

Royal Bank of Canada Investor Presentation

Q3/2017

All amounts are in Canadian dollars unless otherwise stated and are based on financial statements prepared in compliance with International Accounting Standards 34 Interim Financial Reporting, unless otherwise noted. Our Q3/2017 Report to Shareholders and 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 presentation, in other filings with Canadian regulators or the SEC, in other reports to shareholders and in other communications. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, the economic and market review and outlook for Canadian, U.S., European and global economies, the regulatory environment in which we operate, the outlook and priorities for each of our business segments, the risk environment including our liquidity and funding risk, and includes our President and Chief Executive Officer’s statements. The forward-looking information contained in this document 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 and the Risk management section of this Q3 2017 Report to Shareholders; global uncertainty, the Brexit vote to have the United Kingdom leave the European Union (EU), 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 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, as updated by the Overview and outlook section of this presentation. 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 Overview of other risks sections of our 2016 Annual Report and the Risk management section of our Q3 2017 Report to Shareholders.

Information contained in or otherwise accessible through the websites mentioned does not form part of this Q3 presentation. All references in this Q3 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	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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	<ul style="list-style-type: none">▪ 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▪ Made largest-ever commitment of \$500MM to RBC Future Launch in 2017 – Helping youth prepare for the future world of work

Market leader with a focused strategy for growth

Largest in Canada⁽¹⁾

A market leader across all key businesses

Top 15 Globally⁽¹⁾

One of the 15 largest global banks by market capitalization with operations in 37 countries

16 Million+ Clients

Served by ~81,000 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



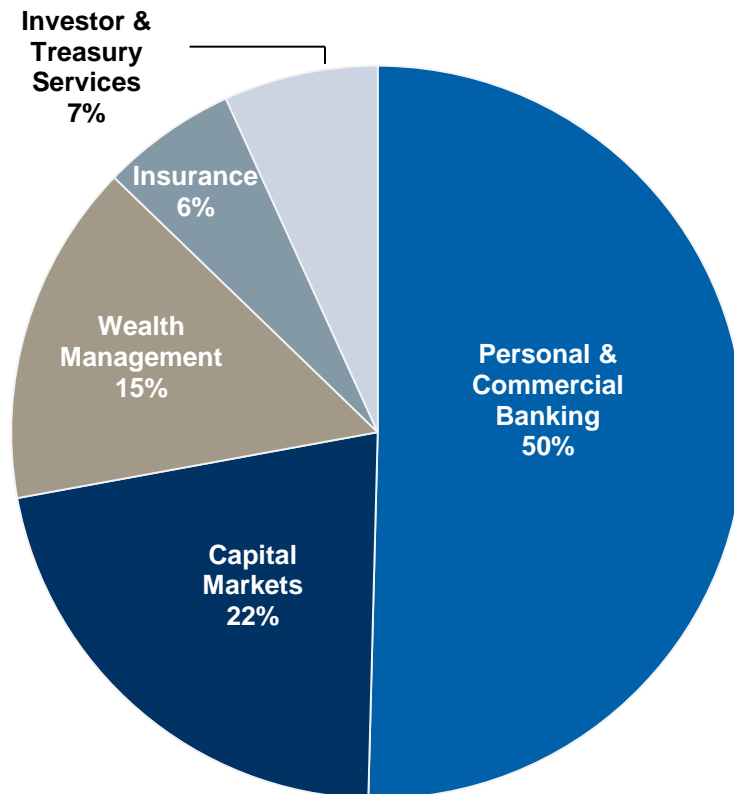
In the United States: To be the preferred partner to corporate, institutional and high net worth clients and their businesses



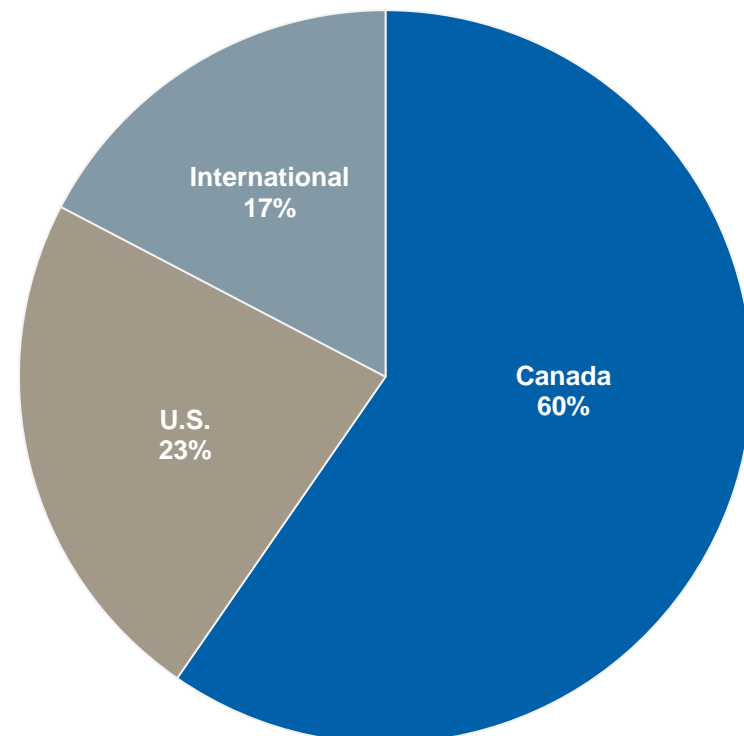
In Select Global Financial Centres: To be a leading financial services partner valued for our expertise

Diversified business model with client leading franchises

Earnings by Business Segment⁽¹⁾
Latest twelve months ended July 31, 2017



Revenue by Geography⁽¹⁾
Latest twelve months ended July 31, 2017

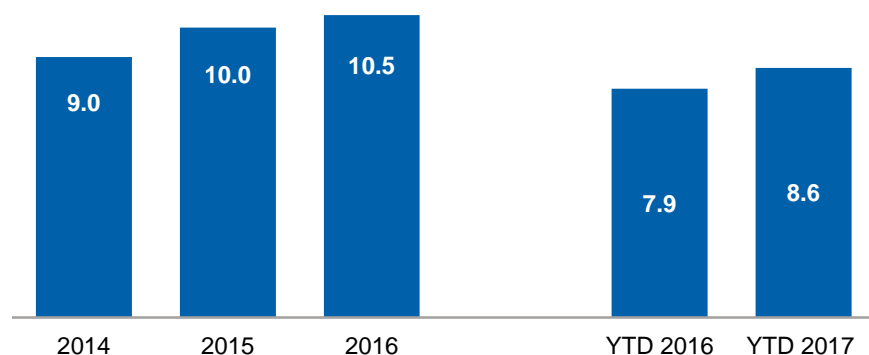


Strong financial profile

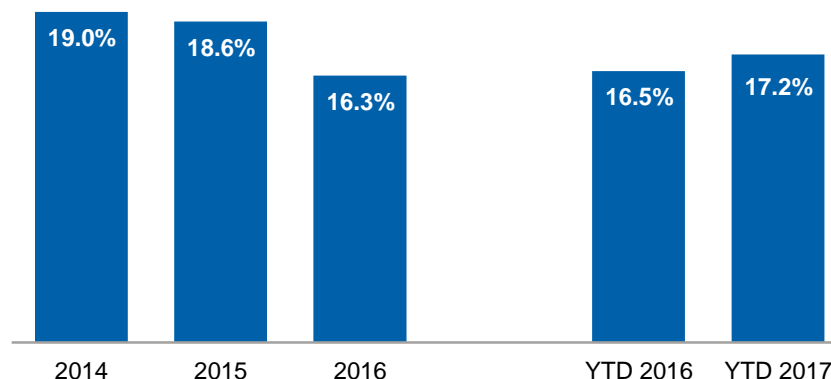
Consistent earnings growth and solid ROE while maintaining a strong capital position with a disciplined approach to risk

