

# Royal Bank of Canada Third Quarter Results

August 26, 2015

All amounts are in Canadian dollars and are based on financial statements prepared in compliance with International Accounting Standard 34 *Interim Financial Reporting* unless otherwise noted. Our Q3/2015 Report to Shareholders and Supplementary Financial Information are available on our website at [rbc.com/investorrelations](http://rbc.com/investorrelations).



## Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. We may make forward-looking statements in this presentation and in the accompanying management’s comments and responses to questions during the August 26, 2015 analyst conference call (Q3 presentation), in filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in this presentation include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals. The forward-looking information contained in this Q3 presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, and our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, regulatory compliance, operational, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the Risk management and Overview of other risks sections of our 2014 Annual Report and the Risk management section of our Q3/2015 Report to Shareholders; anti-money laundering; growth in wholesale credit; the high levels of Canadian household debt; cybersecurity; the business and economic conditions in Canada, the U.S. and certain other countries in which we operate; the effects of changes in government fiscal, monetary and other policies; tax risk and transparency; our ability to attract and retain employees; the accuracy and completeness of information concerning our clients and counterparties; the development and integration of our distribution networks; model, information technology, information management, social media, environmental and third party and outsourcing risk.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward looking-statements contained in this Q3 presentation are set out in the Overview and outlook section and for each business segment under the heading Outlook and priorities in our 2014 Annual Report, as updated by the Overview and outlook section in our Q3/2015 Report to Shareholders. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the Risk management and the Overview of other risks sections in our 2014 Annual Report and in the Risk management section of our Q3/2015 Report to Shareholders.

Information contained in or otherwise accessible through the websites mentioned does not form part of this Q3 presentation. All references in this Q3 presentation to websites are inactive textual references and are for your information only.

# Overview

Dave McKay

President and Chief Executive Officer



## Solid quarterly earnings in Q3/2015

### Solid Q3 earnings

- Q3 net income of over \$2.4 billion, up 4% YoY
  - Adjusted<sup>(1)</sup> Q3 net income up 2% YoY
- Record earnings in Personal & Commercial Banking
- Strong results in Investor & Treasury Services and solid earnings in Capital Markets compared to record results last year
- Positive impact of foreign exchange translation
- Maintained strong credit quality

### Strong YTD results

- YTD net income of \$7.4 billion, up 11% YoY
  - Adjusted<sup>(1)</sup> YTD net income of \$7.3 billion, up 8% YoY

### Strong capital position

- “All-in” Common Equity Tier 1 ratio of 10.1%

### Dividend increase

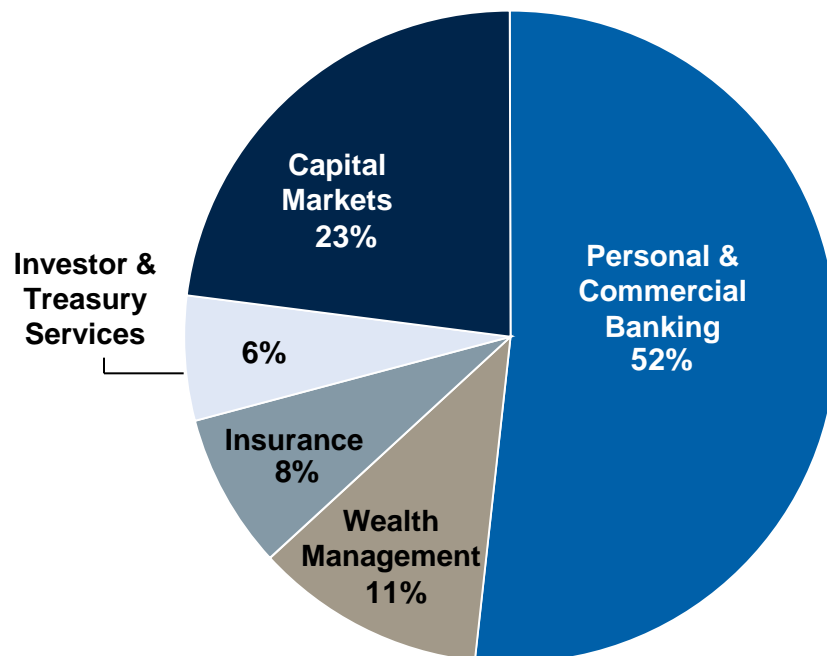
- Announced a quarterly dividend increase of \$0.02 or 3% to \$0.79 per share

## Solid quarterly earnings in a challenging environment

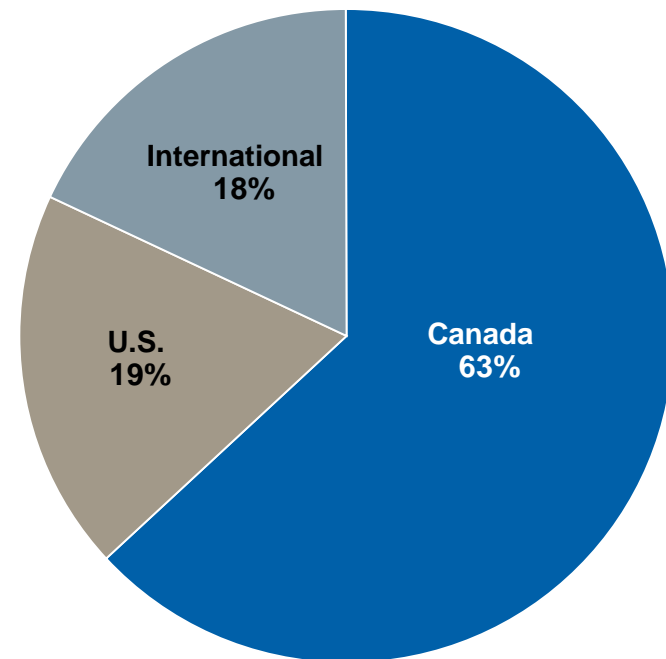
## RBC's key strengths

- Diversified business mix, with the right balance of retail and wholesale
- Broad leadership in Canadian financial services
- Strategic approach in key businesses in the U.S. and select international markets
  - In January 2015, RBC announced the acquisition of City National Corp (NYSE: CYN), which will expand our presence in the U.S. On May 27, 2015, City National shareholders voted in favour of the deal. Expected closing in calendar Q4 2015.

**Earnings by business segment<sup>(1)</sup>**  
*Latest twelve months ended July 31, 2015*



**Revenue by geography<sup>(1)</sup>**  
*Latest twelve months ended July 31, 2015*



# Financial Review

Janice Fukakusa

Chief Administrative Officer and Chief Financial Officer





## Solid earnings performance in Q3/2015

(\$ millions, except for EPS and ROE)	Q3/2015	Q2/2015		Q3/2014	
	As reported	As reported	Excluding a specified item <sup>(1)</sup>	As reported	Excluding a specified item <sup>(1)</sup>
Revenue	<b>\$8,828</b>	\$8,830	\$8,722	\$8,990	\$8,990
Net income	<b>\$2,475</b>	\$2,502	\$2,394	\$2,378	\$2,418
Diluted earnings per share (EPS)	<b>\$1.66</b>	\$1.68	\$1.61	\$1.59	\$1.62
Return on common equity (ROE) <sup>(2)</sup>	<b>18.1%</b>	19.3%	18.5%	19.6%	20.0%

**Earnings up \$97 million or 4% YoY; Adjusted earnings up \$57 million or 2% YoY<sup>(1)</sup>**

- Record results in Personal & Commercial Banking
  - Record earnings in Canadian Banking on solid volume growth and strong fee-based revenue growth
  - Higher earnings in Caribbean Banking
- Strong results in Investor & Treasury Services
- Stable earnings in Wealth Management
- Solid performance in Capital Markets compared to record results last year
- Lower Insurance earnings reflecting change in Canadian tax legislation
- Positive impact of foreign exchange translation
- Maintained strong credit quality with a PCL ratio of 0.23%

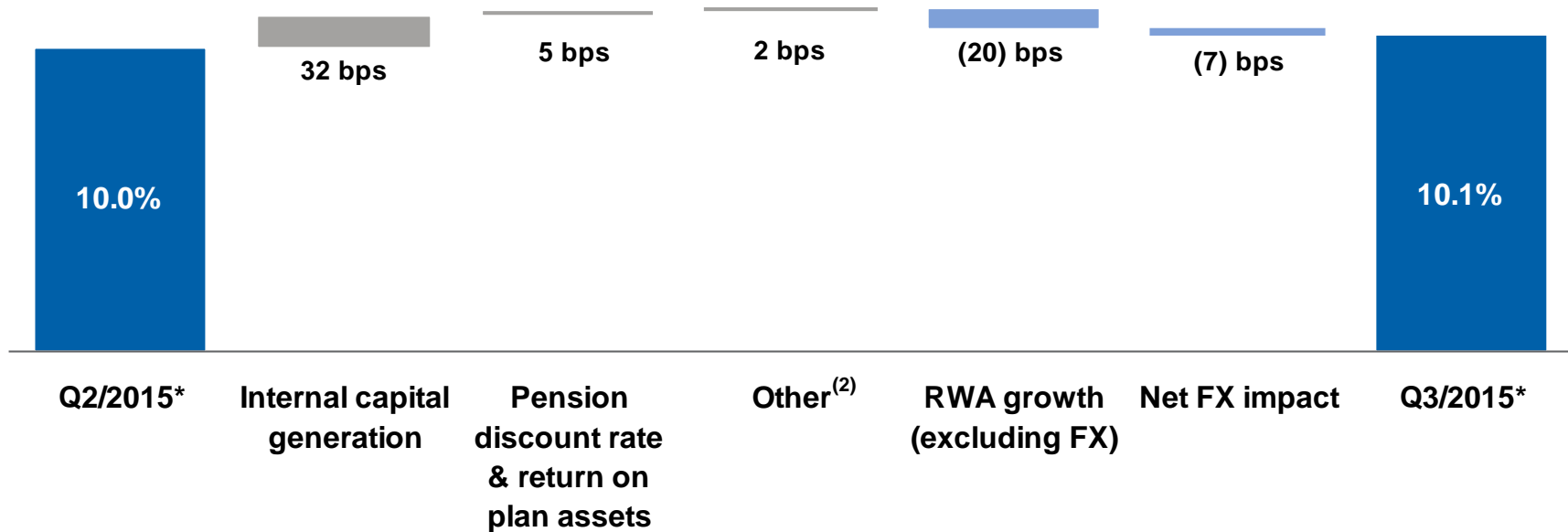
**Earnings down \$27 million or 1% QoQ; Adjusted earnings up \$81 million or 3% QoQ<sup>(1)</sup>**

- Solid earnings growth in Canadian Banking driven by additional days in the quarter, strong fee-based revenue growth, and volume growth
- Improved results in Insurance reflecting lower net claims costs and gains from investment-related activities
- Lower results in Capital Markets compared to strong Q2/2015 results

### Third Quarter 2015 Results

(1) These are non-GAAP measures. For more information and a reconciliation, see slides 31 and 32. (2) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions.

