

Information Statement Dated March 22, 2013

This Information Statement does not constitute an offer or invitation by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or invitation.

In Canada, the offering and sale of the Notes may be subject to restrictions within any particular province or territory. The Notes may not be offered or sold in any jurisdiction outside of Canada except in circumstances which do not constitute a public offering or distribution under the laws of the jurisdiction where the Notes are to be offered or sold. Royal Bank and the selling agents require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from the registration requirements of the United States Securities Act of 1933. No securities commission or similar authority has in any way passed upon the merits of the Notes and any representation to the contrary may be an offence.



RBC Principal Protected Interest Rate Bear Notes F-Class, Series 3

Price: \$100 per Note

Minimum Purchase: \$1,000 or 10 Notes

This document describes RBC Principal Protected Interest Rate Bear Notes F-Class, Series 3 (each a "**Note**" and collectively the "**Notes**") proposed to be issued on or about March 28, 2013 (the "**Issue Date**") by Royal Bank of Canada ("**Royal Bank**", "**we**", "**our**" or "**us**"). Subject to the occurrence of certain Extraordinary Events (as defined herein), each Note provides for the payment on or about September 28, 2018 (the "**Maturity Date**") of the \$100 principal amount (the "**Principal Amount**") plus, if the Final Reference Rate (as defined herein) exceeds 2.90%, Variable Interest (as defined herein).

Holders of the Notes will be entitled to receive fixed semi-annual interest payments of 0.605%, equivalent to 1.21% per annum ("**Fixed Interest**"). Fixed Interest will be payable on the 28th day of March and September of each year that the Notes remain outstanding from and including September 28, 2013 and to and including the Maturity Date.

If the Final Reference Rate exceeds 2.90% (the "**Strike Rate**"), then holders of the Notes will be entitled to receive Variable Interest on the Maturity Date. In such event, the Variable Interest per \$100 principal amount of the Notes will be equal to \$100 multiplied by an amount equal to seven times the difference between the Final Reference Rate and the Strike Rate. The calculation of Variable Interest is more fully described under "*Payments under the Notes – Calculation and Payment of Variable Interest*".

If certain Extraordinary Events occur that have a material adverse effect on our ability to perform our obligations under the Notes or to maintain a hedge of our position in respect of our obligation to make payments under the Notes, then the Final Reference Rate will be calculated on the basis that the Calculation Date will be postponed to the next Business Day on which there is no Extraordinary Event. Those events which may constitute an Extraordinary Event are listed under "*Definitions*" and some of the potential consequences of such Extraordinary Events are summarized under "*Answers to Frequently Asked Questions*" and "*Payments under the Notes – Extraordinary Events*".

The Notes will evidence deposit liabilities of Royal Bank (credit ratings: Moody's Aa3; Standard & Poor's AA-; DBRS AA) and will rank equally and rateably with all other deposit liabilities of Royal Bank and by their terms will be fungible. **Noteholders will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*.** The repayment of a Noteholder's Principal Amount and the payment of Variable Interest, if any, and Fixed Interest are subject to the creditworthiness of Royal Bank.

RBC Dominion Securities Inc. ("**RBC DS**") has indicated to Royal Bank that it intends to use its best reasonable efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. In doing so, RBC DS may act as principal, purchasing and reselling Notes to new or existing Noteholders. RBC DS may, in its sole discretion, cease to offer to purchase Notes without any requirement to provide notice to Noteholders, registered or beneficial, including in circumstances where RBC DS perceives that the supply of Notes exceeds demand or if any change occurs in conditions imposed by regulatory or legislative action such that RBC DS determines that it can no longer lawfully purchase or sell Notes without incurring unreasonable expenses or complying with onerous conditions. Notwithstanding the foregoing, RBC DS may purchase and Royal Bank may continue to create and issue Notes under certain circumstances when RBC DS has ceased to maintain a market for the Notes. There is no provision for the early redemption of the Notes by Noteholders and there is no guarantee that any secondary market which may develop will be liquid or sustainable. Consequently, the Notes should not be viewed as trading instruments. See "*Secondary Market*".

The Notes provide opportunities for investment but may pose risks. Certain of these risks result from the possibility of fluctuations in the RBC Benchmark CAD 30 Year CMS Rate. You should carefully consider the risks involved in purchasing Notes before reaching an investment decision and you should discuss with your advisors the suitability of purchasing Notes in light of your particular investment objectives and after reviewing all available information, including the information provided in this Information Statement. In particular, see "*Risk Factors*".

The Notes will be represented by a single global note, which will be held by CDS Clearing and Depository Services Inc. ("**CDS**") or its authorized representative, and registered in the name of CDS & Co. Royal Bank will, directly or indirectly through its CDS participant, hold all of the beneficial interests in the Notes and, through its agent RBC DS (which may delegate its responsibilities, without notice to Noteholders, to, and in reliance upon, third party service providers), will record the respective Noteholders' beneficial interests in the Notes as instructed by the dealers and financial advisors representing such Noteholders.

An initial purchaser will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser. The agreement to purchase the Notes will be entered into (i) if the order to purchase is received via telephone or electronic means, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person, on the second day following the later of (a) the day on which this Information Statement is provided to the investor and (b) the day on which the order to purchase is received.

Royal Bank of Canada

RBC Principal Protected Interest Rate Bear Notes F-Class, Series 3

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Royal Bank of Canada

RBC Principal Protected Interest Rate Bear Notes F-Class, Series 3

SUMMARY

The following is a summary of the basic terms of the Royal Bank of Canada deposit notes called "RBC Principal Protected Interest Rate Bear Notes F-Class, Series 3" (individually a "Note" and collectively the "Notes"). All references to the Notes and to a Note contained in this Information Statement will include the Global Note (as defined herein). Unless otherwise indicated, references to "\$" are to Canadian dollars. Capitalized terms which are not otherwise defined herein are defined under "Definitions".

Issuer: Royal Bank of Canada ("**Royal Bank**", "**we**", "**our**" or "**us**"). Our head office is located at 200 Bay Street, Toronto, Ontario, M5J 2J5.

Issue Date: On or about March 28, 2013.

Maturity Date and Term: On or about September 28, 2018, resulting in a term to maturity of approximately 5.5 years. The \$100 principal amount (the "**Principal Amount**") will only be payable at maturity. For further information, see "*Payments under the Notes*".

Fixed Interest Rate: Holders of the Notes will be entitled to receive fixed semi-annual interest payments of 0.605%, equivalent to 1.21% per annum ("**Fixed Interest**").

Fixed Interest: Fixed Interest will be payable on the 28th day of March and September of each year that the Notes remain outstanding (each, a "**Fixed Interest Payment Date**") from and including September 28, 2013 and to and including the Maturity Date. If any Fixed Interest Payment Date is not a Business Day, it will be postponed to the next following Business Day.

Variable Interest: Variable Interest will be determined by reference to the RBC Benchmark CAD 30 Year CMS Rate (the "**Reference Rate**"), a 30-year constant maturity swap interest rate as seen on the Bloomberg page RBCL as observed five Toronto Business Days prior to the Maturity Date (the "**Calculation Date**") as at 11 a.m. Toronto time (the "**Final Reference Rate**").

If the Final Reference Rate exceeds 2.90% (the "**Strike Rate**"), then holders of the Notes will be entitled to receive a payment of Variable Interest on the Maturity Date as determined as follows:

Variable Interest = \$100 x 7 x (Final Reference Rate – Strike Rate).

