



RBC

*Always earning the right
to be our clients' first choice*



ROYAL BANK OF CANADA
ANNUAL REPORT 2013

Royal Bank of Canada (RY on TSX and NYSE) is Canada's largest bank as measured by assets and market capitalization, and is among the largest banks in the world, based on market capitalization. We are one of North America's leading diversified financial services companies, and provide personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis. We employ approximately 79,000 full- and part-time employees who serve more than 15 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 44 other countries. For more information, please visit rbc.com.

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See our Glossary for definitions of terms used throughout this document.



For more information, please visit: rbc.com



To view our online annual report, please visit: rbc.com/ar2013 (also available for mobile devices).

RBC AT A GLANCE

Diversified and strong. We're Canada's biggest bank and have grown to become one of the largest banks in the world by market capitalization. We continue to extend our lead in Canada and are selectively growing globally. Our diversification – by business, geography and client segment – supports our consistent performance and provides opportunities for growth.

2013 EARNINGS BY BUSINESS SEGMENT^{(1), (2)}

- 56% Personal & Commercial Banking
- 11% Wealth Management
- 8% Insurance
- 4% Investor & Treasury Services
- 21% Capital Markets

2013 REVENUE BY GEOGRAPHY⁽¹⁾

- 18% U.S.
- 18% International
- 64% Canada

NO.1 IN CANADA

and winning market share⁽³⁾

FOCUSED GROWTH

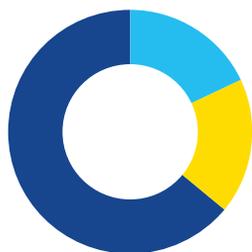
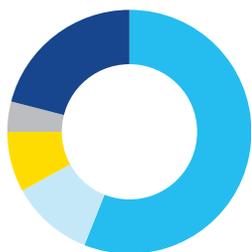
in U.S. and select international markets

DIVERSIFIED

across five leading businesses

STRONG & STABLE

financial position



46
COUNTRIES

19.4%
ROE

AMONG THE
LARGEST
BANKS
IN THE WORLD

\$8.4 billion
IN EARNINGS

~79,000
EMPLOYEES

15 million+
CLIENTS

SERVING OUR CLIENTS IN
200
LANGUAGES

\$100 million+
IN SPONSORSHIPS, DONATIONS
AND COMMUNITY INVESTMENTS

All information as at October 31, 2013

VISION

Always earning the right to be our clients' first choice.

VALUES

Service

Excellent service to clients and each other.

Teamwork

Working together to succeed.

Responsibility

Personal responsibility for high performance.

Diversity

Diversity for growth and innovation.

Integrity

Trust through integrity in everything we do.

This annual report contains 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 applicable Canadian securities legislation. 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. Additional information about our forward-looking statements and risk factors can be found under the Caution regarding forward-looking statements section of our Management's Discussion and Analysis.

(1) Amounts exclude Corporate Support.

(2) These are non-GAAP measures. For additional information see the Key performance and non-GAAP measures section of our 2013 Management's Discussion and Analysis.

(3) Based on total volumes in Canadian Banking adjusted for major acquisitions; and high net worth market share in client assets in Canadian Banking and Wealth Management in Canada (Investor Economics Report, October 2013).

STRONG RESULTS

Record performance. We provide expert advice and innovative products and services to help our clients succeed. That means we are well-positioned to deliver business growth, industry-leading efficiency, consistent profitability and strong, long-term returns to shareholders.

STRONG EARNINGS

Net Income (C\$ billion)



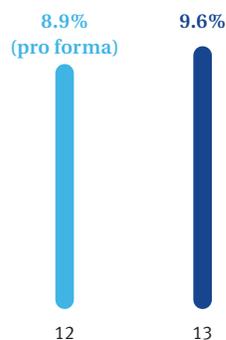
PROFITABLE GROWTH

Return on Equity (ROE)



FINANCIAL STRENGTH

Common Equity Tier 1 (CET 1) Capital Ratio⁽¹⁾



DELIVERING RETURNS TO SHAREHOLDERS

Dividends Declared per Share



Presented on a consolidated basis and prepared in accordance with International Financial Reporting Standards (IFRS)

OUR FINANCIAL PERFORMANCE OBJECTIVES

Our focus is to maximize Total Shareholder Returns (TSR) through the achievement of top quartile performance over the medium term (3-5 years), which we believe reflects a longer term view of strong and consistent financial performance.

