



ROYAL BANK OF CANADA ANNUAL REPORT 2015

**Helping clients thrive and
communities prosper**





By the numbers

#1

largest bank
in Canada

#13

largest bank
in the world

~40

countries

~78,000

employees

16 Million+

clients across
a diversified mix
of businesses

\$100 Million+

donations, sponsorships
and community
investments to
causes worldwide

All figures as at October 31, 2015. Geographic rankings based on market capitalization.

Our values guide, unite and inspire us to do what's right

Client First

We will always earn the right
to be our clients' first choice

Collaboration

We win as One RBC

Accountability

We take ownership for personal
and collective high performance

Diversity & Inclusion

We embrace diversity for
innovation and growth

Integrity

We hold ourselves to the highest
standards to build trust

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To view our online annual report, please visit: rbc.com/ar2015

Executing on our strategy

RBC is focused on markets and client segments where we can apply our strengths to win business, deepen relationships with clients and our communities, and create shareholder value. We are pursuing initiatives to drive sustainable growth and contribute to the success of our employees, clients, shareholders and communities.

Purpose

Helping clients thrive and communities prosper

Strategic Goals



In Canada: To be the undisputed leader in financial services

Vision

To be among the world's most trusted and successful financial institutions

Highlights

- Continued to lead across key businesses and client segments
- Delivered solid volume growth
- Led peers in retail client cross-sell
- Launched innovative products and services to meet clients' evolving needs and expectations
- Ranked as the most valuable brand¹ in Canada



In the U.S.: To be the preferred partner to corporate, institutional and high net worth clients and their businesses

- Announced acquisition of City National Bank² creates a powerful platform for long-term growth in the U.S., and provides significant opportunity to build deeper client relationships
- Expanded capabilities, presence and brand awareness
- Won several significant mandates in corporate and investment banking
- Strategically added top talent



In select global financial centres: To be a leading financial services partner valued for our expertise

- Prudently built out our wealth management, asset management and capital markets presence and capabilities
- Realized significant operational improvement in our custodial business and continued investment in client-focused technology solutions
- Refocused international wealth business to better serve high net worth clients from our key operational hubs
- Improved business performance in the Caribbean

1. Brand Finance

2. Acquisition closed on November 2, 2015

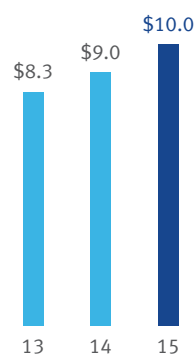
Achieving strong performance

In 2015, we grew earnings by 11%, increased our annual dividend by 8% from last year, delivered strong return on equity of 18.6% and strengthened our Common Equity Tier 1 capital ratio to 10.6%.

Metrics	Objectives	Results	Achieved
Diluted EPS Growth	7%+	12.2%	✓
Return on Equity	18%+	18.6%	✓
Capital Ratio (CET1)	Strong	Strong	✓
Dividend Payout Ratio	40% – 50%	46%	✓

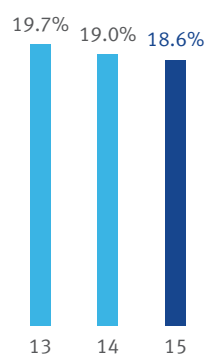
Solid Earnings

Net Income (C\$ Billion)



Profitable Growth

Return on Equity (ROE)



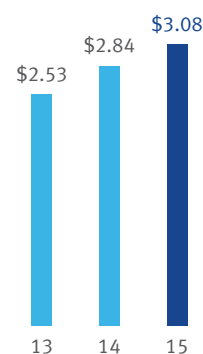
Financial Strength

Common Equity Tier 1 (CET1) Capital ratio



Solid Returns to Shareholders

Dividends Declared per Share



Total Shareholder Return¹

	Three-year	Five-year	Ten-year
RBC	14%	11%	10%
Global Peer Average	15%	12%	8%

Since 2005 we've increased our dividend by an annualized rate of 10%

1. Annualized TSR is calculated based on the TSX common share price appreciation plus reinvested dividend income. Source: Bloomberg, as at October 31, 2015. RBC is compared to our global peer group. The peer group average excludes RBC; for the list of peers, please refer to our financial performance objectives section of our 2015 Management's Discussion and Analysis

Delivering stability and growth

Our diversification by business and geography contributes to consistent performance and growth opportunities. Our employees collaborate across businesses and geographies to ensure our clients benefit from the full breadth of RBC's unmatched capabilities, advice, and solutions to meet their financial needs and aspirations.

