

Royal Bank of Canada Investor Presentation

Q4/2016

Financial information is presented on a consolidated basis in Canadian dollars and is based on International Financial Reporting Standards (IFRS), unless otherwise noted. Our 2016 Annual Report and Q4/2016 Supplementary Financial Information are available on our website at rbc.com/investorrelations.





Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States *Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. We may make forward-looking statements in this RBC Investor Presentation, in filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in this presentation include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals. The forward-looking information contained in this RBC Investor 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 management and Overview of other risks sections of our 2016 Annual Report; global uncertainty, the Brexit vote to have the United Kingdom leave the European Union, weak oil and gas prices, cyber risk, anti-money laundering, exposure to more volatile sectors, technological innovation and new fintech entrants, increasing complexity of regulation, data management, litigation and administrative penalties; 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 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 RBC Investor Presentation are set out in the Overview and outlook section and for each business segment under the heading Outlook and priorities in our 2016 Annual Report. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the Risk management and the Overview of other risks sections in our 2016 Annual Report.

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

About RBC



The RBC story

- Market leader with a focused growth strategy
 - Market leader in Canada and one of the largest financial institutions globally⁽¹⁾
 - Clear strategy for continued long-term growth in Canada, the U.S. and select global markets
- Diversified business model with client leading franchises
 - Well-diversified across businesses, geographies and client segments
 - Ability to capitalize on opportunities created by changing market dynamics and economic conditions
 - Wide breadth of products and capabilities allows us to meet all of our clients' financial needs and build deep, long-term relationships
- Financial strength underpinned by prudent risk and cost management
 - Track record of earnings and dividend growth while maintaining a disciplined approach to risk and cost management
 - Credit ratings amongst the highest globally
 - Strong capital position and a high quality liquid balance sheet
- Innovation is in our DNA
 - Long history of innovation and proven ability to adapt to industry trends
 - Investments in technology allow us to drive efficiencies and deliver an exceptional client experience
 - Focused on simplifying, digitizing and personalizing our products to make it easier for clients and employees to do business and lower costs
- Leading corporate citizen
 - Over \$100MM in donations, sponsorships and community investments in 2016, including the RBC Kids Pledge and RBC Blue Water Project
 - Globally recognized as a financial services thought leader



Market leader with a focused strategy for growth

Largest in Canada⁽¹⁾

A market leader across all key businesses

Top 15 Globally

One of the 15 largest global banks by market capitalization with operations in 38 countries

16 Million+ Clients

Served by over 80,000 employees worldwide

Purpose

Help clients thrive and communities prosper

Vision

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

Strategic Goals



In Canada: To be the undisputed leader in financial services



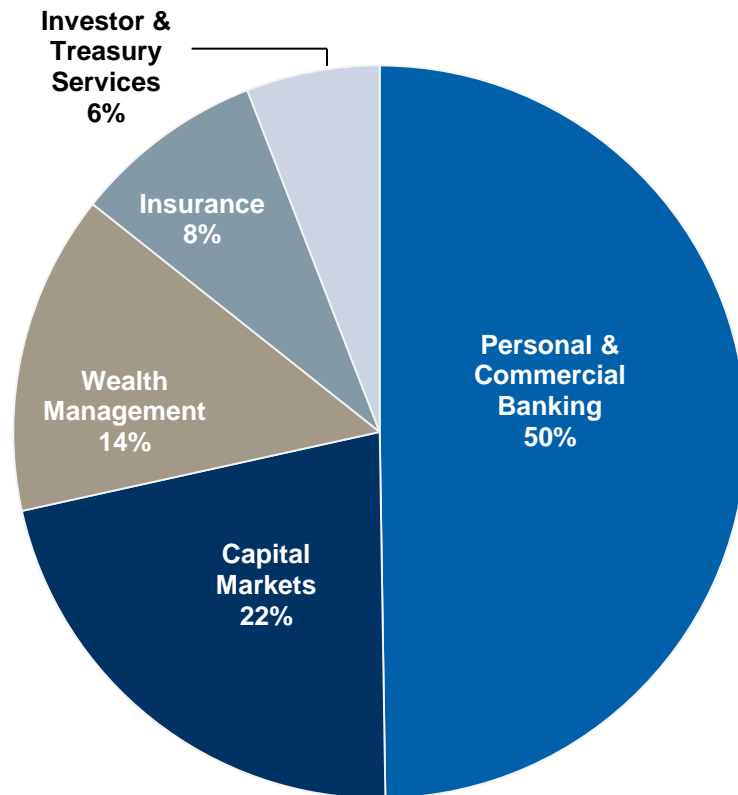
In the United States: To be the preferred partner to corporate, institutional and high net worth clients and their businesses



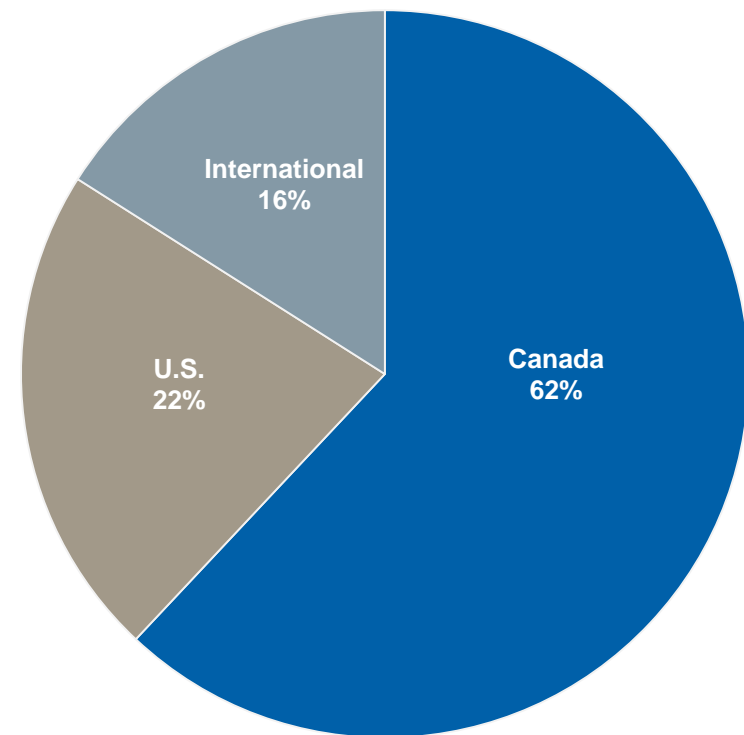
In Select Global Financial Centres: To be a leading financial services partner valued for our expertise

Diversified business model with client leading franchises

Earnings by Business Segment⁽¹⁾
Latest twelve months ended October 31, 2016



Revenue by Geography⁽¹⁾
Latest twelve months ended October 31, 2016



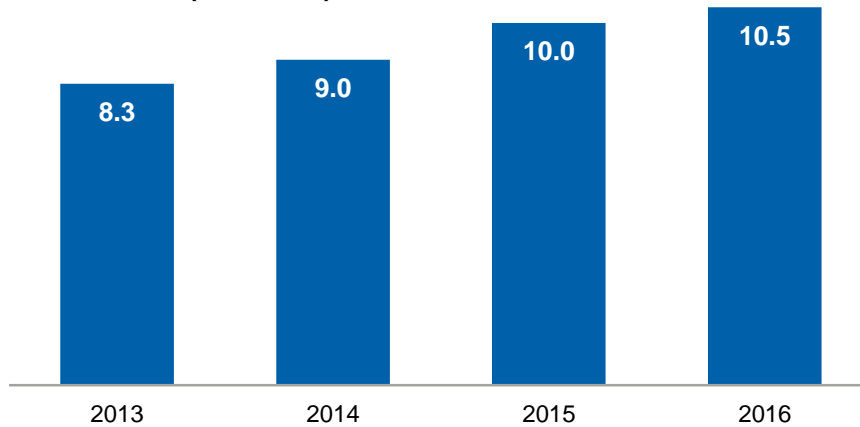


Strong financial profile

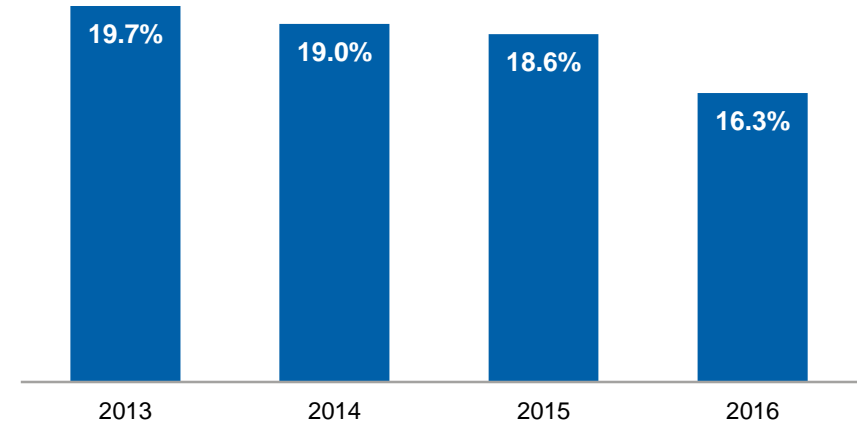
Consistent earnings growth and solid ROE while maintaining a strong capital position with a disciplined approach to risk

Consistent Earnings Growth

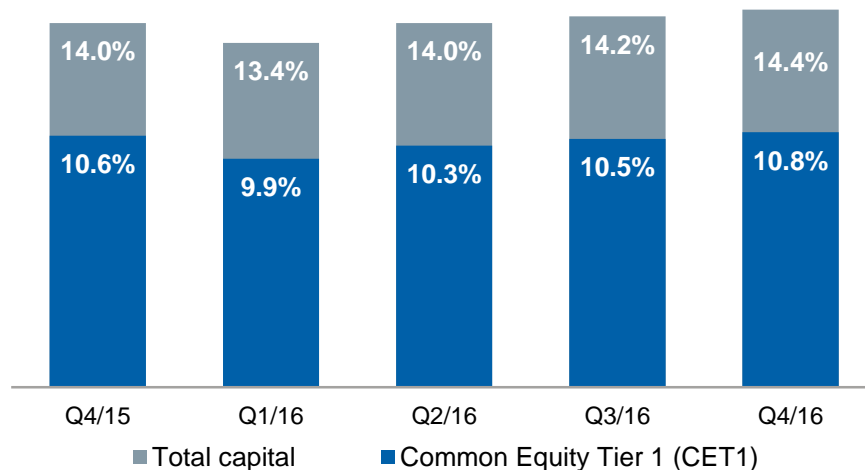
Net income (\$ billions)



Strong Return on Equity⁽¹⁾



Strong Capital Position⁽²⁾



Strong Leverage and Liquidity Ratios⁽²⁾

- Leverage Ratio **4.4%**
- Liquidity Coverage Ratio **127%**

Credit Ratings⁽³⁾ Amongst the Highest Globally

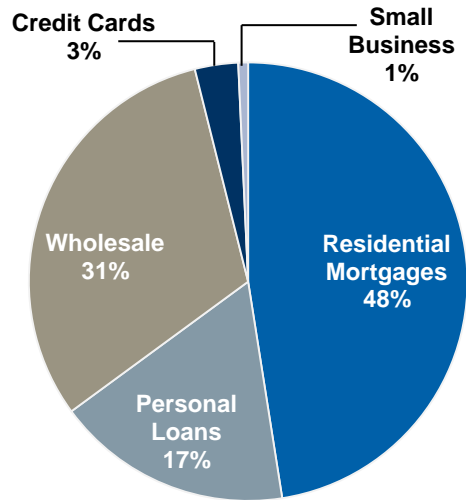
Moody's	S&P	DBRS	Fitch
Aa3	AA-	AA	AA
<i>Negative</i>	<i>Negative</i>	<i>Negative</i>	<i>Negative</i>

(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 42.
 (2) Capital calculated to include all regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital. Refer to the Capital Management section of our 2016 Annual Report for details on all ratios excluding Liquidity Coverage Ratio calculated on a "All-in" Basel III basis and Basel III requirements.
 (3) Based on long-term senior debt ratings as of October 31, 2016.