# Strong Basel III Common Equity Tier 1 (CET1) ratio<sup>(1)</sup> of 10.1%



- CET1 ratio up 10 bps from Q2/2015 mainly reflecting internal capital generation, the impact of a higher discount rate resulting in lower pension obligation and a higher return on plan assets, partially offset by higher RWA on business growth and the impact of a weakening Canadian dollar
- Continuing to build our capital position in advance of the expected closing of the City National acquisition in calendar Q4/2015, which is subject to regulatory and other customary approvals

## Strong capital position

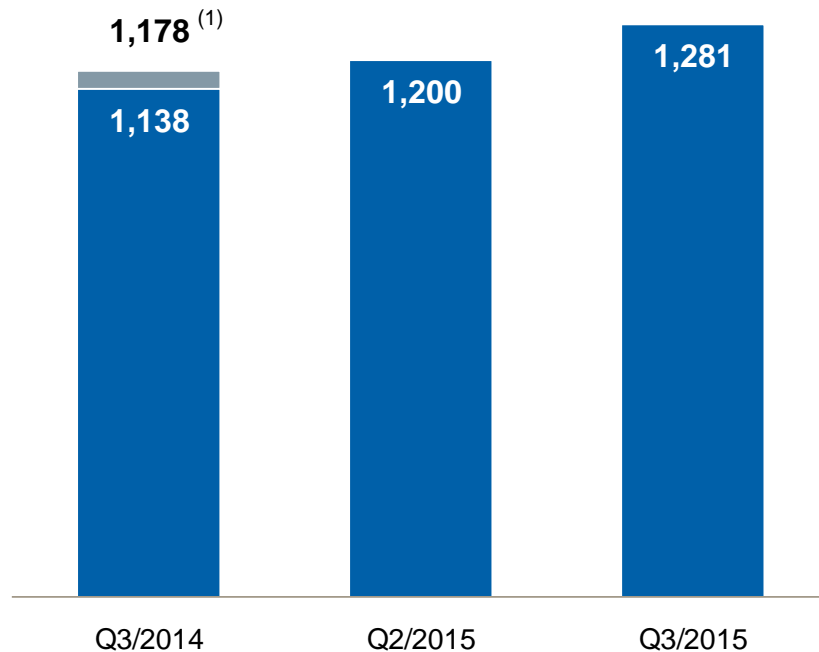




# Record earnings in Personal & Commercial Banking

## Net Income – P&CB

(\$ millions)



Percentage Change	YoY	QoQ
<b>Reported P&amp;CB</b>	<b>13%</b>	<b>7%</b>
Canadian Banking	5%	4%
<b>Adjusted P&amp;CB (1)</b>	<b>9%</b>	<b>n.a.</b>

## Q3/2015 Highlights

### Canadian Banking

- Record net income of 1,239 million, up 5% YoY and 4% QoQ
  - Solid volume growth, up 6% YoY and up 2% QoQ

Volume	Amount (\$ billions)	YoY	QoQ
Loans	\$360	4.7%	1.6%
Deposits	\$282	6.8%	1.8%

- Strong fee-based revenue growth, up 10% YoY, largely reflecting:
  - Strong net sales and capital appreciation which drove higher mutual fund distribution fees
  - Higher balances and transaction volumes which drove higher cards service revenue
- Higher costs in support of business growth
- Lower spreads YoY
- NIM of 2.66%, up 2 bps QoQ; flat on an adjusted basis (2) (see slide 23)
- Operating leverage of 0.7% and efficiency ratio of 43.5%

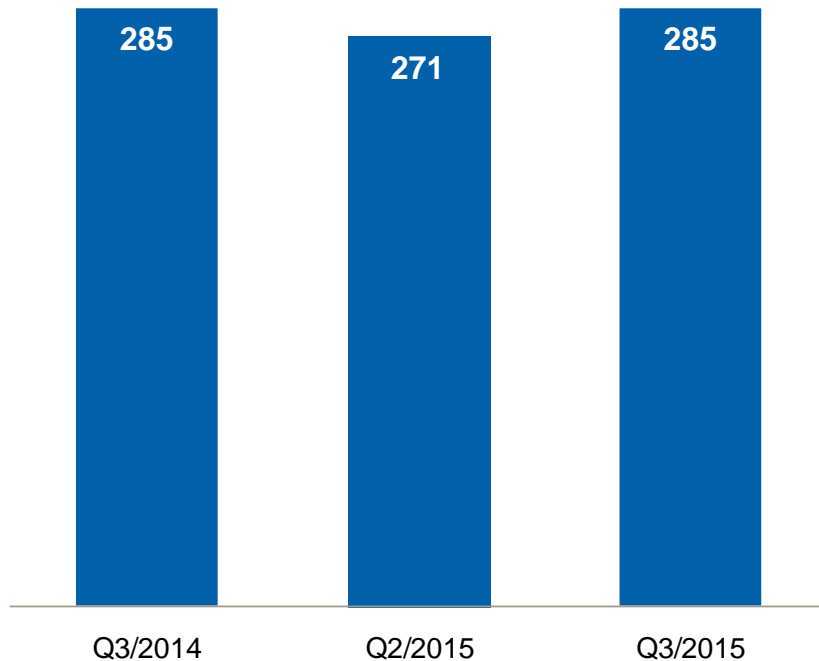
### Caribbean & U.S. Banking

- Net income of \$42 million
- Earnings growth reflects lower PCL, and the benefit of efficiency management activities and favourable impact of foreign exchange translation

# Stable earnings in Wealth Management

## Net Income

(\$ millions)



Percentage Change	YoY	QoQ
Net Income	–	5%

## Q3/2015 Highlights

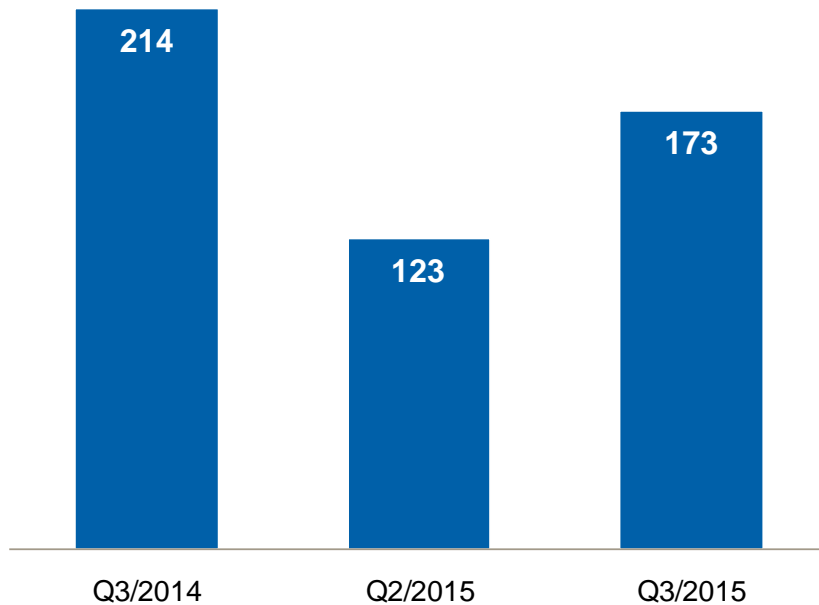
- Net income of \$285 million, flat YoY
  - Higher average fee-based client asset growth:
    - 12% in Global Asset Management
    - 5% in Canadian Wealth Management
  - Lower transactional volumes reflecting uncertain market conditions
  - Unfavourable change in fair value of U.S. share-based compensation plan
- Net income up 5% QoQ
  - Lower PCL and lower restructuring costs in U.S. & International Wealth Management

Select Balance Sheet Items	Amount (\$ billions)	YoY	QoQ
AUA	\$778.4	11%	4%
AUM	\$503.2	14%	5%
Loans <sup>(1)</sup>	\$17.7	11%	(1%)
Deposits <sup>(1)</sup>	\$40.5	13%	–

# Insurance results benefited from a new annuity contract

## Net Income

(\$ millions)



