

# Royal Bank of Canada First Quarter Results

February 21, 2020

All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in compliance with International Accounting Standards 34 *Interim Financial Reporting*, unless otherwise noted. Our Q1 2020 Report to Shareholders and Supplementary Financial Information are available on our website at : <http://www.rbc.com/investorrelations>.



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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, in other filings with Canadian regulators or the SEC, in other reports to shareholders, and in other communications. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, and include our President and Chief Executive Officer’s statements. The forward-looking information contained in this 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, as well as 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, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risk sections of our 2019 Annual Report and the Risk management section of our Q1 2020 Report to Shareholders; including information technology and cyber risk, privacy, data and third party related risk, geopolitical uncertainty, Canadian housing and household indebtedness, regulatory changes, digital disruption and innovation, climate change, the business and economic conditions in the geographic regions in which we operate, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency, and environmental and social 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 presentation are set out in the Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook headings in our 2019 Annual Report, as updated by the Economic, market and regulatory review and outlook section of our Q1 2020 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 sections of our 2019 Annual Report and the Risk management section of our Q1 2020 Report to Shareholders.

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

# Overview

Dave McKay

President and Chief Executive Officer



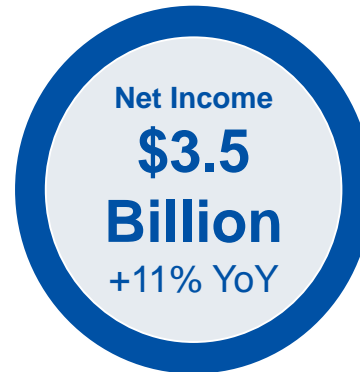
# Record earnings in the first quarter



+9% YoY<sup>(1)</sup>  
net of Insurance  
fair value change

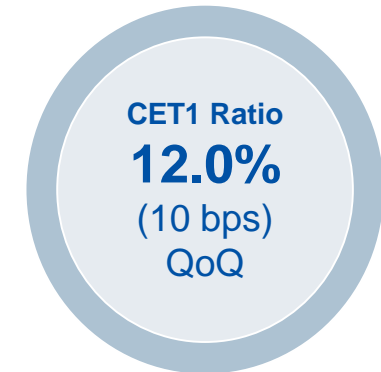
## Record Revenue

- Strong revenue growth in Capital Markets (+21%), Wealth Management (+7%) and P&CB (+4%) YoY



## Strong Earnings Growth

- Diluted EPS of \$2.40, up 12% YoY  
– Adjusted diluted EPS of \$2.44<sup>(2)</sup>, up 11%<sup>(2)</sup> YoY



## Robust Capital & Leading ROE

- ROE of 17.6%<sup>(3)</sup>
- \$2.2BN of capital returned<sup>(4)</sup>, including \$1.5BN in dividends



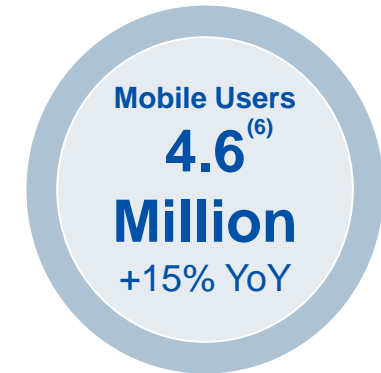
## Sound Credit Quality

- PCL on impaired loans ratio of 21 bps, down 6 bps QoQ
- GIL ratio of 45 bps, down 1 bp QoQ



## Revenue Driven Expense Growth

- Higher variable compensation commensurate with revenue growth
- Positive operating leverage in both Capital Markets and P&CB



## Increased Digital Adoption

- 7.4 million active digital users<sup>(6)</sup>
- Digital adoption rate of 52.5%, up 125 bps YoY (slide 19)

(1) Revenue net of insurance fair value change of investments (Q1/20: \$468MM; Q1/19: \$247MM) is a non-GAAP measure. For more information, see slide 27. (2) This is a non-GAAP measure. For more information, see slide 27. (3) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27. (4) Capital returned includes common share buybacks and dividends. (5) PCL on loans ratio is calculated using PCL on loans as a percentage of average net loans and acceptances. (6) These figures represent the 90-Day Active customers in Canadian Banking only.

# Financial Review

Rod Bolger

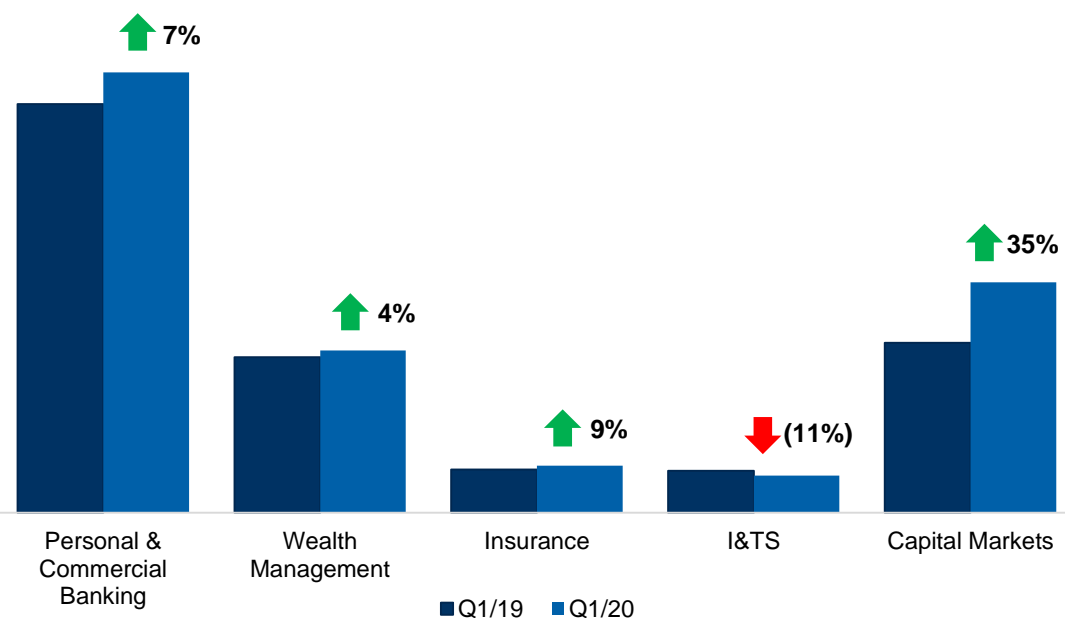
Chief Financial Officer



# Record earnings in Canadian Banking and Capital Markets

(\$ millions, except for EPS and ROE)	Q1/2020	Reported	
		YoY	QoQ
Revenue	\$12,836	11%	13%
Revenue Net of Insurance FV Change <sup>(1)</sup>	12,368	9%	9%
Non-Interest Expense	6,378	8%	1%
Insurance PBCAE	1,614	32%	147%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>4,844</b>	<b>9%</b>	<b>10%</b>
Provisions for Credit Losses (PCL)	419	(18)%	(16)%
<b>Income Before Income Taxes</b>	<b>4,425</b>	<b>12%</b>	<b>14%</b>
<b>Net Income</b>	<b>3,509</b>	<b>11%</b>	<b>9%</b>
<b>Diluted Earnings per Share (EPS)</b>	<b>\$2.40</b>	<b>12%</b>	<b>10%</b>
<b>Return on Common Equity (ROE)<sup>(3)</sup></b>	<b>17.6%</b>	<b>0.9 pts</b>	<b>1.4 pts</b>

## Net Income (\$ millions)



## Earnings

- Q1/2020 net income of \$3.5 billion, up 11% YoY; diluted earnings per share (EPS) of \$2.40, up 12% YoY
  - Adjusted diluted EPS of \$2.44<sup>(4)</sup>, up 11%<sup>(4)</sup> YoY
- ROE%<sup>(3)</sup> of 17.6%, up 90 bps from last year

## Revenue

- Net interest income up 8% YoY, driven by strong client activity in Capital Markets and strong volume growth in Canadian Banking
- Non-interest income up 13% YoY
  - Non-interest income net of Insurance fair value change up 10% YoY<sup>(1)</sup> with strong growth in Capital Markets, Wealth Management, Insurance and Personal & Commercial Banking

## Non-Interest Expense

- Up 8% YoY, largely due to higher staff-related costs, including higher variable compensation commensurate with revenue growth
  - Up 3%<sup>(5)</sup> YoY, excluding variable and stock-based compensation

## Provisions for Credit Losses

- PCL on loans ratio<sup>(6)</sup> of 26 bps, down 8 bps YoY (down 6 bps QoQ)
  - PCL on impaired loans ratio of 21 bps, (down 6 bps QoQ) largely due to lower provisions in Personal & Commercial Banking and Wealth Management

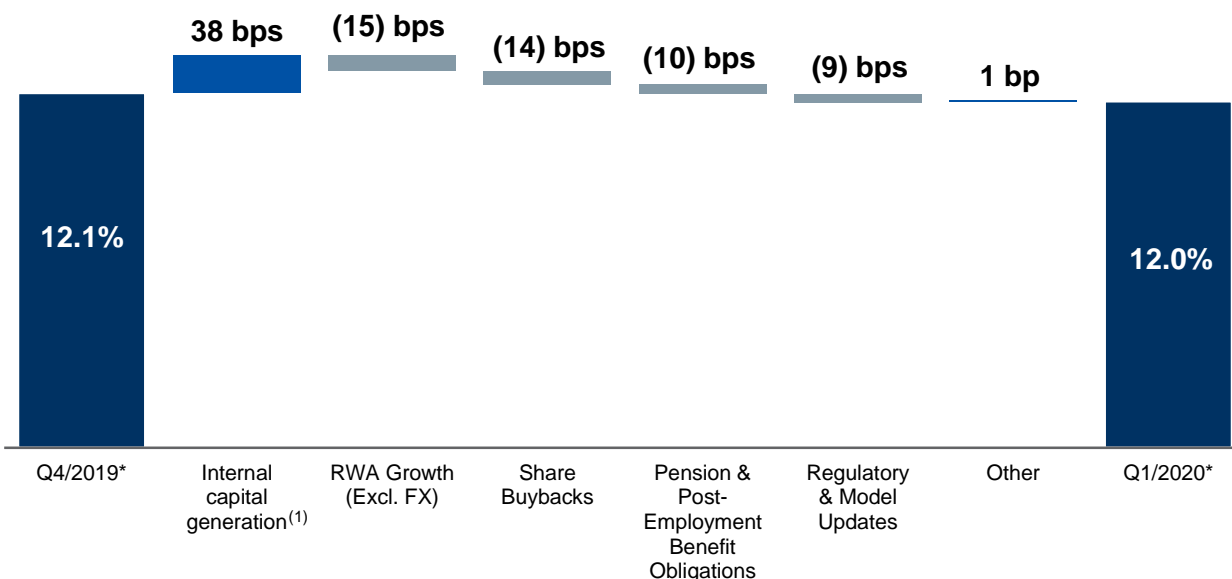
## Tax Rate

- Effective tax rate of 20.7%, up 120 bps from last year
  - Effective tax rate (adjusted for TEB) of 22.9%<sup>(7)</sup>, up 130 bps<sup>(7)</sup> from last year