	2013 RESULTS	ACHIEVED
Diluted EPS Growth of 7%+	12.4%	✓
ROE of 18%+	19.4%	✓
Strong capital ratios (CET 1) ⁽¹⁾	9.6%	✓
Dividend payout ratio 40% – 50%	45%	✓

Measuring progress against our medium-term TSR objective

TOTAL SHAREHOLDER RETURNS⁽²⁾

	Three-year TSR	Five-year TSR
RBC	13% Second quartile	13% Second quartile
Peer Group Average	11%	9%

(1) Effective the first quarter of 2013, we calculate capital ratios using the Basel III framework.

(2) The peer group average excludes RBC; for more information on the list of 20 financial institutions in the peer group, refer to the Financial performance objectives section of our 2013 Management's Discussion and Analysis.

PROVEN STRENGTHS

Building on our competitive advantages and proven strengths. Our leading market positions, diversified businesses and financial strength remain clear competitive advantages in today's environment. We're constantly building the right culture, people and capabilities to deliver superior value to our clients, shareholders, employees and communities.

DIVERSIFIED BUSINESS MIX

DIVERSIFIED BY BUSINESS, GEOGRAPHY AND CLIENT SEGMENT

MAINTAINED THE RIGHT MIX
between retail and wholesale businesses

LEADING MARKET POSITIONS

NO.1 OR NO.2 MARKET SHARE
IN ALL PRODUCT CATEGORIES
IN CANADIAN BANKING

TOP 10 GLOBAL CUSTODIAN⁽¹⁾
WITH AN INTEGRATED
CLIENT OFFERING

Sixth-largest⁽²⁾
GLOBAL WEALTH MANAGER

LEADING GLOBAL
investment bank

ONE OF THE
LARGEST BANK-OWNED
INSURANCE COMPANIES
IN CANADA

Largest Canadian
MUTUAL FUND PROVIDER⁽³⁾

HIGH PERFORMANCE CULTURE

Consistently recognized as an
EMPLOYER OF CHOICE
in Canada and increasingly
attracting top talent globally

**LEADING EMPLOYEE
ENGAGEMENT SCORES**

BROAD OFFERING AND STRONG DISTRIBUTION NETWORK

**STRONG COLLABORATION
WITH PROVEN CROSS-SELL
ABILITY**

**RECOGNIZED AS ONE OF THE
MOST VALUABLE BRANDS IN
CANADA AND RANKED IN THE
TOP 25 AMONG GLOBAL
BANKING BRANDS**

LARGEST
distribution network in
Canada with targeted
global reach

**2ND FASTEST
GROWING
ASSET MANAGER IN
THE WORLD⁽⁴⁾**

**\$1 TRILLION
IN WEALTH
MANAGEMENT
CLIENT ASSETS**

EXPERT ADVICE AND LEADING INNOVATION

Won significant number of
AWARDS

for client service, including Best Retail Bank in North America and Innovation in Customer Service awards

LAUNCHED RBC SECURE CLOUD™
the first cloud-based mobile payments solution in Canada

FIRST IN CANADA TO ENABLE DIGITAL SIGNATURES
in branch and through mobile sales force

**PATENTED THOR®
TECHNOLOGY**
to level the playing
field in equity trading

FINANCIAL AND CAPITAL STRENGTH UNDERPINNED BY STRONG RISK CULTURE

ENSURED STRATEGIES,
INITIATIVES AND INVESTMENTS ARE
WITHIN RISK APPETITE

**DELIVERED HIGH QUALITY AND
SUSTAINABLE EARNINGS GROWTH**
with ongoing focus on efficiency

PRUDENTLY DEPLOYED
CAPITAL TO MAXIMIZE
LONG-TERM RETURNS

(1) By Assets Under Administration.

(2) Scorpio Partnership Private Banking Benchmark 2013.

(3) Investment Funds Institute of Canada as of September 2013.

(4) Towers Watson 2013 Global Asset Manager Ranking Report.

FOCUSED STRATEGY

Consistent and balanced growth. Our strategic goals have guided us in delivering consistent and sustainable profitability, year after year. We have clear priorities within each business to gain profitable market share and drive efficiencies in line with our goals and risk appetite.

OUR STRATEGIC GOALS



IN CANADA
to be the undisputed leader in financial services



GLOBALLY
to be a leading provider of capital markets, investor and wealth management solutions



IN TARGETED MARKETS
to be a leading provider of select financial services complementary to our core strengths

OUR PRIORITIES

PERSONAL & COMMERCIAL BANKING

- Offering a differentiated experience: value for money, advice, access and service
- Making it easier to do business with us and be the lower cost producer
- Converging into an integrated multi-channel network
- Enhancing client experience and improving efficiency in the Caribbean and U.S.