Percentage Change	YoY	QoQ
Net Income	(19%)	41%

## Q3/2015 Highlights

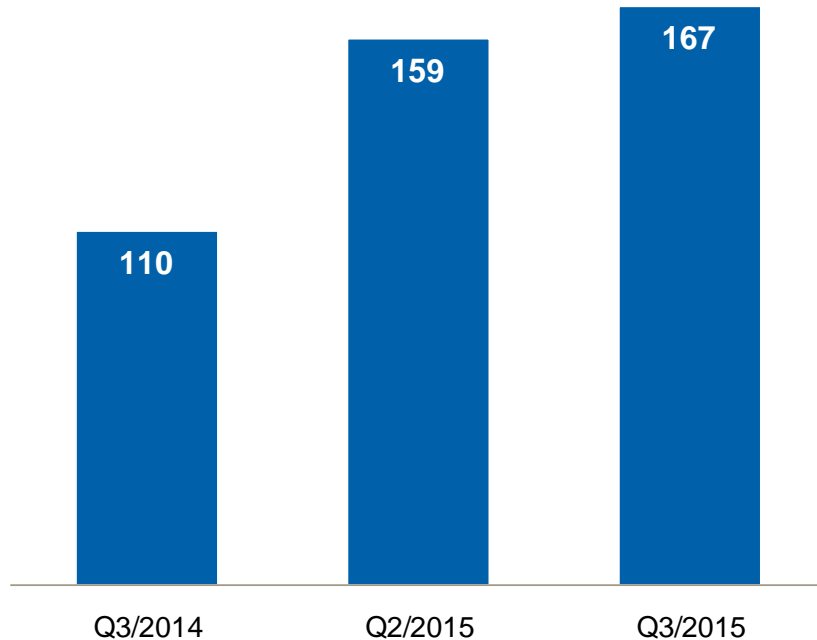
- Net income of \$173 million, down 19% YoY
  - Higher taxes resulting from a change in Canadian tax legislation impacting certain foreign affiliates effective Q1/2015
  - Higher net claims costs in our life retrocession business
  - Q3/2014 included favourable actuarial adjustments
- Net income up 41% QoQ
  - Lower net claims costs largely in our life retrocession business
- Favourable impact of investment-related activities on our Canadian life business
- Higher earnings from a new U.K. annuity contract



# Strong results in Investor & Treasury Services

## Net Income

(\$ millions)



Percentage Change	YoY	QoQ
Net Income	52%	5%

## Q3/2015 Highlights

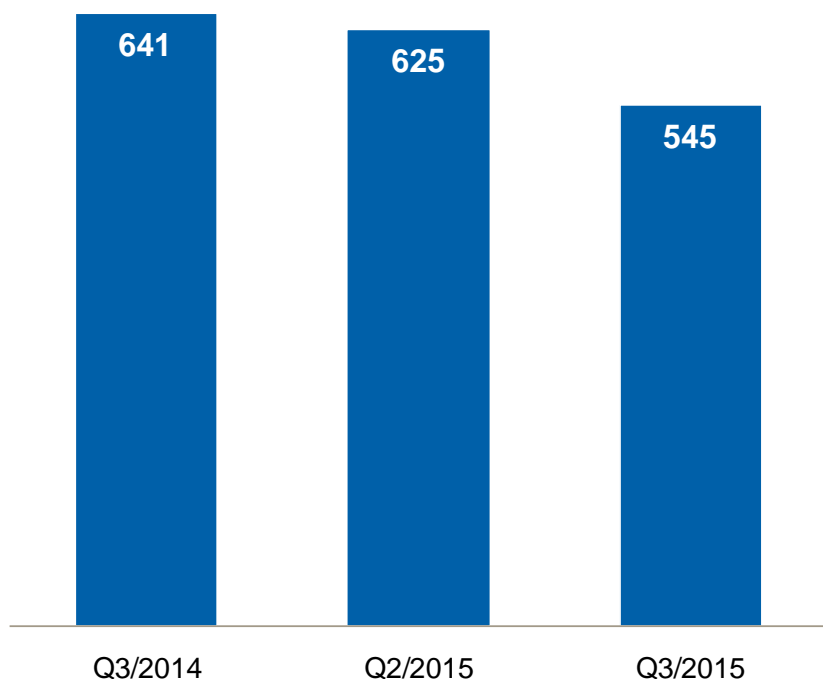
- Net income of \$167 million, up 52% YoY
  - Includes an additional month of earnings in Investor Services of \$42 million (\$28 million after-tax)<sup>(1)</sup>
  - Higher foreign exchange results reflecting increased client activity
  - Higher custodial fees
- Net income up 5% QoQ
  - Includes an additional month of earnings in Investor Services as noted above<sup>(1)</sup>
  - Lower funding and liquidity revenue
- Adjusted operating leverage of 7%<sup>(2)</sup>, reflecting benefits from efficiency management activities

# Capital Markets impacted by less favourable market conditions



## Net Income

(\$ millions)



Percentage Change	YoY	QoQ
Net Income	(15%)	(13%)

## Q3/2015 Highlights

### ▪ Corporate & Investment Banking

- Revenue of \$1,006 million, up 4% YoY and 5% QoQ
- Higher M&A activity and lending revenue
- Lower equity issuance and loan syndication activity

### ▪ Global Markets

- Revenue of \$1,070 million, down 10% YoY and 19% QoQ
- Lower fixed income and equity trading reflecting less favourable market conditions
- Q3/2014 had two trades totaling approximately \$100 million
- Higher debt origination versus the prior year

- Positive impact from foreign exchange translation
- Higher effective tax rate reflecting increased earnings in higher tax jurisdictions
- Lower variable compensation

# Risk Review

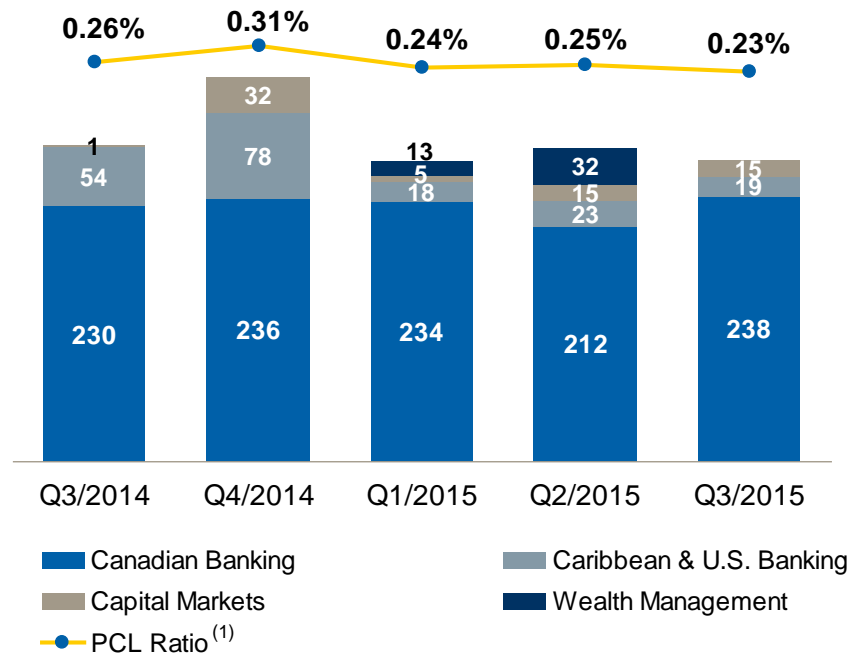
Mark Hughes

Chief Risk Officer



# Credit quality remains strong

Total PCL (\$ millions, except percentage amounts)				
283	345	270	282	270



## Personal & Commercial Banking (P&CB)

- Canadian Banking PCL was up \$26 million QoQ mainly due to the reversal of a single account in our Canadian commercial lending portfolio last quarter
- Caribbean & U.S. Banking PCL down \$4 million QoQ

## Capital Markets

- PCL of \$15 million was flat QoQ; this quarter's PCL was largely related to a single account in the oil & gas sector

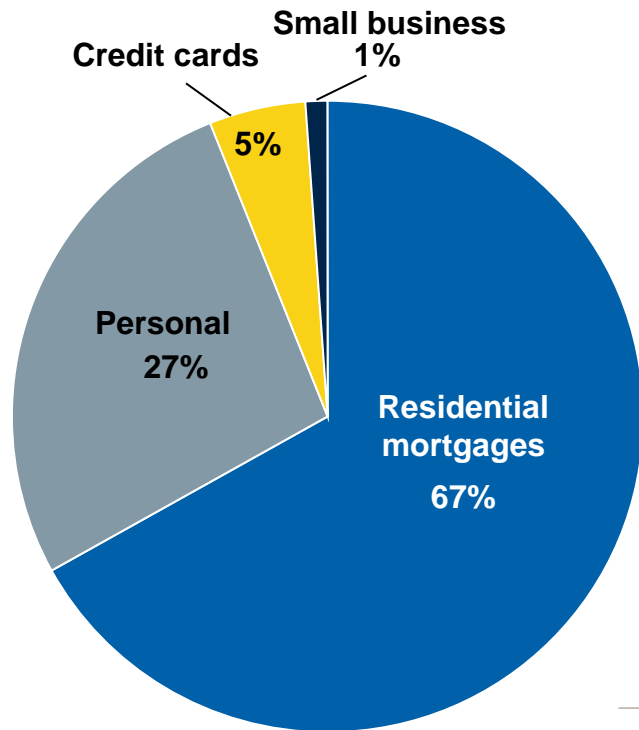
## Wealth Management

- No PCL this quarter, down \$32 million QoQ due to a provision on a single account in the prior quarter