Earnings by business segment



52% ■ Personal & Commercial Banking
11% ■ Wealth Management
7% ■ Insurance
6% ■ Investor & Treasury Services
24% ■ Capital Markets

Personal & Commercial Banking

- Number 1 or 2 share in all key Canadian Banking product categories
- Largest sales force in Canada
- Continued to deliver client innovations:
 - ▶ Host Card Emulation technology allowing clients with Android devices to use RBC Wallet™ anywhere in the world
 - ▶ RBC Newcomer Advantage™ offering new financial solutions to help newcomers get established quickly
 - ▶ Cheque-Pro™ allowing high cheque volume clients to easily make deposits online
- Continued to focus on quality asset and revenue growth

Wealth Management

- Top 5 global wealth manager²:
 - ▶ #1 in Canada – Largest fund company³ and leader in high net worth market share⁴
 - ▶ 7th largest brokerage firm in the U.S.⁵
 - ▶ Our Global Asset Management business is one of the fastest growing asset managers in the world⁶
- Announced key acquisition of City National Bank adding private and commercial banking capabilities complementing our presence in the U.S.
- Focused U.S. & International business to better serve high net worth and ultra-high net worth clients from our key operational hubs

Insurance

- A Canadian market leader and among the fastest growing insurance organizations in the country⁷
- Ranked as #1 Banking-Based Insurance Brand Globally⁸

Investor & Treasury Services

- Rated by our clients #1 global custodian for five consecutive years⁹
- Dominant offshore provider in Luxembourg and Dublin, and rated UCITS Fund Administrator of the Year¹⁰
- Canada's leading asset management provider¹¹ with number one ratings across client service, custody, fund administration and Canadian dollar transactions
- High level of investment in client-focused technology solutions

Capital Markets

- 10th largest bank globally and in the Americas¹²
- Best Investment Bank in Canada across Equity, Debt and M&A for 8th consecutive year¹³
- Strategically aligned with ~90% of global investment banking fee pool¹²
- Leveraged depth of capabilities including cross-border solutions to deepen client relationships

Revenue by geography



We work together to bring the best of RBC to our clients to help them achieve their goals



- Helped over 200,000 Canadians buy a home this year
- Supported businesses globally with nearly \$130 billion in business loans
- Helped 4.9 million clients bank online every month

1. Amount excludes Corporate Support
2. Scorpio Partnership Global Private Banking Benchmark 2015
3. Investment Funds Institute of Canada, June 2015 and company data
4. Investor Economics, April 2015
5. By assets under administration – company data
6. Boston Consulting Group, McKinsey
7. Company data
8. Brand Finance

9. Global Investor ISF Global Custody Survey 2011 to 2015
10. Custody Risk, European Awards, 2015
11. Global Investor ISF Global Custody Survey 2015; R&M Global Custody Survey 2015; Global Investor ISF Fund Administration Survey 2015; Global ISF Beneficial Owners Survey 2015; The Banker, November 2014
12. Thomson Reuters Global Investment Banking Review, Q3 2015
13. Euromoney

For more awards, please visit: rbc.com/aboutus/awards.html

Helping communities prosper

As a recognized leader in corporate citizenship, we're focused on delivering high-value impact through our efforts, initiatives and investments. We are proud to support our employees as they actively contribute their time, resources and expertise to making a difference in the world. Together, we're creating meaningful impact and contributing to a prosperous future.

Impact

Community and Social



Invest in communities where we live and work, and issued more than 4,500 grants to support the volunteer efforts of our employees.



Lead in corporate citizenship as our efforts make a positive and lasting impact.



Shape thought leadership by contributing our expertise to shape the future.

\$100 Million+

Contributed in donations, community investments, and sponsorships in communities around the world.