WEALTH MANAGEMENT

- Building a high-performing global asset management business
- Focusing on high net worth and ultra-high net worth clients to build global leadership
- Leveraging RBC and RBC Wealth Management strengths and capabilities

INSURANCE

- Improving distribution efficiency and deepening client relationships
- Making it easier for clients to do business with us
- Pursuing select international opportunities to grow our reinsurance business

INVESTOR & TREASURY SERVICES

- Providing excellence in custody and asset servicing, with an integrated funding and liquidity management business
- Focusing on organic growth through client relationships, cross-selling and promoting the RBC brand
- Leveraging I&TS as a driver of enterprise growth strategies

CAPITAL MARKETS

- Maintaining our leadership position in Canada
- Expanding and strengthening client relationships in the U.S.
- Building on core strengths and capabilities in Europe and Asia
- Optimizing capital use to earn high risk-adjusted returns on assets and equity

LEADING CITIZENSHIP

Leading Corporate Citizen. We contribute to economic prosperity by being a top employer, supporting the marketplace with responsible products and services, and purchasing from suppliers of all sizes. We're committed to delivering the right strategy, business mix, culture and people to drive continued growth and take advantage of changes in the marketplace.

COMMUNITY	ENVIRONMENT	WORKPLACE
<p>3,000+ grants in support of employee volunteers</p> <hr/> <p>\$100 MILLION+ IN SPONSORSHIPS, DONATIONS AND COMMUNITY INVESTMENTS</p>	<p>21% REDUCTION IN GREEN HOUSE GAS EMISSIONS SINCE 2009⁽¹⁾</p> <hr/> <p>1,200+ environmental credit risk assessments in Canada and the U.S.</p>	<p>3,500 INCREASE IN FULL-TIME EMPLOYEES IN CANADA SINCE 2011</p> <hr/> <p>31% of middle management and above are visible minorities⁽²⁾</p> <p>46% of middle management and above are women⁽²⁾</p>
ECONOMIC IMPACT	MARKETPLACE	
<p>\$54 billion in loans to businesses in Canada⁽³⁾</p>	<p>\$3.2 billion in taxes in 2013⁽⁴⁾</p>	<p>\$3.3 BILLION IN SOCIALY RESPONSIBLE INVESTMENTS⁽⁵⁾</p> <hr/> <p>Serving our clients in 200 LANGUAGES</p>
CORPORATE INTEGRITY	<p>100% OF EMPLOYEES MUST AGREE TO ABIDE BY OUR CODE OF CONDUCT</p>	

RBC Believe in Kids Pledge



\$100 million. Five Years.
Helping over one million kids and youth

RBC Blue Water Project®
TO HELP PROVIDE ACCESS TO DRINKABLE, SWIMMABLE, FISHABLE WATER, NOW AND FOR FUTURE GENERATIONS.



For more information, visit: [RBC Corporate Responsibility Review available in March 2014 at RBC.com/community-sustainability](http://RBC.com/community-sustainability)

(1) Data reflects 2009 and 2012 reporting and includes GHG emissions from energy use and employee travel in our Canada, U.S. and British Isles operations.
 (2) Based on 2013 Federally regulated RBC businesses in Canada which include Personal & Commercial Banking, Technology & Operations and Functions.
 (3) Average loans and acceptances – includes wholesale and small business in Canadian Banking.
 (4) Total income and other taxes.
 (5) AUM in Canada and the U.S.

CEO MESSAGE

Every day, we ask ourselves how we can help our clients succeed. It's at the heart of what we do. United in our vision of earning the right to be our clients' first choice, we once again delivered strong results for our shareholders and strengthened our position for future growth.

RBC delivered record earnings in 2013, building on our financial strength, diversified business mix and ability to serve clients across many products, markets and geographies. Our domestic leadership and focus on global growth position us to deliver sustainable earnings growth and build long-term value.

Delivered Record Financial Results

Our record earnings of \$8.4 billion were up 12 per cent from the prior year, driven by record earnings in Personal & Commercial Banking, Wealth Management and Capital Markets, as well as higher earnings in Investor & Treasury Services. Diluted earnings per share (EPS) were \$5.54, return on common equity (ROE) was up to 19.4 per cent, and our Common Equity Tier 1 ratio was 9.6 per cent. Our results were underpinned by the strength and diversity of our businesses.

We achieved our financial performance objectives of diluted EPS growth, ROE, strong capital ratios and dividend payout ratio. These objectives measure our progress toward our medium-term objective of maximizing Total Shareholder Returns (TSR). We delivered TSR of 13 per cent over both three years and five years. During 2013, we delivered a one-year TSR of 28 per cent and our market capitalization exceeded \$100 billion by the end of the fiscal year.