In no case will Variable Interest be less than zero. The amount and method of determining Variable Interest and the timing of the payment of Variable Interest may be affected by certain Extraordinary Events. See "*Payments under the Notes – Extraordinary Events*".

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- Extraordinary Events:** An Extraordinary Event is an event that could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes. An Extraordinary Event could include, among other things, a Market Disruption Event in respect of the Reference Rate; any court or governmental order prohibiting us from performing our obligations; or any governmental action that has a material adverse effect on relevant financial markets. An Extraordinary Event may delay the time at which the Final Reference Rate is determined and delay the time of payment of the Variable Interest. See "*Payments under the Notes – Extraordinary Events*".
- Registered Account Eligibility:** Eligible for RRSPs, RRIFs, RESPs, RDSPs, DPSPs and TFSAs. See "*Canadian Federal Income Tax Considerations – Registered Account Eligibility*", including the summary of the "prohibited investment" rule.
- No Early Redemption:** The Notes will not be redeemable by Royal Bank before the Maturity Date.
- Risk Factors:** The Notes provide opportunities but may pose risks. You should carefully consider the risks involved in purchasing Notes before reaching a decision and you should discuss with your advisors the suitability of purchasing Notes in light of your particular investment objectives and after reviewing all available information, including the following:
- the Notes may not be a suitable investment for all investors;
 - other than Fixed Interest, no return may be payable in respect of the Notes if the Final Reference Rate is less than 2.90%;
 - the Final Reference Rate must be at least 4.05% in order to earn an overall Note yield similar to yields currently available on other Royal Bank bonds and GICs;
 - the return on the Notes will depend on the Final Reference Rate which is influenced by economic trends and monetary policy;
 - a secondary market for the Notes may not develop or be sustainable;
 - the occurrence of an Extraordinary Event could affect the return payable on the Notes;
 - we or RBC Dominion Securities Inc. ("**RBC DS**") may engage in activities that could adversely impact the Notes; and
 - the repayment of a Noteholder's Principal Amount, the payment of Variable Interest, if any, and Fixed Interest is subject to the creditworthiness of Royal Bank. **Noteholders will not have the benefit of any insurance under the provisions of the Canada Deposit Insurance Corporation Act.**

For further information, see "*Risk Factors*".

Suitability for Investment Purposes:

Investors should consult with their advisors regarding the suitability of an investment in the Notes. The Notes may be suitable for:

- investors who want to protect their principal investment at maturity and who want the potential for an enhanced coupon at maturity;
- investors who are prepared to assume the risks associated with an investment that is linked to the performance of the Reference Rate;
- investors with an investment horizon equal to the term of the Note and who are prepared to hold the Notes until maturity; and
- investors who do not need or expect to receive regular payments over the term of the Notes other than the Fixed Interest.

Amendments to the Global Note:

The Global Note may be amended without the consent of the Noteholders if in our reasonable opinion the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended if the amendment is approved by a resolution passed by the favourable votes of Noteholders holding Notes representing not less than 66 2/3% of the outstanding aggregate Principal Amount of the Notes represented for the purpose of considering the resolution. For further information, see "*Related Matters – Amendments to the Notes*".

Secondary Market:

The Notes will not be listed on any stock exchange and there is no assurance that a secondary market for Notes will develop or be sustainable. RBC DS has indicated to Royal Bank that it intends to use its best reasonable efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. RBC DS may, in its sole discretion, cease to offer to purchase Notes without any requirement to provide notice to Noteholders, registered or beneficial, including in circumstances where RBC DS perceives that the supply of Notes exceeds demand or if any change occurs in conditions imposed by regulatory or legislative action such that RBC DS determines that it can no longer lawfully purchase or sell Notes without incurring unreasonable expenses or complying with onerous conditions. If RBC DS offers to purchase Notes in connection with a secondary market transaction, there is no assurance that the purchase price will be the highest possible price available in any secondary market for the Notes.

Secondary Market Resales:

The Principal Amount of each Note is guaranteed only if the Note is held until maturity. The resale of a Note by the investor in any secondary market could result in the investor receiving less than the Principal Amount.

Differences from Fixed Rate Investments:

The Notes are different from conventional fixed rate investments. The Notes will not provide a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Return on the Notes, if any, unlike the return on many other deposit liabilities of Canadian banks and other conventional fixed rate investments, is uncertain in that if the Final Reference Rate is less than the Strike Rate, no return will be payable on the Notes other than Fixed Interest. There is no assurance that the Final Reference Rate will be greater than the Strike Rate and there is therefore no assurance that a Noteholder will receive any amount at the Maturity Date other than repayment of the Principal Amount and the portion of Fixed Interest then payable.

Notes non-CDIC Protected:

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

Book-Entry System:

The Notes will be represented in the form of a fully registered, book-entry only global note (the "**Global Note**") to be held by or on behalf of CDS in Toronto, Canada as custodian of the Global Note, and registered in the name of CDS & Co. in Toronto, Canada or its nominee (the "**Nominee**") initially CDS & Co. Holders of Notes will have an indirect beneficial interest in the Global Note. Except in limited circumstances, purchasers of beneficial interests in the Global Note will not be entitled to receive Notes in definitive form. Rather, the Notes will be represented in book-entry form only. For further information, see "*Related Matters – Registration*".

The Principal Amount and Variable Interest, if any, as the case may be, payable under the Notes will be made available at our option either through our Paying and Transfer Agent and/or CDS (or the Nominee) or if we, in our sole discretion determine, directly to Noteholders.

Right of Cancellation:

An initial purchaser will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser.

Upon cancellation of the order, the initial purchaser is entitled to a refund of the Principal Amount and any fees relating to the purchase that they may have paid. This right to cancel a purchase order does not extend to investors buying a Note in any secondary market. An initial purchaser of the Notes may cancel their purchase order by calling their investment advisor or RBC DS at **(800) 280-4434**.

Fees and Expenses:

No selling commission will be paid to selling agents who sell the Notes. If an Extraordinary Event occurs, we may incur expenses unwinding any hedge position in respect of our obligation to make payments under the Notes, which could reduce the amount of return otherwise payable on the Notes. For further information, see "*Related Matters – Fees and Expenses*".

Potential Conflicts of Interest:

Royal Bank or RBC DS will perform functions or engage in activities that could adversely impact the value of the Notes, Noteholders' ability to resell their Notes, or the amount or timing of receipt of entitlements under the Notes. Royal Bank or RBC DS, as our calculation agent, will be responsible for determining the amount, if any, of return payable under the Notes, and we or RBC DS may exercise judgment and discretion in relation to the calculations, determinations, functions and activities undertaken in respect of the Notes from time to time.

Availability of Information:

A copy of this information statement will be posted on Royal Bank's structured notes website at www.rbccm.com/structuredrates and will be provided in writing on request from RBC Dominion Securities at 416-842-6775.

Such information will also be available from your investment advisor.

ANSWERS TO FREQUENTLY ASKED QUESTIONS

How are returns linked to the performance of the Reference Rate?

Subject to the occurrence of certain Extraordinary Events (as described below), Variable Interest, if any, on the Notes will be determined by reference to the the RBC Benchmark CAD 30 Year CMS Rate, a 30-year constant maturity swap interest rate . Variable Interest will be calculated based on the Reference Rate as seen on the Bloomberg page RBCL as observed five Toronto Business Days prior to the Maturity Date as at 11 am Toronto time.