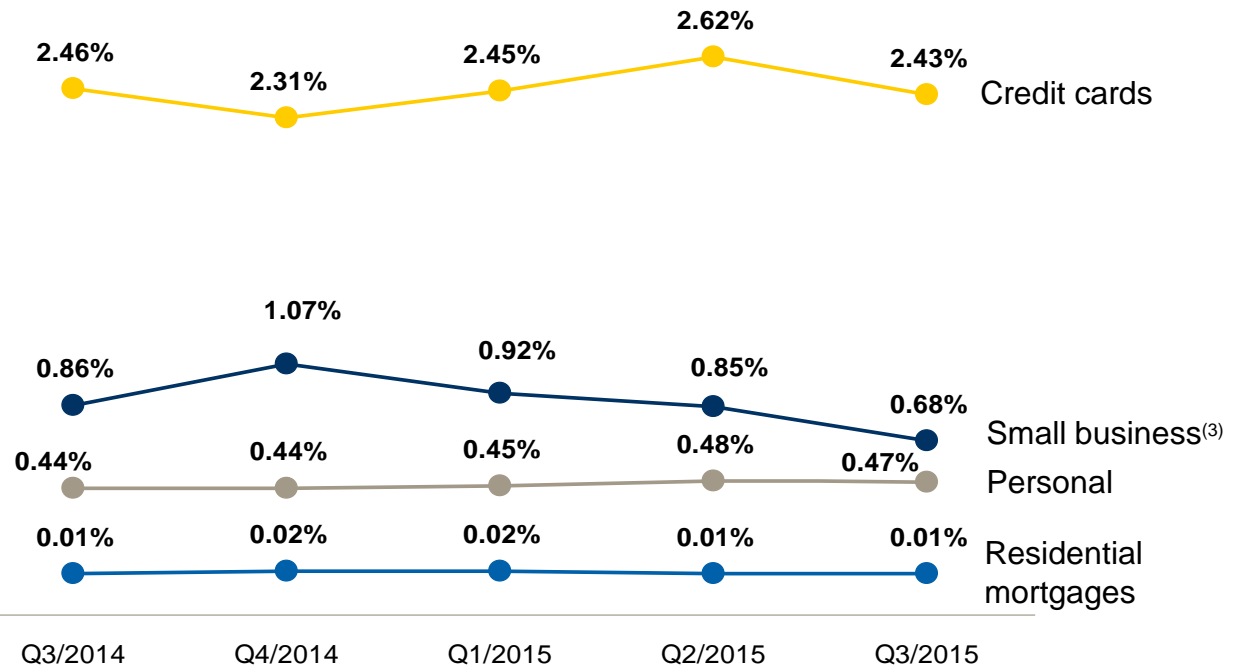
Selected PCL Ratios	Q3/2014	Q4/2014	Q1/2015	Q2/2015	Q3/2015
Personal & Commercial Banking	0.32%	0.35%	0.28%	<b>0.26%</b>	<b>0.28%</b>
Canadian Banking	0.26%	0.27%	0.26%	<b>0.25%</b>	<b>0.26%</b>
Wealth Management	(0.02%)	0.00%	0.29%	<b>0.73%</b>	<b>0.01%</b>
Capital Markets	0.01%	0.19%	0.03%	<b>0.08%</b>	<b>0.07%</b>

# Stable credit quality in Canadian Banking retail portfolio

Average retail loans (\$306 billion)<sup>(1)</sup>



PCL Ratio<sup>(2)</sup> by product



(1) As at July 31, 2015. Excludes Canadian Banking wholesale business loans and acceptances.  
 (2) PCL ratio is PCL on impaired loans as a percentage of average net loans & acceptances (annualized).  
 (3) In Q1/2015 we retroactively reclassified certain small business loans as personal loans.

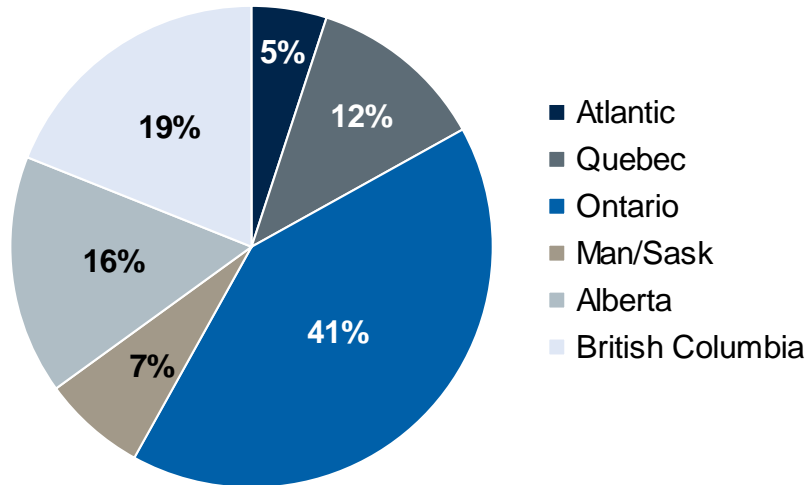


# Diversified real estate portfolio

## Canadian Residential Mortgage Portfolio: \$201 billion<sup>(1)</sup>

### Geographic Diversification<sup>(2)</sup>

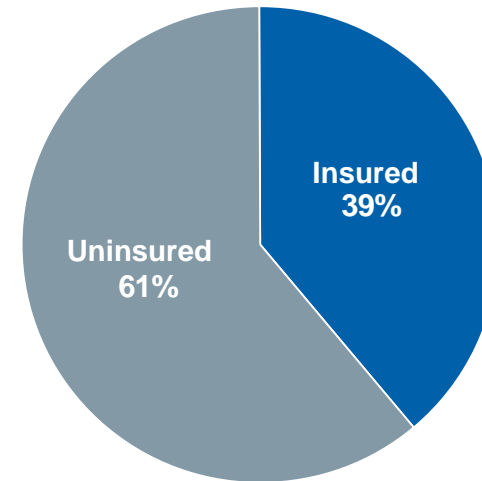
As at July 31, 2015



- Broad geographic diversification across Canada

### Insured vs. Uninsured mortgages<sup>(2)</sup>

As at July 31, 2015



- Strong underwriting practices resulting in continued low loss rates and stable delinquency rates with good LTV coverage and low exposure to condo market

## RBC's Total Condo Exposure

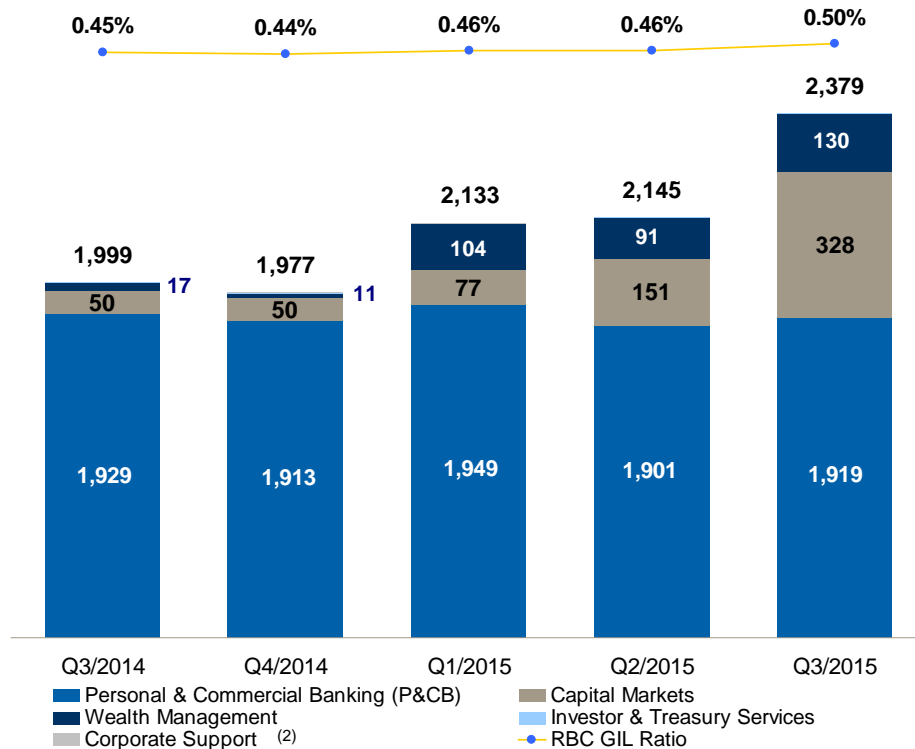
As at July 31, 2015

- Condo exposure is 9.8%<sup>(3)</sup> of Canadian residential mortgage portfolio
- Total exposure to condo developers is \$3.8 billion
  - Drawn exposure of \$1.7 billion, representing 2.5% of our commercial loan book, and undrawn exposure of \$2.1 billion

# Gross Impaired Loans<sup>(1)</sup> and Formations

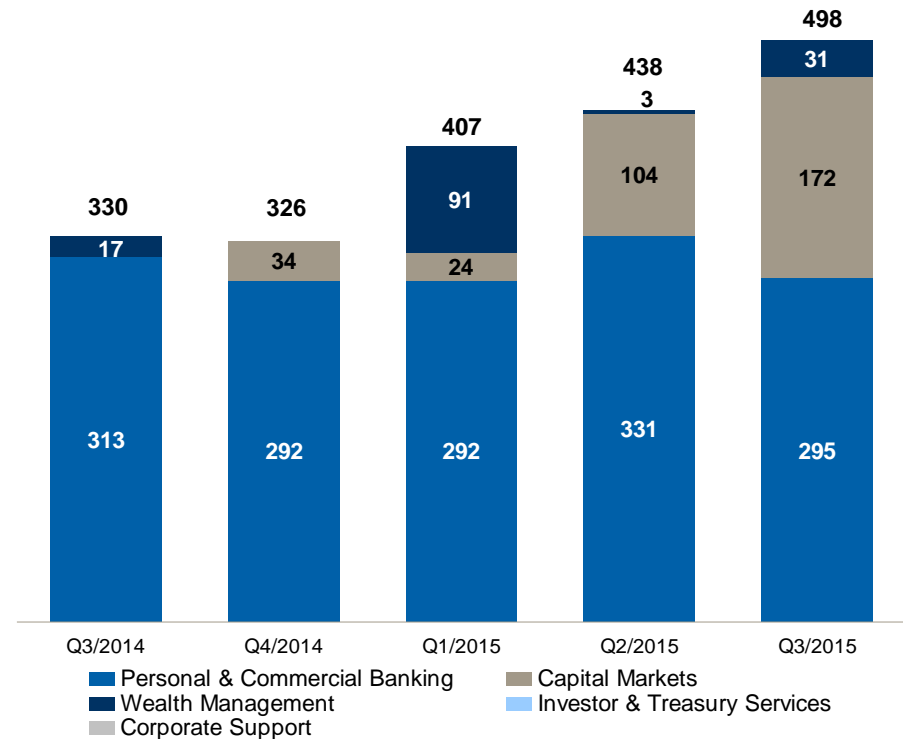
## Gross Impaired Loans (GIL)

