

## 1<sup>st</sup> SUPPLEMENTARY PROSPECTUS DATED SEPTEMBER 4, 2020



### ROYAL BANK OF CANADA

*(a Canadian chartered bank)*

*Structured Securities Base Prospectus*

*Pursuant to the Programme for the Issuance of Securities*

This Supplement (the “**Supplement**”) to the original base prospectus dated July 17, 2020 (the “**Base Prospectus**”) which comprises a base prospectus under Article 8 of Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”) for Royal Bank of Canada (“**RBC**”, the “**Bank**” or the “**Issuer**”), constitutes a supplementary prospectus in respect of the Base Prospectus for RBC for the purposes of Article 23.1 of the Prospectus Regulation and is prepared in connection with the Programme for the Issuance of Securities established by RBC.

The Issuer produced listing particulars dated July 17, 2020 (the “**Listing Particulars**”) for the purposes of listing on the Global Exchange Market of the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”). The Listing Particulars do not constitute a “prospectus” for the purposes of the Prospectus Regulation. This Supplement constitutes “supplementary listing particulars” for the purpose of listing on the Global Exchange Market of Euronext Dublin. These supplementary listing particulars have been approved by Euronext Dublin for the purposes of listing on its Global Exchange Market.

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

RBC accepts responsibility for the information contained in this Supplement. To the best of the knowledge of RBC, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is:

- (i) to incorporate by reference in the Base Prospectus the Issuer’s unaudited interim condensed consolidated financial statements (the “**Third Quarter 2020 Unaudited Interim Condensed Consolidated Financial Statements**”), together with Management’s Discussion and Analysis (the “**Third Quarter 2020 MD&A**”) for the three- and nine- month periods ended July 31, 2020 set out in the Issuer’s Third Quarter 2020 Report to Shareholders (the “**Third Quarter 2020 Report to Shareholders**”). The remainder of the Third Quarter 2020 Report to Shareholders is either covered elsewhere in the Base Prospectus or is not relevant for investors;

- (ii) following the publication of the Third Quarter 2020 Report to Shareholders, to update the statements of no significant change and no material adverse change of the Issuer;
- (iii) following the publication of the Third Quarter 2020 Report to Shareholders, to update paragraph 3 of the section entitled "General Information" in the Base Prospectus regarding governmental, legal or arbitration proceedings which may have, or have had, a significant effect on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole; and
- (iv) to update the risk factor relating to the coronavirus pandemic ("**COVID-19**") under the risk factors in the Base Prospectus.

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

Save as disclosed in this Supplement or in the Third Quarter 2020 Report to Shareholders incorporated by reference in the Prospectus by virtue of this Supplement (including without limitation the information set out at pages 5 to 9 of the Third Quarter 2020 Report to Shareholders under the heading "Significant developments: COVID-19"), no significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus which may affect the assessment of Securities issued under the Programme has arisen or been noted, as the case may be, since the approval by the Central Bank of Ireland and Euronext Dublin of the Base Prospectus.

**This Supplement has been approved by the Central Bank of Ireland as Irish competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.** Such approval should not be considered as an endorsement of the Bank as an issuer, nor as an endorsement by the CBI of the quality of Securities that may be issued under the Programme. Investors should make their own assessment as to the suitability of investing in such Securities.

In circumstances where Article 23(2) of the Prospectus Regulation applies, investors who have agreed to purchase or subscribe for securities before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw will expire by close of business on September 8, 2020.

## **DOCUMENTS INCORPORATED BY REFERENCE**

RBC's Third Quarter 2020 Unaudited Interim Condensed Consolidated Financial Statements, together with the Third Quarter 2020 MD&A, set out on pages 2 through 86 (excluding page 53 of the same) of the Third Quarter 2020 Report to Shareholders are, by virtue of this Supplement, incorporated in, and form part of, the Base Prospectus. The remainder of the

Third Quarter 2020 Report to Shareholders is either covered elsewhere in the Base Prospectus or is not relevant for investors.

The Third Quarter 2020 Report to Shareholders, which includes the Third Quarter 2020 Unaudited Interim Condensed Consolidated Financial Statements and Third Quarter 2020 MD&A, is available for viewing at the following link:

[https://www.rbc.com/investor-relations/assets-custom/pdf/2020q3\\_report.pdf](https://www.rbc.com/investor-relations/assets-custom/pdf/2020q3_report.pdf)

For the avoidance of doubt, any document incorporated by reference in the Third Quarter 2020 Unaudited Interim Condensed Consolidated Financial Statements, Third Quarter 2020 MD&A and Third Quarter 2020 Report to Shareholders shall not form part of this Supplement.