The Variable Interest per \$100 principal amount of the Notes will be equal to \$100 multiplied by an amount equal to seven times the difference between the Final Reference Rate and the Strike Rate.

You should recognize that it is impossible to know whether Reference Rate will rise or fall. You should familiarize yourself with the RBC Benchmark CAD 30 Year CMS Rate as summarized under "*Summary Information Regarding the Reference Rate*" and the method of calculating interest on the Notes, as described under "*Payments under the Notes*".

Will fees and expenses reduce the amount of return payable under the Notes?

No. Also, no selling commission will be paid to selling agents who sell the Notes. See "*Related Matters – Fees and Expenses*".

Is it possible that the amount payable at maturity would be less than the Principal Amount of \$100?

No. The Principal Amount is assured at maturity, whether or not the Final Reference Rate is greater than the Strike Rate. The repayment of the Principal Amount will be subject to the creditworthiness of the Bank.

What if I need my money early?

RBC DS has indicated to Royal Bank that it intends to use its best reasonable efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. In doing so, RBC DS may act as principal, purchasing and reselling Notes to new or existing Noteholders. RBC DS may, in its sole discretion, cease to offer to purchase Notes without any requirement to provide notice to Noteholders, registered or beneficial, including in circumstances where RBC DS perceives that the supply of Notes exceeds demand or if any change occurs in conditions imposed by regulatory or legislative action such that RBC DS determines that it can no longer lawfully purchase or sell Notes without incurring unreasonable expenses or complying with onerous conditions. However, RBC DS may purchase and Royal Bank may continue to create and issue Notes under certain circumstances when RBC DS has ceased to maintain a market for the Notes. There is no provision for the early redemption of the Notes by Noteholders and there is no guarantee that any secondary market that may develop will be liquid or sustainable. Consequently, the Notes should not be viewed as trading instruments.

If I decide to sell my Notes, could I get less than the Principal Amount of \$100?

Yes. The price of the Notes in any secondary market that may develop will be set by such market. Prior to maturity, the Notes could trade above or below the \$100 Principal Amount per Note. See "*Related Matters – Secondary Market*".

What factors may affect the trading value of my Notes in any secondary market?

The value of the Notes in a secondary market, if any, will be affected by a number of complex and inter-related factors. The effect of any one factor may be offset or magnified by the effect of another factor. The following list, although not exhaustive, describes some of the factors that may impact the trading value of the Notes:

- the Reference Rate and periodic fluctuations in that rate;
- interest rates in Canada; and
- time remaining until maturity.

Sales of Notes prior to maturity will not be subject to an early trading charge.

What is an Extraordinary Event?

An Extraordinary Event is an event that could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes. An Extraordinary Event could include, among other things, a Market Disruption Event in respect of the Reference Rate, any court or governmental order prohibiting us from performing our obligations; or any governmental action that has a material adverse effect on relevant financial markets. An Extraordinary Event may delay the time at which the Final Reference Rate is determined and delay the time of payment of the Variable Interest. Calculations and determinations in respect of the Notes will, absent manifest error, be final and binding on holders of Notes. The amount of Variable Interest so calculated may be significantly less than the amount that would have been payable but for the occurrence of the Extraordinary Event. In all cases, the Principal Amount of each Note will be payable only at maturity.

How is an investment in the Notes different from directly investing in conventional fixed rate investments?

The Notes are different from conventional fixed rate investments. The Notes will not provide a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Return on the Notes, unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, is uncertain in that if the Final Reference Rate is less than the Strike Rate, no return will be payable on the Notes other than Fixed Interest. There is no assurance that the Final Reference Rate will be greater than the Strike Rate and there is therefore no assurance that a Noteholder will receive any amount at the Maturity Date other than repayment of the Principal Amount and the portion of Fixed Interest then payable.

The Notes are not suitable for investors who expect to receive a specific return over the term of the Notes. No assurance can be made that a Noteholder will receive any payment on the Notes other than the periodic Fixed Interest and the repayment of the Principal Amount of each Note at maturity.

What about tax?

A purchaser of Notes should consult with his or her own tax advisor with respect to his or her individual tax position. General Canadian federal tax issues relevant to an initial purchaser of the Notes

who is an individual (other than a trust) are summarized under "*Canadian Federal Income Tax Considerations*". The Notes are RRSP, RRIF, RDSP, RESP, TFSA and DPSP eligible. See "*Canadian Federal Income Tax Considerations – Registered Account Eligibility*", including the summary of the "prohibited investment" rule.

This Information Statement is not intended to provide, nor should it be relied upon as, tax advice to any particular Noteholder. In addition, no information on the effect of provincial, territorial and foreign income tax laws is provided in this Information Statement.

Am I entitled to CDIC protection on these investments?

No. The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*. Therefore a Noteholder will not be entitled to Canada Deposit Insurance Corporation protection.

What factors will determine the Reference Rate?

It is impossible to know whether the Reference Rate will rise or fall. The Reference Rate will be influenced by the complex and inter-related political, economic, financial and other factors that can affect the capital markets generally and by the various circumstances that can influence the interest rate underlying the Reference Rate.

SAMPLE CALCULATIONS OF VARIABLE INTEREST

The examples set out below are included for illustration purposes only. The Reference Rates used to illustrate the calculation of the Variable Interest are not estimates or forecasts of the Final Reference Rate. All examples assume that no Extraordinary Event has occurred.

Assuming that an Extraordinary Event does not occur, during the term of the Notes, each holder of Notes will be entitled to receive payments of Fixed Interest equal to 1.21% per annum (or \$1.21 per \$100 principal amount of Notes each year, for a total of \$6.655 over the term of the Notes) regardless of the performance of the Reference Rate. Payments of \$0.605 of Fixed Interest per \$100 principal amount of Notes will be made on the 28th day of each March and September that the Notes remain outstanding.

Example #1 — Final Reference Rate is 2.00%. Variable Interest is paid only if the Final Reference Rate exceeds 2.90%. Therefore, no Variable Interest is payable on the Notes.

Example #2 — Final Reference Rate is 6.00%. The Variable Interest per \$100 principal amount of Notes is calculated as:

$$\$100 \times 7 \times (6.00\% - 2.90\%) = \$21.70$$

SAMPLE INTERNAL RATES OF RETURN

The following table illustrates the Variable Interest payable per \$100 principal amount of Notes and the note internal rate of return per annum for various hypothetical Reference Rates. The Final Reference Rate must be at least 4.05% for investors to earn an overall Note yield similar to yields currently available on other Royal Bank bonds or GICs.

Final RBC Benchmark CAD 30 Year CMS Rate	Variable Interest per \$100 principal amount of Notes	Note Internal Rate of Return Per Annum¹
1.00%	Not applicable	1.21%
2.00%	Not applicable	1.21%
3.00%	\$0.70	1.34%
4.00%	\$7.70	2.54%
4.05%	\$8.05	2.60%
Break even		
5.00%	\$14.70	3.68%
6.00%	\$21.70	4.76%
7.00%	\$28.70	5.80%
8.00%	\$35.70	6.79%
9.00%	\$42.70	7.75%

¹ Includes Fixed Interest of 1.21% per annum and Variable Interest, if any, payable on the Notes at maturity.