(1) Revenue and non-interest income net of Insurance fair value change of investments backing policyholder assets (Q1/20: \$468MM; Q4/19: -\$28MM; Q1/19: \$247MM) is a non-GAAP measure. For more information, see slide 27. (2) Pre-provision, pre-tax earnings is revenue net of PBCAE and non-interest expenses. This is a non-GAAP measure. For more information, please refer to slide 27. (3) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27. (4) Q1/20 adjusted diluted EPS calculated by adding back the after-tax effect of amortization of other intangibles (Q1/20: \$47MM; Q4/19: \$48MM; Q1/19: \$54MM) and dilutive impact of exchangeable shares (Q1/20: \$4MM; Q4/19: \$4MM; Q1/19: \$4MM). This is a non-GAAP measure, for more information, see slide 27. (5) This is a non-GAAP measure. For more information, please refer to slide 27. (6) PCL on loans ratio is calculated using PCL on loans as a percentage of average net loans and acceptances. (7) Effective tax rate (adjusted for TEB) (Q1/20: \$128MM; Q4/19: \$112MM; Q1/19: \$107MM) is a non-GAAP measure. For more information, see slide 27.

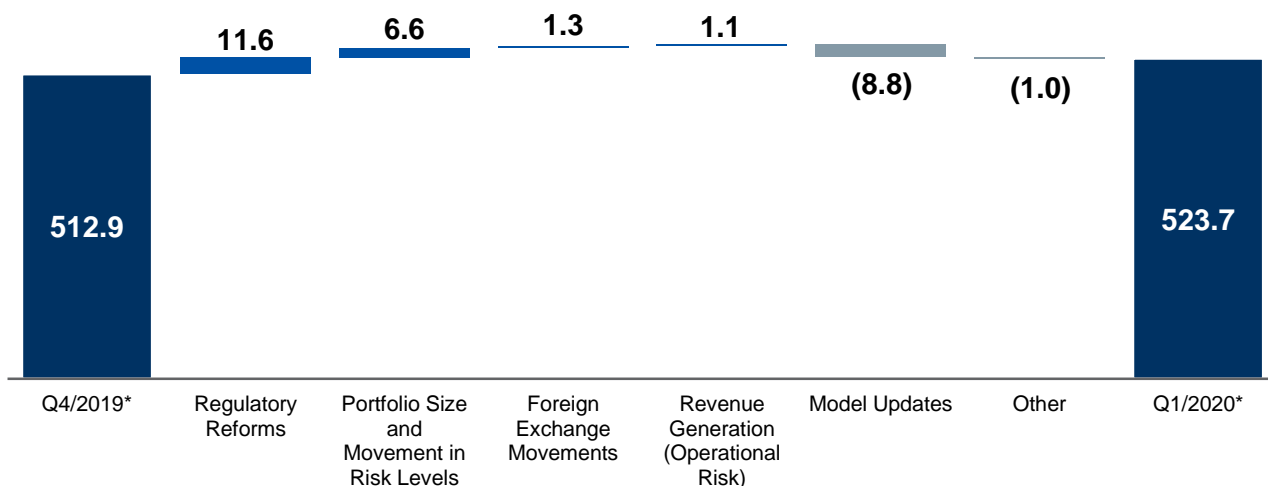
# Strong capital and earnings growth continue to drive shareholder returns

## CET1 Movement



- CET1 ratio of 12.0%, down 10 bps QoQ, mainly reflecting:
  - Strong organic RWA growth supporting client business
  - Partially offset by strong internal capital generation
  - Repurchased 7.0 million common shares for \$727 million in Q1/2020
- Announced a \$0.03 dividend increase to \$1.08 per common share

## CET1 Capital RWA Movement (\$ billions)



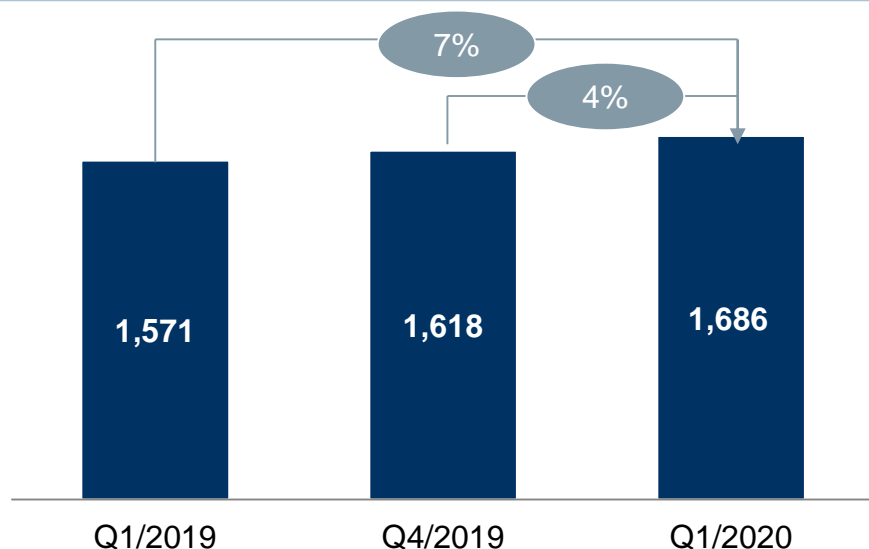
- CET1 RWA increased \$11 billion during the quarter, mainly reflecting:
  - Regulatory changes, including IFRS16
  - Strong business growth in wholesale and personal lending
  - Partially offset by model updates, including favourable impacts from annual credit risk parameter changes

\* Represents rounded figures. For more information, refer to the Capital Management section of our Q1/2020 Report to Shareholders.

(1) Internal capital generation represents net income available to shareholders, less common and preferred shares dividends.

# Strong volume growth in Personal & Commercial Banking

## Net Income (\$ millions)



Canadian Banking \$ millions (unless otherwise stated)	Q1/2020	Reported	
		YoY	QoQ
Revenue	\$4,368	5%	1%
Non-Interest Expense	1,802	4%	(1%)
Provisions for Credit Losses (PCL)	367	8%	(8%)
<b>Net Income</b>	<b>1,624</b>	<b>5%</b>	<b>4%</b>
<b>Financial Ratios</b>			
ROE <sup>(1)</sup>	31.3%	0.9 pts	1.5 pts
Net Interest Margin	2.72%	(7 bps)	(4 bps)
Efficiency Ratio	41.3%	(0.3 pts)	(0.7 pts)
<b>Business Information</b>			
Average loans & acceptances, net (\$BN)	457.2	7%	2%
Average deposits (\$BN)	395.9	9%	2%
Assets Under Administration (\$BN) <sup>(4)</sup>	287.5	10%	4%

(1) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27. (2) PCL on impaired loans ratio is calculated using PCL on Stage 3 loans and acceptances as a percentage of average net loans and acceptances. (3) PCL on performing loans ratio is calculated using PCL on Stage 1 and Stage 2 loans and acceptances as a percentage of average net loans and acceptances. (4) Spot balances.

## Q1/2020 Highlights

### Canadian Banking

- **Net income up 5% YoY**
  - Strong volume growth, higher fee-based revenue and good expense control helped counteract lower NIM
- **Revenue growth of 5% YoY**
  - Strong volume growth with average YoY loan and deposit growth of 7% and 9%, respectively (slide 18)
  - NIM of 2.72%, down 7 bps YoY (down 4 bps QoQ), mainly due to the impact of competitive pricing pressures and changes in product mix
  - Non-interest income up 8% YoY, largely due to higher balances driving higher mutual fund distribution fees
- **Positive operating leverage of 0.7%**
  - Non-interest expense up 4% YoY, reflecting higher technology and related costs, and higher staff costs
- **Higher PCL YoY; Stage 3 PCL down QoQ**
  - PCL on impaired loans ratio<sup>(2)</sup> of 26 bps was down 1 bp YoY (down 5 bps QoQ)
  - PCL on performing loans ratio<sup>(3)</sup> of 6 bps was up 1 bp YoY (up 2 bps QoQ)

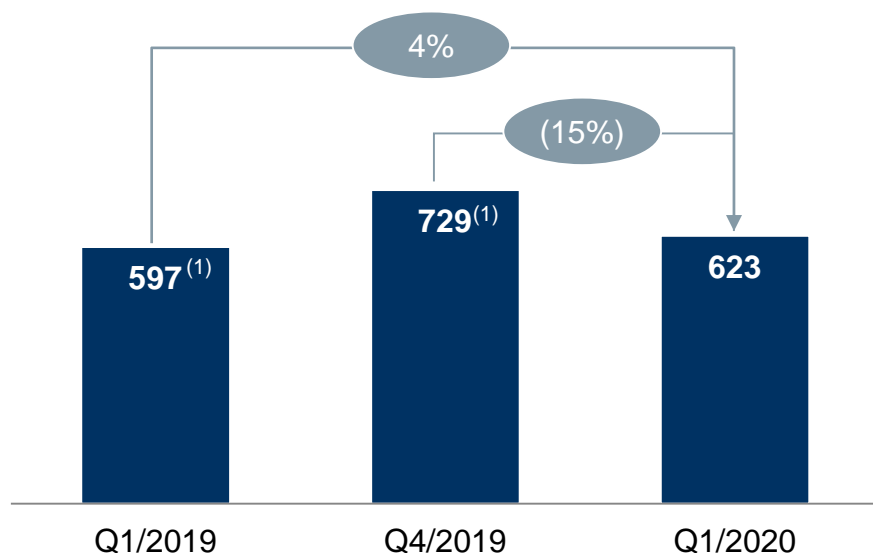
### Caribbean & U.S. Banking

- Net income of \$62 million, up \$35 million YoY, largely due to lower PCL and lower taxes