(\$ millions, except percentage amounts)



## New Impaired Formations

(\$ millions)



GIL Ratio by Segment <sup>(1)</sup>	Q3/2014	Q4/2014	Q1/2015	Q2/2015	Q3/2015
P&CB	0.55%	0.54%	0.54%	0.52%	0.52%
Canadian Banking	0.33%	0.32%	0.31%	0.32%	0.31%
Capital Markets	0.08%	0.07%	0.10%	0.19%	0.40%
Wealth Management	0.10%	0.07%	0.58%	0.51%	0.73%

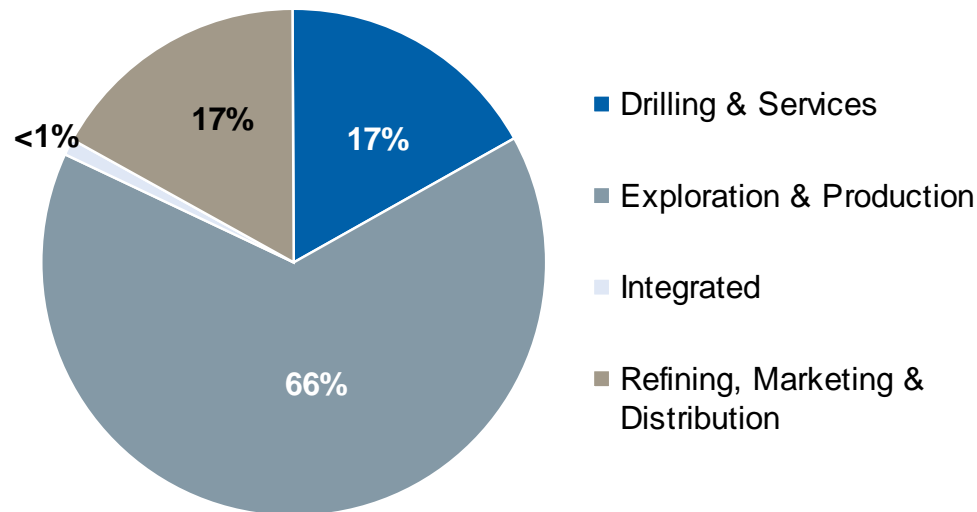
- Total Gross Impaired Loans and New Impaired Formations increased QoQ largely due to a couple of oil and gas accounts in Capital Markets and a single account in the U.S. & International Wealth Management business
  - FX also contributed to the increase in Gross Impaired Loans

### Third Quarter 2015 Results

(1) GIL ratio is GIL as a percentage of loans & acceptances (annualized).  
 (2) GIL Ratio for Corporate Support is not meaningful.

# Oil & Gas exposure manageable

## Wholesale Oil & Gas outstanding loans (\$7.5 billion) (Q3/2015)



- Wholesale oil & gas loans represent 1.6% of RBC's total loans and acceptances
- To date, we have not seen any significant credit weakness in our wholesale loan book

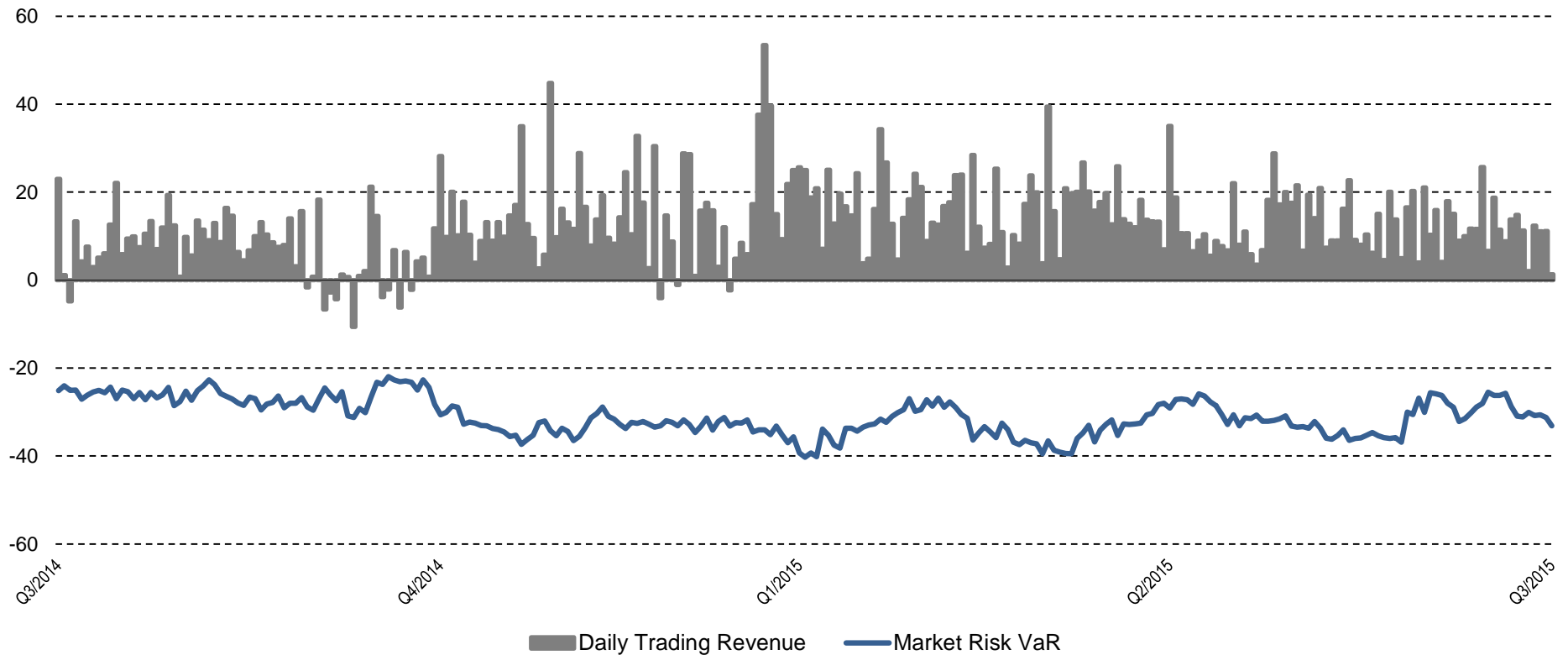
## Retail loan portfolio

- Our retail portfolio is well diversified across Canada
  - Alberta represents 15%<sup>(1)</sup> of our Canadian residential mortgage portfolio
- Strong employment trends in Canada: 6.8%<sup>(2)</sup> for a 6<sup>th</sup> consecutive month, down from 7.0% a year ago
  - Alberta's unemployment rate of 6.3%<sup>(2)</sup> remains below the national average, but has increased from 4.5% a year ago

**Actively managing our portfolio and performing stress testing**

# Trading revenue and VaR

(in millions)



- Trading revenue is down from a strong Q2/2015 mainly reflecting less favourable market conditions, including lower new equity issuances
- There were no days with net trading losses since January 2015
- Average market risk VaR down \$3 million QoQ driven by the roll forward of the historical time period used to calculate VaR which included higher market volatility in 2013

# Appendices



# Continued leadership in Canadian Banking



Canadian Market Share	Q3/2015		Q3/2014	
	Rank	Market Share <sup>(1)</sup>	Rank	Market Share <sup>(1)</sup>
Consumer Lending <sup>(2)</sup>	1	23.6%	1	23.6%
Personal Core Deposits + GICs	2	20.2%	2	20.2%
Total Mutual Funds <sup>(3)</sup>	1	32.6%	1	32.6%
Long-Term Mutual Funds <sup>(4)</sup>	1	14.4%	1	14.1%
Business Loans <sup>(5)</sup> (\$0 - \$25 million)	1	25.2%	1	25.6%
Business Deposits <sup>(6)</sup>	1	26.5%	1	25.7%

- #1 or #2 position in all key Canadian Retail Banking products and in all business products
  - Long-term mutual fund market share up ~30 bps YoY
  - Business deposits market share up ~80 bps YoY