Consistent Earnings Growth⁽¹⁾

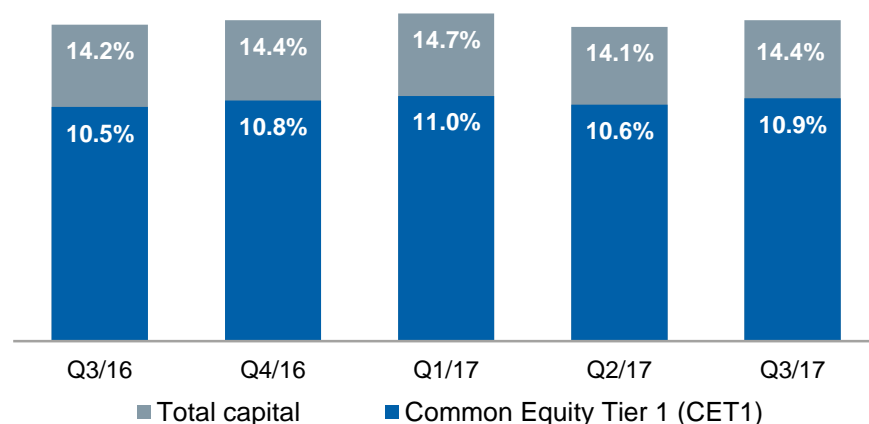
Net income (\$ billions)



Strong Return on Equity⁽¹⁾⁽²⁾



Strong Capital Position⁽³⁾



Strong Leverage and Liquidity Ratios⁽³⁾

- **Leverage Ratio** 4.4%
- **Liquidity Coverage Ratio** 121%

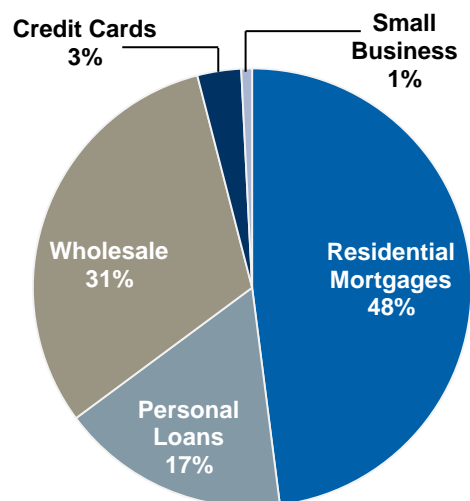
Credit Ratings⁽⁴⁾ Amongst the Highest Globally

Moody's	S&P	DBRS	Fitch
A1	AA-	AA	AA
Negative	Negative	Stable	Negative

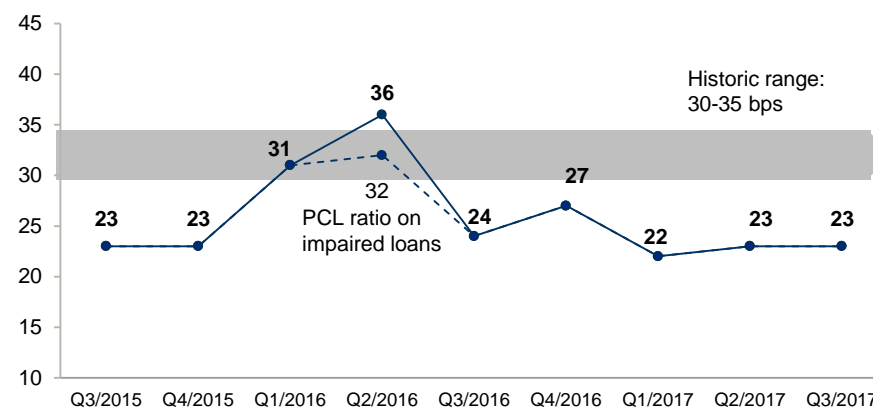
Prudent risk management

A disciplined approach and diversification have driven stable credit trends

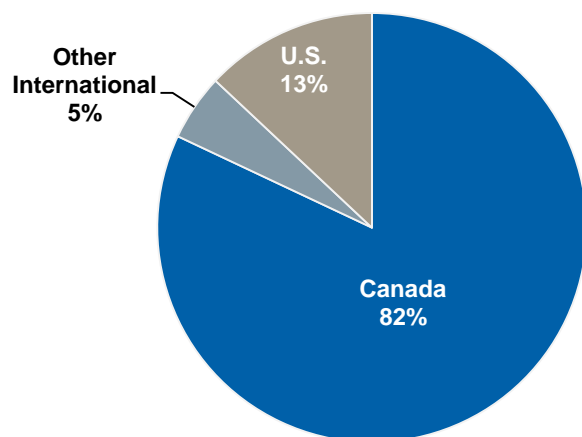
Loan Book Diversified by Portfolio⁽¹⁾



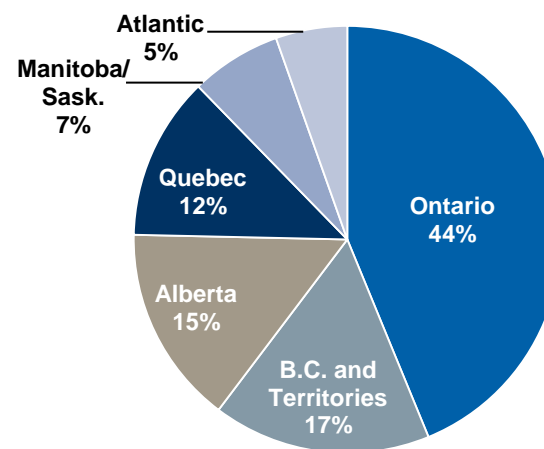
Relatively Stable PCL Ratio⁽²⁾ Over the Cycle (bps)



Breakdown by Region of Total Loans and Acceptances⁽¹⁾



Breakdown of Canadian Total Loans and Acceptances⁽¹⁾



About RBC

(1) Loans and acceptances outstanding as at July 31, 2017. 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

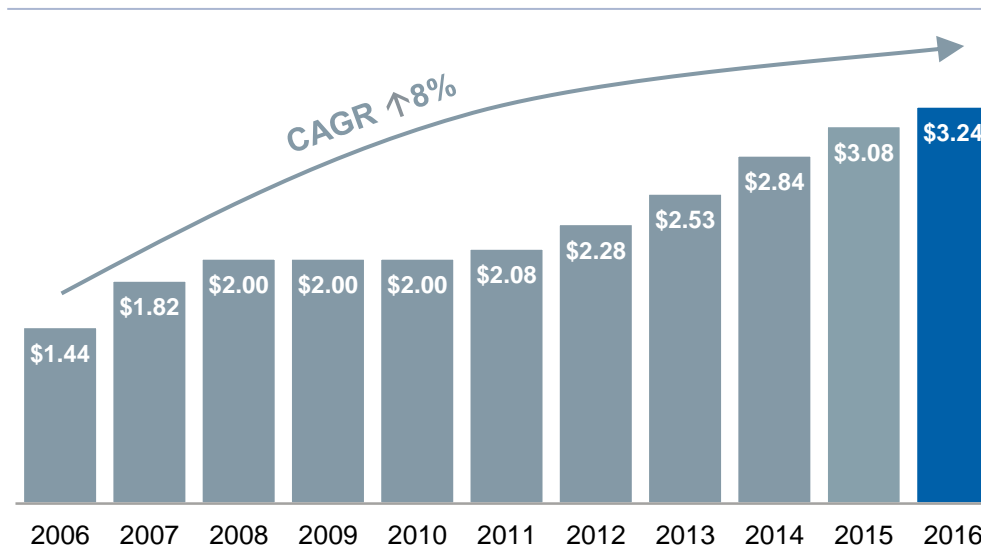
Medium-term Financial Performance Objectives

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	9%	8%
5 Year	17%	15%
10 Year	10%	8%

Strong Dividend Growth⁽²⁾



About RBC

(1) Annualized TSR is calculated based on the TSX common share price appreciation plus reinvested dividend income. Source: Bloomberg, as at July 31, 2017. RBC is compared to our global peer group. The peer group average excludes RBC; for the list of peers, please refer to our 2016 Annual Report. (2) Dividends declared per common share. Our current quarterly dividend is \$0.91.