The Third Quarter 2020 Report to Shareholders and copies of this document approved by the Central Bank of Ireland are available for inspection from <https://www.rbc.com/investor-relations/european-senior-notes-program.html>. Certain of the documents incorporated by reference in the Base Prospectus or this Supplement may be viewed by accessing the Issuer's disclosure documents through the Internet at the Canadian System for Electronic Document Analysis and Retrieval at <http://www.sedar.com> (an internet based securities regulatory filing system). Please note that websites and URLs referred to herein do not form part of this Supplement or the Base Prospectus.

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

Since July 31, 2020, the last day of the financial period in respect of which the most recent unaudited interim condensed consolidated financial statements of the Issuer have been published, there has been no significant change in the financial performance or financial position of the Issuer and its subsidiaries taken as a whole.

#### **STATEMENT OF NO MATERIAL ADVERSE CHANGE**

Except as disclosed in the section entitled "Significant developments: COVID-19" on pages 5 to 9 of the Third Quarter 2020 Report to Shareholders and in "**IMPACT OF PANDEMIC RISK FACTOR**" below, since October 31, 2019, the date of its last published audited annual consolidated financial statements, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.

#### **AMENDMENT TO STATEMENT REGARDING GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS**

Paragraph 3 of the section entitled "General Information" on page 686 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"Other than the matters disclosed under the subsection entitled "Tax examinations and assessments" in Note 23 of the 2019 Audited Consolidated Financial Statements set out on page 198 of the Issuer's 2019 Annual Report, and the matters disclosed (with the exception of the subsection entitled "Other matters") in Note 26 of the 2019 Audited Consolidated Financial

Statements set out on pages 201 and 202 of the Issuer's 2019 Annual Report as updated by the litigation matters disclosed in Note 11 of the Issuer's Third Quarter 2020 Unaudited Interim Condensed Consolidated Financial Statements set out on page 83 of the Issuer's Third Quarter 2020 Report to Shareholders and in each case incorporated by reference herein, there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the twelve months prior to the date of this document, individually or in the aggregate, a significant effect on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole."

## **IMPACT OF PANDEMIC RISK FACTOR**

By virtue of the Bank's 1<sup>st</sup> Supplementary Prospectus dated September 4, 2020, under the section "**RISK FACTORS**" on pages 1 to 76 of the Base Prospectus, the risk factor entitled "***Impact of pandemic***" under the heading entitled "**FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE RISK ASSOCIATED WITH THE ISSUER**", sub-section "**5. Macroeconomic risks**" on pages 18 to 20 is deleted and replaced with the following:

### ***Impact of pandemic***

Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide could have an adverse impact on the Issuer's business, including changes to the way the Issuer operates, and on its financial results and condition. Commencing in Q2 2020, the spread of the COVID-19 pandemic, given its severity and scale, continues to adversely affect the Issuer's business, some of the Issuer's clients and also continues to pose risks to the global economy. Governments and regulatory bodies in affected areas have imposed a number of measures designed to contain the pandemic, including widespread business closures, travel restrictions, quarantines, and restrictions on gatherings and events. While a number of containment measures have been gradually eased or lifted across most regions, additional safety precautions and operating protocols aimed at containing the spread of COVID-19 have been and continue to be instituted. Notwithstanding the gradual easing of containment measures, the remaining measures continue to impact global economic activity, including the pace and magnitude of recovery as well as contributing to increased market volatility and changes to the macroeconomic environment. As the impacts of the COVID-19 pandemic continue to materialize, the effects of the disruption on the Issuer's business strategies and initiatives have been and continue to be adversely impacted, resulting in ongoing effects to the Issuer's financial results, including the realization of credit, market or operational risk losses.

Governments, monetary authorities, regulators and financial institutions, including the Issuer, have taken and continue to take actions in support of the economy and financial system. These actions include fiscal, monetary and other financial measures to increase liquidity, and provide financial aid to individual, small business, commercial and corporate clients. Additionally, regulatory relief measures in support of financial institutions have also been provided. For more information on these programs, refer to the Relief programs, Liquidity and

funding risk and Capital management sections of the Third Quarter 2020 MD&A incorporated by reference in the Base Prospectus.

