ROYAL BANK OF CANADA
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RBC Capital Markets®

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Preliminary Terms Supplement Subject to Completion: Dated October 13, 2017	
Pricing Supplement Dated October __, 2017 to the Product Prospectus Supplement No. ERN-EI-1, Dated January 12, 2016, the Prospectus Supplement Dated January 8, 2016, and the Prospectus Dated January 8, 2016	$_____________ Step Down Auto-Callable Barrier Notes Linked to the Lesser Performing of Two Equity Indices, Due October 30, 2020 Royal Bank of Canada

Royal Bank of Canada is offering Step Down Auto-Callable Barrier Notes (the "Notes") linked to the lesser performing of two equity indices (each, a "Reference Index" and collectively, the "Reference Indices"). The Notes offered are senior unsecured obligations of Royal Bank of Canada and under the circumstances specified below, and will have the terms described in the documents described above, as supplemented or modified by this terms supplement. We will not make any payments on the Notes until the maturity date or a prior automatic call, and the Notes will not be listed on any securities exchange.

The Notes will be automatically called at the applicable Call Amount if the closing level of each Reference Index is greater than or equal to its applicable Call Level on any annual Observation Date on or after October 31, 2018. The Call Level for each Reference Index will be 100.00% of its Initial Level on the first Observation Date, 95.00% of its Initial Level on the second Observation Date and 90.00% of its Initial Level on the final Observation Date. The Call Amounts are based on a rate of return of [8.70%-9.70%] per annum (to be determined on the pricing date), and will increase on each annual Observation Date to reflect that rate of return. If the Notes are not called, you may lose all or a substantial portion of your principal amount.

Reference Indices	Initial Levels*	Barrier Levels
Russell 2000® Index ("RTY")		70.00% of its Initial Level
EURO STOXX 50® Index ("SX5E")		70.00% of its Initial Level

* For each Reference Index, the Initial Level will be its closing level on the pricing date.

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

Investing in the Notes involves a number of risks. See "Risk Factors" beginning on page PS-5 of the product prospectus supplement dated January 12, 2016, on page S-1 of the prospectus supplement dated January 8, 2016, and "Selected Risk Considerations" beginning on page P-7 of this terms supplement.

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

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

Issuer:	Royal Bank of Canada	Listing:	None
Pricing Date:	October 27, 2017	Principal Amount:	$1,000 per Note
Issue Date:	October 31, 2017	Maturity Date:	October 30, 2020

Valuation Date:	October 27, 2020 (which is the final Observation Date)
Initial Level:	For each Reference Index, its closing level on the pricing date.
Final Level:	For each Reference Index, its closing level on the Valuation Date.
Call Feature:	If the closing level of each Reference Index is greater than or equal to its applicable Call Level starting on October 31, 2018 or on any Observation Date thereafter, the Notes will be called and we will pay the applicable Call Amount on the corresponding Call Settlement Date.
Call Level:	For each Reference Index, 100.00% of its Initial Level on the first Observation Date, 95.00% of its Initial Level on the second Observation Date and 90.00% of its Initial Level on the final Observation Date.
Observation Dates and Call Settlement Dates:	Annually, as set forth below.
Payment at Maturity (if held to maturity):	If the Notes are not called on any Observation Date (including the Valuation Date), we will pay you at maturity an amount based on the Final Level of the Lesser Performing Reference Index: For each $1,000 in principal amount, $1,000, unless the Final Level of the Lesser Performing Reference Index is less than its Barrier Level. If the Final Level of the Lesser Performing Reference Index is less than its Barrier Level, then the investor will receive at maturity, for each $1,000 in principal amount, a cash payment equal to: $1,000 + ($1,000 x Percentage Change of the Lesser Performing Reference Index) Investors could lose some or all of the value of their initial investment if there has been a decline in the level of Lesser Performing Reference Index.
Lesser Performing Reference Index:	The Reference Index with the lowest Percentage Change.
CUSIP:	78013GFB6

	Per Note	Total
Price to public[(1)]	100.00%	$
Underwriting discounts and commissions[(1)]	2.25%	$
Proceeds to Royal Bank of Canada	97.75%	$

[(1)]Certain dealers who purchase the Notes for sale to certain fee-based advisory accounts may forego some or all of their underwriting discount or selling concessions. The public offering price for investors purchasing the Notes in these accounts may be between $977.50 and $1,000 per $1,000 in principal amount.