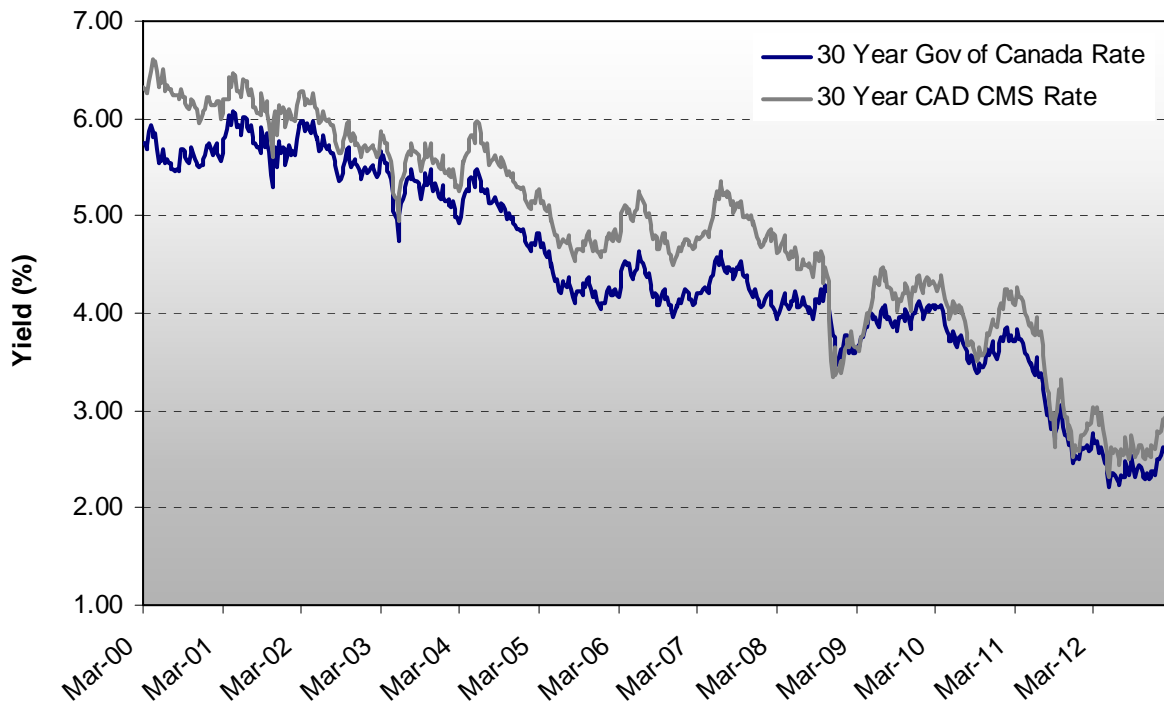
SUMMARY INFORMATION REGARDING THE REFERENCE RATE

The RBC Benchmark CAD CMS Rates represent a set of Canadian Dollar Swap Rates available at the market for each maturity as at 11am Toronto time each Business Day. Current and historical rates are posted to a number of public web sites: Bloomberg Ticker RBCL; Reuters RIC CADCMS=RBCT; and www.rbccm.com/structuredrates.

The Reference Rate was 2.82% as at March 22, 2013. The graph below sets forth the historical performance of the Reference Rate and the nearest 30 year Government of Canada bond yield from March 2000 to present. The graph shows that CMS rates effectively capture the trend in interest rate levels in Canada and are a good proxy for Government of Canada bond yields of the same maturity.

4.05%, the break even rate, is the Final Reference Rate required for investors to earn an overall Note yield similar to yields currently available on the highest paying Royal Bank bonds and GICs.

Past performance of the Reference Rate is not indicative of future results for the Reference Rate or the Notes.



Source: RBC Capital Markets, Bloomberg

Data for the period prior to the launch of the RBC Benchmark CAD 30 Year CMS Rate on September 6, 2011, are re-constructed using historical swap rate data.

PAYMENTS UNDER THE NOTES

The following is a summary description of the basis for the calculation of the amounts payable under the Notes.

Payment Amount on Maturity

A Noteholder is entitled at maturity to the full payment of the Principal Amount of each Note. A Noteholder will not be paid the Principal Amount prior to maturity.

Calculation and Payment of Fixed Interest

Holders of the Notes will be entitled to receive fixed semi-annual Fixed Interest payments of 0.605%, equivalent to 1.21% per annum. Fixed Interest will be payable on each Fixed Interest Payment Date from and including September 28, 2013 and to and including the Maturity Date. If any such Fixed Payment Date is not a Business Day, it will be postponed to the next following Business Day.

Calculation and Payment of Variable Interest

Variable Interest on the Notes will be determined by reference to the the Reference Rate. Variable Interest will be calculated based on the Reference Rate as observed five Toronto Business Days prior to the Maturity Date as at 11 am Toronto time as seen on the Bloomberg page RBCL.

Subject to the occurrence of certain Extraordinary Events, Variable Interest, if any, will be payable at the Maturity Date and determined as follows:

$$\text{Variable Interest} = \$100 \times 7 \times (\text{Final Reference Rate} - \text{Strike Rate}).$$

In no case will Variable Interest be less than zero.

Extraordinary Events

If certain Extraordinary Events occur that have a material adverse effect on our ability to perform our obligations under the Notes or to maintain a hedge of our position in respect of our obligation to make payments under the Notes, then the Final Reference Rate will be calculated on the basis that the Calculation Date will be postponed to the next Business Day on which there is no Extraordinary Event. However there will be a limit for postponement of the Calculation Date. If on the fifth Business Day following the date originally scheduled as the Calculation Date, the Calculation Date has not occurred, then despite the occurrence or continuance of an Extraordinary Event on or after such fifth Business Day: (a) such fifth Business Day will be the Calculation Date; and (b) the Final Reference Rate will be a value equal to the Calculation Agent's estimate of the Final Reference Rate thereof as at such Calculation Date, reasonably taking into account relevant market circumstances.

METHOD OF PAYMENT

The Principal Amount and Variable Interest, if any, payable under the Notes will be made available at our option by RBC DS (or its delegate on our behalf), either through our Paying and Transfer Agent and/or CDS (or the Nominee) in accordance with arrangements between us and the Paying and Transfer Agent and/or CDS or if we, in our sole discretion determine, directly to Noteholders. Our responsibility and liability in respect of Notes is limited to making payment of any amount due to CDS (or the Nominee).

Payments of the Principal Amount, Variable Interest, if any, and Fixed Interest on Notes issued in definitive form (which will only occur in certain exceptional circumstances described) will be made by cheque mailed to the Noteholder at the address of the Noteholder appearing in a register which we will maintain or cause to be maintained or, if requested in writing by the Noteholder at least five Business Days before the date of the payment and agreed to by us, by electronic funds transfer to a bank account designated by the Noteholder with a bank in Canada. Payment under any Note in definitive form is conditional upon the Noteholder first delivering the Note to us.

Neither we nor the Paying and Transfer Agent nor CDS (or the Nominee) will be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note. In relation to Royal Bank's role as custodian in connection with the Notes, we will have no obligation to confirm or take notice of any such instructions, appointments, revocations or any other matters pertaining to a Noteholder's appointment of or arrangements with a dealer or financial advisor or any notices given to us.

Neither we nor the Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of any Notes or for maintaining, supervising or reviewing any records relating to such ownership so long as the Notes are represented by the Global Note.

RELATED MATTERS

The following is a summary of other information relevant to your decision to purchase Notes.