# Strong results in Wealth Management

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q1/2020	Reported	
		YoY	QoQ
Revenue	\$3,166	7%	(1%)
Non-Interest Expense	2,370	10%	5%
Provisions for Credit Losses (PCL)	(2)	n.m. <sup>(2)</sup>	n.m. <sup>(2)</sup>
<b>Net Income</b>	<b>623</b>	<b>4%</b>	<b>(15%)</b>
ROE <sup>(3)</sup>	15.8%	(0.6 pts)	(3.7 pts)
<b>Client Assets<sup>(4)</sup></b>			
Assets Under Administration (\$BN)	1,106.9	13%	4%
Assets Under Management (\$BN)	792.9	16%	5%
<b>Efficiency Ratio</b>			
Wealth Management	74.9%	1.5 pts	3.9 pts
Wealth Management (Non-U.S.)	67.4%	(0.7 pts)	6.6 pts

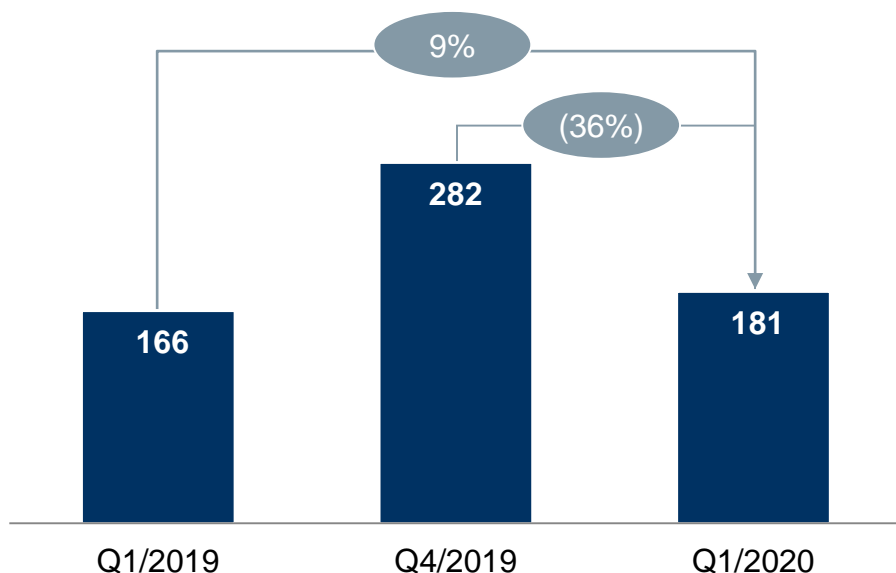
## Q1/2020 Highlights

- **Net income up 4% YoY**
  - Higher market valuations, continued strong net inflows, strong volume growth, and lower PCL partially offset by higher variable compensation
  - Q1/2019 included a \$28 million favourable accounting adjustment related to Canadian Wealth Management
- **Solid revenue growth of 7% YoY**
  - Higher average fee-based client assets reflecting market appreciation and net sales (GAM: slide 22)
  - Higher transaction volumes
- **Expenses up 10% YoY**
  - Higher variable compensation commensurate with revenue growth
  - Change in the fair value of our U.S. share-based compensation plans, which was largely offset in revenue
  - Higher staff-related and technology costs
  - Wealth Management (Non-U.S.) efficiency ratio improved 70 bps YoY
- **Lower PCL YoY**

(1) Q1/2019 net income for Wealth Management includes an accounting adjustment related to Canadian Wealth Management of \$28MM after-tax (\$39MM before-tax). Q4/2019 net income for Wealth Management includes a \$134MM after-tax (\$142MM before-tax) gain on the sale of the private debt business of BlueBay. (2) Not meaningful. (3) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27. (4) Spot balances.

# Solid earnings growth YoY in Insurance

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q1/2020	Reported	
		YoY	QoQ
Revenue	1,994	26%	73%
Revenue net of insurance FV change <sup>(1)</sup>	1,526	15%	29%
Non-Interest Expense	153	(1%)	-
PBCAE	1,614	32%	147%
<b>Net Income</b>	<b>181</b>	<b>9%</b>	<b>(36%)</b>
ROE <sup>(2)</sup>	32.5%	(2.2 pts)	n.m. <sup>(3)</sup>

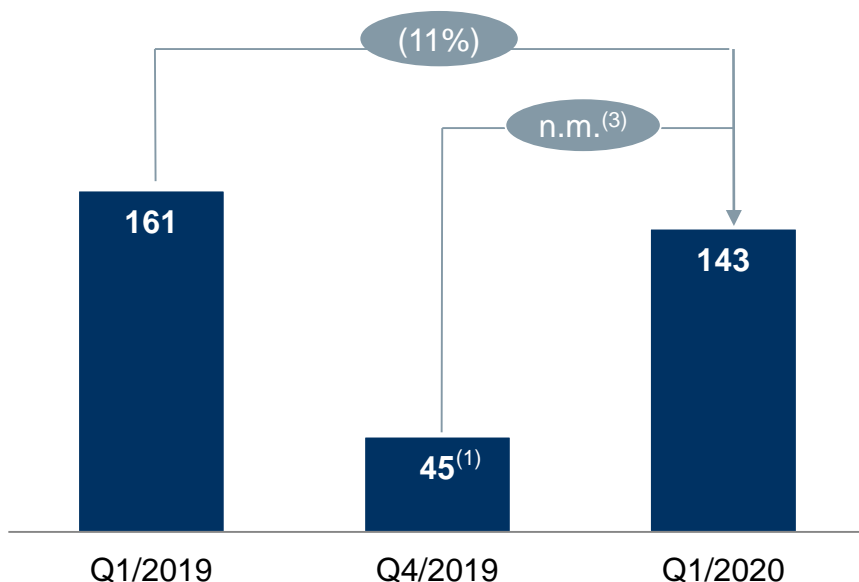
## Q1/2020 Highlights

- **Net income up 9% YoY**
  - New longevity reinsurance contracts partially offset by the lower impact from reinsurance contract renegotiations
- **Revenue up 26% YoY**
  - Revenue up 15% net of insurance fair value change<sup>(1)</sup>
  - Higher group annuity sales
  - Business growth, primarily longevity reinsurance
  - Partly offset by the lower impact of reinsurance contract renegotiations
- **PBCAE increased YoY**
  - Change in fair value of investments backing policyholder liabilities
- **Expenses well controlled, down 1% YoY**

(1) Revenue net of insurance fair value change of investments (Q1/20: \$468MM; Q4/19: -\$28MM; Q1/19: \$247MM) is a non-GAAP measure. For more information, see slide 27. (2) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27. (3) Not meaningful.

# I&TS results impacted by the short-term interest rate environment

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q1/2020	Reported	
		YoY	QoQ
Revenue	597	(5%)	5%
Non-Interest Expense	402	(4%)	(21%)
<b>Net Income</b>	<b>143</b>	<b>(11%)</b>	<b>n.m.<sup>(3)</sup></b>
ROE <sup>(2)</sup>	18.0%	0.7 pts	n.m. <sup>(3)</sup>

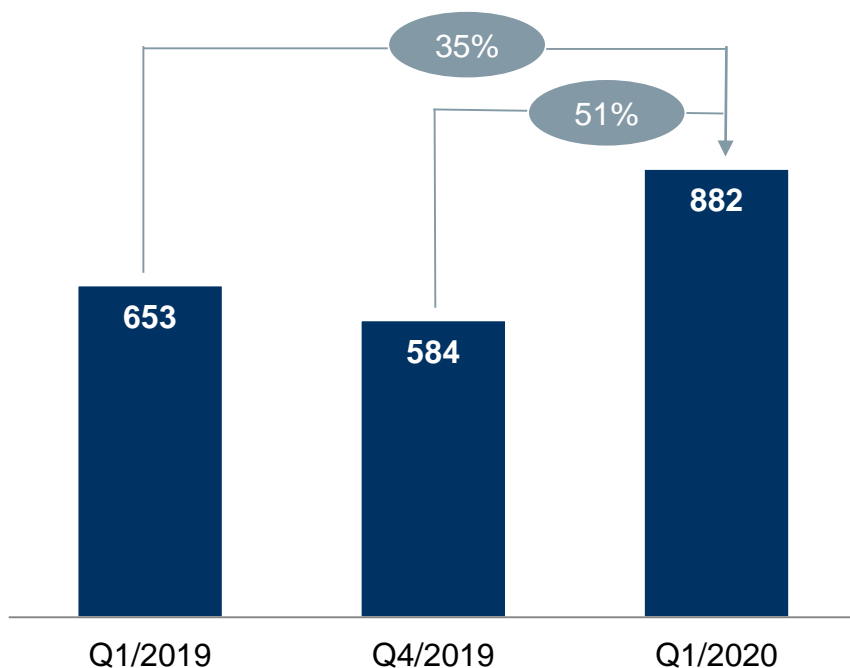
## Q1/2020 Highlights

- **Net income down 11% YoY**
  - Primarily due to lower client deposit margins and lower revenue from our asset services business
- **Revenue down 5% YoY**
  - Lower client deposit revenue, largely driven by margin compression reflecting spread tightening
  - Impact of foreign exchange translation
  - Lower asset services revenue due to reduced client activity
  - **QoQ:** Revenue increased \$31 million or 5% QoQ, mainly due to higher funding and liquidity revenue driven by money market opportunities in the current quarter
- **Expenses well controlled, down 4% YoY**
  - Impact of foreign exchange translation
  - Lower staff related costs, largely benefitting from investment in technology initiatives

(1) Q4/19 results include \$83MM after-tax (\$113MM before-tax) in severance and related costs associated with the repositioning of the business. (2) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27. (3) Not meaningful.