Business Segments



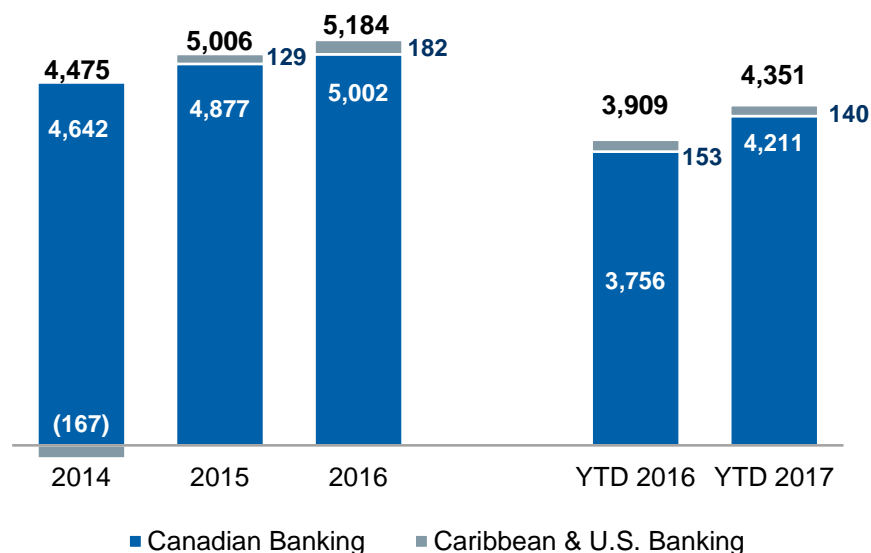
Personal & Commercial Banking

- 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

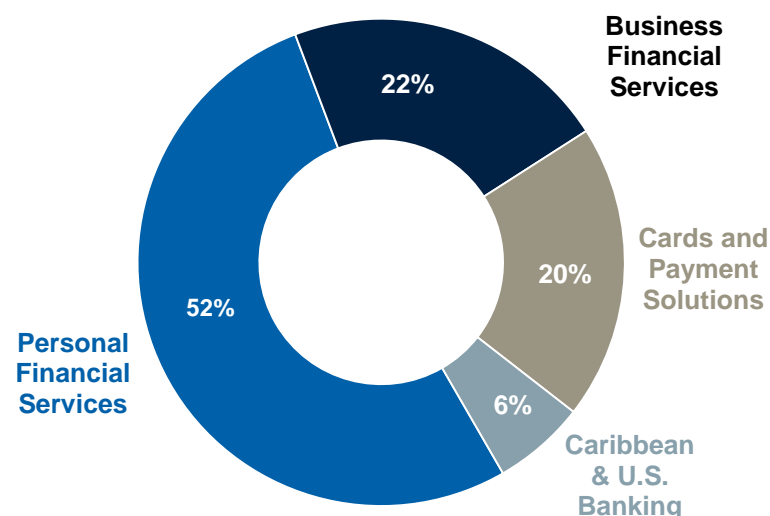
Q3/17 Highlights

Clients (MM)	13.6
Branches	1,316
ATMs	4,686
Active digital (Online and Mobile) users ⁽²⁾ (MM)	6.1
Employees (FTE)	32,679
Loans & acceptances ⁽¹⁾ (\$BN)	405.2
Deposits ⁽¹⁾ (\$BN)	346.4
AUA ⁽³⁾ (\$BN)	252.5

Net Income (\$ millions)⁽⁴⁾



Revenue by Business Line⁽⁵⁾



Business Segments

(1) Based on average balances. (2) This figure represents the 90-day active customers in Canadian Banking only. (3) Based on period-end spot balances. (4) For reconciliation of adjusted earnings, refer to page 3 in the Q3/2017 Supplementary Financials. (5) For the quarter ended July 31, 2017.

Personal & Commercial Banking – Canadian Banking

Strategic Priorities *Building A Digitally-Enabled Relationship Bank™*

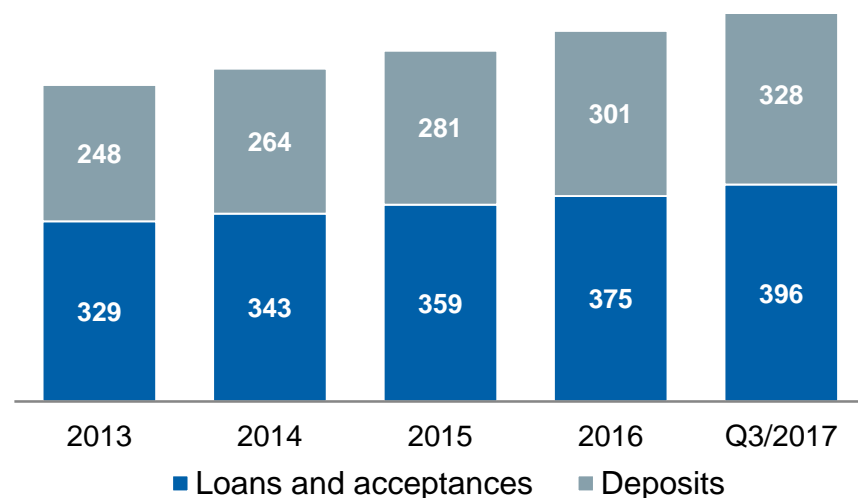
Transform how we serve our clients	<ul style="list-style-type: none"> Make it easier for clients to access products and services digitally Create capacity and capability to focus on advice, complex servicing and sales, and problem resolution Add value for clients through personalized offers and reward 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 high net worth, newcomers and students/young adults - and build business through growth in client relationships
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 rapidly 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 enhance digital, agile and change capabilities

Recent Awards

 <p>Best Global Retail Bank for the third time & Best Branch Strategy⁽¹⁾</p>	 <p>Highest in Customer Satisfaction Among the Big Five Retail Banks for the second consecutive year⁽²⁾</p>	 <p>Highest in Customer Satisfaction Among Canadian Mobile Banking Apps in the inaugural Study⁽²⁾</p>	 <p>World's Best Global Bank for Consumer Banking⁽³⁾; Best Trade Finance Bank in Canada 5 years in a row⁽⁴⁾</p>
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Personal & Commercial Banking – Canadian Banking

Solid Volume Growth⁽¹⁾



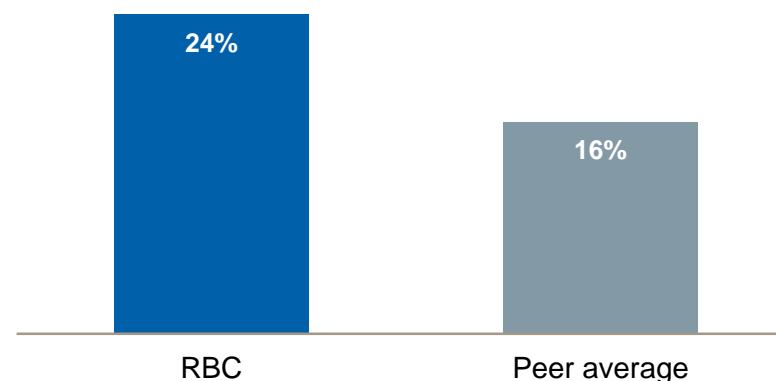
#1 or #2 Market Share in All Categories⁽³⁾