The initial estimated value of the Notes as of the date of this terms supplement is $941.70 per $1,000 in principal amount, which is less than the price to public. The final pricing supplement relating to the Notes will set forth our estimate of the initial value of the Notes as of the pricing date, which will not be less than $921.70 per $1,000 in principal amount. The actual value of the Notes at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value in more detail below.

If the Notes priced on the date of this terms supplement, RBC Capital Markets, LLC, which we refer to as RBCCM, acting as agent for Royal Bank of Canada, would receive a commission of approximately $22.50 per $1,000 in principal amount of the Notes and would use a portion of that commission to allow selling concessions to

RBC Capital Markets, LLC

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other dealers of up to approximately $22.50 per $1,000 in principal amount of the Notes. The other dealers may forgo, in their sole discretion, some or all of their selling concessions. See "Supplemental Plan of Distribution (Conflicts of Interest)" on page P-16 below.

SUMMARY

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

General:	This terms supplement relates to an offering of Step Down Auto-Callable Barrier Notes (the "Notes") linked to the lesser performing of two equity indices (the "Reference Indices").
Issuer:	Royal Bank of Canada ("Royal Bank")
Issue:	Senior Global Medium-Term Notes, Series G
Pricing Date:	October 27, 2017
Issue Date:	October 31, 2017
Term:	Approximately three (3) years, if not previously called
Denominations:	Minimum denomination of $1,000, and integral multiples of $1,000 thereafter.
Designated Currency:	U.S. Dollars
Call Feature:	If, starting on October 31, 2018 or any Observation Date thereafter, the closing level of each Reference Index is greater than or equal to its applicable Call Level, then the Notes will be automatically called and the applicable Call Amount will be paid on the corresponding Call Settlement Date.
Call Level:	For each Reference Index, 100.00% of its Initial Level on the first Observation Date, 95.00% of its Initial Level on the second Observation Date and 90.00% of its Initial Level on the final Observation Date.

Observation Dates/Call Settlement Dates/Call Amounts:

Observation Date	Call Settlement Date	Call Level*	Call Amount (per Note)**
October 31, 2018	November 5, 2018	100.00%	[$1,087.00-$1,097.00]
October 28, 2019	October 31, 2019	95.00%	[$1,174.00-$1,194.00]
October 27, 2020 (the "Valuation Date")	October 30, 2020 (the "Maturity Date")	90.00%	[$1,261.00-$1,291.00]

*As percentage of the Initial Level of the relevant Reference Index.

**The Call Amounts correspond to a return of [8.70%-9.70%] per annum (to be determined on the Pricing Date) on the Notes, if they are called. Accordingly, you will not receive any return on the Notes that exceeds the appliable amount set forth above, even if the level of one or both of the Reference Indices increases substantially.

Valuation Date:	October 27, 2020
Maturity Date:	October 30, 2020
Initial Level:	For each Reference Index, its closing level on the pricing date.
Final Level:	For each Reference Index, its closing level on the Valuation Date.
Barrier Level:	For each Reference Index, 70.00% of its Initial Level.
Payment at Maturity (if not previously called and held to maturity):	If the Notes are not called on any Observation Date (including the Valuation Date), we will pay you at maturity an amount based on the Final Level of the Lesser Performing Reference Index: · If the Final Level of the Lesser Performing Reference Index is greater than or equal to its Barrier Level, we will pay you a cash payment equal to the principal amount.