# Record results in Capital Markets

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q1/2020	Reported	
		YoY	QoQ
Revenue	2,548	21%	28%
Corporate and Investment Banking	1,141	23%	22%
Global Markets	1,450	18%	32%
Non-Interest Expense	1,435	17%	10%
Provisions for Credit Losses (PCL)	79	(44%)	1%
<b>Net Income</b>	<b>882</b>	<b>35%</b>	<b>51%</b>
ROE <sup>(1)</sup>	15.1%	4.3 pts	5.1 pts

## Q1/2020 Highlights

- **Net income up 35% YoY**
  - Strong fixed income trading and Corporate and Investment Banking results, and lower PCL partially offset higher compensation on improved results
- **Revenue up 21% YoY**
  - **Corporate and Investment Banking up 23% YoY**
    - Higher M&A activity, primarily in North America
    - Higher debt origination, largely in the U.S., as the prior year was impacted by challenging market conditions
  - **Global Markets up 18% YoY**
    - Higher fixed income trading revenue across all regions due to more favourable market conditions in the current quarter and increased client activity
    - Lower equity trading revenue, primarily in the U.S., after record results in Q1/2019
- **Positive operating leverage of 4.7%**
  - Expenses up 17% YoY
    - Higher variable compensation on improved results
- **PCL down 44% YoY**
- **Higher effective tax rate**
  - Effective tax rate of 14.7%, up 440 bps YoY, largely reflecting changes in earnings mix

(1) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 27.

# Risk Review

Graeme Hepworth  
Chief Risk Officer



# Moderating provisions for credit losses

## PCL Breakdown by Segment and Stage (\$ millions)

	Q1/19	Q4/19	Q1/20
<b>PCL on Loans</b>			
<b>Personal &amp; Commercial Banking</b>	<b>\$347</b>	<b>\$393</b>	<b>\$343</b>
Performing	\$37	\$54	\$65
Impaired	\$310	\$339	\$278
<b>Canadian Banking</b>	<b>\$341</b>	<b>\$400</b>	<b>\$367</b>
Performing	\$49	\$51	\$67
Impaired	\$292	\$349	\$300
<b>Wealth Management</b>	<b>\$26</b>	<b>\$34</b>	<b>(\$2)</b>
Performing	\$15	(\$1)	(\$1)
Impaired	\$11	\$35	(\$1)
<b>Capital Markets</b>	<b>\$143</b>	<b>\$78</b>	<b>\$80</b>
Performing	\$41	\$18	\$19
Impaired	\$102	\$60	\$61
<b>Total PCL on Loans<sup>(1)</sup></b>	<b>\$516</b>	<b>\$505</b>	<b>\$421</b>
Performing	\$93	\$71	\$83
Impaired	\$423	\$434	\$338
<b>PCL on Other Financial Assets</b>	<b>(\$2)</b>	<b>(\$6)</b>	<b>(\$2)</b>
Performing	(\$5)	(\$4)	\$0
Impaired	\$3	(\$2)	(\$2)
<b>Total PCL</b>	<b>\$514</b>	<b>\$499</b>	<b>\$419</b>

(1) In addition to the segments above, PCL on loans also includes Caribbean and U.S. Banking, Investor & Treasury Services, Insurance and Corporate Support.

## Key Drivers of PCL (QoQ)

- Total PCL on loans of \$421 million, or 26 bps, decreased \$84 million, or 6 bps QoQ

### PCL on Performing Loans

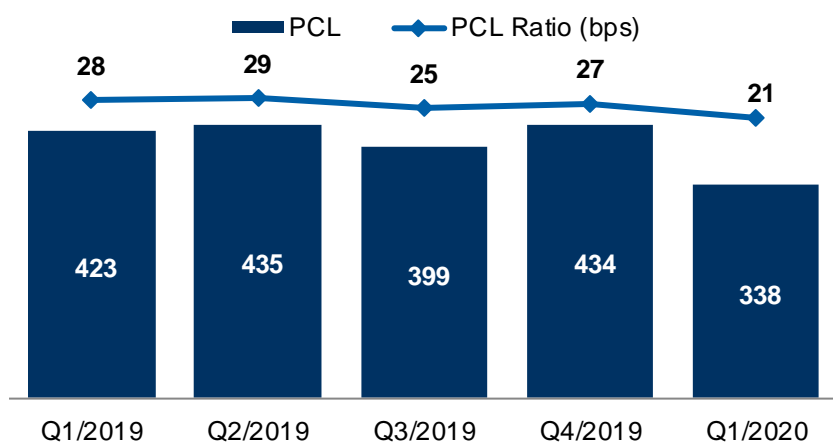
- Increased \$12 million QoQ. PCL on performing loans of \$83 million in the quarter was driven by portfolio growth and changes in our macroeconomic forecast

### PCL on Impaired Loans

- Personal & Commercial Banking:** PCL down \$61 million QoQ
  - Canadian Banking:** PCL down \$49 million QoQ, due to lower provisions in commercial banking
  - Caribbean & U.S. Banking:** PCL down \$12 million QoQ
- Wealth Management:** PCL down \$36 million QoQ, as the prior quarter included higher provisions related to one account in the consumer discretionary sector at City National
- Capital Markets:** PCL up \$1 million QoQ, reflecting higher provisions in Other Services and Oil & Gas. In Q4/2019, we had higher provisions in a few sectors that did not recur

# Lower PCL on impaired loans and lower GIL formations

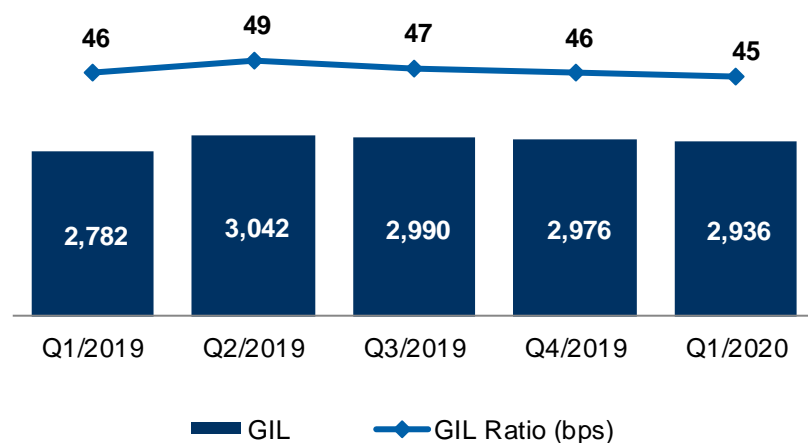
## PCL on Impaired Loans Ratio (\$ millions)



## PCL on Impaired Loans Ratio by Segment

PCL on Impaired Loans Ratio (bps)	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Canadian Banking	27	34	28	31	26
Wealth Management	7	12	11	21	(1)
Capital Markets	41	19	21	24	24
<b>PCL on Impaired Loans Ratio <sup>(1)</sup></b>	<b>28</b>	<b>29</b>	<b>25</b>	<b>27</b>	<b>21</b>
<b>PCL on Performing Loans Ratio</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>5</b>

## Gross Impaired Loans (\$ millions)



## Impaired Formations (\$ millions)

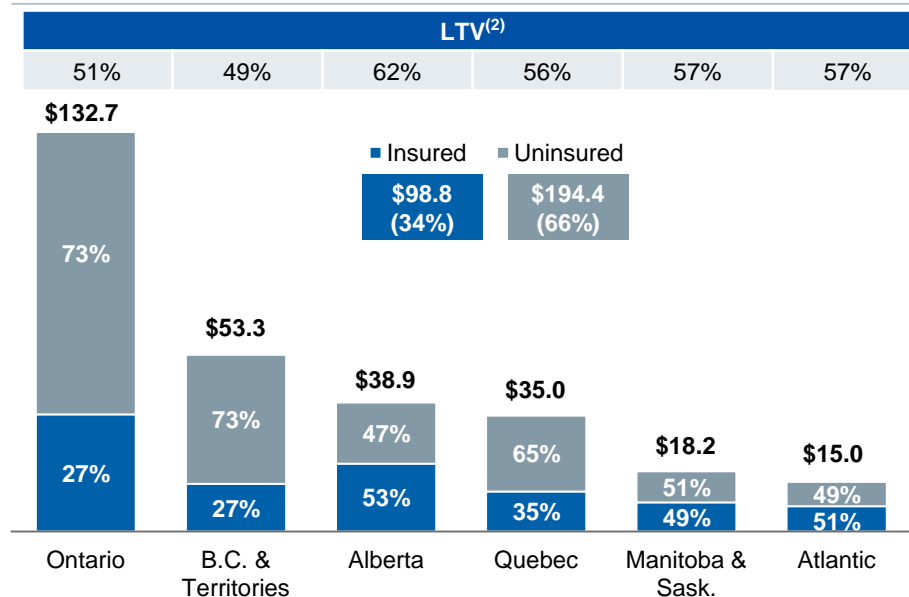
Segments	New Formations		Net Formations <sup>(2)</sup>
	Q1/2020	QoQ	
Personal & Commercial Banking	452	(87)	(23)
Canadian Banking	413	(99)	40
Caribbean & U.S. Banking	39	12	(63)
Wealth Management	124	59	78
Capital Markets	137	(27)	(95)
<b>Total GIL <sup>(3)</sup></b>	<b>713</b>	<b>(55)</b>	<b>(40)</b>

(1) In addition to the items above, PCL on impaired loans also includes Caribbean and U.S. Banking, Investor & Treasury Services, Insurance and Corporate Support. (2) Includes loan write-offs, new impaired loans, loan repayments, loans returning to performing, foreign exchange and other. (3) Total GIL also includes Insurance, Investor and Treasury Services and Corporate Support.