The Issuer is closely monitoring the potential continued effects and impacts of the COVID-19 pandemic, which is a rapidly evolving situation. Uncertainty remains as to the full impacts of COVID-19 on the global economy, financial markets, and the Issuer, including on the Issuer's financial results, regulatory capital and liquidity ratios and ability to meet regulatory and other requirements. The ultimate impacts will depend on future developments that are highly uncertain and cannot be predicted, including the scope, severity, duration and the possibility of subsequent waves of the pandemic, as well as the effectiveness of actions and measures taken by government, monetary and regulatory authorities and other third parties. With respect to client relief programs, the Issuer may face challenges, including increased risk of client disputes, litigation, government and regulatory scrutiny as a result of the effects of the COVID-19 pandemic on market and economic conditions and actions government authorities take in response to those actions. The Issuer may also face increased operational and reputational risk and financial losses, including higher credit losses amongst other things, depending on the effectiveness of these client relief programs for the Issuer's individual, small business, commercial and corporate clients. The effectiveness of these programs will depend on the duration and scale of COVID-19 and will differ by region and industry, with varying degrees of benefit to the Issuer's clients.

The COVID-19 pandemic has and may continue to result in disruptions to the Issuer's clients and the way in which the Issuer conducts its business, including the closure of certain branches, prolonged duration of staff working from home, and changes to the Issuer's operations due to higher volumes of client requests, as well as disruptions to key suppliers of the Issuer's goods and services. These factors have adversely impacted, and may continue to adversely impact, the Issuer's business operations and the quality and continuity of service to customers. To date, the Issuer has taken proactive measures through its business continuity plans, carefully planning the return to premise for some of the Issuer's employees, and the Issuer's crisis management teams have increased their efforts to preserve the well-being of the Issuer's employees and its ability to serve clients. Additionally, the Issuer has launched various relief programs beyond the available government programs to further support its clients in financial need. For more information on the Issuer's relief programs, refer to the Relief programs section of the Third Quarter 2020 MD&A incorporated by reference in the Base Prospectus.

In addition to the impact that the COVID-19 pandemic has had and continues to have on the Issuer's business, it may also continue to increase financial stress on its clients. This, in conjunction with operational constraints due to the impacts of social distancing, including but not limited to continued closures or reduced operating hours, lost sales opportunities and/or increased operating costs, could lead to increased pressure on the Issuer's individual clients as well as on the financial performance of its small business, commercial and corporate clients, which could result in higher than expected credit losses for the Issuer.

If the COVID-19 pandemic is prolonged, including the possibility of subsequent waves, or further diseases emerge that give rise to similar effects, the adverse impact on the economy could deepen and result in further volatility and declines in financial markets. Moreover, it remains uncertain how the macroeconomic environment, and societal and business norms will be impacted following this pandemic. Unexpected developments in financial markets, regulatory environments, or consumer behaviour and confidence may also have adverse impacts on the Issuer's financial results and condition, business operations and reputation, for a substantial period of time.

In virtually all aspects of the Issuer's operations, the Issuer's view of risks is not static. Consistent with its Enterprise Risk Management Framework, the Issuer continues to evaluate top and emerging risks arising from the impacts of the COVID-19 pandemic, including:

- Information Technology ("IT") and Cyber risks have increased as malicious activities are creating more threats for cyberattacks including COVID-19 phishing emails, malware-embedded mobile apps that purport to track infection rates, and targeting of vulnerabilities in remote access platforms as companies continue to operate with work from home arrangements. The Issuer's IT and cyber controls are operating effectively and it is continuing to monitor the threat landscape.
- Privacy, Data and Third Party risks have also been heightened as the use of work from home arrangements have become common practice. As the majority of the Issuer's employees continue to work from home, the Issuer is continuously monitoring and enforcing best practices as it seeks to maintain the privacy and confidentiality of all sensitive information. The Issuer's security awareness program is required to be completed by each employee annually and includes cyber awareness training on managing risks while working remotely. Third party providers critical to the Issuer's operations are being monitored for any impact on their ability to deliver services, including vendors of the Issuer's third party providers.
- Canadian Housing and Household Indebtedness risks have increased as a result of a rise in unemployment and decline in labour participation. While interest rate cuts, government support programs and relief programs offered by financial institutions have helped and will continue to help many households, concerns related to housing affordability in certain markets and levels of Canadian household debt that were already elevated before the additional challenges brought on by the COVID-19 pandemic, could continue to rise if the COVID-19 pandemic worsens, resulting in, among other things, higher credit losses."