	· If the Final Level of the Lesser Performing Reference Index is below its Barrier Level, you will receive at maturity, for each $1,000 in principal amount, a cash payment equal to: $1,000 + ($1,000 x Percentage Change of the Lesser Performing Reference Index) The amount of cash that you receive will be less than your principal amount, if anything, resulting in a loss that is proportionate to the decline of the Lesser Performing Reference Index from the pricing date to the Valuation Date. Investors in the Notes could lose some or all of their investment if there has been a decline in the level of the Lesser Performing Reference Index below its Barrier Level. With respect to each Reference Index:
Percentage Change:	$\frac{\text{Final Level – Initial Level}}{\text{Initial Level}}$

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Lesser Performing Reference Index:	The Reference Index with the lowest Percentage Change.
Market Disruption Events:	The occurrence of a market disruption event (or a non-trading day) as to either of the Reference Indices will result in the postponement of an Observation Date or the Valuation Date as to that Reference Index, as described in the product prospectus supplement, but not to any non-affected Reference Index.
Calculation Agent:	RBC Capital Markets, LLC ("RBCCM")
U.S. Tax Treatment:	By purchasing a Note, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the Note as a callable pre-paid cash-settled derivative contract linked to the Reference Indices for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the Notes are uncertain and the Internal Revenue Service could assert that the Notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the section below, "Supplemental Discussion of U.S. Federal Income Tax Consequences," and the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product prospectus supplement dated January 12, 2016 under "Supplemental Discussion of U.S. Federal Income Tax Consequences," which apply to the Notes.
Secondary Market:	RBCCM (or one of its affiliates), though not obligated to do so, may maintain a secondary market in the Notes after the Issue Date. The amount that you may receive upon sale of your Notes prior to maturity may be less than the principal amount.
Listing:	The Notes will not be listed on any securities exchange.
Settlement:	DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under "Description of Debt Securities—Ownership and Book-Entry Issuance" in the prospectus dated January 8, 2016).
Terms Incorporated in the Master Note:	All of the terms appearing above the item captioned "Secondary Market" on the cover page and pages P-2 and P-3 of this terms supplement and the terms appearing under the caption "General Terms of the Notes" in the product prospectus supplement dated January 12, 2016, as modified by this terms supplement.

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ADDITIONAL TERMS OF YOUR NOTES

You should read this terms supplement together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016 and the product prospectus supplement dated January 12, 2016, relating to our Senior Global Medium-Term Notes, Series G, of which these Notes are a part. Capitalized terms used but not defined in this terms supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this terms supplement will control. The Notes vary from the terms described in the product prospectus supplement in several important ways. You should read this terms supplement carefully.

This terms supplement, together with the documents listed below, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the prospectus supplement dated January 8, 2016 and in the product prospectus supplement dated January 12, 2016, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the Securities and Exchange Commission (the “SEC”) website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website):

Prospectus dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm
Prospectus Supplement dated January 8, 2016:
http://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm
Product Prospectus Supplement dated January 12, 2016:
https://www.sec.gov/Archives/edgar/data/1000275/000114036116047560/form424b5.htm

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

Royal Bank of Canada has filed a registration statement (including a product prospectus supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this terms supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Royal Bank of Canada, any agent or any dealer participating in this offering will arrange to send you the product prospectus supplement, the prospectus supplement and the prospectus if you so request by calling toll-free at 1-866-609-6009.

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HYPOTHETICAL EXAMPLES

The table set out below is included for illustration purposes only. The table illustrates payment upon an automatic call and the Payment at Maturity of the Notes for a hypothetical range of performance for the Lesser Performing Reference Index, assuming the following terms:

Hypothetical Initial Level (for each Reference Index):	1,000.00*
Hypothetical Barrier Level (for each Reference Index):	700.00, which is 70.00% of the hypothetical Initial Level
Principal Amount:	$1,000 per Note
Hypothetical Call Amounts:	$1,092 on the first Observation Date, $1,184 on the second Observation Date and $1,276 on the final Observation Date (each of which is the midpoint of the Call Amount range set forth on page P-2)**
Call Level (for each Reference Index):	First Observation Date: 1,000.00 (100% of the hypothetical Initial Level) Second Observation Date: 950.00 (95% of the hypothetical Initial Level) Final Observation Date: 900.00 (90% of the hypothetical Initial Level)

* The hypothetical Initial Level of 1,000.00 used in the examples below has been chosen for illustrative purposes only and does not represent the actual Initial Level of any Reference Index. The actual Initial Levels for each Reference Index are set forth on the cover page of this terms supplement. We make no representation or warranty as to which of the Reference Indices will be the Lesser Performing Reference Index. It is possible that the Final Level of each Reference Index will be less than its Initial Level.
** The actual Call Amount for each Observation Date will be determined on the Pricing Date.