Differences from Fixed Rate Investments

The Notes are different from conventional fixed rate investments. The Notes will not provide a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Return on the Notes, unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, is uncertain in that if the Final Reference Rate is less than the Strike Rate, no return will be payable on the Notes other than Fixed Interest. There is no assurance that the Final Reference Rate will be greater than the Strike Rate and there is therefore no assurance that a Noteholder will receive any amount at the Maturity Date other than repayment of the Principal Amount and the portion of Fixed Interest then payable.

The Notes are not suitable for investors who need or expect a regular income stream greater than the Fixed Interest, or who expect to receive a specific return greater than the Fixed Interest over the term of the Notes. No assurance can be made that a Noteholder will receive any payment on the Notes other than the Fixed Interest payable during the term of the Notes and the repayment of the Principal Amount of each Note at maturity.

Suitability for Investment Purposes

The Notes provide opportunities but also present risks. Investors should consult with their advisors regarding the suitability of an investment in the Notes given their investment objectives. The Notes may be suitable for investors who want to protect their principal investment at maturity and who are looking for the potential to earn an enhanced coupon at maturity. The Notes are only suitable for investors with an investment horizon equal to the term of the Note and who are prepared to assume the risks associated with an investment that is linked to the performance of the Reference Rate, who are prepared to hold the Notes until maturity and who do not need or expect to receive regular payments over the term of the Notes other than the Fixed Interest.

Registration

The Notes will be represented in the form of a fully registered, book-entry only global note (the "**Global Note**") to be held by or on behalf of CDS in Toronto, Canada as custodian of the Global Note, and registered in the name of CDS & Co. in Toronto, Canada or its nominee (the "**Nominee**") initially CDS & Co. Except in limited circumstances, purchasers of beneficial interests in the Global Note (the "**Noteholders**") will not be entitled to receive Notes in definitive form. Rather, the Notes will be represented in book-entry form only.

Plan of Distribution

Each Note will be issued at \$100, being 100% of the Principal Amount of the Note.

The Notes will be offered from time to time by us through selling agents. We may also sell Notes to a selling agent, acting as principal, for resale to one or more investors at varying prices related to prevailing market prices at the time of such resale to be determined by such selling agent. We also reserve the right to sell Notes to investors directly on our own behalf in those jurisdictions in which we are authorized to do so. Sales commissions and related fees are described under "*Related Matters – Fees and Expenses*".

Any selling agent may from time to time purchase and sell Notes in the secondary market, but is not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. The offering price and other selling terms for such sales in the secondary market may, from time to time, be varied by the relevant selling agent.

We will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. A selling agent will have the right, in its discretion reasonably exercised, without notice to us, to reject any offer to purchase Notes received by it in whole or in part.

The Notes may not be offered or sold in any jurisdiction outside of Canada except in circumstances which do not constitute a public offering or distribution under the laws of the jurisdiction where the Notes are to be offered or sold. Royal Bank and the selling agents require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions. In particular, the Notes have not been and will not be registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the *United States Securities Act of 1933*, as amended. Terms used in this paragraph have the meanings given to them by Regulation S under the *United States Securities Act of 1933*, as amended.

Fees and Expenses

No selling commission will be paid to selling agents who sell the Notes. If an Extraordinary Event occurs, we may incur expenses unwinding any hedge position in respect of our obligation to make payments under the Notes, which could reduce the amount of return otherwise payable on the Notes.

No Redemption Prior to Maturity

The Notes will not be redeemable by Royal Bank before the Maturity Date.

Secondary Market

RBC DS has indicated to Royal Bank that it intends to use its best reasonable efforts to establish and maintain an over-the-counter market for the Notes by making itself available as a purchaser of the Notes if and so long as RBC DS in its sole discretion believes that there is a reasonable likelihood that it will be able to sell such Notes at a profit or at no more than a nominal loss. In doing so, RBC DS may act as principal, purchasing and reselling Notes to new or existing Noteholders. RBC DS may, in its sole discretion, cease to offer to purchase Notes without any requirement to provide notice to Noteholders, registered or beneficial, including in circumstances where RBC DS perceives that the supply of Notes exceeds demand or if any change occurs in conditions imposed by regulatory or legislative action such that RBC DS determines that it can no longer lawfully purchase or sell Notes without incurring unreasonable expenses or complying with onerous conditions. Notwithstanding the foregoing, RBC DS may purchase and Royal Bank may continue to create and issue Notes under certain circumstances when RBC DS has ceased to maintain a market for the Notes. There is no provision for the early redemption of the Notes by Noteholders and there is no guarantee that any secondary market that may develop will be liquid or sustainable. Consequently, the Notes should not be viewed as trading instruments.

The Noteholder may wish to consult his or her investment advisor as to whether it would be more favourable in the circumstances at any time to sell Notes (assuming the availability of a secondary market) or hold Notes until the Maturity Date.

Right of Cancellation

An initial purchaser will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser.

The agreement to purchase the Notes will be entered into (i) if the order to purchase is received via telephone or electronic means, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person, on the second day following the later of (a) the day on which this Information Statement is provided to the investor and (b) the day on which the order to purchase is received.

Initial purchasers of the Notes will be deemed to have been provided the Information Statement: (i) on the day recorded as the time of sending by the server or other electronic transmission system, if provided by electronic means; (ii) on the day recorded as the time of sending by a fax machine, if provided by fax; (iii) five Business Days after the postmark date, if provided by mail; and (iv) when it is received, in any other case.

Upon cancellation of the order, the initial purchaser is entitled to a refund of the Principal Amount and any fees relating to the purchase that they may have paid. This right to cancel a purchase order does not extend to investors buying a Note in any secondary market. An initial purchaser of the Notes may cancel their purchase order by calling their investment advisor or dealers and agents may contact the RBC structured notes desk at 416-842-6775.

Secondary Market Resales

The Principal Amount of each Note is guaranteed only if the Note is held until the Maturity Date. The resale of a Note by the investor in any secondary market could result in an investor receiving less than the Principal Amount.

Governing Law

The Notes, and the terms thereof, will be governed by and construed in accordance with the laws of the Province of Ontario, Canada, and the federal laws of Canada applicable in Ontario.

Further Issuance of Notes

We reserve the right to issue the Notes in additional tranches and may issue other note obligations, including listed note obligations subject to receipt of necessary approvals. Such other note obligations may have terms substantially similar to the terms of the Notes and may be offered by us concurrently with the offering of this or other tranches of Notes.

Notices to Noteholders

We will provide notice to Noteholders of any material events relating to the Notes, including notice of any amendment to the Notes that impacts the amount of return payable in respect of the Notes.

Amendments to the Notes

The Global Note may be amended without the consent of the Noteholders if in our reasonable opinion the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended if the amendment is approved by a resolution passed by the favourable votes of Noteholders holding Notes representing not less than 66 2/3% of the outstanding aggregate

Principal Amount of the Notes represented for the purpose of considering the resolution. Each Noteholder is entitled to one vote per \$100 of Principal Amount held for the purpose of voting at meetings convened for this purpose. The Notes do not carry the right to vote in any other circumstances.