# Canadian residential portfolio has strong underlying credit quality

## Canadian Residential Mortgage Portfolio<sup>(1)</sup>

As at January 31, 2020 (\$ billions)



## Q1/2020 Highlights

- Average remaining amortization on mortgages of 18 years
- Strong underlying quality of uninsured residential mortgage portfolio<sup>(2)</sup>
  - 49% of uninsured portfolio have a FICO score >800
- Greater Toronto Area and Greater Vancouver Area average FICO scores are above the Canadian average
- Condo exposure is 10.6% of residential lending portfolio

## Canadian Banking Residential Lending Portfolio<sup>(2)</sup>

As at January 31, 2020

	Total (\$306BN)	Uninsured (\$232BN)
<b>Mortgage</b>	<b>\$268.0BN</b>	<b>\$194.4BN</b>
<b>HELOC</b>	<b>\$37.8BN</b>	<b>\$37.8BN</b>
<b>LTV<sup>(2)</sup></b>	<b>53%</b>	<b>52%</b>
GVA	47%	47%
GTA	49%	49%
<b>Average FICO Score<sup>(2)</sup></b>	<b>791</b>	<b>797</b>
<b>90+ Days Past Due<sup>(2)(3)</sup></b>	<b>20 bps</b>	<b>16 bps</b>
GVA	9 bps	8 bps
GTA	8 bps	8 bps

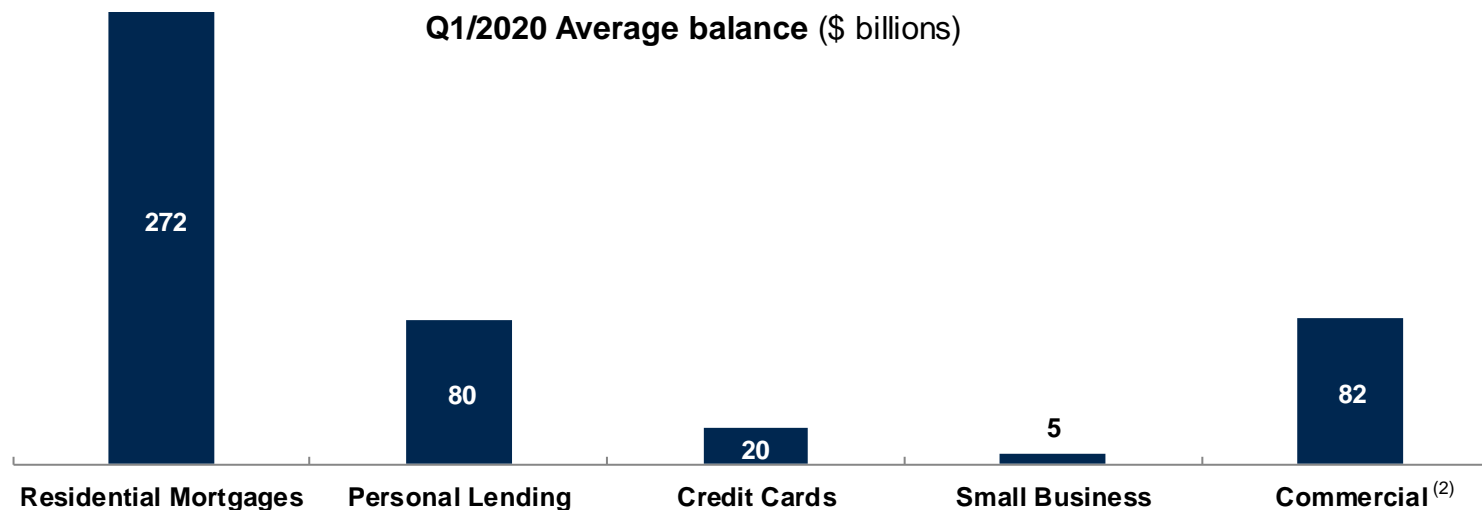
(1) Canadian residential mortgage portfolio of \$293BN comprised of \$268BN of residential mortgages, \$7BN of mortgages with commercial clients (\$4BN insured) and \$18BN of residential mortgages in Capital Markets held for securitization purposes. (2) Based on \$268BN in residential mortgages and HELOC in Canadian Banking (\$38BN). Based on spot balances. Totals may not add due to rounding. (3) The 90+ day past due rate includes all accounts that are either 90 days or more past due or are in impaired status.



# Strong underlying credit quality in Canadian Banking

## PCL on Impaired Loans Across our Canadian Banking Business Lines

Q1/2020 Average balance (\$ billions)



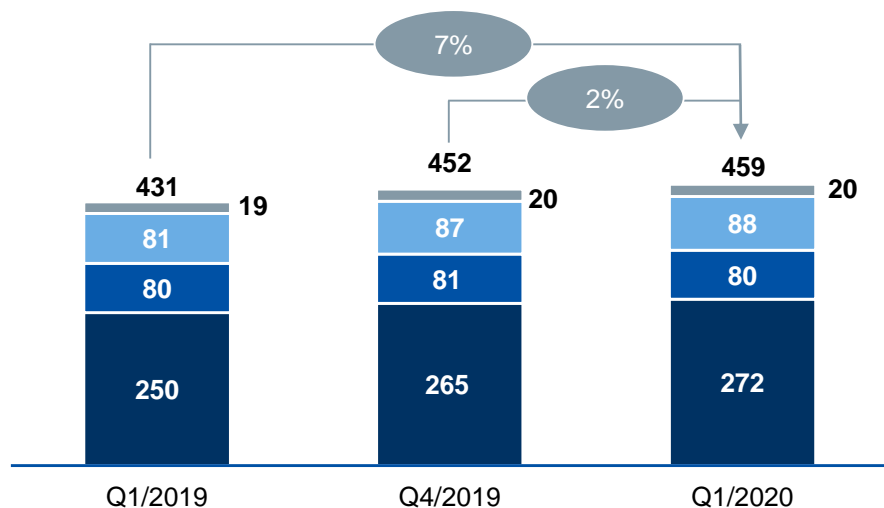
	Residential Mortgages			Personal Lending			Credit Cards			Small Business			Commercial <sup>(2)</sup>		
	Q1/19	Q4/19	Q1/20	Q1/19	Q4/19	Q1/20	Q1/19	Q4/19	Q1/20	Q1/19	Q4/19	Q1/20	Q1/19	Q4/19	Q1/20
PCL on Impaired Loans (\$MM)	\$10	\$9	<b>\$10</b>	\$121	\$133	<b>\$129</b>	\$116	\$139	<b>\$137</b>	\$5	\$11	<b>\$12</b>	\$41	\$57	<b>\$12</b>
PCL on Impaired Loans (bps) <sup>(1)</sup>	2	1	<b>1</b>	59	65	<b>64</b>	242	283	<b>274</b>	42	80	<b>88</b>	22	28	<b>6</b>
90+ Days Past Due (bps)	18	18	<b>18</b>	31	31	<b>33</b>	67	69	<b>81</b>	94	105	<b>111</b>	50	64	<b>64</b>

(1) Calculated using average net of allowance on impaired loans. (2) Commercial excludes Small Business.

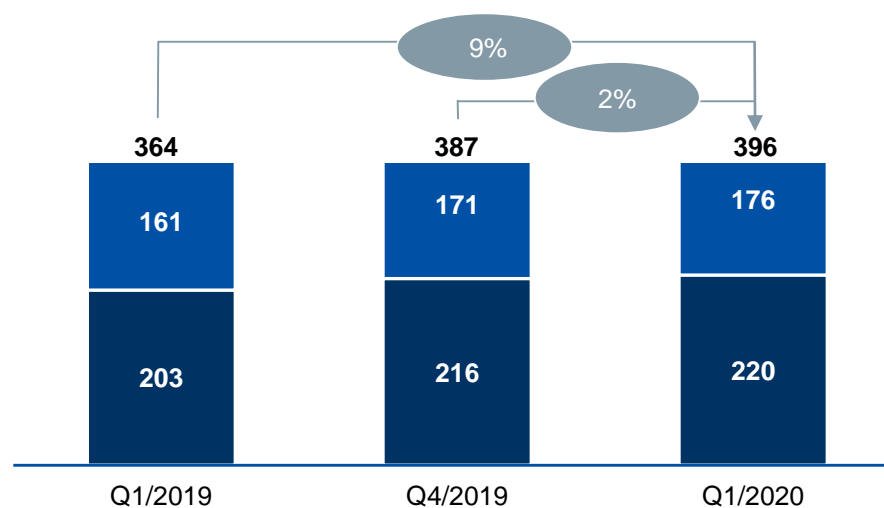
# Appendices

# Canadian Banking benefitted from strong volume growth

## Average Gross Loans & Acceptances<sup>(1)</sup> (\$ billions)



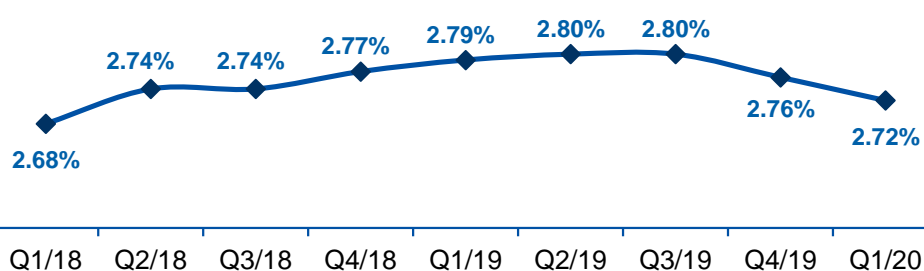
## Average Deposits<sup>(1)</sup> (\$ billions)



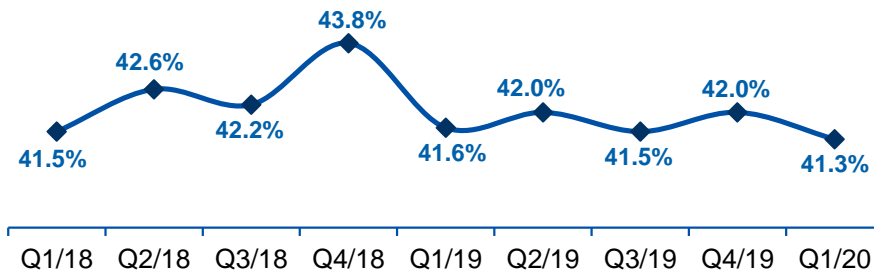
Percentage Change <sup>(1)</sup>	YoY		QoQ	
	Q1/2019	Q4/2019	Q1/2019	Q4/2019
Residential Mortgages	8.6%	8.6%	2.6%	2.0%
HELOC	(3.5%)	7.0%	(2.0%)	2.0%
Other Personal	2.7%	2.7%	0.5%	0.5%
Credit Cards	4.2%	4.2%	1.0%	1.0%
Business (Including Small Business)	7.9%	7.9%	1.5%	1.5%