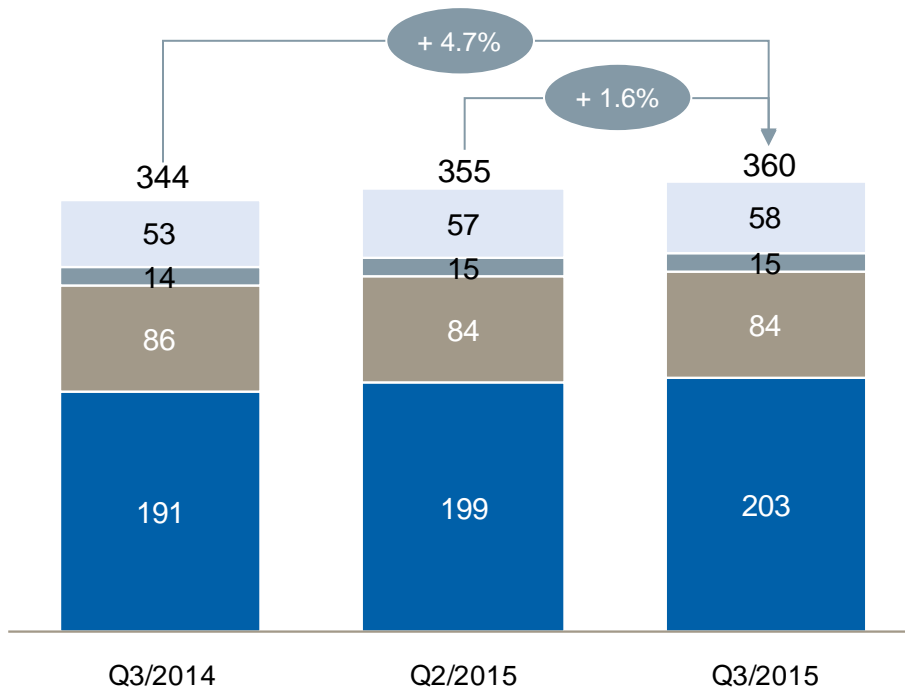
*(1) Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA). OSFI, IFIC and Consumer Lending CBA data is at March 2015 and March 2014, Business Loans CBA data is at March 2015 and March 2014. Market share is of total Chartered Banks except for Business Loans which is of total 7 Banks (RBC, BMO, BNS, CIBC, TD, NA, CWB). (2) Consumer Lending market share is of 6 banks (RBC, TD, CIBC, BMO, BNS and NA). Consumer Lending comprises residential mortgages (excluding acquired portfolios), personal loans and credit cards. (3) Total mutual fund market share is per IFIC and for total 7 banks (RBC, BMO, BNS, CIBC, TD, NA and HSBC). (4) Long-term mutual fund market share is per IFIC and is compared to total industry. (5) Business Loans market share is of the 7 Chartered Banks that submit to CBA on a quarterly basis. (6) Business Deposits market share excludes Fixed Term, Government and Deposit Taking Institution balances.*

**Leadership in most personal products and in all business products**



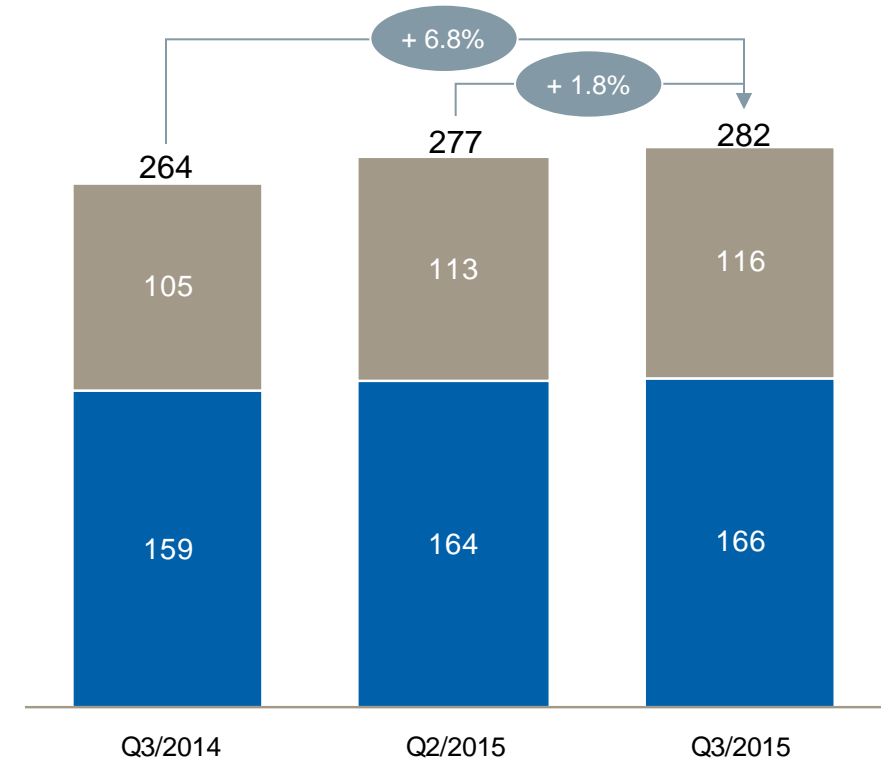
# Continued volume growth in Canadian Banking

**Average loans & acceptances<sup>(1)(2)</sup>**  
(\$ billions)



Percentage Change <sup>(1)</sup>		YoY	QoQ
Business (inc. small business)	■	8.8%	2.3%
Credit Cards	■	7.0%	3.4%
Personal Lending	■	(2.1%)	(0.4%)
Residential Mortgages	■	6.5%	2.1%

**Average deposits<sup>(2)</sup>**  
(\$ billions)



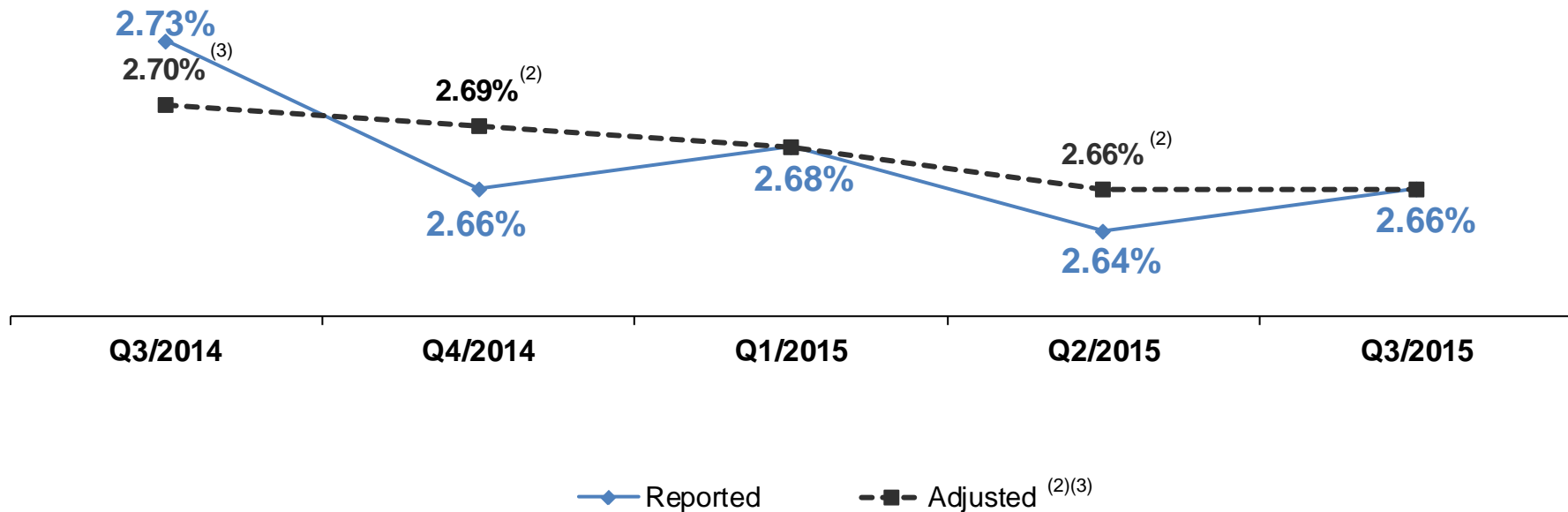
Percentage Change <sup>(3)</sup>		YoY	QoQ
Business Deposits	■	10.9%	3.0%
Personal Deposits	■	4.1%	1.0%

**Combined loan and deposit growth of 6% YoY and 2% QoQ**

(1) Total loans & acceptances and percentage change may not reflect the average loans & acceptances balances for each loan type shown due to rounding.  
 (2) Amounts have been revised from those previously presented.  
 (3) Total deposits and percentage change may not reflect the average deposits for each deposit type shown due to rounding.

# Canadian Banking net interest margin (NIM)<sup>(1)</sup>

- NIM was up 2 bps QoQ, or flat excluding a cumulative accounting adjustment<sup>(2)</sup> in the prior quarter
- NIM was down 7 bps YoY or down 4 bps excluding the change in the recording of certain business loan fees in Q4/2014<sup>(3)</sup>, reflecting competitive pressures and the low interest rate environment

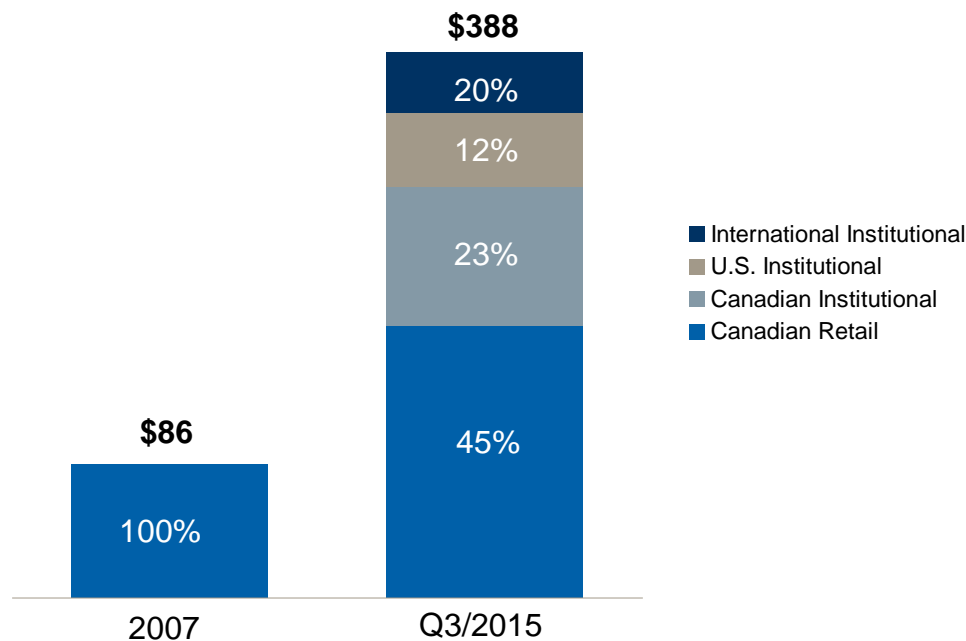




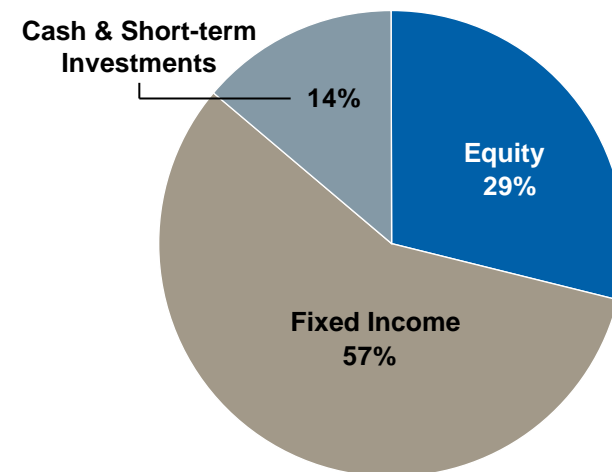
# Continuing to diversify our Global Asset Management business