Potential Conflicts of Interest

We, our subsidiary, RBC DS, or any of our respective affiliates will perform functions or engage in activities in the course of our normal respective business operations that could adversely impact the value of the Notes, your ability to resell your Notes or the amount or timing of receipt of entitlements under the Notes. Royal Bank or RBC DS, as our calculation agent, will be responsible for determining the amount, if any, of the return payable under the Notes. We or RBC DS may exercise judgment and discretion in relation to the calculations, determinations, functions and activities undertaken in respect of the Notes from time to time. Whenever we or RBC DS are required to act, we will do so in good faith and our calculations and determinations in respect of the Notes will, absent manifest error, be final and binding on Noteholders. We will base all such actions on normal commercial criteria in the particular circumstances and we will not take into account the effect, if any, of such actions on the Reference Rate, the amount of Variable Interest that may be payable on the Notes or Noteholders' interests generally. Consequently, potential conflicts between the interests of Noteholders and our interests may arise. Neither we nor the Calculation Agent warrant the accuracy or completeness of the information made available with respect to the Reference Rate or of calculations made in connection with the Notes.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) (the "**Tax Act**") to a Noteholder who purchases Notes on the Issue Date from Royal Bank who, for the purposes of the Tax Act, and at all relevant times, is an individual (other than a trust), deals at arm's length and is not affiliated with Royal Bank who holds the Notes as capital property (a "**Holder**").

This summary is based on the Tax Act and the regulations made thereunder (the "**Regulations**") as in force on the date of this Information Statement, all specific proposals (the "**Proposals**") to amend the Tax Act or Regulations publicly announced by or on behalf of the Minister of Finance prior to the date of this Information Statement and the current published administrative policies or assessing practices of the Canada Revenue Agency ("**CRA**"). Except for the Proposals, this summary does not take into account or anticipate any changes to the law or CRA's published administrative policies or assessing practices, whether by legislative, governmental or judicial action, and no assurance can be given that the Proposals will be implemented in their current form, or at all. Provincial, territorial and foreign income tax considerations are not addressed.

This summary is of a general nature only and is not intended to constitute, nor should it be relied upon or construed as, tax advice to any particular Holder, nor is it exhaustive of all possible Canadian federal income tax considerations. Holders should consult their own tax advisors as to the potential consequences to them of the acquisition, ownership and disposition of Notes having regard to their particular circumstances. In particular, Holders should consult their tax advisors as to whether they will hold the Notes as capital property for purposes of the Tax Act, which determination should take into account, among other factors, whether the Notes are acquired with the intention or secondary intention of selling them prior to their Maturity Date.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, is an individual (other than a trust) resident in Canada who acquires and holds the Notes as capital property (a "**Resident Holder**"). Certain Resident Holders who might not otherwise be considered to hold their Notes as capital property may, in certain circumstances, be entitled to have their Notes, and all other "Canadian securities" (as defined in the Tax Act) owned by such Resident Holders in the taxation year and all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

Interest

Fixed Interest

The amount of any Fixed Interest received or receivable (depending on the method regularly followed in computing income under the Tax Act) by a Resident Holder in a taxation year will be required to be included in computing the Resident Holder's income for the taxation year, except to the extent that such amount has already been included in the Resident Holder's income for that or a preceding taxation year.

No Deemed Interest Accrual of Variable Interest

In certain circumstances, provisions of the Tax Act deem interest to accrue on a "prescribed debt obligation" (as defined for the purposes of the Tax Act). The Notes will generally be considered to be prescribed debt obligations to a Resident Holder. However, our understanding of CRA's current administrative practice is that there should be no deemed accrual of benchmark-computed amounts

similar to Variable Interest until such time as such amounts becomes determinable. On this basis, there should be no deemed accrual of Variable Interest on the Notes prior to the date for the calculation of the Final Reference Rate in respect of the Maturity Date (or, if applicable, the date of their earlier redemption).

Payment at Maturity

A Resident Holder who holds the Notes until maturity (or earlier redemption by us) will be required to include the Variable Interest in computing the Resident Holder's income for the taxation year in which the Maturity Date (or redemption) occurs.

Disposition of Notes

Where a Resident Holder disposes of a Note (other than to us on the Maturity Date or earlier), the Tax Act requires the amount of interest accrued on the Note that is unpaid at that time to be included in computing the income of the Resident Holder for the taxation year in which the disposition occurs and excludes such amount from the proceeds of disposition, except to the extent such amount has otherwise been included in computing the income of the Resident Holder for that year or a preceding year. Accordingly, Fixed Interest that has accrued on a Note to the time of its disposition should be included in the Resident Holder's income on such disposition. However, based on CRA's current administrative practice described above, there should be no inclusion of Variable Interest on such disposition.

In addition, while the matter is not free from doubt, the Resident Holder should realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of amounts included in income as interest and any reasonable costs of disposition, exceed (or are less than) the Resident Holder's adjusted cost base of the Notes. Resident Holders who dispose of Notes prior to the maturity date thereof, particularly those who dispose of Notes shortly prior to the Maturity Date, should consult their own tax advisors with respect to their particular circumstances.

One-half of any capital gain realized will constitute a taxable capital gain that must be included in the calculation of the Resident Holder's income. One-half of any capital loss incurred will constitute an allowable capital loss that is deductible against taxable capital gains of the Resident Holder, subject to and in accordance with the provisions of the Tax Act.

CRA Review

We understand that the CRA is currently reviewing its administrative policies with regard to obligations such as the Notes. This review may result in changes to or adoption of policies or practices that may affect, among other things, the CRA's views concerning (1) when there is a deemed accrual of any amount of interest, bonus or premium on such obligations, and (2) whether amounts received on the disposition of such obligations prior to maturity are on capital account or income account. There can be no assurance that the CRA's administrative policies and assessing practices will not be subject to adverse development, change or qualification with respect to these or other issues. Any change in or development of new administrative policies and assessing practices respecting obligations such as the Notes could result in the tax considerations relevant to acquiring, holding and disposing of the Notes being materially different from those described above.

Holders Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act is neither resident nor deemed to be resident in Canada, deals at arm's length with any Canadian resident (or deemed Canadian resident) to whom the Holder disposes the Notes, is neither a "specified shareholder" of

the Bank nor a person who does not deal at arm's length with a specified shareholder of the Bank for purposes of the "thin capitalization" rule contained in subsection 18(4) of the Tax Act, does not use or hold and is not deemed to use or hold the Notes in the course of carrying on a business in Canada and is not an insurer carrying on an insurance business in Canada and elsewhere (a "Non-Resident Holder").

Interest paid or credited or deemed to be paid or credited on the Notes (including any amount paid at maturity and interest deemed to be paid in certain cases involving the assignment or other transfer of a Note to a resident or deemed resident of Canada), to a Non-Resident Holder will not be subject to Canadian non-resident withholding tax unless any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class of shares of the capital stock of a corporation ("Participating Debt Interest"). Having regard to the terms of the Notes, interest paid or credited or deemed to be paid or credited on the Notes should not be considered to be Participating Debt Interest.

There should be no other taxes on income (including taxable capital gains) payable by a Non-Resident Holder in respect of a Note.

Registered Account Eligibility

The Notes, if issued on the date of this information statement, would be qualified investments (for purposes of the Tax Act) for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered disability savings plans, registered education savings plans, tax-free savings accounts ("TFSA") and deferred profit sharing plans, each within the meaning of the Tax Act (other than a deferred profit-sharing plan to which payments are made by Royal Bank or a corporation or partnership with which Royal Bank does not deal at arm's length within the meaning of the Tax Act).