Initiatives



Youth

We know that when you believe in young people, anything is possible. We support a wide range of key programs that span education, health, sports, entrepreneurship, career development and financial literacy, to make sure young people have the right skills and opportunities to succeed.



Arts

Our support of the arts is a long-standing priority, as we recognize the arts are the heart of our communities and culture. We are particularly focused on the next generation of artists through our Emerging Artists program.



Environment

The RBC Blue Water Project® is our 10-year global commitment of \$50 million to help protect fresh water, now and for future generations. This year, nearly 25,000 employees participated in 850 Blue Water Day makeover events in over 25 countries.

Our contribution of time, funds and expertise to the world around us will continue to be a focus and drive our success moving forward



For more information, please visit: rbc.com/community-sustainability/index.html

Message from Dave McKay

At RBC, we help our clients thrive, and our communities prosper. This simple statement sums up who we are, what we stand for and what we seek to achieve each day when we come to work. It also reflects our successes and achievements throughout 2015, from record earnings, to our ongoing investments in delivering an exceptional client experience, to the deep commitment we have to making a positive difference in the communities where we live and work.



DAVE MCKAY
President and Chief Executive Officer

We earned a record \$10 billion, up 11% from last year, reflecting consistent strength across our businesses. We earned \$6.73 per share on a diluted basis, delivered a return on equity of 18.6%, and strengthened our capital position, ending with a Common Equity Tier 1 capital ratio of 10.6%. We also raised our dividend twice during 2015, for an annual increase of 8%. I am pleased to say we met all of our financial objectives, which measure our progress toward maximizing Total Shareholder Returns (TSR). We delivered compound annual TSR of 14% and 11% over the three- and five-year periods, respectively.

We achieved these results despite a challenging macroeconomic environment. Global growth remains uneven, holding back investment and employment. Canada's economy struggled in the first half of the year due to a sharp pull-back in oil prices, which negatively affected other parts of the economy and impacted real GDP growth. Growth improved in the second half of the year due to strengthening export demand, higher consumer spending and residential investment spurred in part by lower energy prices and a weak Canadian dollar. Interest rates in Canada and abroad remained at or near historical lows, reflecting central bankers' ongoing concern about the near-term health of their economies.

Against this backdrop, our record earnings reflect our progress in attracting and serving the needs of personal, business and institutional clients, the power of our diversified business model, and our prudent approach to risk management. We also remained focused on managing costs and reducing the rate of growth of our expenses, while continuing to invest, with a particular focus on innovation, technology and digitization.

Focus on innovation

The financial services industry continues to face change including advancements in disruptive technology, new competitors, and a corresponding evolution in client needs and expectations. We have a long and successful history of innovation and are leveraging technology to improve the way we serve our clients by delivering simple, useful, timely and secure mobile and digital experiences.

The results we have seen to date show that we are having an impact. We have close to 5 million active digital customers per month, of which 2 million are mobile and tablet users. They deposited more than \$2.5 billion by cheque through our mobile channel in the feature's first five months of availability.

Innovation also drives efficiency, and we continue to simplify how we work and digitize processes.

We are confident that we have a number of significant advantages which we can leverage as we navigate the digital transition including a brand which has the trust of millions of clients around the world, a proven innovation track record that has led to securing patents in areas including secure cloud payment and security technology, our global scale, and depth and breadth of products and services. At the same time, we will continue to move quickly to ensure we have the technology and solutions our clients want to see from their financial services provider.

An undisputed Canadian leader

Our success continues to be driven by the strength and stability of our businesses, centred first and foremost on our clients and their success.



See Dave McKay's video message to stakeholders: annualreports.rbc.com/ar2015/ceo.html

Looking forward, we are confident that we will continue to grow by appealing to key client segments including high and ultra-high net worth clients as well as newcomers to Canada who represent an important and growing market.

Our success continues to be driven by the strength and stability of our businesses, centred first and foremost on our clients and their success.

In Canada, we continued to bolster our position as the undisputed financial services leader, building on our scale and breadth and ensuring we serve our clients as One RBC, bringing the best we have to offer from all our businesses.

We hold the number one or two market position in all key retail and business product categories. We remain the market leader in business banking, underwriting a quarter of all business loans under \$25 million and providing a key source of capital to the small- and medium-sized businesses which fuel Canada's economy.