In addition to investing in our businesses, we raised our dividend twice during 2013 for a combined increase of 12 per cent, consistent with our earnings and EPS growth. We also repurchased shares during the year and renewed our share buyback program for 2014.

We launched innovative new products and partnerships, won new clients and gained market share in key businesses in Canada and globally during the year while also increasing efficiency. We completed the acquisition of the Canadian auto finance and deposit business of Ally Financial Inc. and fully integrated the business to add scale and extend our leadership position in auto finance.

Executing on a Focused & Consistent Strategy

Our strategy is focused and consistent. It is built to deliver high-quality, sustainable earnings growth. This means pursuing not just growth — but profitable growth. It also means we will pursue opportunities that are aligned to our view of global trends, build on our strengths and deliver strong returns to shareholders.

In Canada, we are the market leader and the largest bank by both assets and market capitalization. We are focused on extending our lead through our size, scale, breadth and cross-selling ability. Outside of Canada, we are leveraging our domestic strength and expertise to grow our businesses in the largest global markets, where we serve the evolving needs of institutional, corporate and high net worth individuals. These clients place tremendous value on our strength and stability and we are well positioned to serve them through Capital Markets, Wealth Management and Investor & Treasury Services.

Our strategy takes advantage of our competitive strengths, including our diversified business mix, financial and capital strength, unmatched Canadian distribution network with select global reach, industry and financial markets expertise, talented workforce and high performance culture, and risk management expertise.



RBC IS CANADA'S
LARGEST⁽¹⁾ & MOST
PROFITABLE
BANK⁽²⁾



34%
Total increase to
quarterly dividends in
less than 3 years

(1) Measured by assets and market capitalization.

(2) Most profitable for the nine months ended July 31, 2013.

“We launched innovative new products and partnerships, won new clients and gained market share in key businesses in Canada and globally during the year, while also increasing efficiency.”

Gordon M. Nixon, President and Chief Executive Officer



One of the questions I’m often asked by investors is how we will deploy our capital. We have options — unlike many global competitors who have had to make difficult decisions — thanks to our strong business growth and prudent approach to managing capital and risk through various market and economic cycles.

Our answer is consistent. Our priorities are: investing in our businesses, which is proven to generate strong returns; returning capital to shareholders through dividends and share buybacks; and making targeted acquisitions that fit our strategy and risk appetite when we find opportunities at the right price. We will evaluate our businesses and environment to ensure we find the right balance among these priorities to continue to deliver long-term value.

Offering the Best to our Clients

The needs of our more than 15 million clients are constantly evolving, and they look to us to help them achieve their financial goals. Whether it’s helping people start their own business, buy their first house, invest for their kids’ education, protect what they care about or save for retirement, it’s up to RBC to make sure they get the advice they need, when they need it. We also play a critical role in helping businesses by providing expert advice and capital. We are always looking for ways to innovate so we can make sure that when our clients have emerging needs, we’re there to meet them.

Being an Employer of Choice

Being an employer of choice is a key to our success. Banking is a people business, and our employees are our greatest asset. By attracting and retaining talent, offering employees meaningful careers and helping them succeed, we can deliver the best for our clients each day.

I strongly believe that diversity and inclusion play a central role in driving productivity, innovation and growth. Embedding diversity in what we do allows RBC to better reflect the clients and communities we serve, and also drives employee engagement, which is critical to our continued success. It’s both the right thing and the smart thing to do.

Investing in Social Good

Our culture of integrity and doing what’s right guides how we do business. We are always working to make sure we live our values of service, teamwork, responsibility, diversity and integrity. RBC is committed to supporting the economy and creating positive change. In 2013, we contributed more than \$100 million in donations, sponsorships and community investments to support the arts, sports, diversity, the environment and our communities.

CANADIAN BANKING
**GROWING VOLUMES
AT 25% PREMIUM
TO MARKET**

NO.1
**IN HIGH NET WORTH
MARKET SHARE**
IN CANADA⁽¹⁾

(1) Investor Economics Report, October 2013.

“We’re committed to delivering the right strategy, business mix, culture and people to drive continued growth and take advantage of changes in the marketplace.”

I’m always very proud when I see how much RBC employees give back, and we’re honoured to support them. They offer their expertise to worthy causes, support community activities, participate in fundraising events and donate generously.

From the new RBC Career Launch Program™, which will give first career experience to young Canadians, to our historic \$100-million pledge to improve the well-being of one million Canadian kids and youth, we are committed to making a difference.

Looking Ahead

While regulatory changes, prolonged low interest rates, market volatility and increasing competition will pose some challenges, we also see opportunities. We’re committed to delivering the right strategy, business mix, culture and people to drive continued growth and take advantage of changes in the marketplace.