Notwithstanding the foregoing, if the Notes are "prohibited investments" (as that term is defined in the Tax Act) for a TFSA, an RRSP or a RRIF, a holder of the TFSA, or an annuitant of the RRSP or the RRIF, as the case may be, (each a "Plan Holder") will be subject to a penalty tax as set out in the Tax Act. Notes will be "prohibited investments" (as that term is defined in the Tax Act) to a TFSA, an RRSP or a RRIF of a Plan Holder who has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Bank or who does not deal at arm's length, within the meaning of the Tax Act, with the Bank or (under the Tax Act before, but not after, giving effect to the Proposals) of a Plan Holder who has a significant interest in any corporation, partnership or trust which does not deal at arm's length, within the meaning of the Tax Act, with the Bank. Investors should consult their own tax advisors in this regard.

RISK FACTORS

The Notes provide opportunities but may pose risks. You should carefully consider the risks involved in purchasing Notes before reaching a decision and you should discuss with your advisors the suitability of purchasing Notes in light of your particular investment objectives and after reviewing all available information, including the following:

Suitability – The Notes have certain characteristics that differ from those of conventional fixed income investments and hence may not be suitable for all investors. Specifically, the Variable Interest is uncertain and may be zero (but will not be less than zero). Accordingly, the Notes are not suitable investments for an investor who needs or expects to receive a return on investment in addition to the Fixed Interest.

A prospective investor should reach a decision to invest in the Notes after carefully considering the suitability of the Notes for their own investment purposes. Prospective investors should consult with their investment advisor, as well as their own legal, accounting and tax advisors in order to determine the consequences of an investment in the Notes.

No return other than the Fixed Interest may be payable – It is uncertain how much return will be payable under the Notes. A holder may only receive a return of the Fixed Interest throughout the term of the Note and the Principal Amount of the Note on the Maturity Date if the Final Reference Rate is less than the Strike Rate.

Other fixed income securities may provide a better return – The Final Reference Rate must be at least 4.05% in order for investors to earn an overall Note yield similar to yields currently available on other Royal Bank bonds and GICs.

Return will depend on the Final Reference Rate – Subject to the occurrence of certain Extraordinary Events, Variable Interest payable to Noteholders, if any, will be calculated based on the Final Reference Rate. No assurance can be given that the Final Reference Rate will be greater than the Strike Rate or greater than 4.05%. The Reference Rate will be influenced by overall economic trends and reactions of policy makers to those economic trends.

Secondary Market – RBC DS may, from time to time, purchase and sell Notes, but will not be obligated to do so. The Notes will not be listed on any stock exchange and there is no assurance that a secondary market for Notes will develop or be sustainable. If RBC DS determines, in its sole discretion, to stop facilitating a secondary market for the Notes, holders of Notes may not be able to resell their Notes. If RBC DS offers to purchase Notes in connection with a secondary market transaction, there is no assurance that the purchase price will be the highest possible price available in any secondary market for the Notes. The value of the Notes in any secondary market will be affected by a number of complex and inter-related factors, including prevailing interest rates, interest rate volatility, any actual or anticipated changes in our credit ratings or credit spreads, and the time remaining until maturity. The effect of any one factor may be offset or magnified by the effect of another factor. The secondary market price for the Notes could be below the \$100 new issue price.

Extraordinary Events – The occurrence of certain Extraordinary Events may delay the time at which the Variable Interest is determined and may allow us the option of estimating the Final Reference Rate. These include events that could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes.

Potential conflicts of interest – We, our subsidiary, RBC DS, or any of our respective affiliates will perform functions or engage in activities in the course of our normal respective business operations that could adversely impact on the value of the Notes, your ability to resell your Notes or the amount or timing of receipt of entitlements under the Notes. Royal Bank or RBC DS, as our calculation agent, will be responsible for determining the amount, if any, of the return payable under the Notes. We or RBC DS may exercise judgment and discretion in relation to the calculations, determinations, functions and activities undertaken in respect of the Notes from time to time. Royal Bank's and RBC DS' calculations and determinations in respect of the Notes will, absent manifest error, be final and binding on Noteholders. Consequently, potential conflicts between the interests of Noteholders and our interests may arise.

Credit Risk - The Notes will evidence deposit liabilities of Royal Bank (credit ratings: Moody's Aa3; Standard & Poor's AA-; DBRS AA) and will rank equally and rateably with all other deposit liabilities of Royal Bank and by their terms will be fungible. **Noteholders will not have the benefit of any insurance under the provisions of the Canada Deposit Insurance Corporation Act.** The repayment of a Noteholder's Principal Amount and the payment of Variable Interest, if any, and Fixed Interest is subject to the creditworthiness and financial health of RBC. Any decline in credit ratings or decrease in the market view of RBC's credit worthiness is likely to adversely affect the market value of the Notes.

DEFINITIONS

The following capitalized terms are used frequently in this Information Statement and have the respective meanings set forth below:

"**Business Day**" means a day on which commercial banks are open for business and able to effect transactions in foreign exchange and foreign currency deposits in Toronto, Canada and a day on which book-entry transfers may be affected through CDS. If any date on which any action is otherwise required to be taken in respect of the Notes is not a Business Day, the date on which such action shall be taken shall, except as otherwise indicated, be the next following Business Day and, if the action involves payment of any amount, no interest or other compensation shall be paid as a result of any such delay.

"**Calculation Agent**" means the calculation agent for the Notes appointed by Royal Bank from time to time. The Calculation Agent initially will be Royal Bank of Canada, Toronto Branch, 200 Bay Street, 2nd Floor, South Tower Plaza, Toronto, Ontario, Canada M5J 2W7; Attention: Structured Rates.

"**Calculation Date**" has the meaning attributed thereto under "*Summary*".

"**CDIC**" means Canada Deposit Insurance Corporation.

"**CDS**" means CDS Clearing and Depository Services Inc., and its successors.

"**CRA**" means the Canada Revenue Agency.

"**Extraordinary Event**" means any event, circumstance or cause which Royal Bank determines has or will have a material adverse effect on the ability of Royal Bank to perform its obligations under the Notes or to hedge its position in respect of its obligation to make payment of amounts owing thereunder and more specifically includes a Market Disruption Event in respect of the Reference Rate.

"**Final Reference Rate**" has the meaning attributed thereto under "*Summary*".

"**Fixed Interest**" has the meaning attributed thereto under "*Summary*".

"**Fixed Interest Payment Dates**" has the meaning attributed thereto under "*Summary*".

"**Global Note**" has the meaning attributed thereto under "*Related Matters – Registration*".

"**Issue Date**" means on or about March 28, 2013.

"**Market Disruption Event**" means, in respect of the Reference Rate, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) which is beyond the reasonable control of the Calculation Agent or any person that does not deal at arm's length with the Calculation Agent which has or could have a material adverse effect on the ability of Royal Bank or any of its affiliates generally to place, maintain, substitute, unwind or modify hedge positions in respect of the Reference Rate. A Market Disruption Event may include, without limitation, any of the following events:

- (a) any event that disrupts or impairs, as determined by the Calculation Agent, the ability of market participants in general to effect transactions in, or obtain market values for (i) the Reference Rate, or (ii) futures or options contracts relating to the Reference Rate;

- (b) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country or political subdivision thereof that has a material adverse effect on the financial markets of Canada; or
- (c) the enactment, publication, decree or other promulgation of, or any change in, any statute, regulation, rule, policy, practice, or order, or the promulgation or any change in the interpretation by any court, tribunal or other government authority of any statute, regulation, rule, policy, practice, or order that would make it unlawful or impracticable for us to perform our obligations under the Notes or for a party generally to execute, maintain or modify a hedge in a position in respect of the Reference Rate.