Percentage Change <sup>(1)</sup>	YoY		QoQ	
	Q1/2019	Q4/2019	Q1/2019	Q4/2019
Personal Deposits	8.6%	8.6%	1.8%	1.8%
Business Deposits	9.3%	9.3%	2.8%	2.8%

## Net Interest Margin

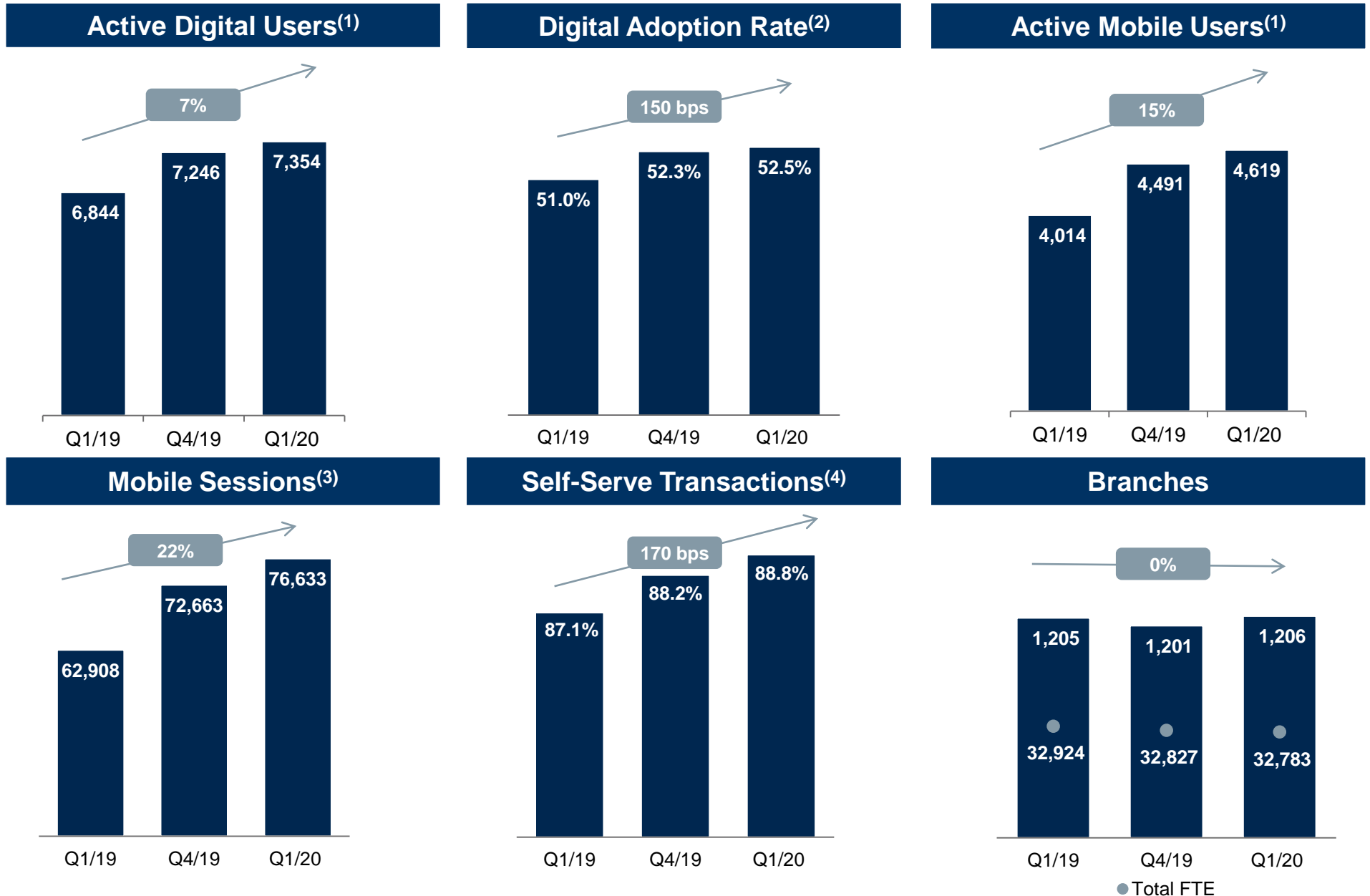


## Efficiency Ratio



(1) Totals may not add and percentage change may not reflect actual change due to rounding. (2) Real estate secured lending (RESL) includes residential mortgages and HELOC.

# Transforming the distribution network in Canadian Banking

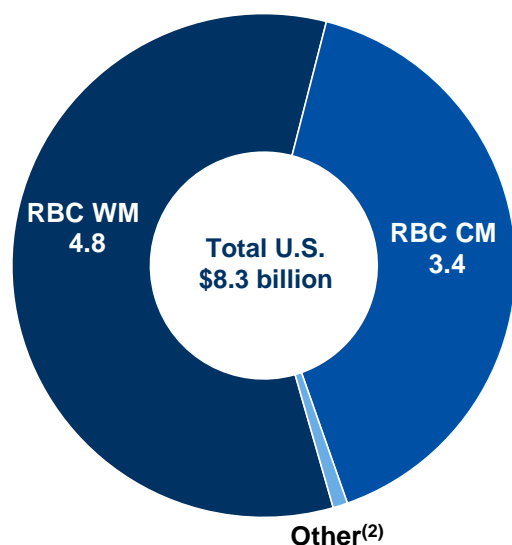


(1) These figures (in 000s) represent the 90-Day Active customers in Canadian Banking only and are spot values. (2) Digital Adoption rate calculated using 90-day active users. (3) These figures (in 000s) represents the total number of application logins using a mobile device. (4) Financial transactions only.

# U.S. operations

## U.S. Operations Revenue (US\$ millions)<sup>(1)</sup>

Last 12 months ended January 31, 2020



## U.S. Operations Condensed Income Statement

US\$ millions (unless otherwise stated)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Revenue	1,972	2,021	1,952	1,936	2,298
Provisions For Credit Losses	105	39	18	50	35
<b>Net Income</b>	<b>387</b>	<b>426</b>	<b>416</b>	<b>322</b>	<b>536</b>
Adjusted Net Income <sup>(3)</sup>	415	454	444	350	563
<b>Net Income (C\$ millions)</b>	<b>515</b>	<b>568</b>	<b>551</b>	<b>427</b>	<b>705</b>
Adj. Net Income (C\$MM) <sup>(3)</sup>	552	605	588	464	741

## Q1/2020 Highlights

- The U.S. represented 18%, or over \$2 billion, of total bank net income over the last 12 months<sup>(1)(4)</sup>
  - Q1/2020 U.S. earnings were up 39% YoY and 66% QoQ, driven mainly by Capital Markets
- The U.S. represented 23% of total bank revenue in the last 12 months<sup>(1)(4)</sup>
  - Q1/2020 U.S. revenue was up 17% YoY and 19% QoQ
- U.S. PCL on loans ratio of 18 bps, down 9 bps QoQ as the prior quarter included higher PCL on impaired loans in U.S. Wealth Management (including City National)

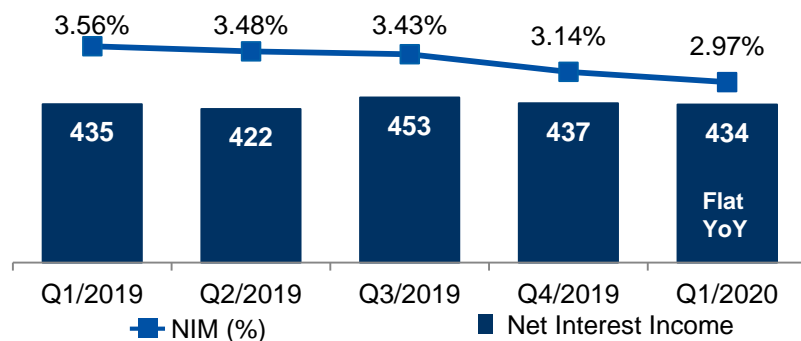
(1) Excludes Corporate Support. Revenue is on a Tax Equivalent Basis (TEB). These are non-GAAP measures. For more information, see slide 27. (2) Other revenue includes U.S. portions of U.S. Banking, Insurance and I&TS. (3) Adjusted net income for every quarter excludes CNB's amortization of intangibles and integration costs, which were US\$27MM/C\$36MM after-tax (US\$37MM/C\$49MM before-tax) in Q1/2020. These are non-GAAP measures. For more information, see slide 27. (4) Based on C\$ figures.

# Strong double-digit volume growth in U.S. Wealth Management (incl. CNB)

## U.S. Wealth Management (including CNB)<sup>(1)</sup>

US\$ millions (unless otherwise stated)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Revenue	1,103	1,155	1,168	1,175	1,234
Revenue excl. U.S. WAP gains/(losses) <sup>(2)</sup>	1,092	1,091	1,155	1,167	1,188
Provisions For Credit Losses	20	23	20	25	(4)
Expenses	868	925	906	959	1,011
Expenses excl. U.S. WAP gains/(losses) <sup>(3)</sup>	859	868	889	950	965
<b>Net Income</b>	<b>187</b>	<b>178</b>	<b>203</b>	<b>169</b>	<b>191</b>
Adjusted Net Income <sup>(4)</sup>	215	206	231	197	218
AUA (\$BN)	378.0	400.9	408.1	412.6	437.3
AUM (\$BN)	107.3	113.5	117.2	123.7	130.9
CNB Loans (\$BN)	35.3	36.4	38.1	39.9	42.1
CNB Deposits (\$BN)	42.1	41.1	44.2	48.1	50.3
<b>CNB Net Income</b>	<b>104</b>	<b>90</b>	<b>115</b>	<b>95</b>	<b>104</b>
CNB Adjusted Net Income <sup>(4)</sup>	132	118	143	123	131