We continue to win business and deliver strong results thanks to the tireless commitment of our approximately 79,000 employees to always earn the right to be our clients’ first choice. Thank you to our clients for the trust you place in us – we will work hard to keep earning it every day. To our Board of Directors, our gratitude for your insight and guidance, with particular thanks to retiring Chair David O’Brien for his exemplary leadership over the past 10 years as RBC navigated the financial crisis and an era of enormous change.

And to our shareholders, we appreciate your confidence and look forward to building value for you in 2014 and beyond.



Gordon M. Nixon
President and Chief Executive Officer

More than
40%
market share of custody
assets in Canada⁽¹⁾

~85%
Our key markets of Canada, the U.S.,
the U.K. and Asia-Pacific represent
approximately 85 per cent of the
global investment banking fee pool⁽²⁾

(1) Canadian Institutional Investment Network, February 2013 (Based on 2012 data).
(2) Thomson Reuters Global Investment Banking Review (First nine months 2013).

CHAIR MESSAGE

“As a board, we are focused on our role as management’s key strategic advisor in its pursuit of long-term shareholder value”

David P. O’Brien, Chair of the Board



On December 31, I will retire as Chair of the RBC board. With the support of an engaged Board of Directors and an outstanding management team, it has been my honour to serve shareholders as independent Chair for 10 years and as a director since 1996. Through those years I have witnessed tremendous progress in the market leadership of RBC and this organization’s role as a trusted source of expert advice for clients, an employer of choice, a leading supporter of communities, a driver of economic growth, and a reliable source of returns for investors.

In 2013 RBC delivered record performance, the result of approximately 79,000 talented and engaged employees successfully executing the right strategy. RBC gained market share in Canada and key global markets, found better ways to serve clients, improved efficiencies and invested in people.

As a board, we are focused on our role as management’s key strategic advisor in its pursuit of long-term shareholder value. We dedicated a portion of every board meeting to discussing aspects of strategy, informed by management’s assessment of the health of the business portfolio. Throughout the year we continued to monitor the implementation of strategic initiatives and our risk profile relative to risk appetite. We remain committed to the strategic goals that positioned RBC for profitable growth in 2013: to be the undisputed leader in financial services in Canada; globally, to be a leading provider of capital markets, investor and wealth management solutions; and in targeted markets, to be a leading provider of select financial services complementary to our core strengths. Following our annual strategic planning session, we approved the 2014 strategic plan, which is aligned to our risk appetite and based on our beliefs about emerging trends in financial services, the markets in which we operate and the competitive advantages that will enable our success.

During the last year, we remained focused on the strong capital base of RBC, supervising prudent use of that capital to support the creation of value and continued growth. We reinvested capital in our businesses through acquisitions that were aligned with our business strategy, including our purchase of the Canadian auto finance and deposit business of Ally Financial Inc. And we continued to return value to shareholders through dividend increases – five in just over two years for a total increase of 34 per cent.

Over the past few years, the Board of Directors turned its attention to its own renewal. The board strategically increased its size, adding directors with specific expertise in anticipation of planned retirements at the 2014 Annual Meeting of four long-serving directors, Paule Gauthier, Brandt Louie, Jacques Lamarre and myself. On behalf of the board, I would like to thank Paule, Brandt and Jacques for their strong contributions.

We are pleased to welcome Tom Renyi to the board. Having served 10 years as Chairman and CEO of a major North American financial institution, and almost 40 years in roles spanning credit policy, securities servicing, capital markets and banking, he brings to our board strong insight into risk governance and exceptional experience in the financial services industry.

I am delighted with the board’s selection of Katie Taylor, who will succeed me as Chair of the Board. Katie has been a member of the RBC board since 2001. She has served on the Audit, Risk and Human Resources Committees, and has been Chair of the Human Resources Committee since 2010. Katie has made important contributions to the board’s strong governance culture during her tenure and is well qualified to take on the important role of leading the board, bringing valuable experience in driving the growth strategy of a complex global enterprise and deep understanding of the international marketplace.

The board extends thanks to the management team at RBC and to our talented employees around the world for their dedication to strengthening our communities and to the continued growth and success of RBC. I am confident that the Board of Directors, management and employees will continue their focus on creating long-term value for our shareholders and our clients. Finally, I owe gratitude to RBC shareholders for giving me the opportunity to serve their interests. Thank you.

A handwritten signature in black ink that reads "David P. O'Brien".

David P. O’Brien
Chair of the Board



For more information on our governance policies,
please visit: RBC.COM/governance