"**Maturity Date**" or "**maturity**" means on or about September 28, 2018.

"**Nominee**" means the nominee appointed from time to time by CDS, initially CDS & Co.

"**Note**" and "**Notes**" have the meanings attributed thereto under "*Summary*".

"**Noteholder**" has the meaning attributed thereto under "*Related Matters - Registration*".

"**Paying and Transfer Agent**" means the paying and transfer agent for the Notes appointed by us from time to time. The Paying and Transfer Agent will initially be RBC Dominion Securities Inc. whose address is P.O. Box 50, Royal Bank Plaza, 6th Floor, South Tower, Toronto, Ontario, Canada M5J 2W7; Attention: National Operations.

"**Principal Amount**" means \$100 per Note.

"**Proposals**" has the meaning attributed thereto under "*Canadian Federal Income Tax Considerations*".

"**RBC DS**" means RBC Dominion Securities Inc. and its successors and assigns.

"**Reference Rate**" has the meaning attributed thereto under "*Summary*".

"**Regulations**" has the meaning attributed thereto under "*Canadian Federal Income Tax Considerations*".

"**Royal Bank**" means Royal Bank of Canada and its successors and assigns.

"**Strike Rate**" has the meaning attributed thereto under "*Summary*".

"**Tax Act**" has the meaning attributed thereto under "*Canadian Federal Income Tax Considerations*".

"**Variable Interest**" has the meaning attributed thereto under "*Summary*".

SCHEDULE A – Disclosure for Sales in Person or by Telephone

Term of the Notes

The notes mature and the Principal Amount of the Notes will be repaid on or about September 28, 2018 for a term to maturity of 5.5 years. All amounts payable in respect of the Notes will be made available by Royal Bank in book entry form through CDS.

How return on the Notes is calculated

The Notes are linked to the performance of the Reference Rate. Return on the Notes will be comprised of Fixed Interest and, if the Final Reference Rate exceeds 2.90%, the Variable Interest. Fixed Interest will be paid on the Fixed Interest Payment Dates throughout the term of the Note at the rate of 1.21% per annum. If the Fixed Interest Payment Date is not a Business Day, it will be postponed to the next following Business Day. If the Final Reference Rate exceeds 2.90%, then holders of the Notes will be entitled to receive Variable Interest on the Maturity Date. In such event, the Variable Interest per \$100 principal amount of the Notes will be equal to \$100 multiplied by an amount equal to seven times the difference between the Final Reference Rate and the Strike Rate.

Fees and Expenses

No selling commission will be paid to selling agents who sell the Notes. If an Extraordinary Event occurs, we may incur expenses unwinding any hedge position in respect of our obligation to make payments under the Notes.

Risk Factors

Risks of owning the Notes include the following:

- the Notes may not be a suitable investment for all investors;
- other than the Fixed Interest, no return may be payable in respect of the Notes if the Final Reference Rate is less than 2.90%;
- the Final Reference Rate must be at least 4.05% in order to earn an overall Note yield similar to yields currently available on other Royal Bank bonds and GICs;
- the return on the Notes will depend on the Final Reference Rate which is influenced by economic trends and monetary policy.
- a secondary market for the Notes may not develop or be sustainable;
- the occurrence of an Extraordinary Event could affect the return payable on the Notes;
- we or RBC DS may engage in activities that could adversely impact the Notes; and
- the repayment of a Noteholder's Principal Amount and the payment of Variable Interest, if any, is subject to the creditworthiness of Royal Bank. **Noteholders will not have the benefit of any insurance under the provisions of the Canada Deposit Insurance Corporation Act.**

Tax Considerations

Potential Canadian income tax consequences for investors in Notes are described in the Information Statement under "*Canadian Federal Income Tax Considerations*".

Investors should, however, consider the following:

- all payments of Fixed Interest on the Notes should be included in an individual Noteholder's income for the taxation year in which the amount of interest is received or receivable;

- on a disposition of a Note to a person (other than Royal Bank), the amount of any Fixed Interest accrued on the Note will be required to be included in computing income and will be excluded from the proceeds of disposition of the Note, except to the extent that such amount has already been included in income; and
- while the matter is not free from doubt and will depend on the actual facts, on such disposition the Noteholder should also realize a capital gain (or capital loss).

This summary is not intended to constitute, nor should it be relied upon as, tax advice to any particular Noteholder. All Noteholders should consult their own tax advisors with respect to their tax positions and the tax consequences of holding Notes.

Differences from Conventional Fixed Rate Investments

The Notes are different from conventional fixed rate investments. The Notes will not provide a return at maturity that is calculated by reference to a fixed or floating rate of interest that is specified prior to maturity. Return on the Notes, unlike the return on many other deposit liabilities of Canadian banks and other fixed rate investments, is uncertain in that if the Final Reference Rate is less than the Strike Rate, no return will be payable on the Notes other than Fixed Interest. There is no assurance that the Final Reference Rate will be greater than the Strike Rate and there is therefore no assurance that a Noteholder will receive any amount at the Maturity Date other than repayment of the Principal Amount and the portion of Fixed Interest then payable.

The Notes are not suitable for investors who need or expect a regular income stream greater than the Fixed Interest, or who expect to receive a specific return over the term of the Notes greater than the Fixed Interest. No assurance can be made that a Noteholder will receive any payment on the Notes other than the Fixed Interest and the repayment of the Principal Amount of each Note at maturity.

Secondary Market

RBC DS intends to take steps to establish a secondary market for the Notes. The Notes will not be listed on any stock exchange. Despite the intention of RBC DS to take steps to establish a secondary market for the Notes, RBC DS reserves the right, without providing prior notice to Noteholders, to choose not to do so in its sole discretion.

Secondary Market Resales

The Principal Amount of each Note is guaranteed only if the Note is held until maturity. The resale of a Note by the investor in any secondary market could result in the investor receiving less than the Principal Amount invested.

Right of Cancellation

The investor will have the right to cancel any order to buy Notes within two Business Days after the later of (i) the day on which the agreement to purchase the Notes is entered into and (ii) the day on which this Information Statement is provided to the initial purchaser. The purchaser may exercise this right by contacting their investment advisor or RBC DS.

Suitability of the Notes for Investment Purposes

The Notes may be suitable for:

- investors who want to protect their principal investment at maturity and who want the potential for an enhanced coupon at maturity;
- investors who are prepared to assume the risks associated with an investment that is linked to the performance of the Reference Rate;
- investors with an investment horizon equal to the term of the Note and who are prepared to hold the Notes until maturity;
- investors who do not need or expect to receive regular payments over the term of the Notes other than the Fixed Interest.

Non-CDIC Protected

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

No Early Redemption by the Bank

The Notes will not be redeemable by Royal Bank before the Maturity Date.

Availability of Information

Detailed information about the Notes, including a copy of the Information Statement, will be posted at www.rbccm.com/structuredrates and will be provided in writing on request from RBC DS at 416-842-6775.

Amendments to the Notes

The Global Note may be amended without the consent of the Noteholders if in our reasonable opinion the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended if the amendment is approved by Noteholders.

Conflicts of Interest

Royal Bank or its subsidiary, RBC DS will perform functions or engage in activities in the course of their normal respective business operations that could adversely impact the value of the Notes, your ability to resell your Notes or the amount or timing of receipt of entitlements under the Notes.

Royal Bank or RBC DS, as calculation agent and/or as market maker for the Notes, may have financial interests that differ from and may be adverse to those of the Noteholders.