We continue to be Canada's top wealth manager with a leading share of the high net worth market, the largest fund company, the top investment bank with leading rankings across Equity, Debt & M&A for the 8th consecutive year, a market leader and among the fastest-growing insurance organizations in the country, and a leading provider of Canadian clearing, cash management and trade finance through our Investor & Treasury Services business.

Looking forward, we are confident that we will continue to grow by appealing to key client segments including high and ultra-high net worth clients as well as newcomers to Canada who represent an important and growing market. We will also continue to focus on underpenetrated commercial banking segments and building loyalty amongst our existing client base as a result of the differentiated experience they have with us.

Beyond Canada, we are focusing our efforts on target geographic markets and desirable client segments.

Preferred partner in the U.S.

We view the U.S. as our second home market – there simply is no other developed market which provides the same combination of size, earnings potential, access to new entrants and connectivity to Canada. Our goal is to be the preferred partner to U.S. corporate, institutional and high net worth clients and their businesses, primarily through our

Capital Markets and Wealth Management businesses.

Our Capital Markets business derives half of its earnings from the U.S., and is a top 10 global investment bank. Our Wealth Management business is a leading global player, and the 7th largest brokerage firm in the U.S., where our brand, reputation and expertise are enabling us to continue to win new business and attract and retain top talent. We are acquiring new clients while strengthening and growing existing relationships by focusing on improving productivity and cross-selling.

The US\$5.5 billion acquisition of Los Angeles-based City National Corporation marks a major milestone in our U.S. strategy and complements our existing capital markets and wealth management presence, providing significant opportunities to deepen our relationships with high net worth and mid-market commercial clients.

Since City National serves high net worth clients located in major metropolitan areas, it is strongly positioned to benefit from the significant wealth creation taking place in those markets. We announced this transaction in January, closed it in November and will start reporting combined results beginning in the first fiscal quarter of 2016.

A focus on select global financial centres

Internationally, our aim is to be a leading financial services partner in select global financial centres in the U.K., Europe, Asia and the Caribbean.

With that in mind, in 2015, we continued to refocus a number of our international businesses on specific markets where we can be a leader. We've strengthened our retail Caribbean banking business by exiting non-core regions, and we've largely completed the realignment of our U.S. & International Wealth Management business, which will let us better serve our clients from our key operational hubs in Canada, the United States, the British Isles, and Asia.



See Dave McKay's video message to stakeholders: annualreports.rbc.com/ar2015/ceo.html

We are prudently building out our wealth management, asset management and capital markets capabilities in the U.K. and Europe. I'm encouraged by our ongoing progress in winning client mandates as it demonstrates our strengthening market position in the region.

We continued to extend our Global Asset Management business internationally and, today, roughly 30% of our institutional assets are from outside of Canada. In Capital Markets, we opened offices in Frankfurt and Paris, and expanded a number of our research teams. We've also seen benefits from selectively expanding our investment banking sector and geographic coverage to markets and industry sectors that we know well, and we are also extending our loan book where it makes sense to help drive new origination.

Investor & Treasury Services built on its reputation for leading client service and further enhanced its strong position among global custodians, thanks to robust levels of activity from new and existing clients.

Our employees drive our results

Our successes this year would not have been possible without the dedication and professionalism of our talented and highly engaged employees. Our teams put clients first, collaborate effectively and look for ways to continue to deliver an exceptional client experience and nurture client trust. They also continue to create pride throughout the organization by giving their time and expertise to have a positive impact on our communities.

We will continue to build an even better workplace by ensuring our people succeed in an environment of respect and inclusion where everyone has the opportunity to contribute and realize their potential.

Helping our communities prosper

The depth of our commitment to clients and to our employees is matched by our passionate belief in making a positive social and community impact. In 2015, we contributed more than \$100 million in donations, community investments, and sponsorships. However, we are giving much more than money in our efforts to help communities prosper. Over the course of the year, thousands of RBC employees, retirees, families, friends and community members donated their time to causes and initiatives that matter to them. This year's Blue Water Day was a great demonstration of our community commitment coming to life, as 25,000 employees in 26 countries rolled up their sleeves and completed 850 community makeovers, cleaning up shorelines, parks and streets.