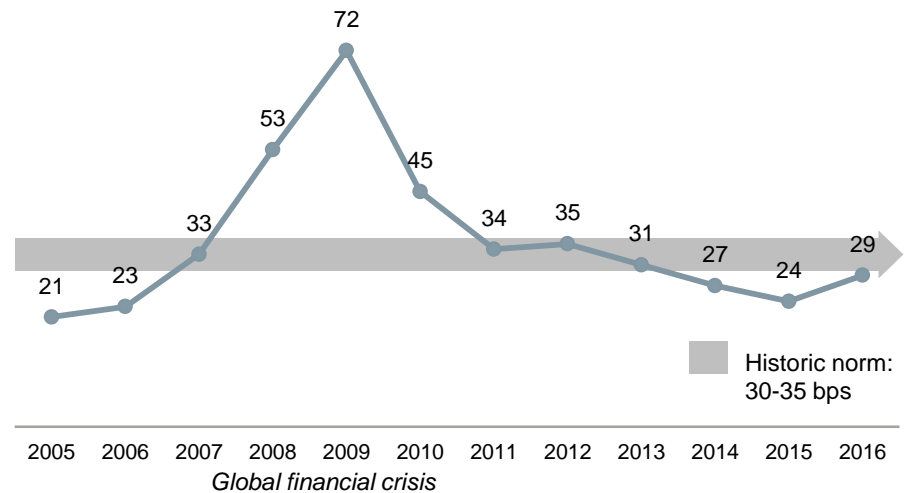
Prudent risk management

A disciplined approach and diversification have driven stable credit trends

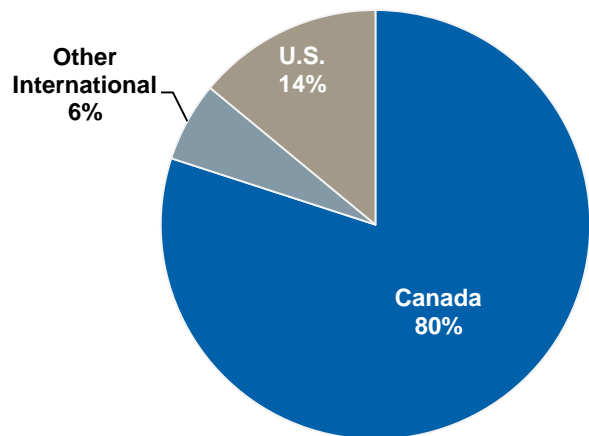
Loan Book Diversified by Portfolio⁽¹⁾



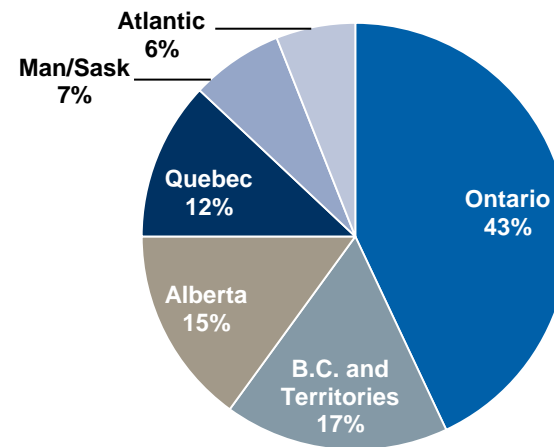
Relatively Stable PCL Ratio⁽²⁾ Over the Cycle (bps)



Breakdown by Region of Total Loans and Acceptances⁽¹⁾



Breakdown of Canadian Total Loans and Acceptances⁽¹⁾



(1) Loans and acceptances outstanding as at October 31, 2016. Does not include letters of credit or guarantees.
 (2) Provision for Credit Losses (PCL) ratio is PCL as a percentage of average loans & acceptances (annualized).



History of delivering value to our shareholders

Financial performance objectives measure our progress against our goal of maximizing total shareholder returns

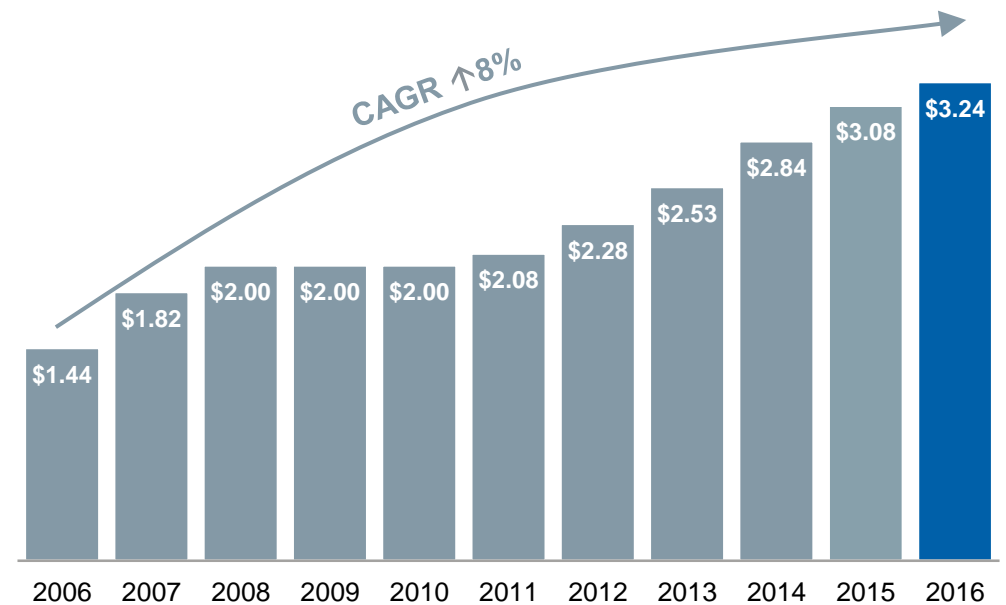
Medium-term Financial Performance Objectives

Diluted EPS Growth	7%+
Return on Equity	16%+
Capital Ratios (CET1)	Strong
Dividend Payout Ratio	40% - 50%

Achieved Solid TSR⁽¹⁾ Performance

	RBC	Peer Average
3 Year	10%	8%
5 Year	16%	13%
10 Year	10%	6%

Strong Dividend Growth⁽²⁾



(1) Annualized TSR is calculated based on the TSX common share price appreciation plus reinvested dividend income. Source: Bloomberg, as at October 31, 2016. RBC is compared to our global peer group. The peer group average excludes RBC; for the list of peers, please refer to either our 2016 Annual Report. (2) Dividends declared per common share. Our current quarterly dividend is \$0.83.

Business Segments





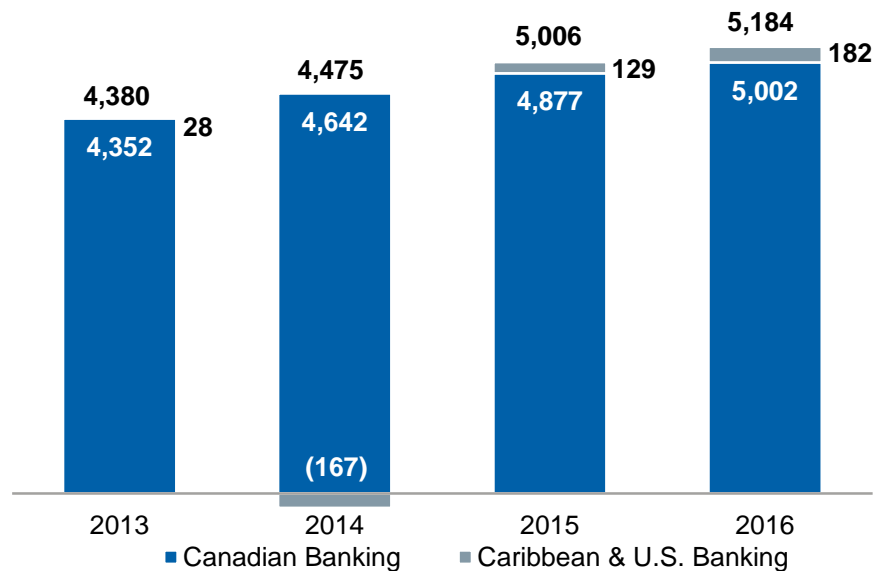
Personal & Commercial Banking

- The financial services leader in Canada
 - #1 or #2 market share in all key product categories
 - Most branches and largest sales force in Canada
 - Superior cross-sell ability
- In 17 countries and territories in the Caribbean
 - 2nd largest bank by assets⁽¹⁾ in English Caribbean
- Provide innovative direct banking to U.S. cross-border clients
- Ongoing investment in digitizing our banking channels

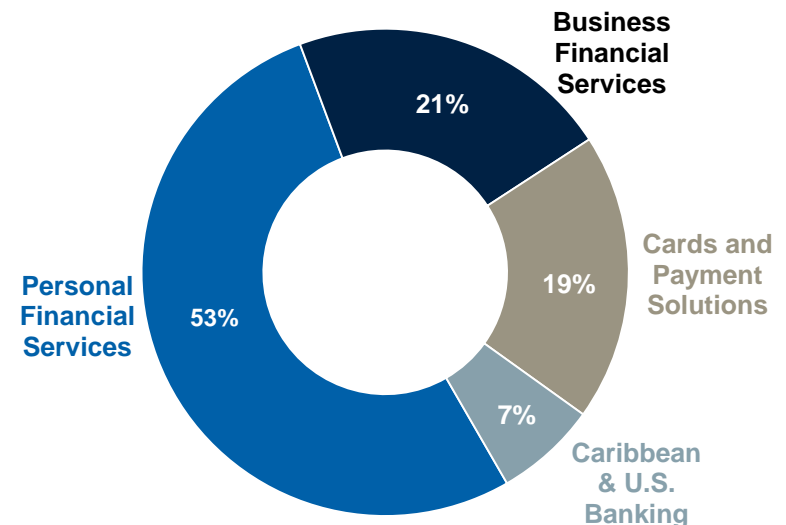
2016 Highlights

Clients (MM)	13.6
Branches	1,346
ATMs	4,831
Active digital and mobile users ⁽²⁾ (MM)	5.2
Employees (FTE)	33,896
Loans & acceptances ⁽¹⁾ (\$BN)	383.9
Deposits ⁽¹⁾ (\$BN)	320.1
AUA ⁽³⁾ (\$BN)	239.6

Net Income (\$ millions)



Revenue by Business Line⁽⁴⁾



Business Segments

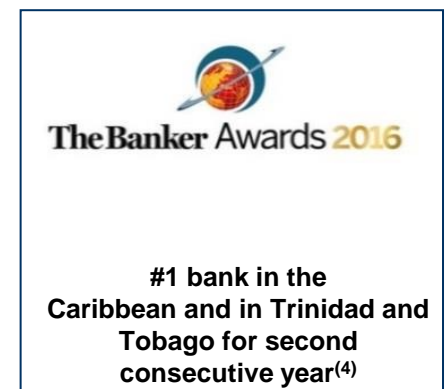
(1) Based on average balances.
 (2) Statistic reflects Canadian Banking only.
 (3) Based on period-end spot balances.
 (4) For the year ended October 31, 2016.

Personal & Commercial Banking – Canadian Banking

Strategic Priorities – Building A Digitally-Enabled Relationship Bank™

- | | |
|---|--|
| Transform how we serve our clients | <ul style="list-style-type: none"> ▪ Make it easier for clients to access sales and service digitally ▪ Create capacity and capability to focus on advice, complex servicing and sales, and problem resolution ▪ Add value for clients through personalized offers and reward loyalty across all channels |
| Accelerate growth in key segments | <ul style="list-style-type: none"> ▪ Grow commercial market share through industry-specific credit strategies ▪ Target high-growth retirement segment and business succession planning ▪ Continue to increase client acquisitions in key segments including newcomers and millennials and build business through cross-sell |
| Rapidly deliver digital solutions | <ul style="list-style-type: none"> ▪ Provide secure, enhanced mobile payments, investing and lending options ▪ Create partnerships in the marketplace to innovate making it easier to bank with RBC ▪ Invest in research and development to understand and meet changing client expectations |
| Innovate to become a more agile and efficient bank | <ul style="list-style-type: none"> ▪ Accelerate investments to simplify, digitize and automate for clients and employees ▪ Change or eliminate products and processes that do not add economic or client value ▪ Invest in employees to build on digital, agile and change capabilities |

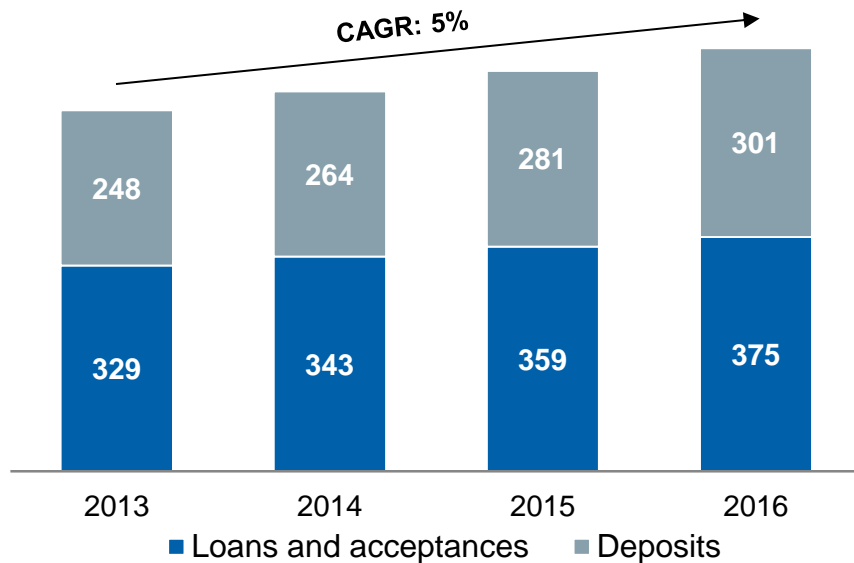
Recent Awards





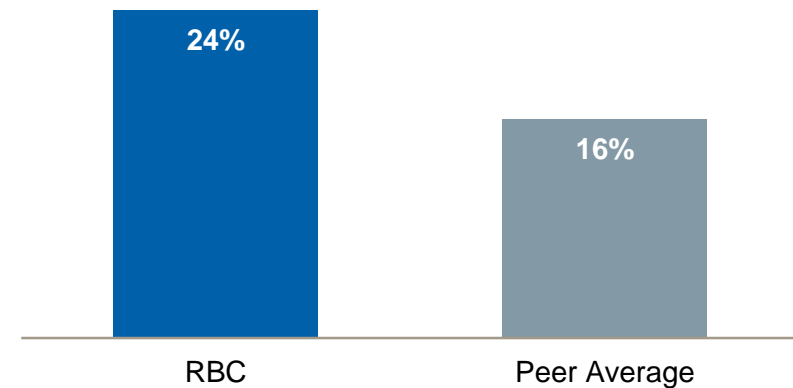
Personal & Commercial Banking – Canadian Banking