## CNB NIM and Net Interest Income (US\$ millions)



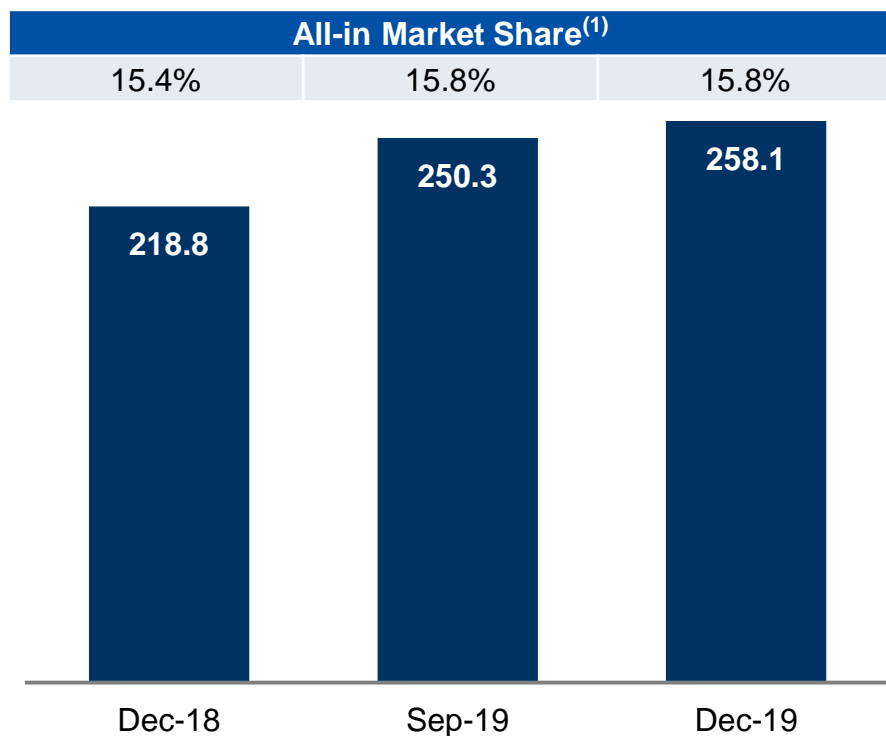
(1) All balance sheet figures represent average balances. (2) Revenue net of U.S. wealth accumulation plans (WAP) gains/(losses), which were US\$46MM in Q1/20, is a non-GAAP measure. For more information, see slide 27. (3) Expenses net of U.S. WAP gains/(losses), which were US\$46MM in Q1/20, is a non-GAAP measure. For more information, see slide 27. (4) Adjusted net income for every quarter excludes CNB's amortization of intangibles and integration costs, which were US\$27MM after-tax (US\$37MM before-tax) in Q1/20. These are non-GAAP measures. For more information, see slide 27.

## Q1/2020 Highlights (US\$)

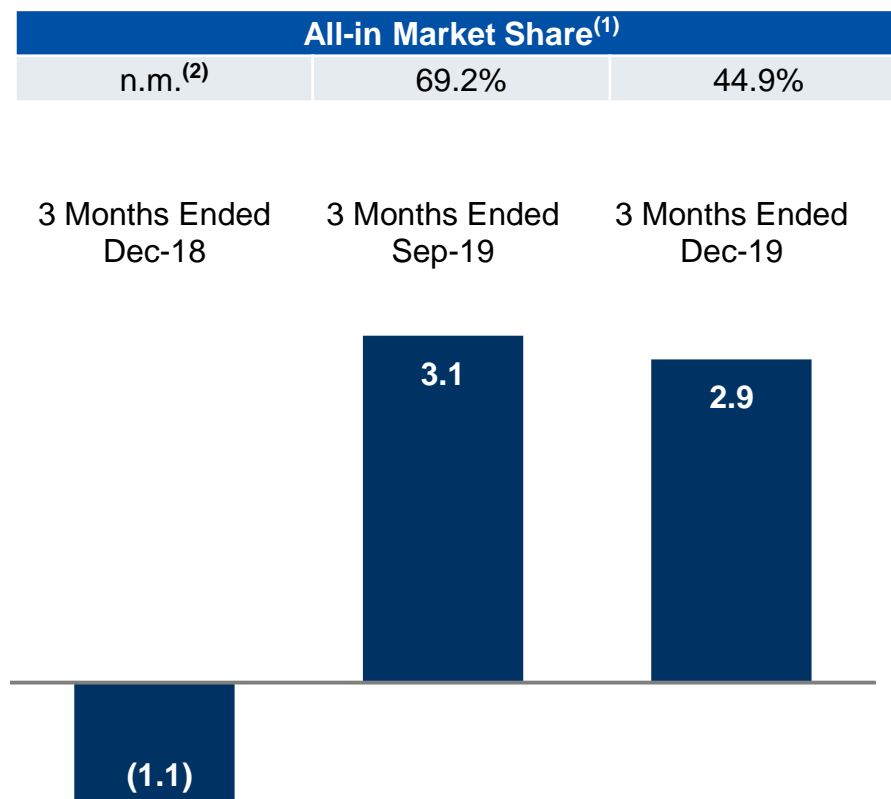
- **Net income up 2% YoY**
  - Strong volume growth, higher fee-based revenue and lower PCL offset impact from higher expenses and lower NIM
- **Revenue up 12% YoY**
  - Revenue up 9% ex-U.S. WAP gains/(losses)<sup>(2)</sup>
  - Higher average fee-based client assets reflecting market appreciation and net sales
    - AUM growth of 22% YoY
    - AUA growth of 16% YoY
  - Net interest income at CNB was relatively flat YoY as double-digit loan and deposit growth was offset by lower spreads
    - CNB NIM down 59 bps YoY (down 17 bps QoQ), mainly driven by lower loan yields and higher funding costs
- **Expenses up 16% YoY**
  - Expenses up 12% ex-U.S. WAP gains/(losses)<sup>(3)</sup>
  - Higher variable compensation commensurate with revenue growth
  - Higher costs related to business growth and technology initiatives as we continue to invest for the future
- **Lower PCL YoY**

# Growing our leading market share in Canadian retail assets under management

## Assets Under Management (\$ billions)



## Net Sales (\$ billions)

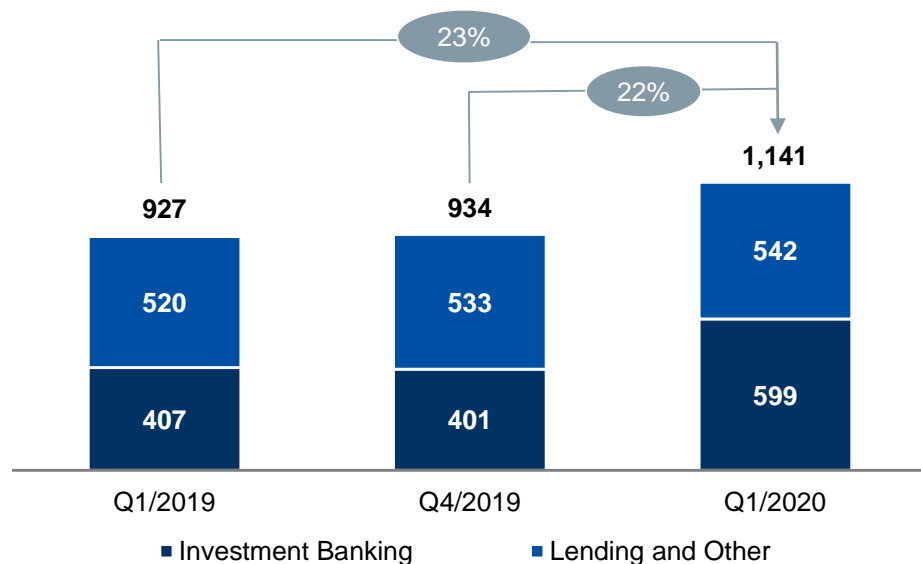


- RBC Global Asset Management (GAM) ranks #1 in market share by AUM with 15.8% of all-in<sup>(1)</sup> share; amongst the bank fund companies, RBC has market share of 32.2%
- RBC GAM captured 67.1% of total industry net sales for the past 12 months<sup>(1)</sup>

(1) Investment Funds Institute of Canada (IFIC) as at December 2019 and RBC reporting. Comprised of long-term funds and money market funds. (2) Not meaningful: both RBC and industry saw net redemptions during three months ended December 2018.

# Capital Markets revenue breakdown by business

## Corporate and Investment Banking Revenue Breakdown by Business (\$ millions)



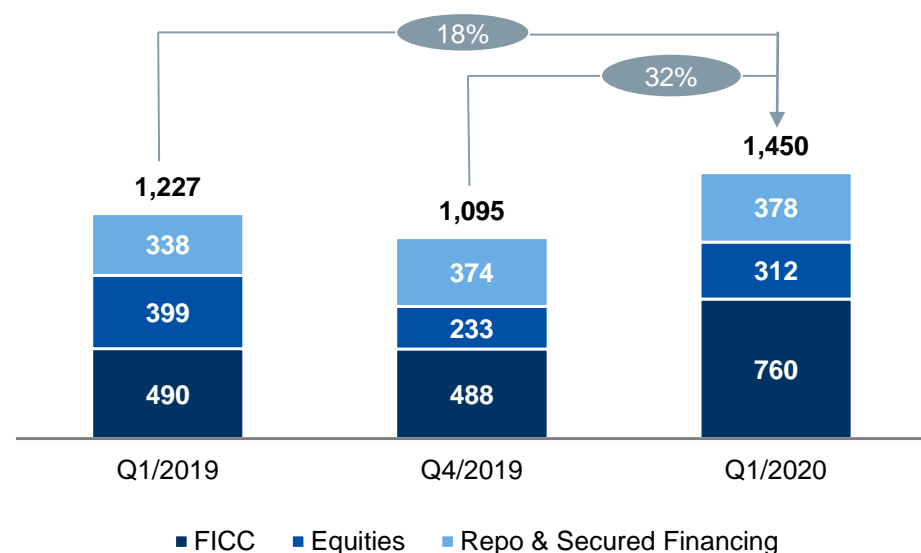
### YoY:

- Higher M&A fees, primarily in North America
- Higher debt origination, largely in the U.S.
- Higher loan syndication in North America
- Higher equity origination, primarily in Canada

### QoQ:

- Higher M&A fees, primarily in North America
- Higher loan syndication in North America
- Higher lending revenues in the U.S. and Europe

## Global Markets Revenue Breakdown by Business (\$ millions)



### YoY:

- Higher fixed income trading across all regions
- Higher debt and equity origination across all regions
- Partially offset by lower equity trading, primarily in the U.S., and lower FX trading in Canada