Summary of the Hypothetical Examples

	Notes Are Called on an Observation Date						Notes Are Not Called on Any Observation Date			
	Example 1		Example 2		Example 3		Example 4		Example 5	
	RTY	SX5E	RTY	SX5E	RTY	SX5E	RTY	SX5E	RTY	SX5E
Initial Level	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Closing Level on the First Observation Date	1,300.00	1,250.00	1,100.00	900.00	900.00	1,050.00	880.00	805.00	980.00	805.00
Closing Level on	N/A	N/A	1,100.00	1,170.00	850.00	1,200.00	780.00	900.00	780.00	1,100.00

the Second Observation Date										
Closing Level on the Final Observation Date	N/A	N/A	N/A	N/A	930.00	1,500.00	850.00	1,200.00	500.00	1,120.00
Percentage Change of the Reference Indices	N/A	N/A	N/A	N/A	N/A	N/A	-15.00%	20.00%	-50.00%	12.00%
Percentage Change of the Lesser Performing Reference Index	N/A		N/A		N/A		-15.00%		-50.00%	
Call Amount	$1,092.00		$1,184.00		$1,276.00 (paid on the maturity date)		N/A		N/A	
Payment at Maturity (if not previously called)	N/A		N/A		N/A		$1,000		$500	

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Hypothetical Examples of Amounts Payable Upon an Automatic Call
The following hypothetical examples illustrate payments of the hypothetical Call Amounts set forth above.
Example 1: The level of the Lesser Performing Reference Index increases by 25% from the Initial Level of 1,000.00 to a closing level of 1,250.00 on the first Observation Date. Because the closing level of the Lesser Performing Reference Index on the first Observation Date is greater than the applicable Call Level of 1,000.00, the investor receives on the applicable Call Settlement Date a cash payment of $1,092.00, representing the corresponding Call Amount. After the Notes are called, they will no longer remain outstanding and there will be no further payments on the Notes.
Example 2: The level of the Lesser Performing Reference Index decreases by 10% from the Initial Level of 1,000.00 to its closing level on the first Observation Date of 900 but the level of the Lesser Performing Reference Index increases by 10% from the Initial Level of 1,000.00 to a closing level of 1,100.00 on the second Observation Date. Because the Notes are not called on the first Observation Date and the closing level of the Lesser Performing Reference Index on the second Observation Date is greater than the applicable Call Level of 950.00, the investor receives on the applicable Call Settlement Date a cash payment of $1,184.00, representing the corresponding Call Amount. After the Notes are called, they will no longer remain outstanding and there will be no further payments on the Notes.
Example 3: The Notes are not called on any of the first two Observation Dates and the closing level of the Lesser Performing Reference Index on the final Observation Date is 930.00, which is greater than the applicable Call Level of 900.00. Because the Notes are not called on any of the first two Observation Dates and the closing level of the Lesser Performing Reference Index on the final Observation Date is greater than the applicable Call Level of 900.00, the investor receives on the Maturity Date a cash payment of $1,276.00, representing the corresponding Call Amount.

Hypothetical Examples of Amounts Payable at Maturity
The following hypothetical examples illustrate how the payments at maturity set forth in the table above are calculated, assuming the Notes have not been called.
Example 4: The level of the Lesser Performing Reference Index decreases by 15% from the Initial Level of 1,000.00 to its Final Level of 850.00. The Notes are not called on any Observation Date because the closing level of at least one Reference Index is below its applicable Call Level on each Observation Date (including the Valuation Date). Because the Final Level of the Lesser Performing Reference Index is less than its Call Level of 900.00 but greater than its Barrier Level of 700.00, the investor receives at maturity, a cash payment of $1,000 per Note, despite the 15% decline in the level of the Lesser Performing Reference Index.
Example 5: The level of the Lesser Performing Reference Index is 500.00 on the Valuation Date, which is less than its Barrier Level of 700.00. The Notes are not called on any Observation Date because the closing level of at least one Reference Index is below its applicable Call Level on each Observation Date (including the Valuation Date). Because the Final Level of the Lesser Performing Reference Index is less than its Barrier Level of 700.00, we will pay only $500.00 for each $1,000 in the principal amount of the Notes, calculated as follows:
Principal Amount + (Principal Amount x Reference Index Return of the Lesser Performing Reference Index)
= $1,000 + ($1,000 x -50.00%) = $1,000 - $500.00 = $500.00
* * *
The payments at maturity shown above are entirely hypothetical; they are based on levels of the Reference Indices that may not be achieved and on assumptions that may prove to be erroneous. The actual market value of your Notes on the Maturity Date or at any other time, including any time you may wish to sell your Notes, may bear little relation to the hypothetical payments at maturity shown above, and those amounts should not be viewed as an indication of the