Product	Market share	Rank
Personal lending ⁽⁴⁾	23.7%	1
Personal core deposits + GICs	19.4%	2
Credit cards ⁽⁵⁾	26.8%	2
Long-Term Mutual Funds ⁽⁶⁾	14.9%	1
Business loans (\$0-\$25MM) ⁽⁷⁾	25.7%	1
Business deposits ⁽⁸⁾	25.9%	1

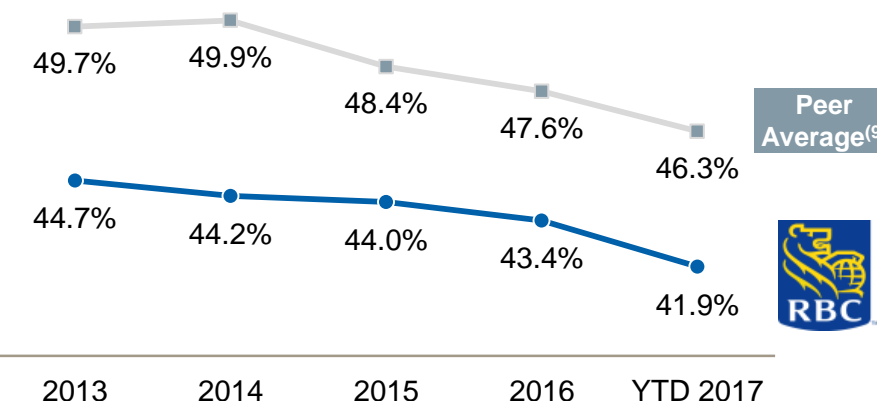
Business Segments

Superior Cross-sell Ability

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



Continue to Improve Our Efficiency Ratio⁽¹⁰⁾



(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 April 2017; 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 May 2017 except where noted. Market share is of total Chartered Banks except where noted. (4) Personal Lending market share is of 6 banks (RBC, BMO, BNS, CIBC, TD and NA) as at February 2017. Personal Lending comprises residential mortgages (excluding acquired portfolios) and personal loans as at February 2017. (5) Credit cards market share is based on 6 banks (RBC, BMO, BNS, CIBC, TD and NA) as at February 2017. (6) Long-term mutual fund market share is compared to total industry. (7) Business Loans market share is of 6 Chartered Banks (RBC, BMO, BNS, CIBC, TD and NA) on a quarterly basis and is as of December 2016. (8) Business Deposits market share excludes Fixed Term, Government and Deposit Taking Institution balances. (9) Peers include BMO, BNS, CIBC and TD; 2013 through 2016 reflects annual, while the peer average efficiency ratio for YTD 2017 represents the six months ending Q2 2017 (YTD Q3/2017 peer data not available). (10) For reconciliation of adjusted earnings, refer to page 3 in the Q3/2017 Supplementary Financials.

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

Best Private Banking Services Overall in Canada

(Euromoney Private Banking Survey, 2017)

Top 5 Global Wealth Manager by Assets

(Scorpio, 2016)

Best Canadian Private Bank

(Family Wealth Report Awards, 2016)

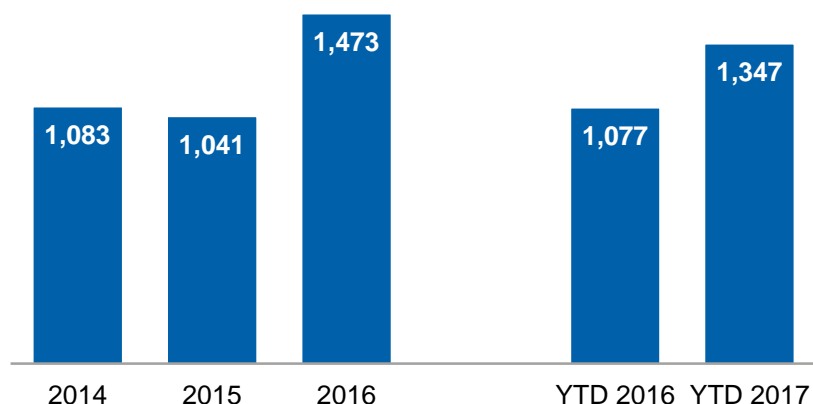
Outstanding Global Private Bank – North America

(Private Banker International Global Wealth Awards, 2016)

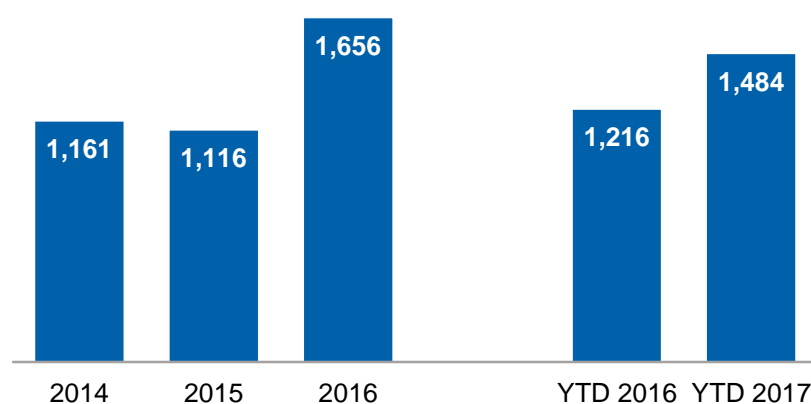
Outstanding Wealth Manager – Customer Relationship Service and Engagement

(Private Banker International, 2016)