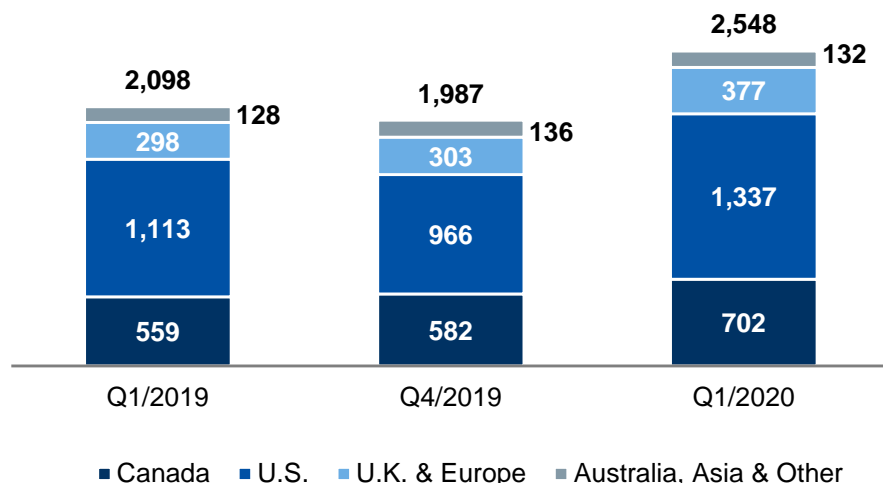
### QoQ:

- Higher fixed income and equity trading across most regions
- Higher commodities trading in Canada



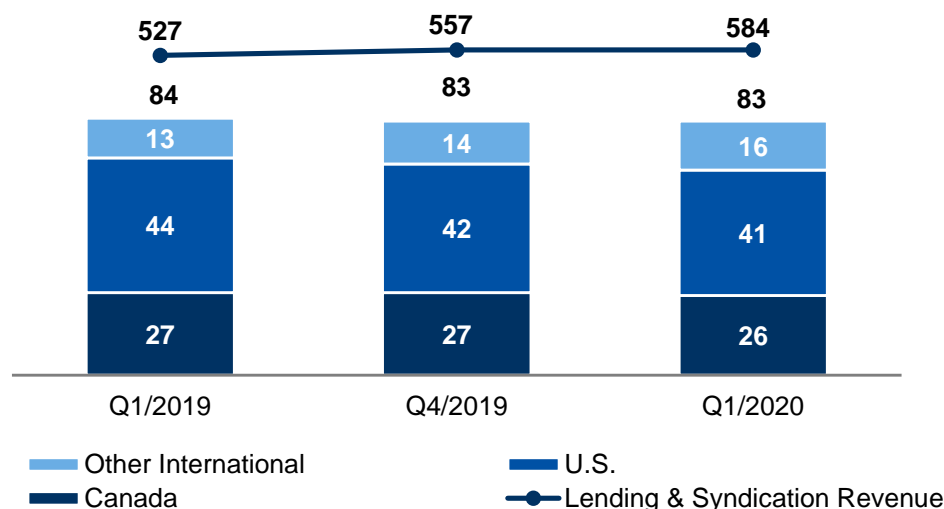
# Capital Markets revenue and loan breakdown by geography

## Capital Markets Revenue Breakdown by Geography (\$ millions)



- **Canada:** Up YoY driven by higher fixed income trading, higher M&A fees, and higher debt and equity origination, partly offset by lower FX trading
- **U.S.:** Up YoY driven by higher fixed income trading, higher debt origination, higher M&A fees, and higher loan syndication, partly offset by lower equity trading
- **U.K. & Europe:** Up YoY due to higher fixed income trading and higher lending revenues
- **Australia, Asia & Other:** Up YoY driven by higher equity origination and higher fixed income trading, partly offset by lower equity trading

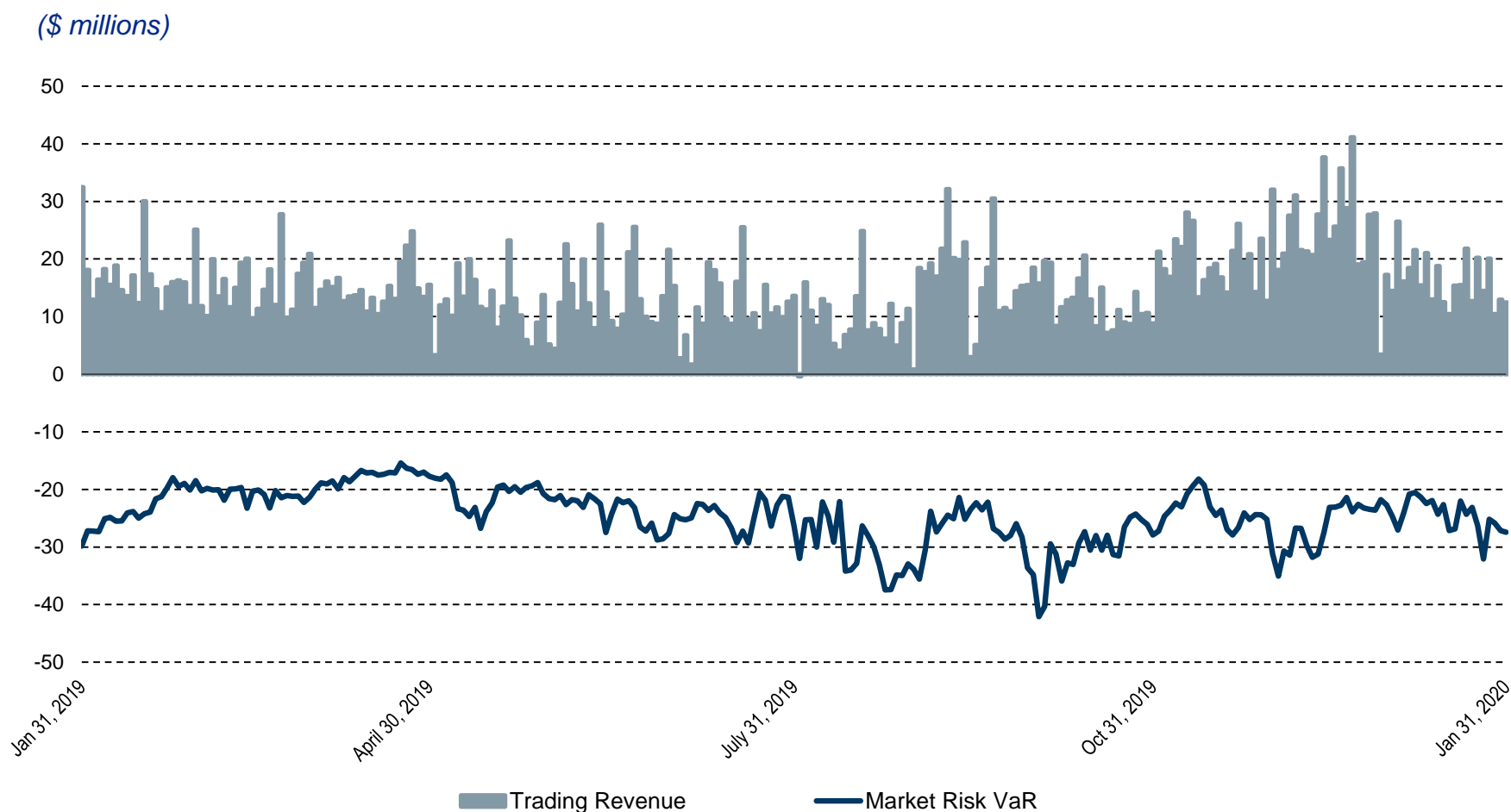
## Capital Markets Lending & Syndication Revenue (\$ millions) & Average Loans Outstanding by Region<sup>(1)</sup> (\$ billions)



- Continue to deepen and optimize client relationships
- Diversification driven by strict limits on a single name basis, country, industry, and product levels across all businesses, portfolios, transactions, and products
- Consistent lending standards throughout the cycle
- Approximately 57% of our total Capital Markets exposure<sup>(2)</sup> is investment grade

<sup>(1)</sup> Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on a single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. This is a non-GAAP measure. For more information, see slide 27. <sup>(2)</sup> Total exposure represents exposure at default (EAD) which is the expected gross exposure upon the default of an obligor.

## Market risk trading revenue and VaR



- During the quarter, there were no days with net trading losses.
- Average market risk VaR decreased from the prior quarter, due to the impact of overall lower market volatility and a reduction in average inventory levels in our fixed income portfolios.

## Other items impacting results

F2020 Other Items (\$ millions, except for EPS)	Segments	Before-Tax	After-Tax	Diluted EPS
<b>Q1/2020</b>				
No significant items of note				
F2019 Other Items (\$ millions, except for EPS)	Segments	Before-Tax	After-Tax	Diluted EPS
<b>Q4/2019</b>				
Gain on the sale of the private debt business of BlueBay	Wealth Management	\$142	\$134	\$0.09
Severance and related costs associated with repositioning of I&TS	Investor & Treasury Services	(\$113)	(\$83)	(\$0.06)
Unfavourable accounting adjustment	Corporate Support	(\$55)	(\$41)	(\$0.03)
<b>Q3/2019</b>				
No significant items of note				
<b>Q2/2019</b>				
No significant items of note				
<b>Q1/2019</b>				
Write-down of deferred tax assets in Barbados	Personal & Commercial Banking	n/a	(\$21)	(\$0.01)
Favourable accounting adjustment related to Canadian Wealth Management	Wealth Management	\$39	\$28	\$0.02

## Note to users

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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, including results excluding Corporate Support, adjusted earnings per share, pre-provision, pre-tax earnings, non-interest expense excluding variable and stock-based compensation, Capital Markets average loans and acceptances excluding certain items, revenue net of Insurance fair value change of investments backing our policyholder liabilities, revenue and expenses excluding WAP gains/losses and City National adjusted net income 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” sections of our Q1/2020 Report to Shareholders and 2019 Annual Report.

Definitions can be found under the “Glossary” sections in our Q1/2020 Supplementary Financial Information and our 2019 Annual Report.

### Investor Relations Contacts

Nadine Ahn, SVP Wholesale Finance and Investor Relations	(416) 974-3355
Asim Imran, Senior Director, Investor Relations	(416) 955-7804
Marco Giurleo, Senior Director, Investor Relations	(416) 955-2546

 [www.rbc.com/investorrelations](http://www.rbc.com/investorrelations)