Solid Volume Growth⁽¹⁾



Superior Cross-sell Ability

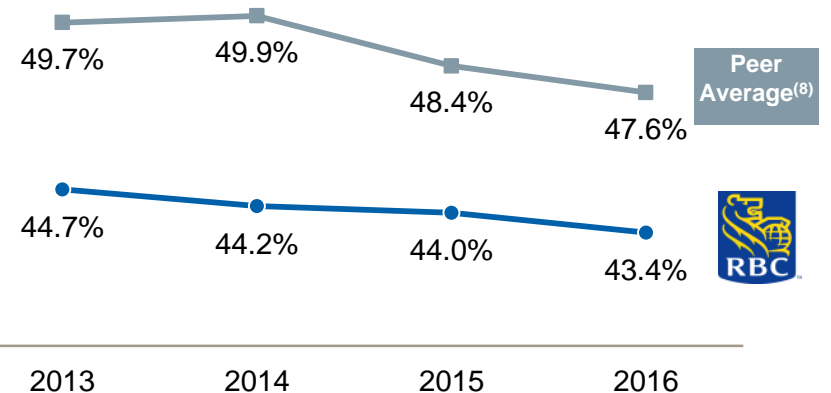
Percent of households with transaction accounts, investments and borrowing products⁽²⁾



#1 or #2 Market Share in All Categories⁽³⁾

Product	Market share	Rank
Consumer lending ⁽⁴⁾	24.1%	1
Personal core deposits + GICs	20.1%	2
Long-Term Mutual Funds ⁽⁵⁾	14.5%	1
Business loans (\$0-\$25MM) ⁽⁶⁾	24.1%	1
Business deposits ⁽⁷⁾	26.3%	1

Continue to Improve Our Efficiency Ratio



Business Segments

(1) Based on average balances. (2) Canadian Financial Monitor by Ipsos – 12,000 Canadian households – data based on Financial Group results for the 12-month period ending July 2016; TFSA is considered an Investment. Peers include BMO, BNS, CIBC and TD. (3) Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA), and is at June 2016. Market share is of total Chartered Banks except where noted. (4) Consumer Lending market share is of 6 banks (RBC, BMO, BNS, CIBC, TD and NA). Consumer Lending comprises residential mortgages (excluding acquired portfolios), personal loans and credit cards. (5) Long-term mutual fund market share is compared to total industry. (6) Business Loans market share is of 7 Chartered Banks (RBC, BMO, BNS, CIBC, TD, NA and CWB) on a quarterly basis. (7) Business Deposits market share excludes Fixed Term, Government and Deposit Taking Institution balances. (8) Peers include BMO, BNS, CIBC and TD; 2013 through 2015 reflects annual results while the peer average efficiency ratio for 2016 represents the nine months ending Q3/2016 according to the data that is available for the peers.



Wealth Management

Strategic Priorities

- Extend our leadership position in Canadian retail asset management and continue growing our institutional asset management business in key global markets
- Drive profitable growth in priority segments and markets, driven by a differentiated client and advisor experience that is increasingly digitally-enabled and supported by data-driven insights
- Continue to deepen client relationships jointly with our internal business partners
- Leverage the combined strengths of City National, RBC U.S. Wealth Management and Capital Markets to accelerate growth in the U.S.

Recent Awards

Top 5 Global Wealth Manager by Assets
(Scorpio, 2016)

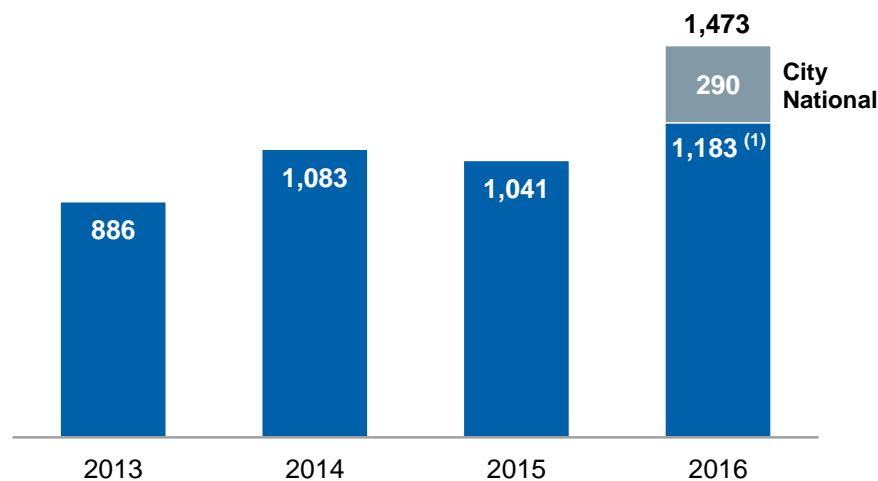
Best Private Banking Services Overall in Canada
(Euromoney Private Banking and Wealth Management Survey, 2016)

Best Canadian Private Bank
(Family Wealth Report Awards, 2016)

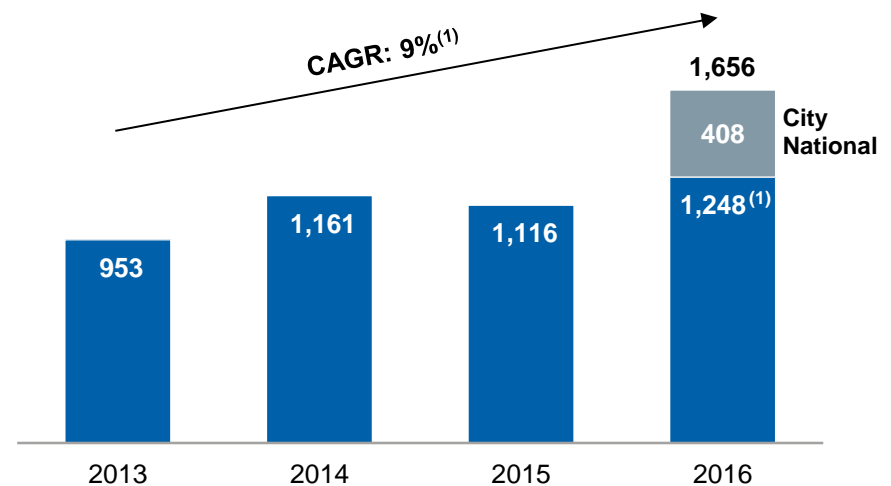
Outstanding Global Private Bank – North America
(Private Banker International Global Wealth Awards, 2016)

Outstanding Wealth Manager – Customer Relationship Service and Engagement
(Private Banker International, 2016)

Net Income (\$ millions)



Cash Earnings (\$ millions)



Business Segments

(1) Financial measures excluding the impact of our acquisition of City National are non-GAAP measures. For more information see slide 42.

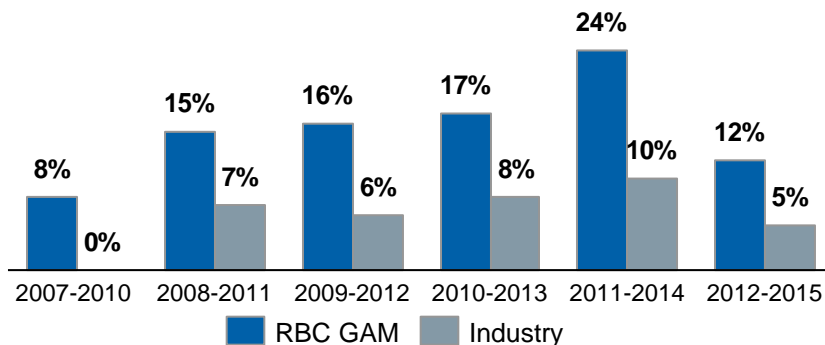
Wealth Management – Global Asset Management

Building a high-performing global asset management business

- **Driving top-tier profitability in our largest Wealth Management business**
 - \$393BN in client assets, generating over 45% of RBC Wealth Management earnings in 2016
 - Investor asset mix of 48% Retail / 52% Institutional client assets
 - Top 50 global asset manager by AUM⁽¹⁾
- **Extending our lead in Canada**
 - Largest fund company in Canada with 14.8% market share⁽²⁾
 - 3rd largest institutional pension asset manager in Canada⁽³⁾
- **Delivering strong investment capabilities to support growth**
 - Top performing investment firm with 76% of AUM outperforming the benchmark on a 3-year basis⁽⁴⁾
 - Broadened suite of investment strategies enhancing Canadian offering
 - Continued growth of U.S. and international institutional clients in select U.S. and global investment capabilities

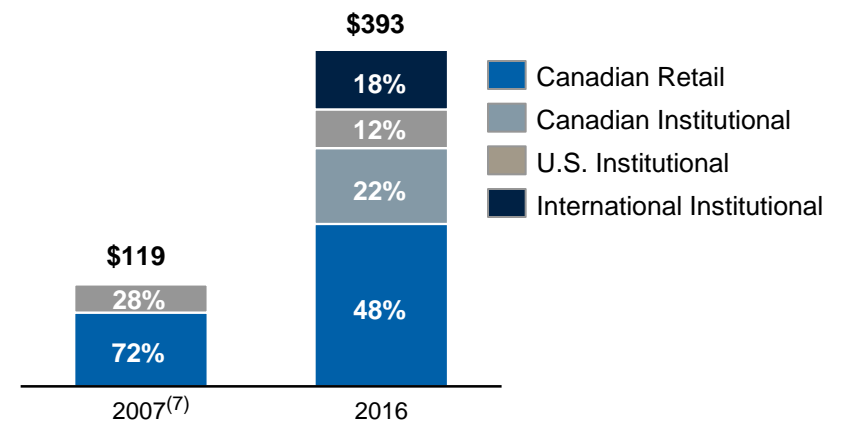
Above Industry Average AUM Growth⁽⁵⁾

3-Year Organic Growth, Inclusive of FX Rate Impacts



Diversifying Our Asset Mix

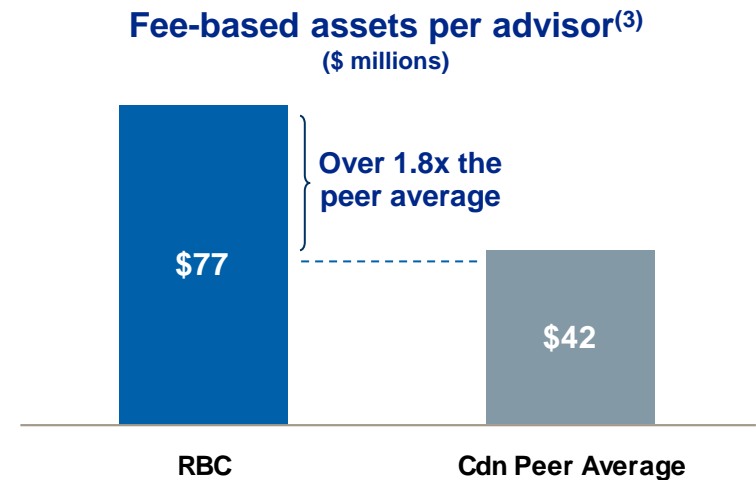
AUM by Client Segment (\$ billions)⁽⁶⁾



Wealth Management

Canada – Extending our industry leadership

- **Extending our #1 position**
 - Grew HNW⁽¹⁾ market share by ~500 bps to 20% in the last five years⁽²⁾ and anticipate reaching 22% market share by 2020
- **Maintaining profitable growth in a challenging market**
 - Generating nearly one third of RBC Wealth Management earnings with strong pre-tax margin, highest among North American peers⁽⁴⁾
- **Driving strong advisor productivity**
 - Canadian leader in fee-based assets per advisor⁽²⁾
 - Consistently driving revenue per advisor of over \$1.27 million per year, 34% above Canadian industry average⁽²⁾
 - Competitive hires delivering strong new asset growth
 - Leveraging Enterprise linkages to continue to extend market share gains



U.S. Wealth Management

- Focus on the successful integration of City National and continue to deliver on planned synergies
- Steadily increasing advisor productivity and continue growing complementary distribution through successfully recruiting revenue producers and establishing new clearing relationships
- Improving operational efficiencies and leveraging RBC's global capabilities to broaden our product offering

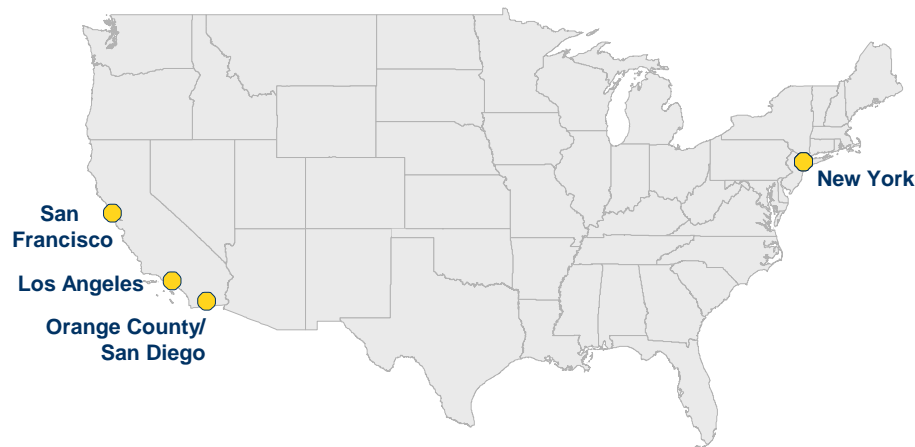
International Wealth Management

- Focusing on key client segments, including HNW and UHNW⁽¹⁾ clients in select target markets where we have scale
- Enhancing our product offering, sales and relationship management process to improve client experience
- Leveraging RBC's global capabilities (Global Asset Management and Capital Markets)

City National Enhances RBC's U.S. Presence & Accelerates Growth



Branch-light Footprint in Key Markets⁽¹⁾



Q4/2016 Highlights (US\$)

Revenue (\$MM)	411
Expenses (\$MM)	333
PCL (\$MM)	13
Net income (\$MM)	68
AUA (\$BN) ⁽²⁾	14.5
AUM (\$BN) ⁽²⁾	43.5
Loans (\$BN) ⁽³⁾	26.4
Deposits (\$BN) ⁽³⁾	39.6

Aligns with RBC's strategic goals

- City National Corporation (“City National”) enhances and complements RBC’s presence in the U.S., our second home market
- Deep client relationships and sharp strategic focus on two highly attractive client segments:
 - *High net worth*: Combination of City National’s private banking franchise and RBC’s U.S. Wealth Management business creates a comprehensive platform to provide complete financial solutions to high net worth clients
 - *Commercial*: City National is a premier U.S. commercial bank with deep industry expertise and a natural strategic fit with RBC U.S. Capital Markets

Premier U.S. private and commercial bank with wealth capabilities

- High-touch and branch-light client service model in key high growth markets
- Strong track record of growth with well diversified and high quality loan portfolio
- Highly attractive deposit franchise, well positioned for rising rates
- Fast growing wealth and asset management business
- Outstanding management and strong cultural fit

Business Segments

(1) Only core markets depicted; City National also has offices in Boston, Atlanta, Nashville, Las Vegas and Reno.

(2) Based on period-end spot balances.

(3) Based on average balances.



City National – A Powerful & Scalable Engine For U.S. Growth

Expanding into U.S. private & commercial banking

- Introducing City National's full suite of U.S. private and commercial banking products and services to RBC clients
 - ~330,000 RBC U.S. Wealth Management households
 - ~230,000 RBC Canadian cross-border clients
 - ~82,000 RBC Canadian commercial clients

Enhancing U.S. wealth & asset management platform

- Adding scale in wealth and asset management – Combined U.S.-based client assets of ~C\$400 BN
 - Brings RBC's Wealth Management segment to over C\$1.3 trillion in client assets globally
- Expanding the distribution channels for RBC and City National wealth management products
 - ~2,100 combined advisors
- Accessing RBC Capital Markets' advisory, capital raising and risk management capabilities

Extending full commercial & corporate capabilities

- Extending full commercial and corporate capabilities to City National's key industry verticals (entertainment, real estate, technology and healthcare)
 - Vertical alignment allowing for greater depth
- Leveraging RBC Capital Markets' market-leading platform into additional industry verticals for City National
- Replicate RBC's successful Canadian referral model between Commercial Banking and Capital Markets with City National and RBC Capital Markets

Expense synergies

- Consolidation of non-client facing infrastructure across City National, RBC Wealth Management and other RBC businesses
- Achieving scale benefits in procurement, technology and other functional areas
- Improving productivity via cross-sell and referrals

Deposit synergies

- Ability to attract additional deposits from RBC Wealth Management and Capital Markets clients
- Utilize low cost sweep balances from RBC U.S. Wealth Management as an additional competitive funding advantage to support future loan growth

Growth initiatives

- Introducing City National's private and commercial banking solutions through RBC's U.S. Wealth Management advisor and client base
- Leveraging RBC's platform and financial strength to increase City National's market penetration
- Accelerating expansion into other new high-growth markets through an expanded network

Insurance

Strategic Priorities

Improve distribution efficiency

- Delivering multi-line “insurance advice for your life” through an integrated product portfolio
- Strengthening profitability in all channels by increasing sales and managing expenses

Deepen client relationships

- Providing a comprehensive suite of RBC Insurance products and services through targeted strategies to continue to meet our clients’ unique insurance needs
- Providing a wide range of life, health, home, auto, travel and wealth accumulation solutions to individual and group clients across Canada, and offer reinsurance solutions for clients globally
- Completed sale of RBC General Insurance Company (home and auto manufacturing business) to Aviva Canada in Q3/2016⁽¹⁾

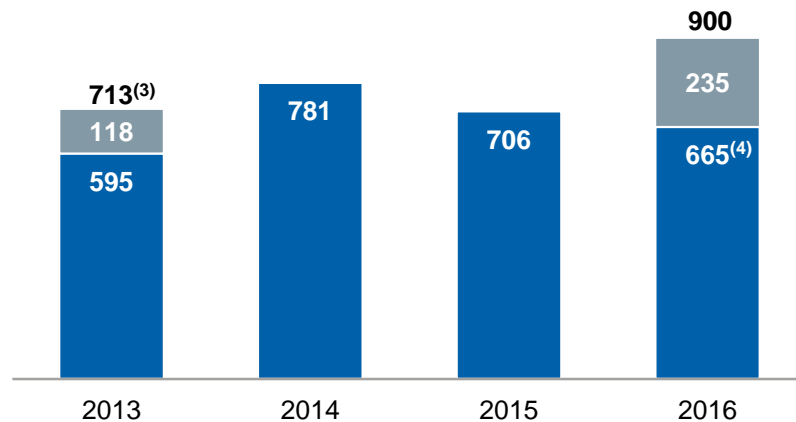
Simplify. Agile. Innovative.

- Enhancing and streamlining all processes to ensure clients find it easy to do business with us

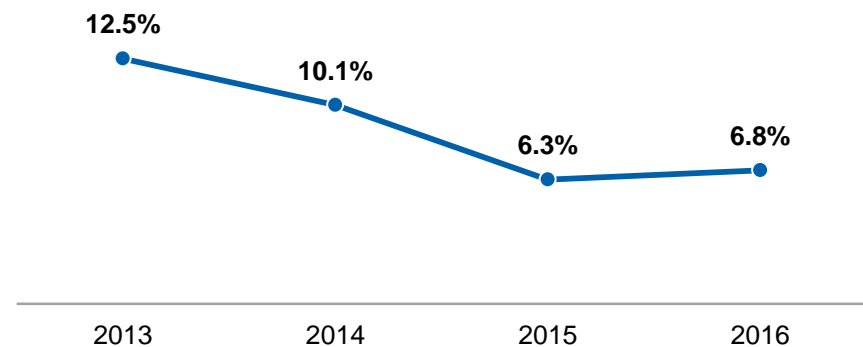
Pursue select international opportunities to grow our reinsurance business

- Pursuing niche opportunities, diversifying risks and growing our reinsurance business to generate stable and diversified earnings

Net Income (\$ millions)⁽²⁾



Acquisition Expense Ratio⁽⁵⁾





Investor & Treasury Services

- Specialist provider of asset services, custody, payments and treasury services for financial and other institutional investors worldwide
 - Rated by clients as the #1 Global Custodian for six consecutive years⁽¹⁾
 - Named #1 Canadian Sub-custodian⁽²⁾
 - Maintained global position as the #1 Fund Administrator overall for four consecutive years⁽³⁾
- Leader in Canadian dollar cash management, correspondent banking and trade finance for financial institutions globally; named Best Trade Finance Bank in Canada for four consecutive years⁽⁴⁾
- Short-term funding and liquidity management for RBC

Strategic Priorities

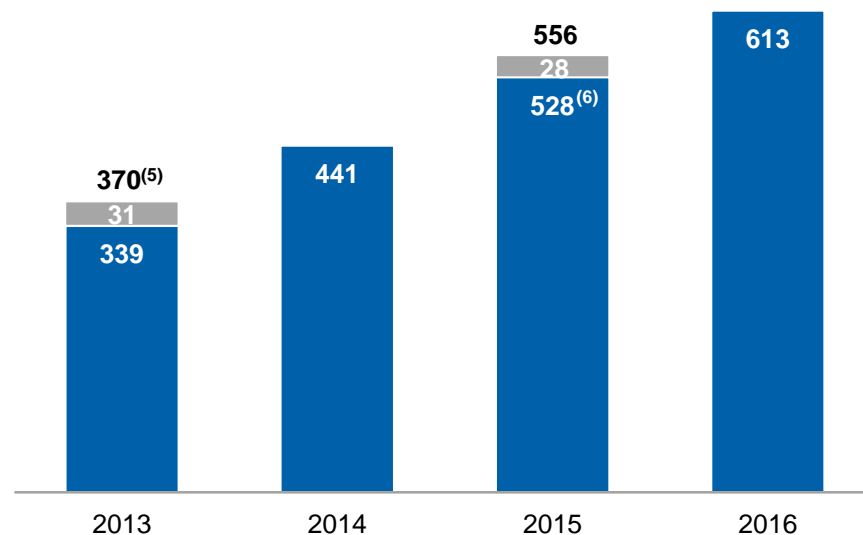
In Canada, maintain position as the #1 provider of domestic custody, asset services and cash management

Compete as a leading provider of asset services in the major offshore fund domicile markets of Luxembourg and Ireland

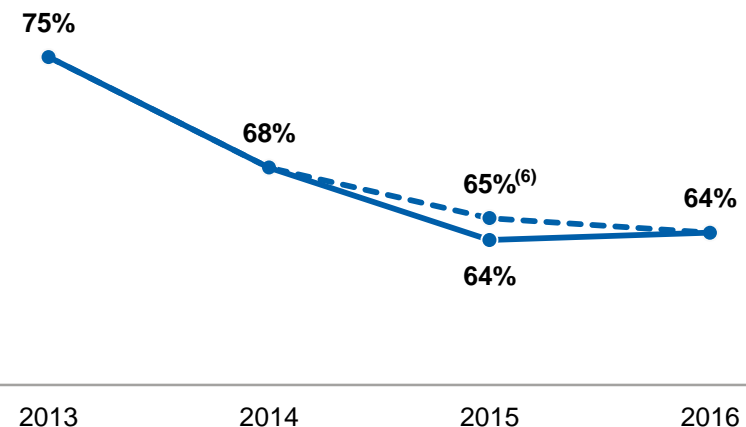
Continue to deliver a high-level of investment in client-focused technology solutions

Enhance our client centric service offering and improve efficiency

Net Income (\$ millions)



Efficiency Ratio



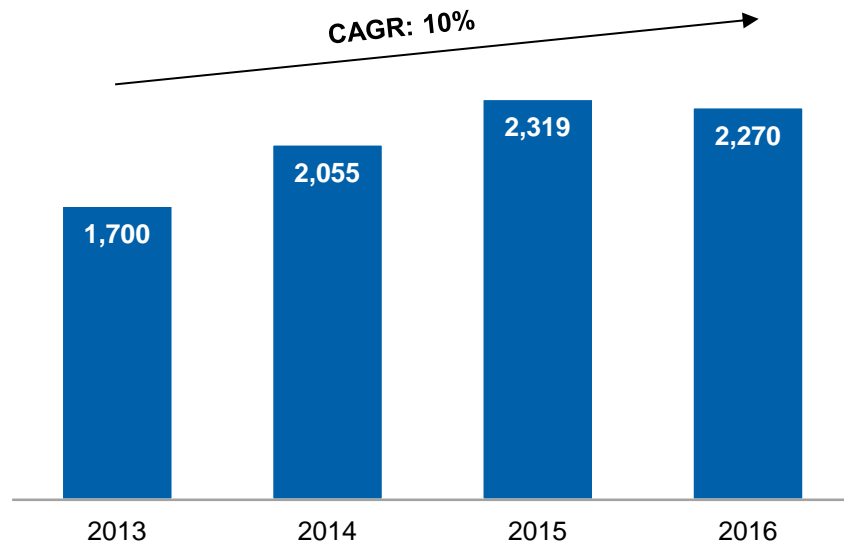
Business Segments

(1) Global Investor/ISF Global Custody Survey, 2016. (2) Global Custodian Agent Banks in Major Markets Survey, 2016. (3) R&M Fund Accounting and Administration Survey, 2016. (4) Global Finance, 2016. (5) Excludes a loss of \$44MM (\$31MM after-tax) related to the integration of Investor Services. This is a non-GAAP measure. For more information see slide 42. (6) Excludes the net impact of additional month of earnings of \$42MM (\$28MM after-tax) related to aligning of Investor Services reporting period to that of RBC. This is a non-GAAP measure. For more information see slide 42.

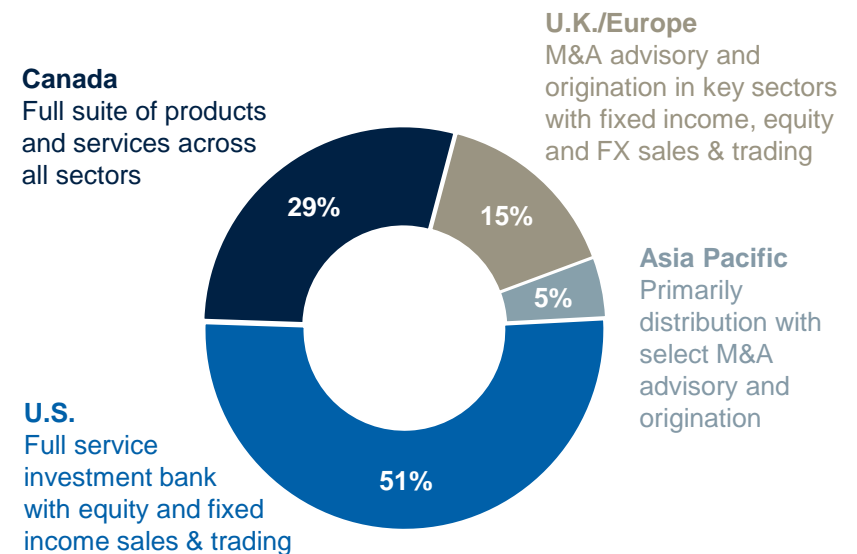
Capital Markets

- A premier North American investment bank with select global reach
 - 10th largest global investment bank by fees⁽¹⁾
- Full suite of integrated Corporate & Investment Banking and Global Markets services
- Strategically positioned in the largest financial centers, focused on the world’s largest and most mature capital markets encompassing ~75% of the global investment banking fee pool⁽¹⁾
- Top talent with expertise and track record of excellence

Net Income (\$ millions)



Revenue by Geography⁽²⁾



Business Segments

(1) Thomson Reuters, first nine months of 2016.
 (2) For the year ended October 31, 2016.

Capital Markets

Strategic Priorities

<p>Maintain our leadership position in Canada</p>	<ul style="list-style-type: none"> Focus on long-term client relationships and leverage our global capabilities Increase focus on product and service cross-sell, and continue to improve collaborative efforts
<p>Expand and strengthen client relationships in the U.S.</p>	<ul style="list-style-type: none"> Build on our momentum and leverage broader relationships and client investments to expand origination, advisory, and distribution Continue to strengthen client relationships to drive cross-sell
<p>Build on core strengths and capabilities in U.K./Europe and optimize performance in Asia Pacific</p>	<ul style="list-style-type: none"> Continue to grow prudently, deepen client relationships, and selectively expand geographic and sector coverage
<p>Optimize capital use to earn high risk-adjusted returns on assets and equity</p>	<ul style="list-style-type: none"> Maintain mix between investment banking and lending revenue and trading revenue Maintain disciplined diligence on the risks and costs of our business

Recent Awards

 <p>Best Investment Bank in Canada 9 years in a row⁽¹⁾</p>	 <p>Best Bank for Markets in North America⁽¹⁾</p>	 <p>#1 for U.S. Market Structure Team⁽²⁾</p>	 <p>#1 for Canadian Equity Research, Sales, and Trading⁽³⁾</p>	 <p>#1 for Canadian Fixed Income Research, Sales, and Trading⁽⁴⁾</p>
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Business Segments

(1) Euromoney, 2016.

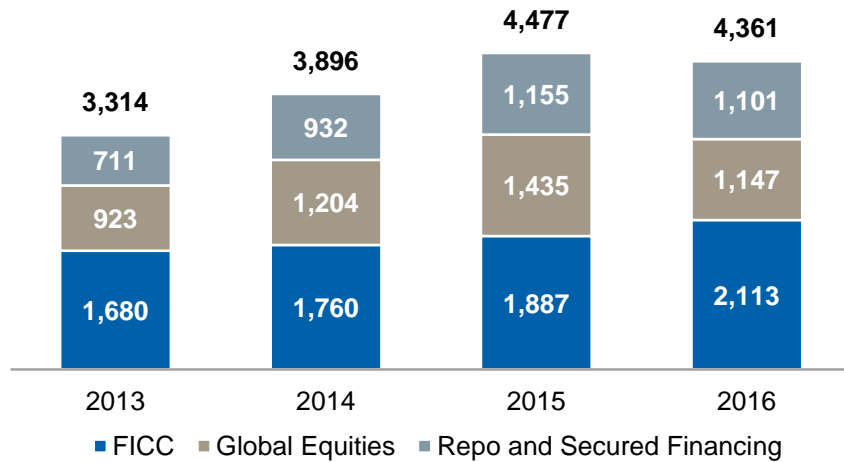
(2) Institutional Investor All-America Trading Team, 2016.

(3) Brendan Wood International Survey, 2016.

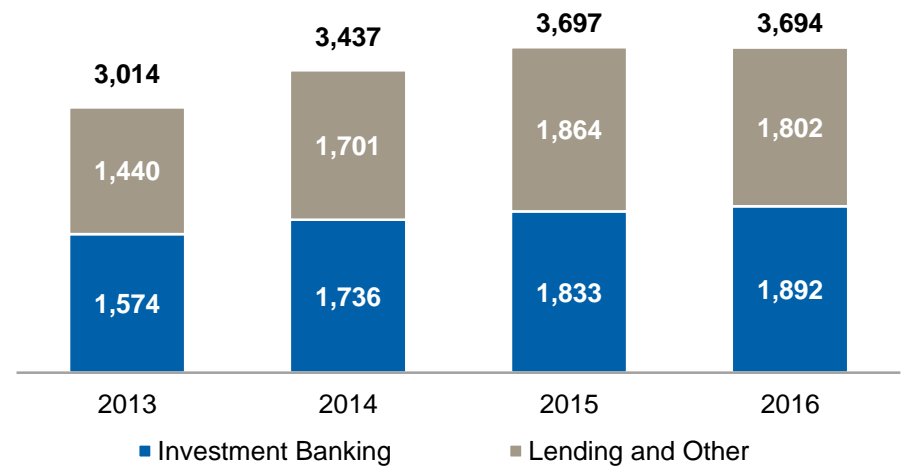
(4) Greenwich Associates, 2016.

Capital Markets

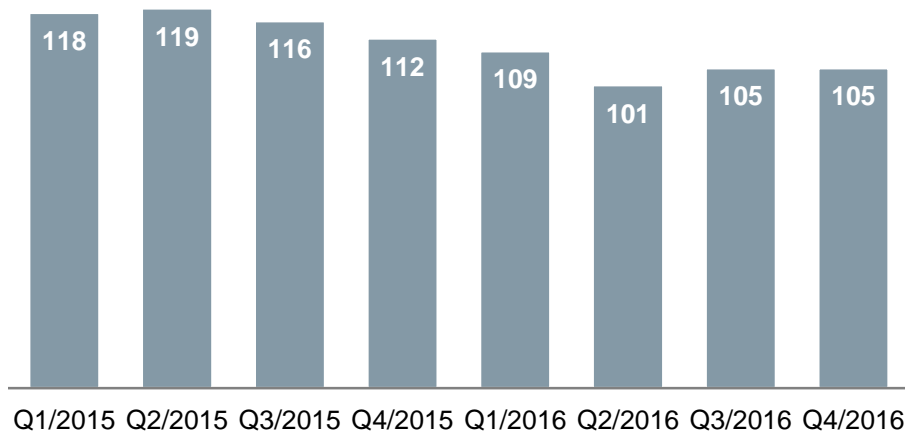
Diversified Global Markets Revenue⁽¹⁾ (\$ millions)



Solid Corporate & Investment Banking Revenue (\$ millions)

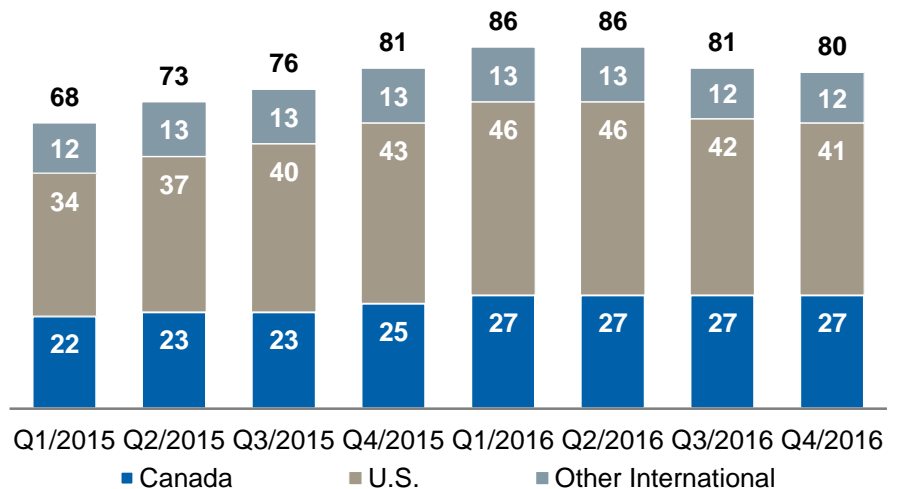


Steady Trading Securities (\$ billions, average)



Geographic Diversification Across Loan Book

Average loans outstanding by region⁽²⁾ (\$ billions)



Business Segments

(1) Global Markets segment revenue has been restated to align select portfolios previously disclosed in Repo and Secured Financing to FICC and Global Equities.

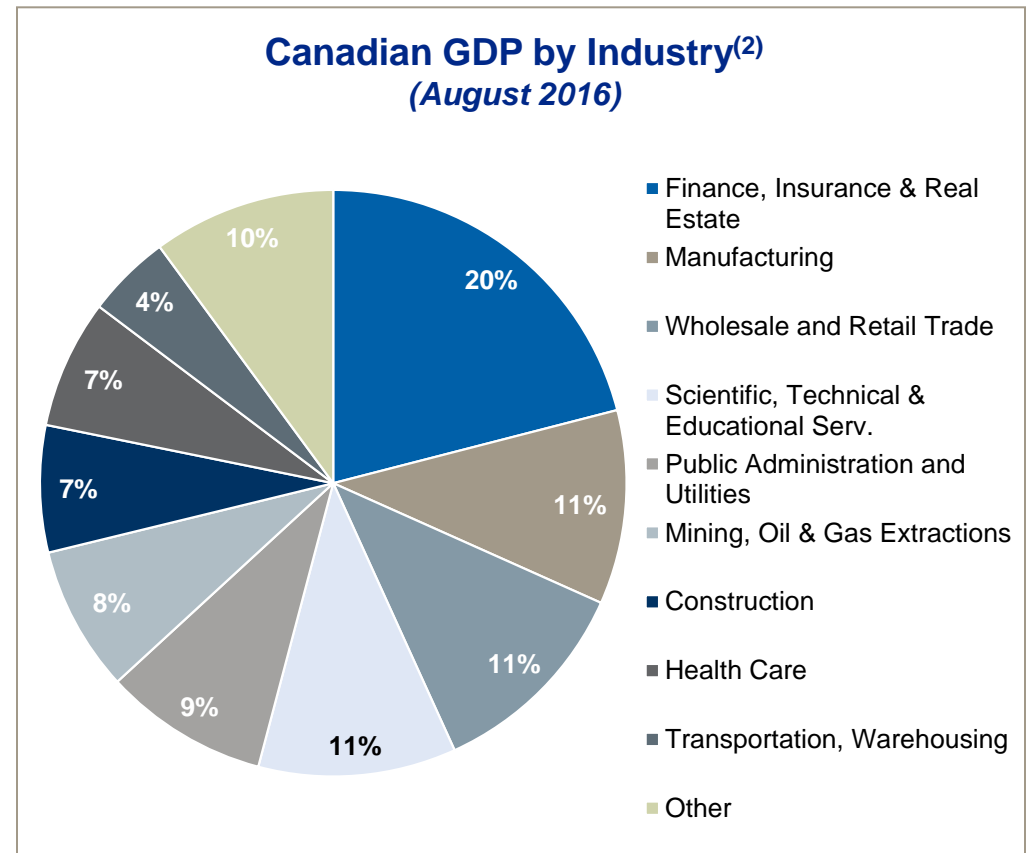
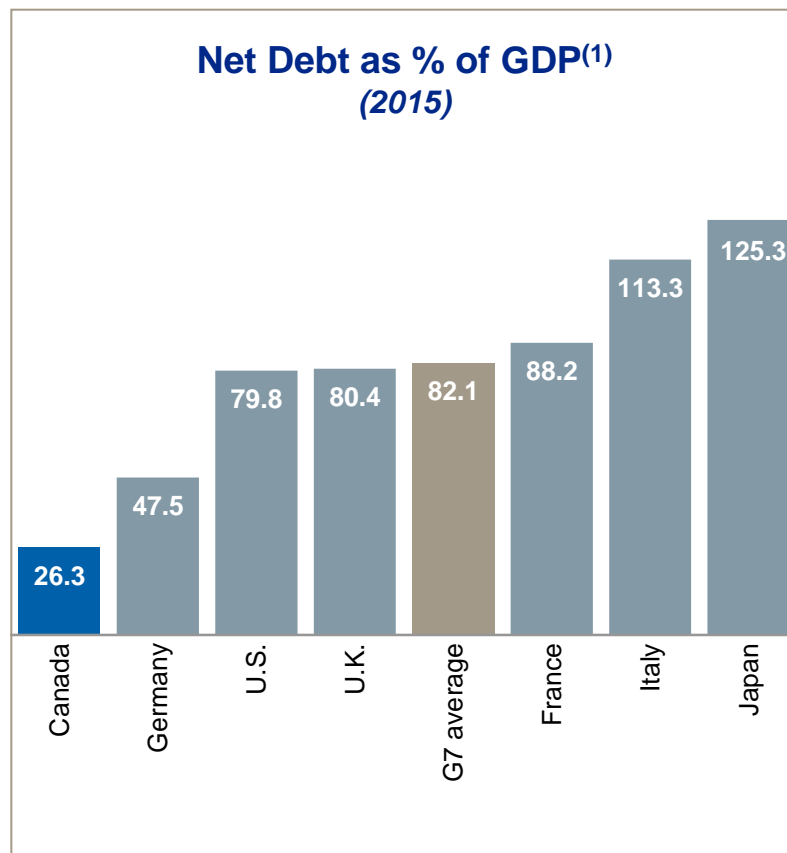
(2) Average loans & acceptances, includes letters of credit and guarantees for our Capital Markets portfolio, on single name basis. Excludes mortgage investments, securitized mortgages and other non-core items.

Economic Backdrop



Canada's fiscal position

- Strong rating as a result of fiscal prudence, conservative bank lending practices and solid economy
- Lowest net debt to GDP ratio among G7 peers⁽¹⁾
- Canadian economy adjusting to shifting drivers of growth



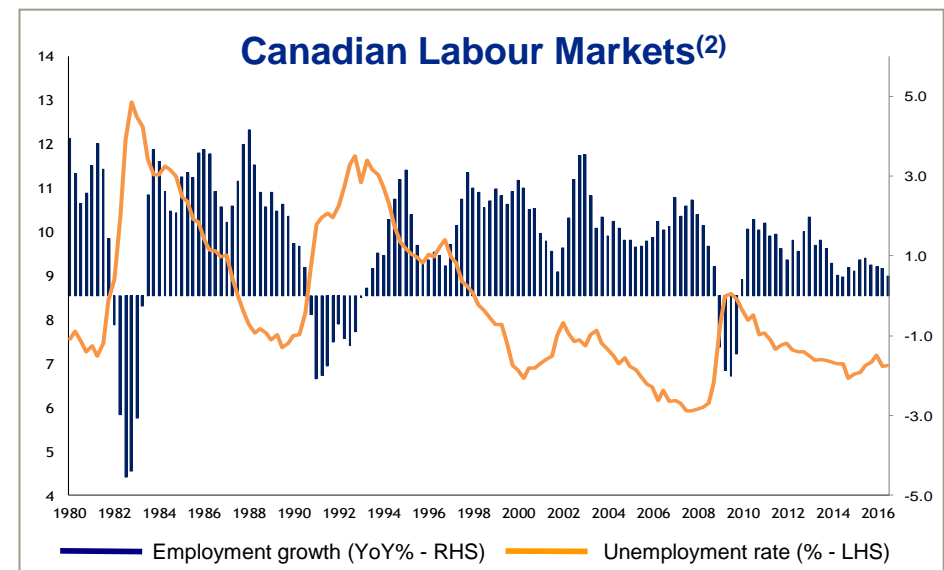
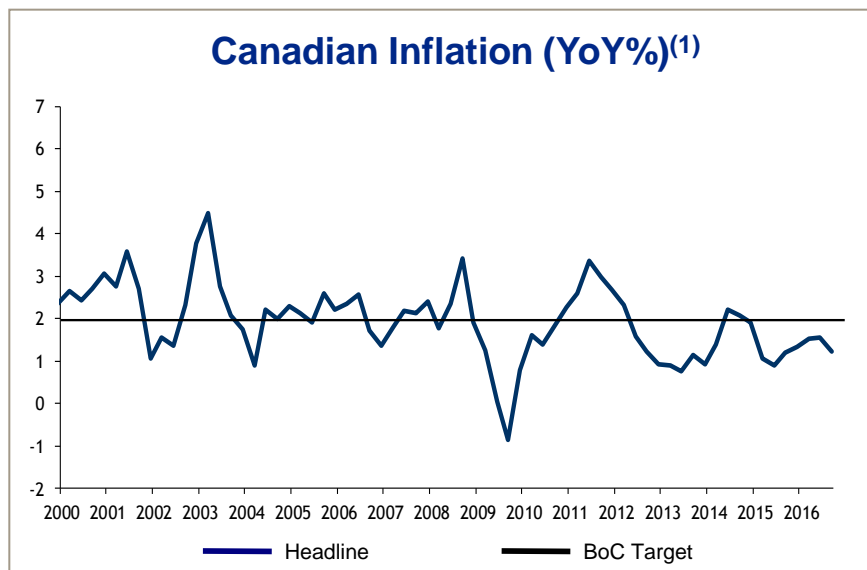
Economic Backdrop

(1) International Monetary Fund.

(2) Statistics Canada, RBC Economics Research.

Economy to post modest growth in light of energy headwinds

- A modest recovery in crude oil prices is expected to contribute to headline inflation gradually drifting higher to reach the mid-point of the Bank of Canada's 1-3% target range by early 2017
- Nationally, labour market resilience is expected to persist as a strengthening in economic activity supports hiring gains with the unemployment rate expected to inch lower through 2017
 - The unemployment rate in Alberta was 8.5% in October 2016, up from 6.6% a year ago, driven by the downturn in the energy sector and the negative impact of the earlier Fort McMurray wildfires
- Headwinds emanating from the pullback of oil prices and negative impact of the Fort McMurray wildfires are expected to ease in the second half of 2016. A reduction in the weight from business investment along with ongoing consumer spending strength are expected to underpin a modest pick-up in economic growth in Canada in 2017 from 2016's lackluster pace



Economic Backdrop

(1) Statistics Canada, RBC Economics Research.

(2) Statistics Canada, Bureau of Labor Statistics, RBC Economics Research.

2016 Economic Outlook



	Projected Economic Indicators for 2016 ⁽¹⁾					
	GDP Growth	Inflation	Unemployment Rate ⁽²⁾	Interest Rate (3 mth T-bills)	Current Account Balance/GDP ⁽²⁾	Budget Surplus/GDP ⁽³⁾
Canada	1.3%	1.5%	7.0%	0.5%	-3.4%	-1.2%
U.S.	1.6%	1.3%	4.9%	0.5%	-2.6%	-3.2%
Euro Area	1.6%	0.2%	10.5%	NA	3.6%	-1.9%

Canada

- The Canadian economy is forecast to grow by 1.3% in 2016. Slow export growth on account of tepid U.S. demand is expected to be more than offset by ongoing strength in consumer spending and a lift from fiscal stimulus. These factors are also expected to more than offset a smaller, although still significant, decline in energy sector investment
- The Bank of Canada is expected to maintain its current policy stance as it awaits evidence that the economy is continuing to transition towards the non-resource sectors being the key drivers of growth
- Consumer spending is expected to remain a key source of economic growth. Housing market activity, nationally, will likely continue to be supported by accommodative borrowing conditions, although recent policy changes are expected to slow the pace of resale activity

U.S.

- Economic growth in the U.S. is expected to be modest in 2016 as a declining inventory investment and a reduction in business investment temper ongoing strength in consumer spending. Less drag on economic growth from net trade in 2016 is expected, reflecting a slowdown in imports combined with persistently weak exports
- The U.S. Federal Reserve is expected to monitor global economic and financial market developments before resuming its withdrawal of monetary policy stimulus in late 2016. At this time, unfolding domestic developments are likely to confirm sustained progress towards achieving the Fed's objectives of full employment and price stability

Euro area

- The Euro area recovery is expected to continue in 2016 driven by consumer spending and business investment, reflecting a gradually improving labour market and rising business sentiment
- Significant monetary stimulus by the European Central Bank is aimed to curb deflationary risks. As the U.K.'s withdrawal from the EU proceeds, weak trade activity is expected to result in slowing Euro area growth next year

(1) RBC Economics Research as of November 9, 2016 and reflect forecasts for calendar 2016.

(2) European Commission, RBC Economics Research.

(3) FY 2016/2017 - Department of Finance, Congressional Budget Office, European Commission (Winter 2016), RBC Economics Research.

Canadian Housing Market



Structural backdrop to the Canadian housing market

	Canada ⁽¹⁾	U.S. ⁽¹⁾
Regulation	<ul style="list-style-type: none"> Government influences mortgage underwriting policies through control of insurance eligibility rules Fully insured if loan-to-value (LTV) is over 80% <ul style="list-style-type: none"> Must meet 5-year fixed rate mortgage standards Government-backed, on homes under \$1MM Down-payment over 20% on non-owner occupied properties CMHC announced mortgage loan insurance premiums will rise by ~15% for new mortgages with LTV over 90% Minimum down payment for new government-backed insured mortgages increased to 10% for portion of the value of a home being purchased that is between \$500,000 – \$999,000 Re-financing cap of 80% on non-insured 	<ul style="list-style-type: none"> Agency insured only if conforming and LTV under 80% No regulatory LTV limit – can be over 100% Not government-backed if private insurer defaults
Consumer Behaviour	<ul style="list-style-type: none"> Mortgage interest not tax deductible Greater incentive to pay off mortgage 	<ul style="list-style-type: none"> Mortgage interest is tax deductible Less incentive to pay down mortgage
Lender Behaviour	<ul style="list-style-type: none"> Strong underwriting discipline; extensive documentation Most mortgages are held on balance sheet Conservative lending policies have historically led to low delinquency rates 	<ul style="list-style-type: none"> Wide range of underwriting and documentation requirements Most mortgages securitized
Lenders Recourse	<ul style="list-style-type: none"> Ability to foreclose on non-performing mortgages, with no stay periods Full recourse against borrowers⁽²⁾ 	<ul style="list-style-type: none"> Stay period from 90 days to one year to foreclose on non-performing mortgages Limited recourse against borrowers in key states

(1) Current regulation and lenders recourse.

(2) Alberta and Saskatchewan have some limited restrictions on full recourse.

Legislation and policies – promoting a healthy housing market

October 2016

- Rate used to qualify high-ratio mortgage borrowers opting for a fixed-rate mortgage with a term of five years or more is changed from the contract rate to the 5-year posted rate
- Standards for portfolio mortgage insurance are set to equal those for homeowner mortgage insurance
- Non-residents are not eligible for the principal residence exemption on any part of a gain from the disposition of a residence

July 2016

- OSFI issued a letter indicating it will increase scrutiny on mortgage underwriting standards and will place a greater emphasis on confirming internal controls and risk management practices are sound, and take into account market developments. It also stated it will be reviewing OSFI Guideline B-20 more broadly
- Foreign buyers registering the purchase of residential homes in Metro Vancouver, excluding treaty lands in the Tsawwassen First Nation, are subject to an additional property transfer tax of 15% under legislation introduced by the British Columbia government

December 2015

- Minimum down payment for new government-backed insured mortgages increased from 5% to 10% for portion of the value of a home being purchased that is between \$500,000 and \$999,999

April 2014

- CMHC discontinued offering mortgage insurance on 2nd homes and to self-employed individuals without 3rd party income validation

Legislation and policies – promoting a healthy housing market

July 2012

- Maximum amortization on government-backed insured mortgages reduced to 25 years from 30 years
- Maximum amount that can be borrowed on a mortgage refinancing lowered to 80% from 85%
- CMHC insurance availability is limited to homes with a purchase price of <\$1 million lowered from \$3.5 million
- Set the borrower's maximum gross debt service ratio at 39% and maximum total debt service ratio at 44%

March 2011

- Maximum amortization on government-backed insured mortgages reduced to 30 years from 35 years
- Maximum amount that can be borrowed on a mortgage refinancing lowered to 85% from 90%

February 2010

- Borrowers must meet the standards for a five-year fixed rate mortgage
- Maximum amount that can be borrowed on a mortgage refinancing lowered to 90% from 95%
- Minimum 20% down payment is required in order to qualify for government-backed mortgage insurance on non-owner-occupied properties

July 2008

- Maximum amortization on government-backed insured mortgages reduced to 35 years from 40 years
- A minimum 5% down payment is required in order to qualify for government-backed insured mortgages
- Additional – minimum credit score requirements, new loan documentation standards, setting a maximum of 45% on borrowers total debt service ratio

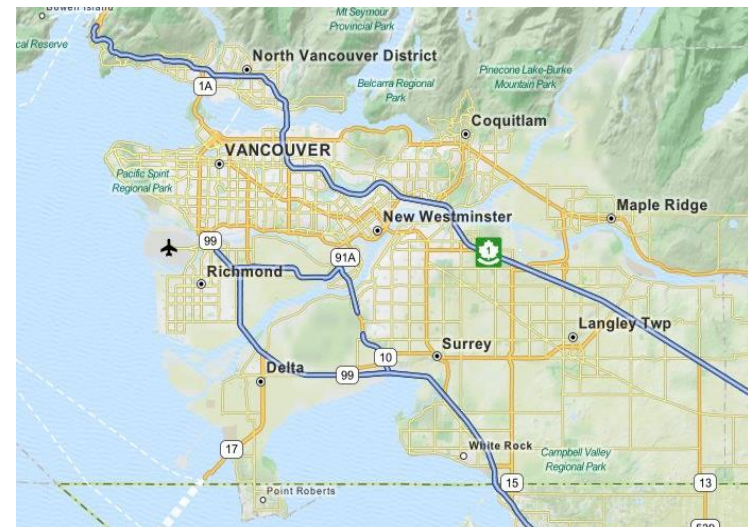
The Toronto and Vancouver downtown condo markets

- Undeveloped land around Toronto / Vancouver is limited, causing shift to centralized condo housing
 - ‘Green belt’ surrounding Toronto has limited urban sprawl and increased demand for condos in the core
 - Vancouver is restricted in its ability for urban sprawl due to land constraints away from the city center
- Canada has one of the highest per capita rates of permanent immigration in the world⁽¹⁾
 - 21% of Canada’s population is foreign born (6.8 million), highest proportion among the G8 nations⁽¹⁾
 - 63% of all new immigrants to Canada move to Toronto, Vancouver or Montreal⁽¹⁾
- RBC’s exposure to condo development is limited – about 2.3% of our total commercial loan book⁽²⁾
 - Condo exposure is 9.8% of our Canadian residential mortgage portfolio⁽²⁾⁽³⁾

“Green belt” surrounding Greater Toronto area



Vancouver limited by mountains, sea, U.S. border



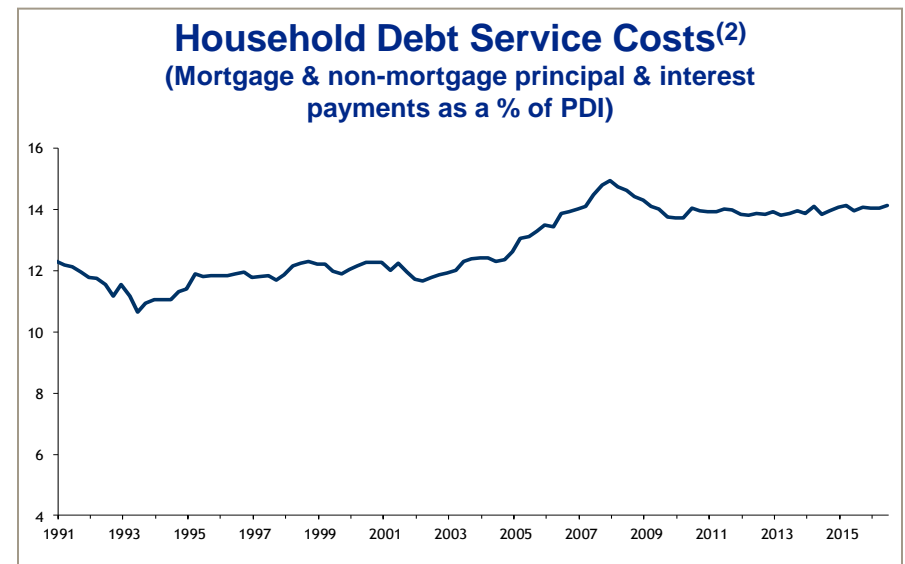
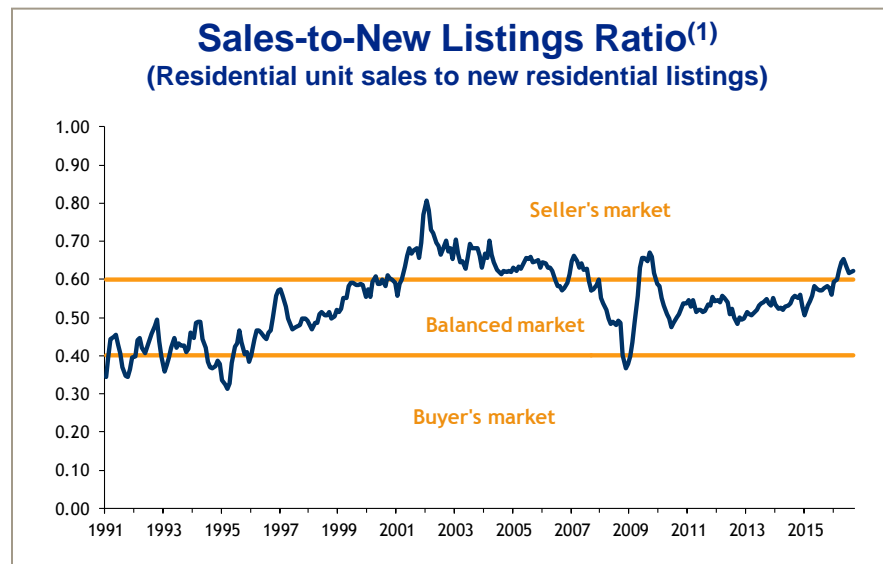
(1) Statistics Canada, Census Program, 2011 National Household Survey.

(2) As at October 31, 2016.

(3) Based on \$257BN in residential mortgages and HELOC in Canadian Banking.

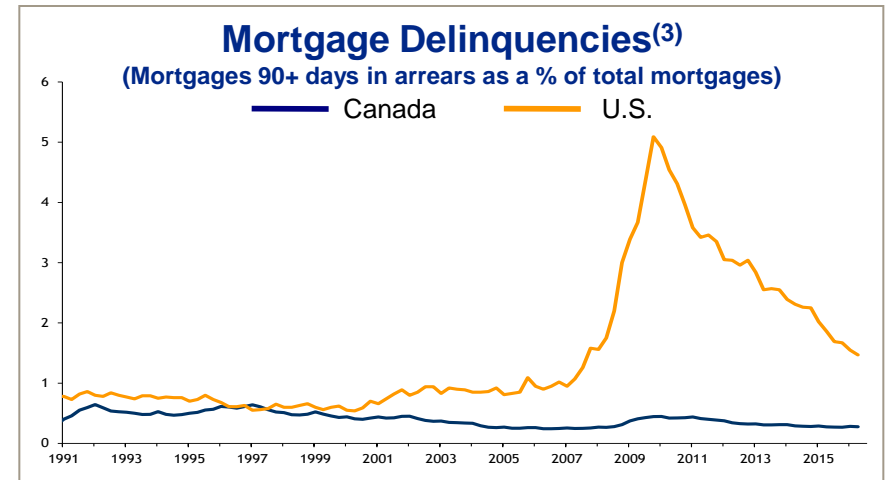
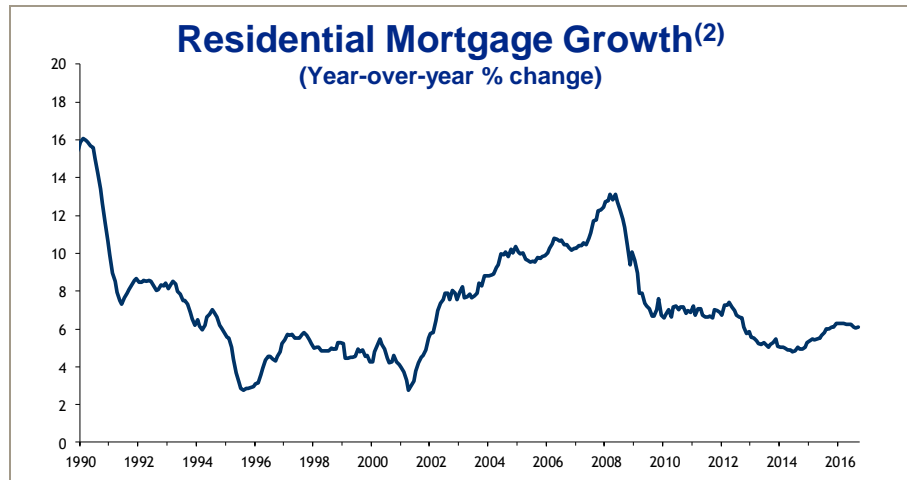
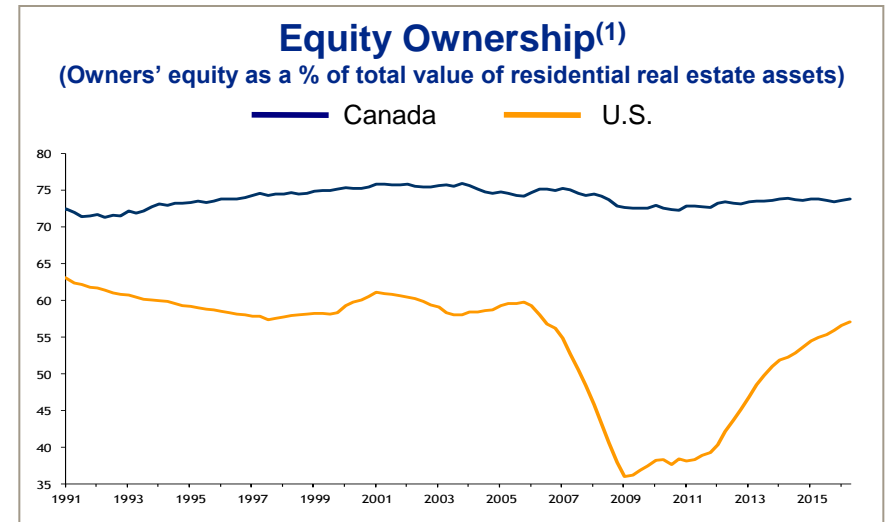
Canadian housing market fundamentals remain balanced

- Balanced demand-supply conditions continue to prevail in close to half of the markets in Canada with the exceptions being some markets in British Columbia and those in and around the Greater Toronto region
- Housing affordability is being skewed at the national level by stretched conditions in Vancouver, Toronto and their surrounding areas. Affordability is in line with historical norms in most other markets across Canada
- Steady population growth, household income gains and low interest rates are supporting housing market activity nationally, although the introduction of mortgage regulation changes by the federal government is expected to temper the pace of home sales in most markets through the forecast horizon
- The introduction of a foreign-buyer tax in British Columbia is meant to contain speculative activity and slow the market to more sustainable levels. although the actual effect is uncertain at this stage
- Relatively stable household debt service cost ratios, with little movement towards higher risk
- Lenders maintaining strong underwriting discipline and require extensive documentation
 - Most mortgages being held on balance sheet and conservative lending policies have led to low delinquency rates



Canadians have significant equity ownership in their homes

- Canadians carry a significant and stable amount of equity in their homes
- The pace of mortgage accumulation continues to trend within a range well below the double-digit rates of growth recorded in the mid-2000s
- Mortgage delinquency rates remain low in Canada and have been stable through recent credit cycles
- RBC monitors its residential mortgage and broader retail portfolios closely and performs stress tests for dramatic movements in house prices, GDP, interest rates and unemployment rates

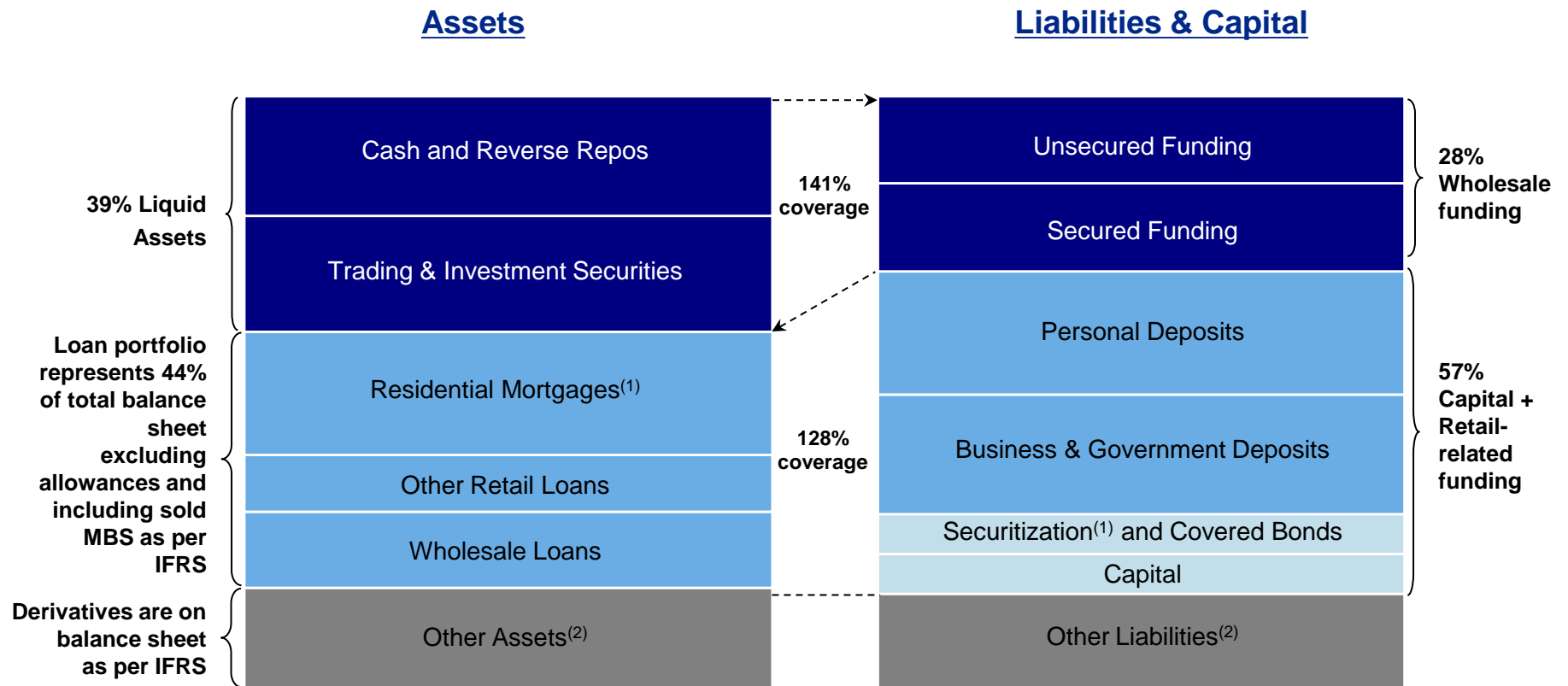


Appendix A – Liquidity & Funding



Strength of a high quality liquid balance sheet

\$1,180 Billion
(as at October 31, 2016)



(1) Securitized agency mortgaged back securities (MBS) are on balance sheet as per IFRS.