Net Income (\$ millions)⁽¹⁾



Cash Earnings (\$ millions)⁽¹⁾⁽²⁾

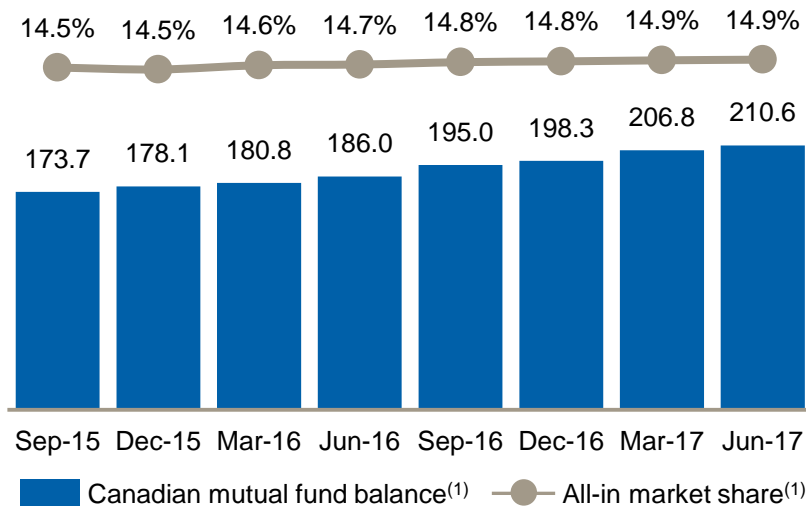


Wealth Management – Global Asset Management

Building a high-performing global asset management business

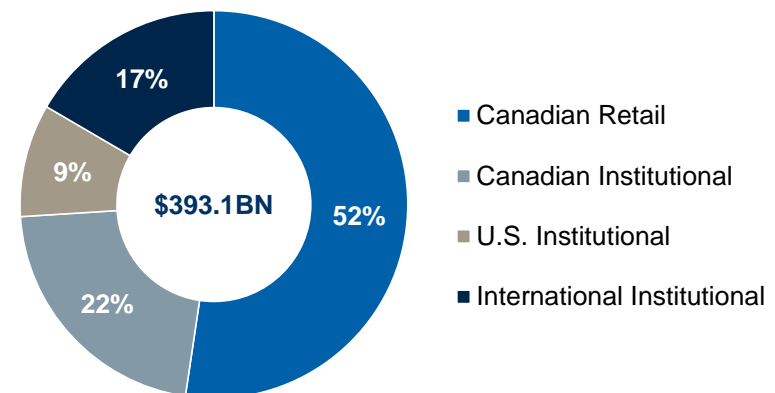
- **Driving top-tier profitability in our largest Wealth Management business**
 - \$393BN in client assets, generating over 41% of RBC Wealth Management earnings in Q3/2017
 - Investor asset mix of 52% Retail / 48% Institutional client assets
- **Extending our lead in Canada**
 - Largest fund company in Canada, ranked #1 in market share capturing 32.2% amongst banks and 14.9% all-in⁽¹⁾
 - 3rd largest institutional pension asset manager in Canada⁽²⁾
- **Delivering strong investment capabilities to support growth**
 - Top performing investment firm with ~79% of AUM outperforming the benchmark on a 3-year basis⁽³⁾
 - Continued growth of investment capabilities and innovative solutions for both institutional clients and retail investors

Canadian Retail AUM (\$ billions)



Diversified Asset Mix

AUM by Client Segment (\$ billions)⁽⁴⁾



Business Segments

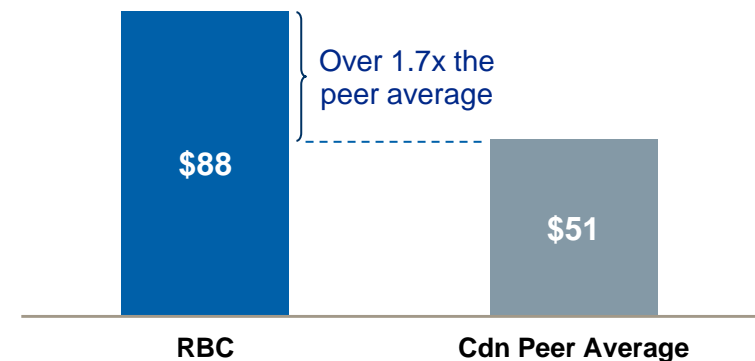
(1) Investment Funds Institute of Canada (IFIC) as at June 2017 and RBC reporting. Comprised of long-term funds and money market funds. (2) Benefits Canada as at May 2017. (3) As at June 2017, gross of fees. (4) RBC GAM, based on period-end spot balances.

Wealth Management

Canadian Wealth Management

- **Extending our #1 position**
 - Grew HNW⁽¹⁾ market share by ~500 bps to 20% over the last five years⁽²⁾ and anticipate reaching 22% market share by 2020
- **Maintaining profitable growth**
 - Generating 26% 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 \$1.36MM per year, 32% above Canadian industry average⁽²⁾
 - Strong new asset growth complimented by favourable market conditions
 - Leveraging Enterprise linkages to continue to extend market share gains

Fee-based Assets per Advisor⁽³⁾ (\$ millions)



U.S. Wealth Management (including City National)

U.S. Wealth Management

- 7th largest brokerage in the U.S. as ranked by assets under administration and by number of financial advisors
- Steadily increasing advisor productivity and continuing growth of 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

City National

- A premier U.S. private and commercial bank that creates a platform for long-term growth in the U.S.
- Operates with a high touch, branch light client service model in selected high growth markets including Los Angeles, the San Francisco Bay area, Orange County, San Diego and New York
- Expanding the CNB business model to selected high growth markets; CNB is forecasted to generate over US\$1.0BN (pre-tax) by 2020⁽⁵⁾

International Wealth Management

- Delivering an unrivalled Wealth Management client experience through an enhanced sales and relationship management process and more integrated delivery of multiple solutions
- Focusing on key client segments, including HNW and UHNW⁽¹⁾ clients in select target markets where we have scale
- Leveraging RBC's global capabilities to bring the best of RBC to our clients (e.g., RBC innovation labs)

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

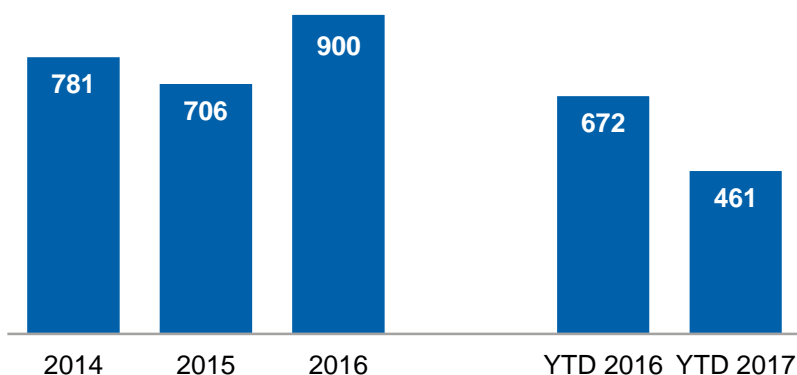
Simplify. Agile. Innovate.

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

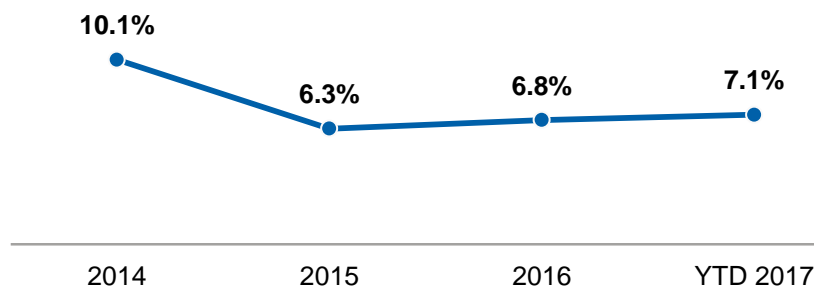
Pursue select international opportunities to grow our reinsurance business

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

Net Income (\$ millions)⁽¹⁾⁽²⁾



Acquisition Expense Ratio⁽³⁾



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⁾
 - Ranked the #1 Fund Administrator overall for four consecutive years⁽³⁾
- Leading provider of Canadian dollar cash management and payment solutions to brokers, exchanges and other global financial institutions
- Short-term funding and liquidity management for RBC

Strategic Priorities

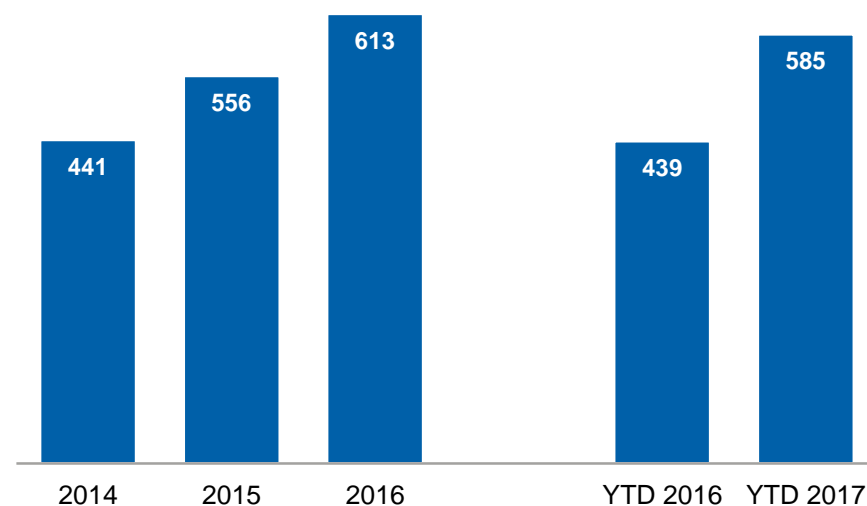
In Canada, maintain position as the #1 provider of domestic custody, asset services and cash management