financial return on an investment in the Notes or on an investment in the securities included in any Reference Index.

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SELECTED RISK CONSIDERATIONS

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

- Principal at Risk — Investors in the Notes could lose all or a substantial portion of their principal amount if there is a decline in the level of the Lesser Performing Reference Index between the pricing date and the Valuation Date. If the Notes are not automatically called and the Final Level of the Lesser Performing Reference Index on the Valuation Date is less than its Barrier Level, the amount of cash that you receive at maturity will represent a loss of your principal that is proportionate to the decline in the closing level of the Lesser Performing Reference Index from the pricing date to the Valuation Date.
- The Notes Are Subject to an Automatic Call — If, starting on October 31, 2018 and on any Observation Date thereafter, the closing level of each Reference Index is greater than or equal to its applicable Call Level, then the Notes will be automatically called. If the Notes are automatically called, then, on the applicable Call Settlement Date, for each $1,000 in principal amount, you will receive the applicable Call Amount on the corresponding Call Settlement Date. You will not receive any payments after the Call Settlement Date and you will not receive any return on the Notes that exceeds the applicable Call Amount provided on page P-2, even if the level of one or both of the Reference Indices increases substantially. You may be unable to reinvest your proceeds from the automatic call in an investment with a return that is as high as the return on the Notes.
- The Notes Do Not Pay Interest and Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity – There will be no periodic interest payments on the Notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of Royal Bank.
- The Notes Are Linked to the Lesser Performing Reference Index, Even if the Other Reference Index Performs Better — If either of the Reference Indices has a Final Level that is less than its Barrier Level, your return will be linked to the lesser performing of the two Reference Indices. Even if the Final Level of the other Reference Index has increased compared to its Initial Level, or has experienced a decrease that is less than that of the Lesser Performing Reference Index, your return will only be determined by reference to the performance of the Lesser Performing Reference Index, regardless of the performance of the other Reference Index.
- Your Payment on the Notes Will Be Determined by Reference to Each Reference Index Individually, Not to a Basket, and the Payment at Maturity Will Be Based on the Performance of the Lesser Performing Reference Index — The Payment at Maturity will be determined only by reference to the performance of the Lesser Performing Reference Index, regardless of the performance of the other Reference Index. The Notes are not linked to a weighted basket, in which the risk may be mitigated and diversified among each of the basket components. For example, in the case of notes linked to a weighted basket, the return would depend on the weighted aggregate performance of the basket components reflected as the basket return. As a result, the depreciation of one basket component could be mitigated by the appreciation of the other basket component, as scaled by the weighting of that basket component. However, in the case of the Notes, the individual performance of each of the Reference Indices would not be combined, and the depreciation of one Reference Index would not be mitigated by any appreciation of the other Reference Index. Instead, your return will depend solely on the Final Level of the Lesser Performing Reference Index.

- Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes — The Notes are Royal Bank's senior unsecured debt securities. As a result, your receipt of any Call Amounts, if payable, and the amount due on the maturity date is dependent upon Royal Bank's ability to repay its obligations on the applicable payment date. This will be the case even if the levels of the Reference Indices increase after the pricing date. No assurance can be given as to what our financial condition will be at any time during the term of the Notes.
- There May Not Be an Active Trading Market for the Notes-Sales in the Secondary Market May Result in Significant Losses — There may be little or no secondary market for the Notes. The Notes will not be listed on any securities exchange. RBCCM and other affiliates of Royal Bank may make a market for the Notes; however, they are not required to do so. RBCCM or any other affiliate of Royal Bank may stop any market-making activities at any time. Even if a secondary market for the Notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your Notes in any secondary market could be substantial.
- Owning the Notes Is Not the Same as Owning the Securities Represented by the Reference Indices — The return on your Notes is unlikely to reflect the return you would realize if you actually owned the securities represented by the Reference Indices. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on those securities during the term of your Notes. As an owner of the Notes, you will not have voting rights or any other rights that

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holders of the Reference Indices may have. Furthermore, the Reference Indices may appreciate substantially during the term of the Notes, while your potential return will be limited to the applicable Call Amounts.

- The Initial Estimated Value of the Notes Will Be Less than the Price to the Public — The initial estimated value set forth on the cover page and that will be set forth in the final pricing supplement for the Notes does not represent a minimum price at which we, RBCCM or any of our affiliates would be willing to purchase the Notes in any secondary market (if any exists) at any time. If you attempt to sell the Notes prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the levels of the Reference Indices, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount and the estimated costs relating to our hedging of the Notes. These factors, together with various credit, market and economic factors over the term of the Notes, are expected to reduce the price at which you may be able to sell the Notes in any secondary market and will affect the value of the Notes in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Notes prior to maturity may be less than your original purchase price, as any such sale price would not be expected to include the underwriting discount and the hedging costs relating to the Notes. In addition to bid-ask spreads, the value of the Notes determined by RBCCM for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding rate was used. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.
- The Initial Estimated Value of the Notes on the Cover Page of this Terms Supplement and that We Will Provide in the Final Pricing Supplement Are Estimate Only, Calculated as of the Time the Terms of the Notes Are Set — The initial estimated value of the Notes will be based on the value of our obligation to make the payments on the Notes, together with the mid-market value of the derivative embedded in the terms of the Notes. See "Structuring the Notes" below. Our estimates are based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the Notes. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Notes or similar securities at a price that is significantly different than we do.

The value of the Notes at any time after the pricing date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Notes in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Notes.

- Inconsistent Research — Royal Bank or its affiliates may issue research reports on securities that are, or may become, components of the Reference Indices. We may also publish research from time to time on financial markets and other matters that may influence the levels of the Reference Indices or the value of the Notes, or express opinions or provide recommendations that may be inconsistent with purchasing or holding the Notes or with the investment view implicit in the Notes or the Reference Indices. You should make your own independent investigation of the merits of investing in the Notes and the Reference Indices.
- An Investment in the Notes is Subject to Risks Associated in Investing in Stocks With a Small Market Capitalization – The Russell 2000® Index consists of stocks issued by companies with relatively small market capitalizations. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies. As a result, the level of the Russell 2000® Index may be more volatile than that of a market measure that does not track solely small-capitalization stocks. Stock prices of small-capitalization companies are also generally more vulnerable than those of large-capitalization companies to adverse business and economic developments, and

the stocks of small-capitalization companies may be thinly traded, and be less attractive to many investors if they do not pay dividends. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of those individuals. Small capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their target markets, fewer financial resources and fewer competitive strengths than large-capitalization companies. These companies may also be more susceptible to adverse developments related to their products or services.

- An Investment in the Notes Is Subject to Risks Relating to Non-U.S. Securities Markets - Because foreign companies or foreign equity securities included in the SX5E are publicly traded in the applicable foreign countries and are denominated in currencies other than U.S. dollars, an investment in the securities involves particular risks. For example, the non-U.S. securities markets may be more volatile than the U.S. securities markets, and market developments may affect these markets differently from the U.S. or other securities markets. Direct or indirect government intervention to stabilize the securities markets outside the U.S., as well as cross-shareholdings in certain companies, may affect trading prices and trading volumes in those markets. Also, the public availability of information concerning the foreign issuers may vary depending on their home jurisdiction and the reporting requirements imposed by their respective regulators. In addition, the foreign issuers may be subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.