX5E is open for trading.

Unavailability of the Level of the SX5E

If the sponsor of the SX5E discontinues publication of the SX5E and its sponsor or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the SX5E (such successor or substitute index being referred to in this section as a “successor index”), then any subsequent index closing level will be determined by reference to the published level of that successor index at the regular weekday close of trading on the applicable trading day.

Upon any selection by the calculation agent of a successor index, the calculation agent will provide written notice to the trustee of the selection, and the trustee will furnish written notice thereof, to the extent the trustee is required to under the senior debt indenture, to each noteholder, or in the case of global notes, the depositary, as holder of the global notes.

If a successor index is selected by the calculation agent, that successor index will be used as a substitute for the SX5E for all purposes, including for purposes of determining whether a market disruption event exists with respect to the SX5E.

If the sponsor of the SX5E discontinues publication of the SX5E prior to, and that discontinuance is continuing on, any trading day on which the level of the SX5E must be determined, and the calculation agent determines, in its sole discretion, that no successor index is available at that time, then the calculation agent will determine the level of the SX5E for the relevant date in accordance with the formula for and method of calculating the SX5E last in effect prior to the discontinuance, without rebalancing or substitution, using the closing level (or, if trading in the relevant underlying securities or components of the SX5E have been materially suspended or materially limited, its good faith estimate of the closing level that would have prevailed but for that suspension or limitation) at the close of the principal trading session of the relevant exchange on that date of each security or component most recently comprising the SX5E. Notwithstanding these alternative arrangements, discontinuance of the publication of the SX5E may adversely affect the value of your Notes.

If at any time the method of calculating a closing level for the SX5E or a successor index is changed in a material respect, or if such index is in any other way modified so that it does not, in the opinion of the calculation agent, fairly represent its level had those changes or modifications not been made, then, from and after that time, the calculation agent will, at the close of business in New York City on the applicable trading day, make such calculations and adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a level of an index comparable to such index as if those changes or modifications had not been made. Accordingly, if the method of calculating an index is modified so that the level of that index is a fraction of what it would have been if it had not been modified (e.g., due to a split in that index), then the calculation agent will adjust the level of that index in order to arrive at a level of that index as if it had not been modified (e.g., as if such split had not occurred).

Market Disruption Events

A “market disruption event” with respect to the SX5E or a successor index means any event, circumstance or cause which we determine, and the calculation agent confirms, has or will have a material adverse effect on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligations to make payment of

amounts owing thereunder and more specifically includes the following events to the extent that they have such effect with respect to that index:

- a suspension, absence or limitation of trading in index components constituting 20% or more, by weight, of such index;

- a suspension, absence or limitation of trading in futures or options contracts relating to an index on their respective markets;

- any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to (i) effect transactions in, or obtain market values for, index components constituting 20% or more, by weight, of such index, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to such index on their respective markets;

- the closure on any day of the primary market for futures or options contracts relating to such index or index components constituting 20% or more, by weight, of such index on a scheduled trading day prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading