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NADINE AHN, SVP OF WHOLESALE FINANCE & INVESTOR RELATIONS

Thank you, and good morning everyone.

Speaking today will be: Dave McKay, President and Chief Executive Officer; Rod Bolger, Chief Financial Officer, and Graeme Hepworth, Chief Risk Officer. Then we'll open the call for questions. To give everyone a chance to ask a question, we ask that you limit your questions and then re-queue. We also have with us in the room: Neil McLaughlin, Group Head, Personal & Commercial Banking; Doug Guzman, Group Head, Wealth Management, Insurance and I&TS; and Derek Neldner, Group Head, Capital Markets.

As noted on slide 1, our comments may contain forward-looking statements, which involve assumptions, and have inherent risks and uncertainties. Actual results could differ materially. I would also remind listeners that the bank assesses its performance on a reported and adjusted basis and considers both to be useful in assessing underlying business performance. With that, I'll turn it over to Dave.

DAVE MCKAY, PRESIDENT & CHIEF EXECUTIVE OFFICER

Thanks, Nadine. Good morning, everyone and thank you for joining us.

We had a great start to the year – delivering record quarterly earnings of $3.5 billion. We reported record results in Canadian Banking and Capital Markets, and very strong results in Wealth Management despite interest rate headwinds, and a good quarter in Insurance. Our results were driven by strong volume growth across our leading client franchises, lower PCL[1] and prudent expense management. We continued to win market share while maintaining a risk profile at the lower end of our appetite, and generating an ROE of 17.6%[2], a premium relative to our global peers. And I am also pleased to announce a 3 cent increase to our dividend, bringing our quarterly dividend to $1.08 per share. Our strong capital generation and robust 12% CET1 ratio are proof of our disciplined capital deployment strategy, which is one of RBC's core strengths. Along with the dividend increase, we bought back 7 million shares this quarter, supporting our focus on delivering long-term value for our shareholders. While share buybacks will always be an effective and flexible lever to improve returns, allocating capital for net income growth will continue to be our primary focus.

Our leading scale and diversity of revenue streams enables us to invest concurrently in technology, sales capacity and client value, positioning us to succeed in this period of secular change and macro uncertainty. In addition, we constantly review our portfolio of businesses to ensure they provide long-term sustainable growth opportunities and meet our return hurdle rates. Along with re-positioning part of our international custody business, as announced in Q4, we entered into agreements to sell all of our banking operations in the Eastern Caribbean this quarter. Similarly, we actively manage our Capital Markets loan book to build sustainable relationships and returns.

Before moving to segment results, I want to touch on the macro environment for a minute. While the start of the fiscal year saw a reduction in global trade tensions – which was positively impacting market sentiment and yield curves – recent uncertainty related to coronavirus (COVID-19) is reigniting downside risks to the global economic outlook given the potential for disruption to global supply chains. We are monitoring the situation closely. While we have limited direct exposure to the regions impacted hardest by the virus, we are concerned for those affected by the recent outbreak.

Turning to our domestic business, the Bank of Canada's tone has become more cautious given recent economic data showing weaker business investment, exports and consumer spending, despite positive business sentiment and low unemployment levels. A key strength of the Canadian economy is housing. We continue to see strengthening in Toronto's housing market, with low interest rates and constrained supply pushing prices higher. We are also seeing signs of a recovery in Vancouver; and high activity levels continuing in Montreal and Ottawa. With household demand being supported by economic and population growth, including immigration − we would support measures to address an increasingly limited housing supply. Against this backdrop, I want to update you on our business segment performance.

[1] Provisions for credit losses (PCL).
[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 page 10.

Canadian Banking reported another record quarter with net income of over $1.6 billion. We continue to leverage our multi-year investments in sales capacity and digital capabilities to drive strong client-driven volumes. Over the last year, we added over $60 billion in total volumes across loans and deposits. With respect to deposits, our growth in chequing accounts accelerated to 6% over the last year. As a key Canadian Banking product, this has been a core focus for us as we continue to deepen relationships with our clients. 18%[3] of RBC clients have all four of transaction accounts, credit cards, investments, and borrowing products with RBC – higher than the peer average[3] of 12%[3]. Along with the personal chequing account, Canadian residential mortgages are a core, long-term product for our clients, and we're seeing strong client acquisition and retention. Over the last year, our leading distribution and differentiated value proposition has added over $21 billion in mortgage volumes to our market-leading franchise. And nearly 95% of our mortgage clients have more than one product with RBC. While our mortgage growth has impacted Canadian Banking's total margins, Canadian mortgages remains a high-ROE[4] product given their low risk-weighting; generating returns well in excess of our medium-term ROE[4] objective. And we are still originating prime Canadian retail credit. The credit risk indicators and profile of our new mortgage originations are as strong as our existing portfolio. And with strong offers and integrated campaigns, we've deepened the value proposition of our proprietary loyalty program and we're seeing higher Credit Card acquisitions year-over-year. We remain committed to meeting our client acquisition target of 2.5 million new Canadian Banking clients by 2023. With net new client acquisitions up 30% from last year, we have had a good start to 2020.

Turning to Wealth Management, we had a third consecutive quarter with earnings over $600 million and revenue over $3 billion, benefiting from both strong markets and net sales. In Global Asset Management, we added another 40 basis points to our leading Canadian retail market share[5] over the last 12 months. With an uncertain macroeconomic and geopolitical backdrop, our clients continue to come to us for trusted advice and exceptional service. With 82% of AUM outperforming the benchmark on a 3-year basis[6], we added to our track record of superior net flows, generating a further $11 billion of retail net sales over the last 12 months. In Canadian Wealth Management, we continue to grow our top-tier distribution, adding more than 50 investment advisors over the last 12 months, building on the capabilities of our existing team of over 2,000 advisors. Going forward, we expect to continue to leverage our distribution scale to drive sustained growth.

Our U.S. Wealth Management franchise continues to perform well despite headwinds from lower interest rates. We continued to see very strong, double-digit volume growth across AUA, AUM, loans, and deposits as we execute on our accelerated organic growth strategy. With double-digit growth in deposits, we are seeing the results of a wide range of initiatives we spoke about in the first half of 2019, including the roll-out

[3] Canadian Financial Monitor by Ipsos–18,000 Canadian individuals –data based on Financial Group results for the 12-month period ending October 2019; Cross-sell calculation methodology has been updated from previous quarters since Q2/19.TFSA is considered an Investment. Peers include BMO, BNS, CIBC and TD.
[4] 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 page 10.
[5] Investment Funds Institute of Canada (IFIC) as at December 2019 and RBC reporting. Comprised of long-term funds and money market funds.
[6] As at December 2019, gross of fees.

of our new treasury management platform and investments into Exactuals, FilmTrack and Datafaction. A priority for us is to grow our U.S. Private Client Group and City National franchises given funding synergies and opportunities for increased client referrals, including over $1 billion of mortgage flow through our U.S. wealth management channels. Similar to Canadian Banking, mortgages are an important, low-risk anchor product that allows us to build deeper, long-term relationships with our City National clients. We are also increasingly focused on leveraging our strengths to boost City National's digital banking offerings. We continue to expect strong loan and deposit growth, given multi-year investments in sales capacity.

Our Capital Markets business delivered record earnings this quarter, more than $100 million higher than our previous record. We benefited from the closing of landmark transactions including BB&T's merger with SunTrust, Apollo's acquisition of Cox media assets, and Broadcom's acquisition of Symantec's assets. Our strong results this quarter propelled us to 9th in the global league tables[7]. The quarter provided a more favourable environment for the industry relative to last year. Narrowing credit spreads and low interest rates created a favourable environment for companies looking for financing. Likewise, dovish global central banks and low equity volatility helped provide a constructive backdrop for equity markets and deal flow. Our investments over a number of years in strengthening our talent has been an important driver in the rising strength of our Capital Markets franchise. The benefits of which can be seen by our increased roles in global mandates. Our investment banking pipeline remains healthy, reflecting reasonably strong market conditions. However, the conversion of deals to realized revenue remains dependent on market and regulatory conditions, which could be volatile through the year given uncertainty around the geopolitical landscape and concerns over coronavirus (COVID-19). Global Markets had an impressive quarter with strong performance in our FICC businesses, reflecting healthy client engagement and the strength of our client-focused franchise.

Overall, we delivered a very strong quarter, and are starting 2020 from a position of strength. We have scale, leading market share and momentum across our core franchises. We are well positioned to continue providing value-added advice and service to our existing clients, while attracting new clients and gaining market share across our segments. While we face challenging headwinds from lower interest rates, moderating global growth and normalizing credit conditions, we remain committed to balancing our investments and continuing to create long-term value for our clients and shareholders.

With that, I'll pass it over to Rod.

[7] Dealogic – Fiscal Q1 2020.

ROD BOLGER, CHIEF FINANCIAL OFFICER

Thanks Dave, and good morning everyone. Starting on slide 5, we had record earnings of $3.5 billion, up 11% from last year. Diluted EPS[8] of $2.40 was up 12% year-over-year. I'll start with a few comments on cost management. Expenses were up 8% year-over-year. However, most of the growth was driven by staff-related costs such as variable and stock-based compensation – which was commensurate with strong revenue growth in Capital Markets and Wealth Management. Excluding these, expenses were up 3%[9] year-over-year. Total headcount across the bank declined from last quarter as we remain vigilant on controlling costs and driving efficiencies.

Moving on to capital on slide 6. As Dave noted, with the CET1 ratio of 12%, we remain well-positioned to fund organic growth opportunities in our leading franchises and to return capital to our shareholders. Our strong earnings allowed us to generate 38 basis points of internally generated capital; more than offsetting the combined impact of previously disclosed accounting and regulatory changes. Strong client-driven RWA growth in Canadian Banking, City National and Capital Markets, and the impact of lower discount rates in determining pension and post-employment benefit obligations was partially offset by normal-course parameter and methodology updates. We also distributed $2.2 billion to our common shareholders in the form of share buybacks and dividends this quarter. Our share count is now at its lowest level since 2010.

Moving to our business segment performance on slide 7. Personal & Commercial Banking reported earnings of nearly $1.7 billion. Canadian Banking net income of over $1.6 billion was up 5 percent from a year ago. Our commitment to exceptional client experiences and innovative digital offerings continue to resonate with clients. Strong volume growth across our Canadian Banking businesses led to 5% year-over-year growth in total revenue. We are seeing increased momentum in our mortgage portfolio, up a strong 9% year-over-year. Total real estate secured lending[10] was up 7%, net of lower HELOC balances. Similar to last quarter, mortgage volumes were driven by strong origination volumes, up 40% year-over-year, and strong client retention of over 91%. Following double-digit growth in Commercial lending over the last year; as expected, we saw a moderation in the growth rate across a number of sectors. However, we still added over $5.5 billion of volumes. GIC growth rates moderated somewhat to a still strong 10% year-over-year as our clients shifted into mutual funds. Higher fee income this quarter was largely driven by strong, double-digit growth in Assets Under Administration, helping offset some pressure from lower margins. Net interest margin declined 4 basis points from last quarter, largely from compressed spreads from competitive pricing on both mortgages and GICs. Should we see continued pricing competition and strong mortgage growth through the Spring housing season, our NIM could compress a further 3 to 5 basis points for the rest of the year. Expense growth was contained at 4% year-over-year driving positive operating leverage of 0.7%. We saw a reduction in

[8] Earnings per share (EPS).
[9] This is a non-GAAP measure. For more information, please refer to page 10.
[10] Real estate secured lending (RESL) includes residential mortgages and HELOC.

headcount through attrition and continue to reduce branch square footage. We still expect positive operating leverage for the full year, but expect to see increased pressure in the back half of the year from upcoming changes in the credit card landscape and continued pressures on loan and deposit spreads. We do not expect any material impact to earnings from the sale of our banking operations in the Eastern Caribbean that Dave highlighted earlier.

Turning to slide 8, Wealth Management earnings of $623 million were up 4% year-over-year. Adjusting for the favourable accounting adjustment related to Canadian Wealth Management in Q1/2019, earnings were up 9%[11] year-over-year, largely in line with recent quarters. Both Global Asset Management AUM and Canadian Wealth Management AUA were up double-digits year-over-year, largely due to North American equity markets rebounding from challenging market conditions last year. We continued to gain market share in Global Asset Management, adding nearly $3 billion of Canadian retail net sales this quarter. While equity markets drove market appreciation, the majority of our retail flows were in long-term fixed income and balanced solutions.

In U.S. Wealth Management, revenues were up 12% year-over-year in U.S. dollars. Assets Under Administration grew a strong 16% year-over-year, reflecting both market appreciation and net sales, partly due to our successful recruitment of experienced financial advisors. Net income was relatively flat year-over-year as robust volume growth was offset by the cumulative impact of the three Fed rate cuts from July to October, as well as by higher costs to support organic business growth. Loan growth of 19% at City National continued to be led by commercial lending, however we also continued to see very strong mortgage growth of 24% year-over-year. On a geographic basis, we are seeing an increased contribution from our East Coast expansion, with loans in the region up 40% year-over-year. Expansion in new markets contributed a quarter of total loan growth. Total deposit growth at City National was up 19% year-over-year, or 11%[12] excluding sweep balances. City National NIM was down 17 basis points quarter-over-quarter largely due to the average Fed Funds rate declining 45 basis points. Given the asset-sensitive nature of City National's balance sheet and continued competitive pressures on deposit pricing, we expect margins to tick lower throughout the remainder of 2020, albeit at a much slower pace.

Moving onto Insurance on slide 9, net income of $181 million was up 9% from last year, mainly due to new longevity reinsurance contracts, partially offset by the lower impact from reinsurance contract renegotiations. While Insurance first quarter earnings are seasonally lower from a strong Q4, earnings this Q1 were higher relative to prior first quarter results. Expenses in this segment are well controlled and remained fairly consistent at around $150 million over the last 2 years even as we grew our revenue. Looking forward, we

[11] This is a non-GAAP measure. For more information, please refer to page 10.
[12] This is a non-GAAP measure. For more information, please refer to page 10.

continue to target modest earnings growth for the full year. This segment continues to generate a high ROE[13], which is well in excess of our bank-wide medium-term objectives.

Investor & Treasury Services results are highlighted on slide 10. Earnings of $143 million were down 11% from last year. Total revenue decreased, mainly due to lower client deposit revenue, largely because of the short-term interest rate environment. Asset services revenue was lower due to reduced client activity and continued pricing pressures, reflecting secular market and industry headwinds. Recall, funding and liquidity revenue is seasonally higher in the first quarter driven by increased money market opportunities. The business also experiences some earnings compression when we see the flattening of the yield curve. Going forward, we expect seasonally lower earnings next quarter, and hope to see increasing levels of profitability toward the end of 2020 and into 2021 as we work through the repositioning of the business announced in Q4.

Turning to Capital Markets on slide 11. The segment generated record net income of $882 million, up 35 percent from last year, benefiting from strong revenue growth as an unusually elevated number of transactions closed in the quarter. Earnings also benefited from lower PCL as the prior year included provisions related to one account in the utilities sector. Also, Capital Markets generated positive operating leverage of 4.7%. Expense growth outside of the performance-based compensation was modest amidst record revenue. Capital Markets ROE[14] expanded this quarter as we generated higher revenue off a lower RWA footprint.

Corporate & Investment Banking revenue was up 23% year-over-year as we realized revenue from the closing of significant transactions, in line with guidance provided in our year-end call. The constructive market conditions that Dave highlighted also drove higher debt and equity origination results, especially in North America. We increased our market share in the global fee pools across M&A, DCM and ECM. Global Markets revenue was up a strong 18% from last year, largely due to higher fixed income trading revenue across all regions. We had particular strength in Credit trading, benefiting from secondary flow from strong debt underwriting results and narrowing credit spreads. Rates trading also performed well in a volatile interest rate environment. In addition, we deployed balance sheet towards our repo business. Equities trading had a solid quarter despite lower volatility. And recall Q1 last year was a record quarter for this business.

Overall, we had a strong start to the year. We continue to focus on our strategy of creating more value for our clients and shareholders while driving premium growth in a prudent manner. With that, I'll turn it over to Graeme.

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[13] 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 page 10.
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GRAEME HEPWORTH, CHIEF RISK OFFICER

Thank you Rod and good morning everyone.

I will begin my remarks starting on slide 13. This quarter, our provisions on performing loans of $83 million or 5 basis points, were flat quarter-over-quarter, albeit at the higher end of our expected range of 3-5 basis points. This mainly reflects portfolio growth in the quarter, especially in our cards portfolio which typically sees an increase following the holiday season. It also reflects changes in our macroeconomic forecast where moderately higher long term interest rates, weaker oil & gas markets, and higher unemployment rates, were offset by favourable housing trends in Canada. On the other hand, our provisions on impaired loans of $338 million or 21 basis points, were down 6 basis points from last quarter and were below our expected range of 25-30 basis points. This is mainly due to lower provisions in Personal & Commercial Banking and Wealth Management.

Let me now provide some additional colour on PCL for some of our businesses. In Canadian Banking, PCL on loans decreased by $33 million from last quarter, largely reflecting lower provisions on impaired loans in our commercial portfolio across a number of sectors. This was partially offset by an increase in provisions on performing loans this quarter, mainly in our cards and commercial portfolios, due to the factors I noted earlier. In Caribbean Banking, PCL on loans decreased by $18 million from last quarter, due to recoveries in our commercial portfolio and lower provisions in our residential mortgage portfolio. In City National, PCL on loans decreased by $40 million from last quarter, reflecting provisions we took last quarter in our consumer discretionary sector and higher recoveries this quarter. Lastly, while PCL on loans in Capital Markets were stable quarter over quarter, we did have higher provisions in both the Oil & Gas and Other Services sectors this quarter.

Turning to slide 14. Gross impaired loans of $2.9 billion was down $40 million from last quarter. In City National, we had higher impairments, mainly due to new formations in our consumer staples and discretionary sectors, partially offset by repayments across a number of sectors this quarter. In Canadian Banking, while we had higher impairments this quarter, the level of new formations in both our retail and commercial portfolios and the level of write-offs in our commercial portfolio have declined from last quarter. In Caribbean Banking, we had higher recoveries, which I noted earlier, and lower allowances in our residential mortgage portfolio, which was partially offset by an increase in new formations this quarter. In Capital Markets, we continued to see elevated impairments in the oil & gas sector this quarter, as the sector remains under pressure. However, consistent with last quarter, we are seeing the trend moderating with higher repayments and fewer new formations this quarter. While impairment levels in Capital Markets and City National remained elevated this quarter, the need for material provisions were mitigated by the strength of our underwriting, both in terms of collateral and guarantees supporting our loans.

Turning to slide 16, PCL across most of our retail portfolios, including our residential mortgage portfolio, were generally stable quarter over quarter. We did see ongoing weakness in our unsecured portfolios in certain regions. In Alberta, unemployment levels remained elevated at 7.3%[15] due to ongoing weakness in the oil & gas sector, which most impacted our personal lending portfolio. In Quebec, the impact of the minimum credit card payments, implemented last August, continued to lead to higher insolvencies, mainly in the form of consumer proposals, impacting both our cards and unsecured lending portfolios. While the impact of rising consumer proposals was most pronounced in Alberta and Quebec, we do see a modest degree of weakness in other regions as well.

To conclude, our retail portfolios continue to be generally stable and areas of weakness have been manageable. Our wholesale portfolios continue to benefit from our strong underwriting practices, industry diversification and geographic mix. However, ongoing challenges, such as the weakness in the oil and gas sector and global geo-political risks, as well as emerging concerns relating to COVID-19 and rail blockades, do create considerable uncertainty that we are monitoring closely and actively managing. Overall, while our portfolios have performed slightly better than expected this quarter, in light of the noted uncertainty, we are maintaining our previous guidance on PCL. With that operator, let's open the lines for Q&A.

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, including results excluding the favourable accounting adjustment related to Canadian Wealth Management, non-interest expense excluding variable and stock-based compensation, and total deposit growth at City National excluding sweep balances, 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 our 2019 Annual Report.

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

[15] Statistics Canada.