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

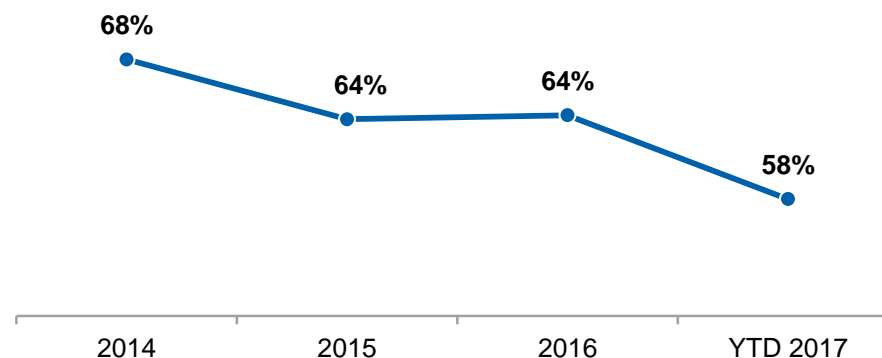
Continue to deliver a high-level of investment in client-focused technology solutions

Enhance our client centric service offering and improve efficiency

Net Income (\$ millions)



Efficiency Ratio



Business Segments

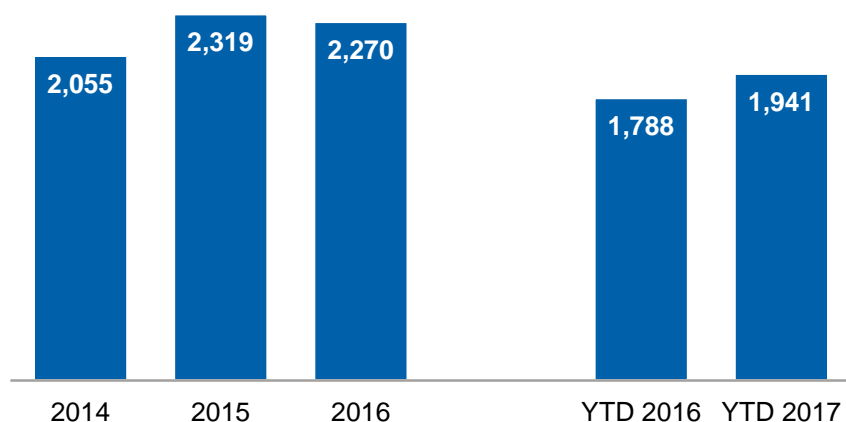
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(1) Global Investor/ISF Global Custody Survey, 2017. (2) Global Custodian Agent Banks in Major Markets Survey, 2016. (3) R&M Fund Accounting and Administration Survey, 2016.

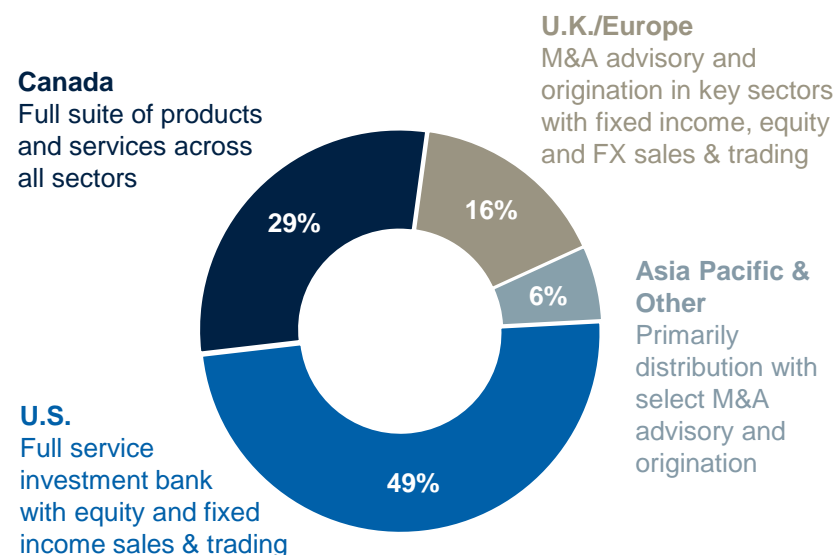
Capital Markets

- A premier North American investment bank with select global reach
 - 9th 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⁽²⁾
- Top talent with expertise and track record of excellence

Net Income (\$ millions)



Revenue by Geography⁽³⁾



Capital Markets

Strategic Priorities

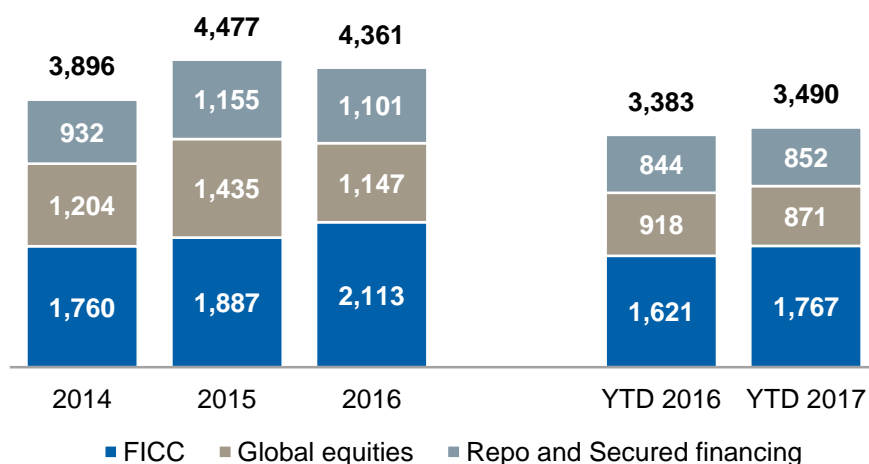
Maintain our leadership position in Canada	<ul style="list-style-type: none"> Focus on long-term client relationships and leverage our global capabilities Increase focus on product and service cross-sell, and continue to improve collaborative efforts
Expand and strengthen client relationships in the U.S.	<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
Build on core strengths and capabilities in U.K./Europe and optimize performance in Asia Pacific	<ul style="list-style-type: none"> Continue to grow prudently, deepen client relationships, and selectively expand geographic and sector coverage
Optimize capital use to earn high risk-adjusted returns on assets and equity	<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

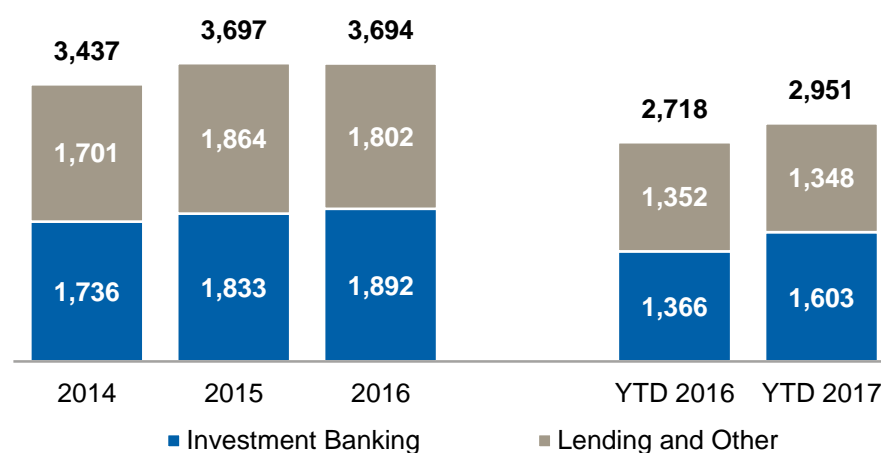
 <p>Best Investment Bank in Canada 10 years in a row⁽¹⁾</p>	 <p>Best FX Provider ⁽²⁾</p>	 <p>#1 for U.S. Market Structure Team⁽³⁾</p>	 <p>#1 for Canadian Equity Research, Sales, and Trading⁽⁴⁾</p>	 <p>#1 for Canadian Fixed Income Research, Sales, and Trading⁽⁴⁾</p>
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Capital Markets

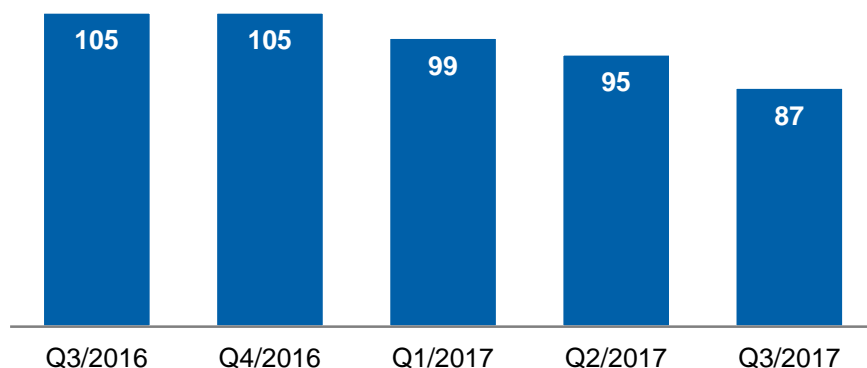
Diversified Global Markets Revenue⁽¹⁾ (\$ millions)



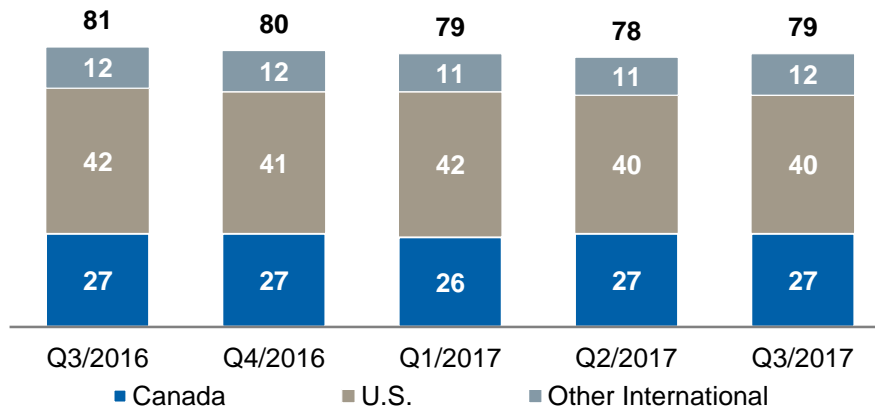
Solid Corporate & Investment Banking Revenue (\$ millions)



Reduced Trading Securities (\$ billions, average)



Geographic Diversification Across Loan Book Average loans outstanding by region (\$ billions)⁽²⁾



Business Segments

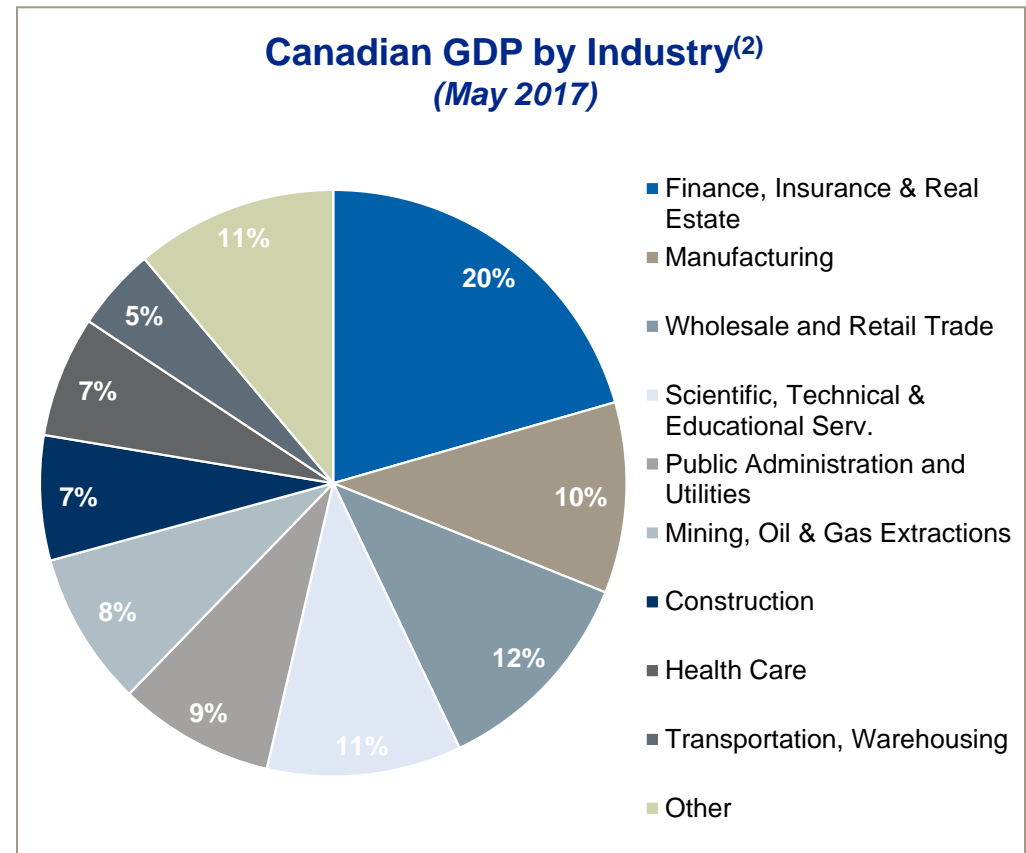
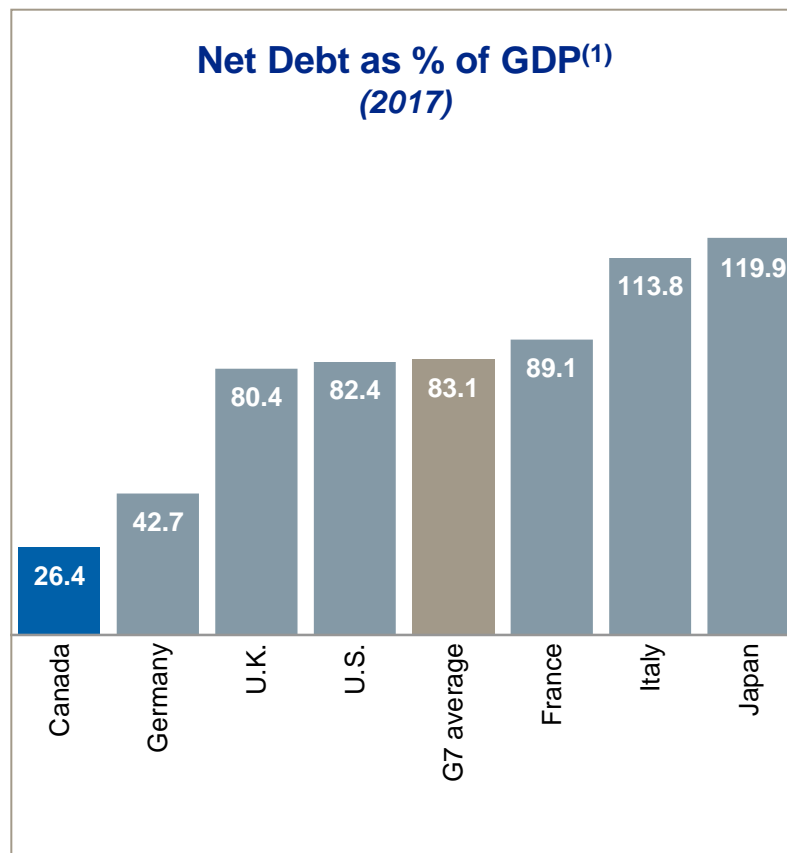
(1) Global Markets segment revenue has been restated to align select portfolios previously disclosed in Repo and Secured Financing to FICC and Global Equities. (2) Average loans & acceptances include letters of credit and guarantees for our Capital Markets portfolio on single name basis. Exclude mortgage investments, securitized mortgages and other non-core items.