Thank you

I'd like to personally thank all of our clients who continue to trust us with their business. I also want to thank all of our employees, whose commitment and hard work helps clients thrive and contributes to our vision of being among the world's most trusted and successful financial institutions. And to you, our fellow shareholders, I would like to reiterate our commitment to continuing to deliver high-quality, sustainable earnings growth.



David McKay
President and Chief Executive Officer

Message from Katie Taylor



KATIE TAYLOR
Chair of the Board

Dear fellow shareholders,

This year your Board of Directors maintained its focus on delivering long-term shareholder value and positioning RBC for future growth. Record earnings, increased dividends and strategic expansion of our already strong U.S. presence are among the hallmarks of 2015.

RBC has the right strategy to drive growth and create value

Central to our role as directors is our responsibility to ensure that RBC has the right strategy, talent and risk management to succeed and deliver long-term value. Your Board actively engages with our outstanding management team to develop the strategic plans aimed at achieving our shared vision: to be among the world's most trusted and successful financial institutions. Aspects of enterprise and business segment strategy are discussed at every board meeting and we participate in an annual session focused on longer-term growth plans. We work closely with management on how best to enhance the Bank's strong capital position and create value by investing in organic growth and strategic acquisitions. This year the Board contributed to management's planning and deliberations in the acquisition of City National Corporation, a

premier U.S. private and commercial bank, to serve as a powerful expansion platform for long-term growth in the U.S.

Ensuring RBC has the depth of talent to implement strategy and top performers who will exhibit excellence in its execution is another priority of the Board. We actively assess management's bench strength, reviewing development plans for senior executives who possess the strengths most valuable to RBC.

In today's challenging market conditions and competitive technological environment, promoting strong risk conduct and embedding a risk management culture throughout RBC are key priorities. The Board carefully assesses whether management's plans appropriately balance strategic opportunities with risk discipline. We oversee the frameworks and processes designed to identify the principal risks to the businesses and the systems implemented to manage those risks. The Board is involved in determining the amount and type of risk that RBC will accept in the pursuit of business objectives, approving the Bank's risk appetite and monitoring risk profile to ensure plans and activities are prudently focused on generating long-term shareholder value.

The Board fosters a culture of integrity and good governance

We regard good governance as a business imperative, positively impacting corporate performance by establishing the structures and processes that drive RBC to meet strategic objectives and achieve long-term sustainability. To maximize our contribution, your Board and its committees are committed to adapting best governance practices to the needs of the organization. This year we won *Best Overall Corporate Governance* in the Excellence in Governance Awards in recognition of the integration of high governance standards throughout RBC.

Your Board is also proud of RBC's contributions to the communities it serves. We understand that a good company is simultaneously purpose-driven,

principles-led and performance-focused. The strong reputation and brand of RBC are founded on a business approach in which we work to make a positive impact on society, the environment and the economy. In setting the tone at the top, the Board nurtures the strong corporate values that are entrenched in the culture of RBC, and reinforces the ethical principles on which our reputation and success are founded.

The Board is committed to the ongoing success of RBC and creating long-term value for our shareholders and other stakeholders

The Board places strong emphasis upon selection of director candidates, assessing the Board's existing strengths against the evolving needs of the Bank. An important element of this is ensuring that a diversity of viewpoints, backgrounds and experience are present at the Board. In addition to Toos Daruvala, a Director and Senior Partner with McKinsey & Company who joined the Board earlier in 2015, we were pleased this year to welcome Thierry Vandal, the recently retired President and Chief Executive Officer of Hydro-Québec, who brings to the Board extensive experience in the energy industry, regulatory affairs and cybersecurity.

The Board of Directors is confident that RBC has the right people in place to build on its success. The Board extends its thanks to Dave McKay and his leadership team for their collective focus on delivering an exceptional client experience, and on helping our clients thrive and communities prosper. And as always, a special thank you to all of RBC's employees, whose passion and commitment to our clients continues to drive our success.

A handwritten signature in blue ink that reads "Kathleen Taylor".

Kathleen Taylor
Chair of the Board



For more information on our governance policies, please visit: rbc.com/governance/index.html