**AUM by Client segment**  
(\$ billions)



**AUM by Asset class<sup>(1)</sup>**

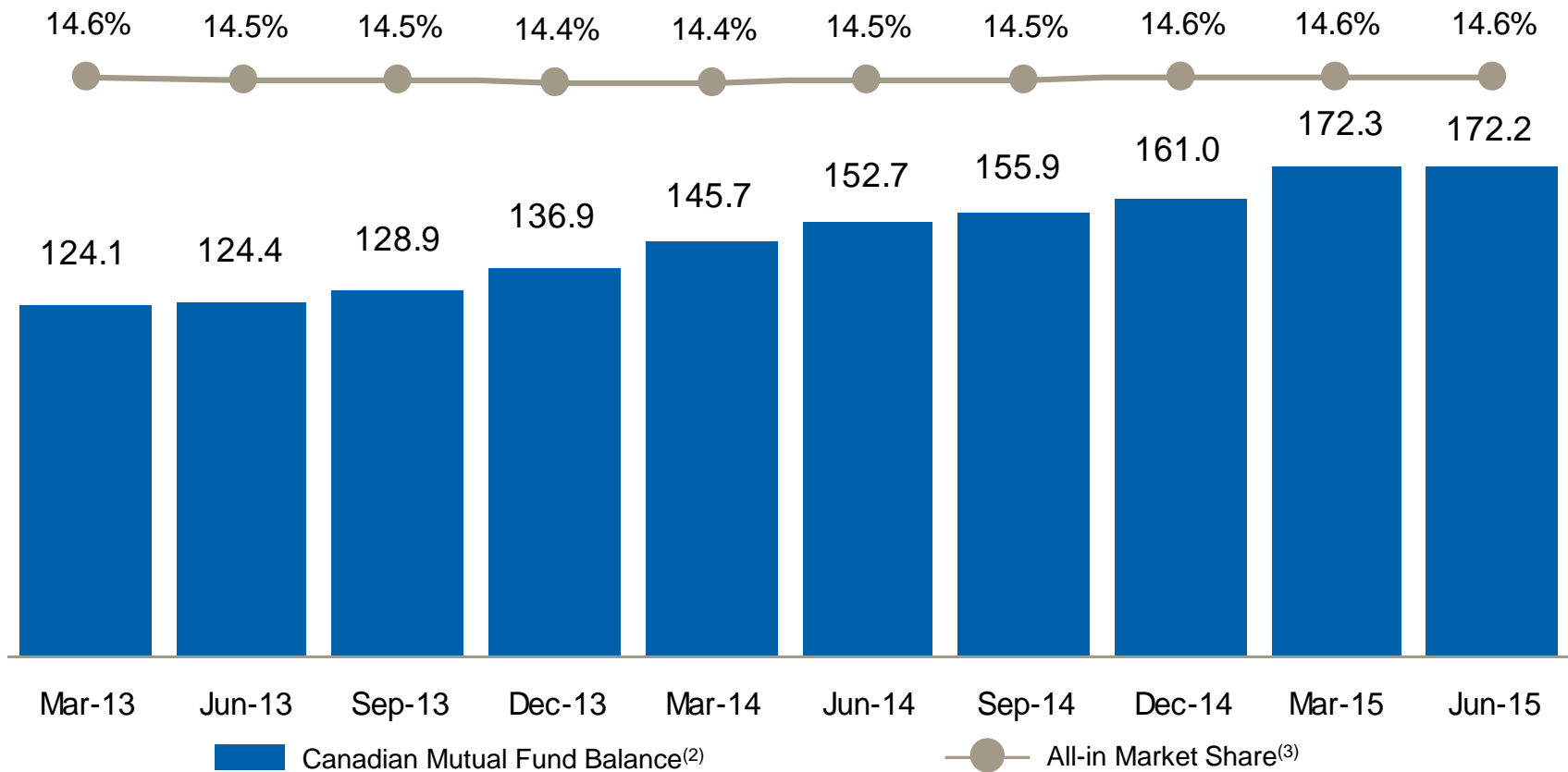


- Extending our leadership position in Canada in both retail and institutional asset management
- Continuing momentum in our U.S. and international institutional businesses driven by market share gains in higher fee-based solutions such as equities and credit strategies

# Strong growth in Canadian retail assets under management

## Canadian mutual fund balances and market share<sup>(1)</sup>

(\$ billions, except percentage amounts)



- RBC Global Asset Management (GAM), ranked #1 in market share, has captured 32.6% of share amongst banks and 14.6% all-in<sup>(1)</sup>

## Capital Markets revenue – diversified by business

(\$ millions)	Q3/2015	Q2/2015	Q3/2014	YoY	QoQ
Investment banking	509	506	511	-	1%
Lending and other	497	452	454	9%	10%
<b>Corporate &amp; Investment Banking</b>	<b>\$1,006</b>	<b>\$958</b>	<b>\$965</b>	<b>4%</b>	<b>5%</b>
Fixed income, currencies and commodities (FICC)	466	628	540	(14%)	(26%)
Global equities (GE)	289	408	323	(11%)	(29%)
Repo and secured financing	315	287	321	(2%)	10%
<b>Global Markets (teb)<sup>(1)</sup></b>	<b>\$1,070</b>	<b>\$1,323</b>	<b>\$1,184</b>	<b>(10%)</b>	<b>(19%)</b>
<b>Other<sup>(1)</sup></b>	<b>\$(30)</b>	<b>\$(34)</b>	<b>\$36</b>	<b>n.m.</b>	<b>n.m.</b>
<b>Capital Markets total revenue (teb)</b>	<b>\$2,046</b>	<b>\$2,247</b>	<b>\$2,185</b>	<b>(6%)</b>	<b>(9%)</b>

### Corporate & Investment Banking

- YoY increase largely due to strong growth in M&A activity in the U.S. and Europe, higher lending revenue and higher debt origination activity mainly in the U.S. These factors were partially offset by lower equity origination in the U.S. and Canada as compared to robust levels last year
- QoQ increase driven by higher M&A activity in Europe and the U.S, and higher lending revenue, partially offset by lower equity and debt origination mainly in Canada, as compared to the strong levels last quarter

### Global Markets

- YoY decrease driven by lower fixed income and equity trading revenue mainly reflecting less favourable market conditions as compared to the strong levels last year. Lower equity origination in Canada and the U.S. also contributed to the decrease. These factors were partially offset by higher debt origination activity mainly in the U.S. and Canada
  - Q3/2014 results also included two trades totaling approximately \$100 million in trading revenue
- QoQ decrease driven by lower FICC and equity trading results reflecting less favourable market conditions as compared to the prior quarter and lower equity and debt origination activity mainly in Canada



## Capital Markets revenue – diversified by geography

(\$ millions)	Q3/2015	Q2/2015	Q3/2014	YoY	QoQ
Canada	548	588	639	(14%)	(7%)
U.S. <sup>(1)</sup>	1,103	1,222	1,111	(1%)	(10%)
Europe	284	298	328	(13%)	(5%)
Asia and Other <sup>(1)</sup>	96	110	109	(12%)	(13%)
<b>Geographic revenue excluding certain items<sup>(1)</sup></b>	<b>\$2,031</b>	<b>\$2,218</b>	<b>\$2,187</b>	<b>(7%)</b>	<b>(8%)</b>
<i>Add / (Deduct):</i>					
BOLI <sup>(2)</sup>	-	-	4		
CVA / FVA, net of hedges <sup>(3)</sup>	15	29	(6)		
<b>Capital Markets total revenue (teb)</b>	<b>\$2,046</b>	<b>\$2,247</b>	<b>\$2,185</b>	<b>(6%)</b>	<b>(9%)</b>
Capital Markets non-trading revenue <sup>(4)</sup>	1,310	1,282	1,250	5%	2%
<b>Capital Markets trading revenue (teb)</b>	<b>\$736</b>	<b>\$965</b>	<b>\$935</b>	<b>(21%)</b>	<b>(24%)</b>
<b>Capital Markets trading revenue (teb) excl. certain items<sup>(5)</sup></b>	<b>\$721</b>	<b>\$936</b>	<b>\$937</b>	<b>(23%)</b>	<b>(23%)</b>

### Canada

- YoY decrease largely due to lower equity trading revenue and equity origination activity compared to strong levels last year, and lower loan syndication activity, partially offset by higher commodities trading revenue
- QoQ decrease driven by lower equity origination, lower equity and FICC trading revenue, and lower loan syndication activity, partially offset by higher M&A activity and higher lending revenue

### U.S.

- YoY decrease driven by lower fixed income trading revenue and equity origination compared to robust levels last year, partially offset by higher M&A activity, increased debt origination activity, higher lending revenue, and the favourable impact of foreign exchange translation
- QoQ decrease driven by lower fixed income and equity trading revenue, reflect less favourable market conditions, partially offset by higher lending revenue and higher M&A activity

