



Callable Fixed Rate Notes

An overview of Fixed Rate Callable and Step-Up Callable Notes

What are Callable Notes?

Callable Notes are securities with a “call” option that allow the issuer to redeem the security prior to its maturity at par. The investor, in return, will receive an above-market interest rate. The issuer may call these securities when the current interest rate drops below the interest rate on the security.

What are the benefits of investing in Callable Notes?

Callable Notes are beneficial to investors who believe the current interest rates will either remain the same or increase. If this were to happen, the issuer will most likely not call the notes and the investor will enjoy higher interest rate payments (compared to the current interest rate) until maturity.

What are the risks of investing in Callable Notes?

Since the call option can only be exercised by the issuer, not the investor, Callable Notes can be risky for investors who are interested in steady income and predictable payment dates. This risk increases if current interest rates are expected to drop. All payments on Callable Notes are subject to the creditworthiness of the issuer.

What are some different types of Callable Notes?

Fixed Rate Callable Notes have “fixed” interest rates for their entire term. These notes offer investors higher yields versus vanilla benchmarks. Issuer has the right to redeem the notes early in exchange for coupon payments that are potentially higher than non-structured bonds of similar credit quality.

Step-Up Callable Notes have a “fixed” interest rate for a specific period which increases at predetermined dates in the future. The issuer has the right to redeem the notes early in exchange for coupon payments that are potentially higher than non-structured bonds of similar credit quality.

FIXED RATE CALLABLE NOTES HYPOTHETICAL EXAMPLE

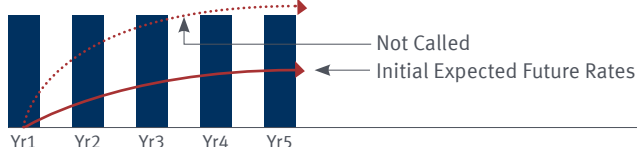
Issuer: Royal Bank of Canada
Term: 5 Years
Call schedule: Semi-Annual

Coupon: Semi-Annual
Coupon Rate: 2.25%

Scenario #1: Prevailing Market Interest Rate Decreases



Scenario #2: Prevailing Market Interest Rate Increases



STEP-UP CALLABLE NOTES HYPOTHETICAL EXAMPLE

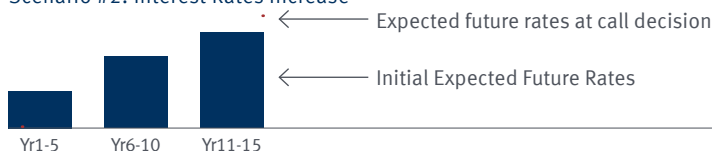
Issuer: Royal Bank of Canada
Term: 15 Years
Call schedule: Callable every 5 years
Coupon: Semi-Annual

Coupon Rate: Y1-5: 3.00%
Y6-10: 4.25%
Y11-15: 5.50%
YTM: 4.08%

Scenario #1: Interest Rates Decrease



Scenario #2: Interest Rates Increase





US	Canada	UK & Europe	Asia	Australia	Caribbean
○ Boston	○ Calgary	○ Frankfurt	○ Beijing	○ Melbourne	○ Nassau
○ Chicago	○ Montreal	○ Lausanne	● Hong Kong	● Sydney	○ New Providence
○ Denver	● Toronto	● London	○ Mumbai		○ St. Michael
○ Houston	○ Vancouver	○ Madrid	○ Singapore		
○ Los Angeles		○ Paris	○ Tokyo		
● New York					
○ San Francisco					

● Trading Hubs ○ Coverage Offices

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Royal Bank of Canada

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ROYAL BANK OF CANADA (AS OF OCTOBER 21, 2017)¹

Market capitalization ²	US\$114 billion			
	Q4 2017		Fiscal 2017	
Total revenue	C\$10.5 billion		C\$40.7 billion	
Net income	C\$2.8 billion		C\$11.5 billion	
Total assets	C\$1.20 trillion			
Assets under administration (AUA)	C\$5.47 trillion			
Assets under management (AUM)	C\$639.9 billion			
	Moody's	S&P	Fitch	DBRS
Credit ratings ³	A1	AA-	AA	AA
Clients worldwide	Over 16 million			
Employees worldwide	Approximately 80,000			
Common Equity Tier 1 Ratio	10.9%			

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(1) Latest three months ended October 21, 2017 unless otherwise noted. Excludes Corporate Support. These are non-GAAP measures. For additional information, refer to the Royal Bank of Canada Q4 2017 Investor Presentation.

(2) Bloomberg, as at October 31, 2017.

(3) Based on senior long-term debt ratings, as of November 28, 2017. A credit rating reflects the creditworthiness of RBC, is not a recommendation to buy, sell or hold the notes, and may be subject to revision or withdrawal at any time by the assigning rating organization. The ratings do not provide an indication of the expected performance of the notes. The notes themselves will not be independently rated. Each rating should be evaluated independently of any other rating.

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