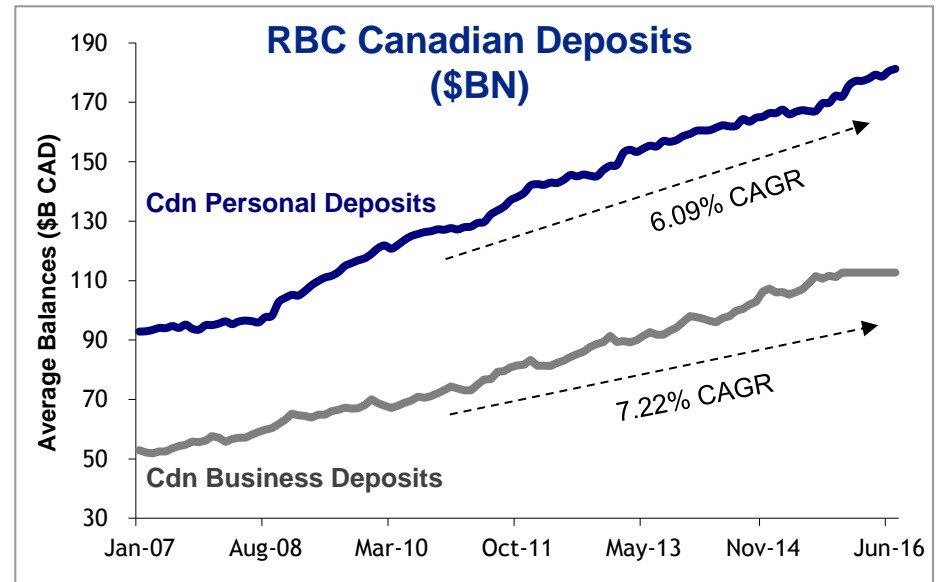
(2) Other assets include \$119BN of derivatives related assets, largely offset by derivatives related liabilities in Other liabilities. Under IFRS derivative amounts with master netting agreements cannot be offset and the gross derivative assets and liabilities are reported on balance sheet.

Strong deposit growth

Leveraging the strength of our distribution channels and successful deposit initiatives to drive growth

Gaining Canadian market share

- Initiated successful strategies to grow relationship deposit base
- Leveraging our Wealth Management network with targeted strategies and product development
- Canadian relationship deposits continue to grow at a faster pace than the market
- Between August 2011 and July 2016, our share of the Canadian personal deposit market has grown from 19.0% to 20.0%⁽¹⁾



Leveraging our international reach

- Strong deposit growth in our International Wealth Management and Canadian Banking platforms

RBC Relationship Deposits (\$BN)

	Q4 2016	Q4 2015
HISA ⁽²⁾	\$30	\$29
Advisory Channel Deposits ⁽³⁾	\$33	\$34
Other Personal Deposits	\$172	\$155
Business Deposits	\$271	\$205
Total Deposits	\$506	\$423

⁽¹⁾ Canadian deposit market share is based on Canadian Banking personal deposits and Wealth Management advisory channel deposits. Source: OSFI (M4 report).

⁽²⁾ High Interest Savings Account; Includes CAD and USD deposits.

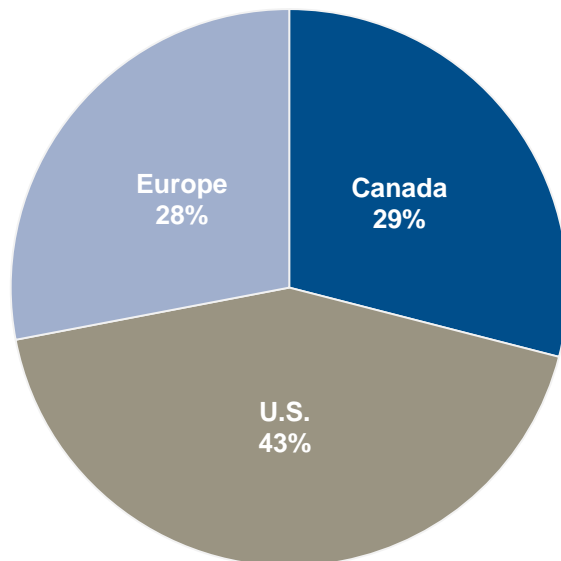
⁽³⁾ Sourced largely from RBC Wealth Management network.

Wholesale funding strategy

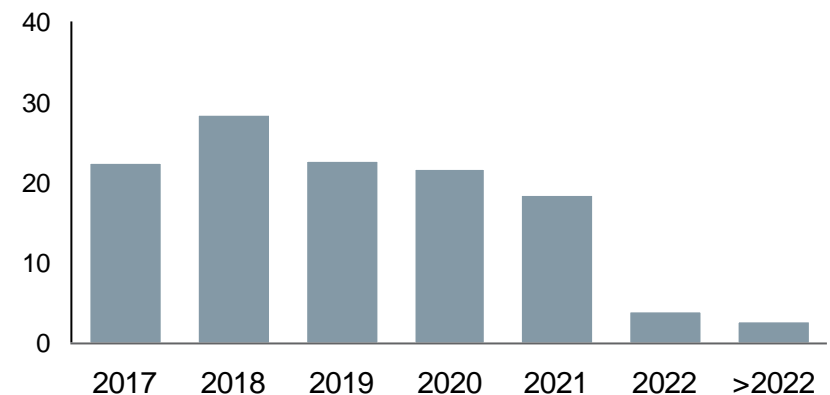
Large retail deposit base complemented by well diversified wholesale funding mix

- Well diversified across products, currencies, investor segments and geographic regions
- Raise majority of funding in international markets to preserve significant domestic capacity which can be tapped in stressed market conditions
- Regular issuance in all major markets to promote investor engagement and secondary market liquidity
- Well balanced maturity profile that is reflective of the maturity profile of our asset base

Diversified by Geography⁽¹⁾



Well Balanced Maturity Profile (\$ billions)⁽¹⁾

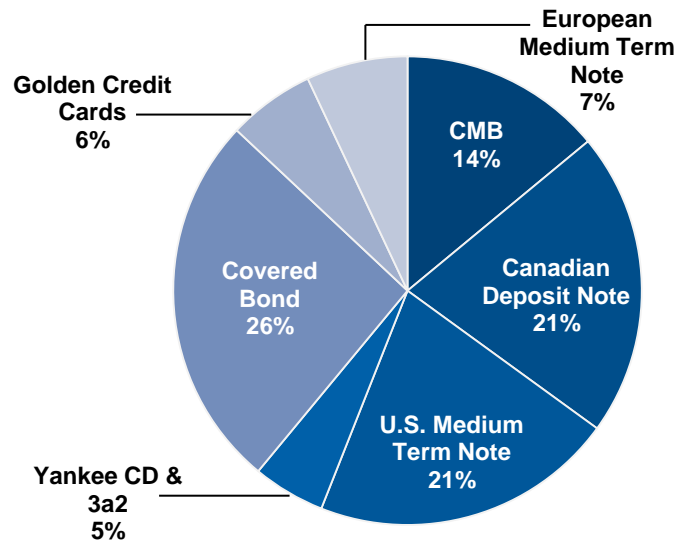


Well diversified wholesale funding platform

- Variety of programs allows for greater diversification and cost effectiveness

Canada	U.S.	Europe and Asia
<ul style="list-style-type: none"> Canadian Shelf (C\$25BN) Securitizations (Canadian mortgage bonds, NHA MBS⁽¹⁾ and credit cards) 	<ul style="list-style-type: none"> SEC Registered Shelf (US\$40BN) SEC Registered Covered Bonds (US\$15BN)⁽²⁾ 	<ul style="list-style-type: none"> European Debt Issuance Program (US\$40BN) Covered Bond Program (EUR 32BN) Japanese Issuance Programs (JPY 1 trillion)

Well Diversified by Product⁽³⁾



Recent Deals

- US\$700MM 3-year golden credit card at Libor+50bps
- C\$1.75BN 5-year unsecured at Libor+68bps
- C\$1.75BN 5-year unsecured at Libor+77bps
- US\$1.8BN 3-year unsecured at Libor+48bps
- US\$500MM 2-year unsecured at Libor+50bps
- C\$2BN 3-year covered bond at Libor+55bps

RBC Covered Bond Program

Globally Active

- Active program in six different currencies: EUR, CAD, USD, CHF, AUD and GBP
 - C\$37BN currently outstanding
- Recent benchmark transactions
 - GBP 350MM 3-year
 - US\$1.75BN 5-year
 - EUR 1.5BN 5-year
 - C\$2BN 3-year

Strong Issuer

- Largest Canadian bank by market capitalization
- Strong credit ratings
- Well capitalized and consistent historical profitability
- Well diversified business mix

Canadian Legislative Changes



- Canadian legislation protects claims of covered bond investors and overrides any other conflicting law related to bankruptcy and insolvency
 - Extensive regulatory oversight and pool audit requirements
 - Mandatory property value indexation

U.S. Registration



- U.S. SEC registered covered bond program
 - Issued US\$15.5BN across seven deals since September 2012
 - Index eligible and Trace eligible

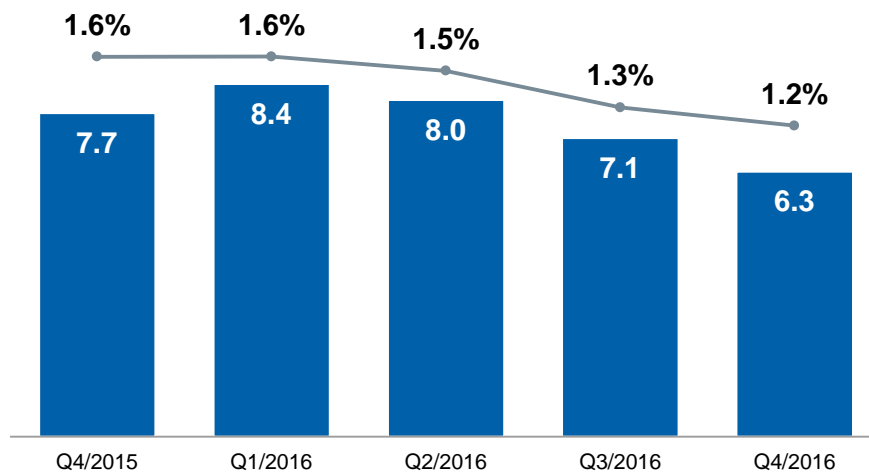
Appendix B – Oil & Gas



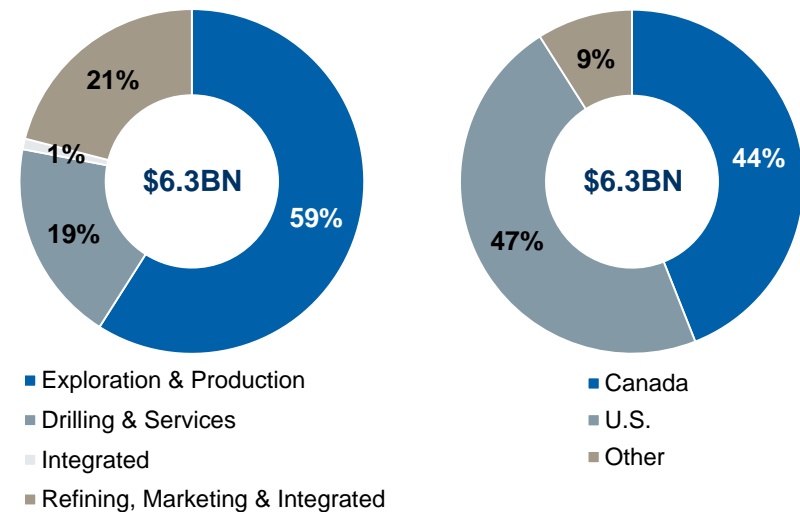
Exposure to the oil & gas sector within our risk appetite

- Our oil & gas portfolio benefited from an improved backdrop and increased capital markets activity underpinned by higher average oil prices
- Exposure to oil & gas sector:
 - Drawn of \$6.3BN, decreased 11% QoQ; undrawn⁽¹⁾ of \$10.7BN decreased 1% QoQ
 - Largely due to higher repayments on multiple accounts
 - Drawn exposure represents 1.2% of RBC’s total drawn loans and acceptances, down from prior quarters
- 16% of our drawn and 57% of undrawn⁽¹⁾ oil & gas portfolio is to investment grade clients

Drawn Oil & Gas Loans and Acceptances
 (\$ billions; % of total loans and acceptances)



Drawn Oil & Gas Exposure by Industry Segment and Geography





Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain key performance and non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that key performance measures, such as ROE and non-GAAP measures such as earnings and revenue excluding Corporate Support, results excluding a gain of \$235 million after-tax (\$287 million before-tax) related to the sale of RBC General Insurance Company to Aviva Canada Inc, Wealth Management measures excluding the acquisition of City National, Investor & Treasury Services 2013 net income excluding a loss of \$31 million after-tax (\$44 million before-tax) related to the integration of Investor Services and 2015 net income excluding the additional month of results in Q3/2015 of \$28 million after-tax (\$42 million before-tax) related to aligning of Investor Services reporting period to that of RBC, Insurance net income excluding a Q4/2013 charge of \$118 million after-tax (\$160 million before-tax) as a result of new tax legislation in Canada do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about our ROE and non-GAAP measures can be found under the “Key performance and non-GAAP measures” section of our 2016 Annual Report.

Definitions can be found under the “Glossary” sections in our Q4/2016 Supplementary Financial Information and our 2016 Annual Report.

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www.rbc.com/investorrelations