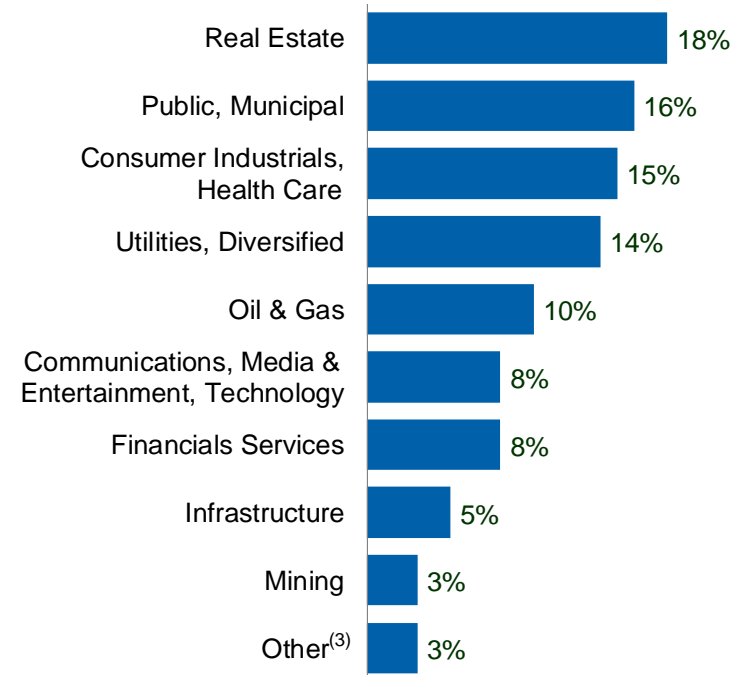
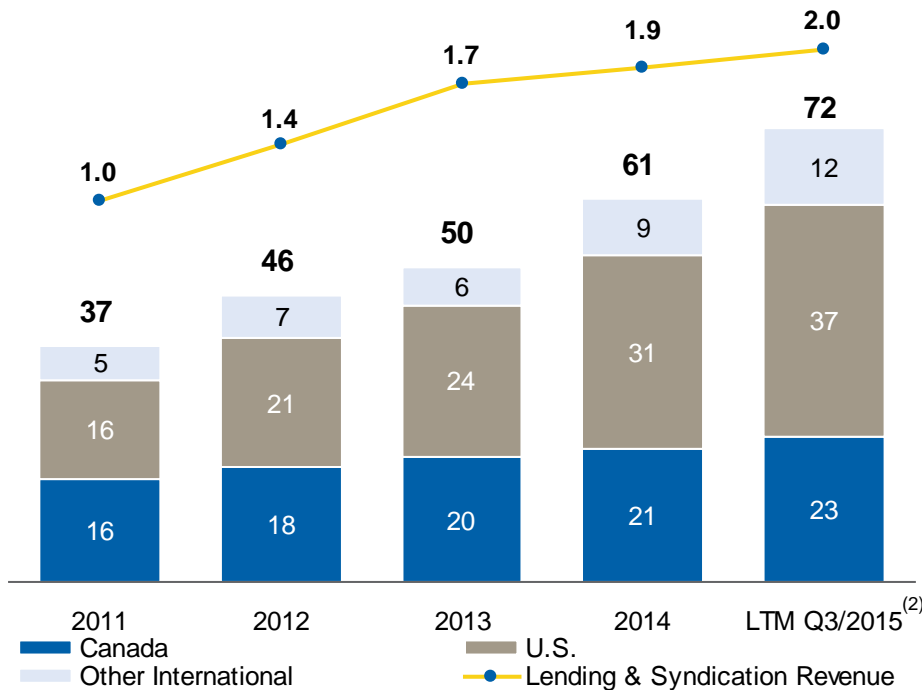
### Europe

- YoY decrease driven by lower fixed income and equity trading revenue, partially offset by stronger M&A activity
- QoQ decrease reflects lower trading revenue and debt origination activity, partially offset by stronger M&A activity

# Prudently growing Capital Markets' loan book

## Lending and Syndication Revenue and Loans Outstanding by Region<sup>(1)</sup> (\$ billions)

## Loans Outstanding by Industry<sup>(1)</sup> Q3/2015

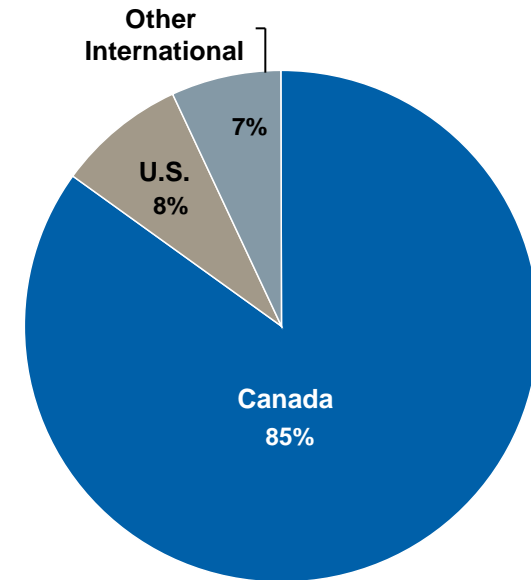


- Diversification driven by strict limits on single name, country, industry and product levels across all businesses, portfolios, transactions and products
- Consistent lending standards throughout the cycle
- Approximately 67% of our authorized Capital Markets loan portfolio is investment grade

## RBC's loans are well diversified by portfolio and industry

<i>Loans and Acceptances</i> <sup>(1)</sup> (\$ millions)	Q3/2015	% of Total
Residential mortgages	\$229,088	48.0
Personal	\$94,819	19.8
Credit cards	\$15,544	3.3
Small business	\$4,012	0.8
<b>Total Retail</b>	<b>\$343,463</b>	<b>71.9</b>
Real estate and related	\$33,149	6.9
Energy		
Oil & Gas	\$7,483	1.6
Utilities	\$5,445	1.1
Automotive	\$7,061	1.5
Consumer goods	\$7,020	1.5
Technology and media	\$6,533	1.4
Transportation and environment	\$6,043	1.3
Non-bank financial services	\$6,031	1.3
Agriculture	\$5,981	1.2
Sovereign	\$5,282	1.1
Industrial products	\$4,718	1.0
Mining and metals	\$1,442	0.3
Bank	\$1,399	0.3
Forest products	\$1,105	0.2
Other <sup>(2)</sup>	\$35,283	7.4
<b>Total Wholesale</b>	<b>\$133,975</b>	<b>28.1</b>
<b>Total Loans and Acceptances</b>	<b>\$477,438</b>	<b>100.0</b>

### Breakdown by region of total loans and acceptances (Q3/2015)



## Other – other income



<i>(\$ millions)</i>	Q3/2015	Q2/2015	Q3/2014	YoY	QoQ
Other income – segments	169	252	92	84%.	(33)%
<i>CTA Release</i> <sup>(1)</sup>	-	108	-	<i>n.m.</i>	<i>n.m.</i>
Other items <sup>(2)</sup>	64	1	9	<i>n.m.</i>	<i>n.m.</i>
<b>Total Other – other income</b>	<b>\$233</b>	<b>\$253</b>	<b>\$101</b>	<b><i>n.m.</i></b>	<b>(8)%</b>

(1) Gain from the wind-up of a US\$ denominated funding subsidiary.

(2) Mainly consists of funding-related and other hedging related items.



## Specified items impacting Q2/2015 and Q3/2014 results

(\$ millions, except for earnings per share (EPS) amounts)	Reported	Personal & Commercial Banking (P&CB)		Corporate Support	Adjusted <sup>(1)</sup>
		Loss related to sale of RBC Jamaica	Provisions for post-employment benefits and restructuring charge in the Caribbean	Release of CTA	
<b>For the three months ended April 30, 2015</b>					
<b>Consolidated</b>					
Revenue	\$8,830	-	-	(\$108)	\$8,722
Net Income	\$2,502	-	-	(\$108)	\$2,394
Diluted EPS	\$1.68	-	-	(\$0.07)	\$1.61
ROE	19.3%	-	-	-	18.5%
<b>For the nine months ended July 31, 2015</b>					
<b>Consolidated</b>					
Revenue	\$27,302	-	-	(\$108)	\$27,194
Net Income	\$7,433	-	-	(\$108)	\$7,325
Diluted EPS	\$4.99	-	-	(\$0.07)	\$4.92
ROE	18.9%	-	-	-	18.6%
<b>For the three months ended July 31, 2014</b>					
<b>Consolidated</b>					
Net Income	\$2,378	\$40	-	-	\$2,418
Diluted EPS	\$1.59	\$0.03	-	-	\$1.62
ROE	19.6%	-	-	-	20.0%
<b>P&amp;CB</b>					
Net Income	\$1,138	\$40	-	-	\$1,178
<b>For the nine months ended July 31, 2014</b>					
<b>Consolidated</b>					
Net Income	\$6,671	\$100	\$32	-	\$6,803
Diluted EPS	\$4.43	\$0.07	\$0.02	-	\$4.52
ROE	19.0%	-	-	-	19.4%
<b>P&amp;CB</b>					
Net Income	\$3,324	\$100	\$32	-	\$3,456





## Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain key performance and non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that key performance measures, such as ROE and non-GAAP measures such as earnings and revenue excluding Corporate Support, earnings in Q2/2015 excluding a specified item related to the release of foreign currency translation adjustment (CTA) that was previously booked in other components of equity, as well as specified items related to sale of RBC Jamaica as previously announced in Q1/2014, and provisions related to post-employment benefits and restructuring charges in the Caribbean, adjusted operating leverage, adjusted net interest margin and Capital Markets trading and geographic revenue excluding specified items do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about our ROE and non-GAAP measures can be found under the “Key performance and non-GAAP measures” section of our Q3/2015 Report to Shareholders and 2014 Annual Report.

Definitions can be found under the “Glossary” sections in our Q3/2015 Supplementary Financial Information and our 2014 Annual Report.

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