Economic Backdrop



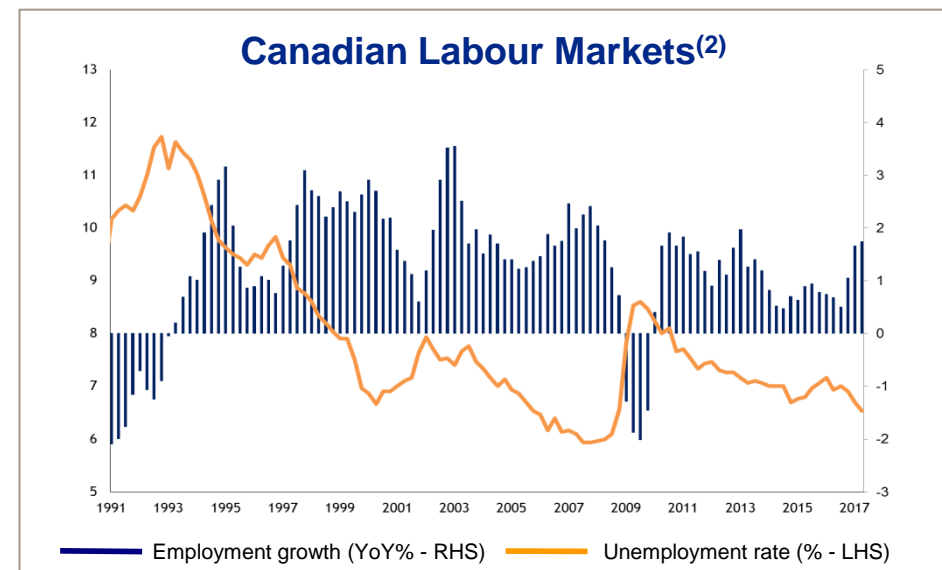
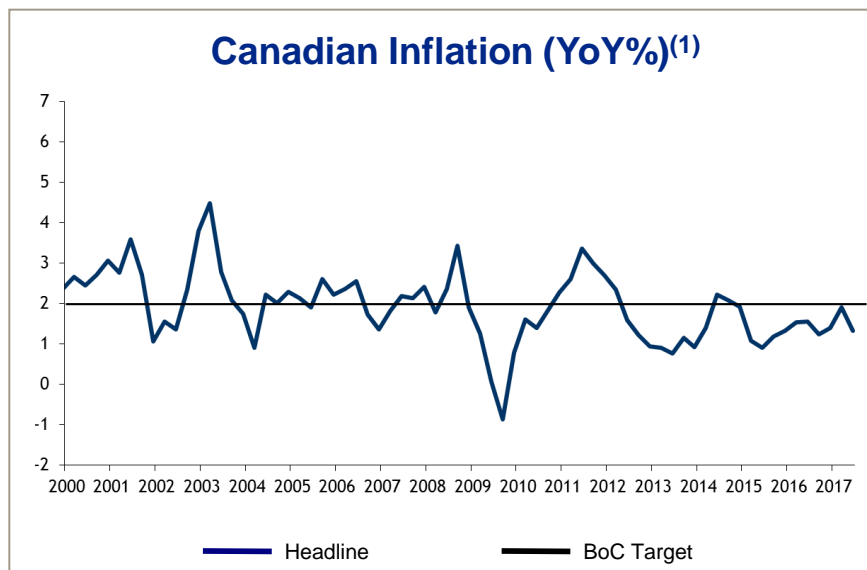
Canada's fiscal position

- 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



Economy to strengthen and disinflationary pressures to subside

- Headline inflation is expected to gradually drift higher as transitory factors, such as food price competition and slower growth in motor vehicle prices, reverse course and slack in the economy is absorbed. Inflation is expected to remain within the Bank of Canada's 1-3% target range through the forecast horizon
- Nationally, strengthening economic activity and attendant hiring gains are expected to drive the unemployment rate modestly lower through the forecast horizon
 - Following sizeable layoffs in 2015 and 2016 owing to the low crude oil price environment, signs of a recovery are emerging in Alberta's labour market
- The economy is expected to grow at a stronger clip in 2017 than 2016's lackluster pace reflecting robust consumer spending, improving business investment and a boost from fiscal stimulus.



2017 Economic Outlook

	Projected Economic Indicators for 2017 ⁽¹⁾					
	GDP Growth	Inflation	Unemployment Rate ⁽²⁾	Interest Rate (3 mth T-bills)	Current Account Balance/GDP ⁽²⁾	Budget Surplus/GDP ⁽³⁾
Canada	2.9%	1.5%	6.5%	1.1%	-2.1%	-1.4%
U.S.	2.1%	1.9%	4.5%	1.3%	-2.4%	-3.6%
Euro Area	2.0%	1.5%	9.4%	NA	3.0%	-1.4%

Canada

- The Canadian economy is forecast to grow by 2.9% in 2017. Solid consumer spending and a lift from fiscal stimulus are expected to support stronger economic growth in 2017. A drag on growth stemming from a slowdown in residential investment is expected to be tempered by a modest recovery in business investment
- The Bank of Canada raised its key interest rate 25bp in July against a backdrop of broadening economic growth across industries and regions. Further withdrawal of monetary stimulus is likely in the latter half of 2017 as above-trend growth continues to absorb economic slack and the economy extends its 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 still accommodative borrowing conditions, although recent policy changes and an uptick in term interest rates are expected to further slow the pace of resale activity

U.S.

- Economic growth in the U.S. is expected to accelerate in 2017 from 2016's subdued pace as business investment recovers and consumer spending remains robust. Net trade will likely remain a small drag on economic growth in 2017 as uncertainty surrounding trade deals and possible tariff implementation prevails
- The U.S. Federal Reserve continued to tighten monetary policy in June 2017, raising the fed funds rate by 25bp. With inflation expected to pick up to 2% over the medium term, unfolding domestic developments are likely to confirm sustained progress towards achieving the Fed's objectives of full employment and price stability. As such, one additional hike is expected to follow in the second half of the year.

Euro area

- The Euro area recovery is expected to continue as a broadening of activity across countries is supported by rising consumer spending and business investment, reflecting an ongoing improvement in labour markets and business sentiment
- Significant monetary stimulus by the European Central Bank is expected to persist into 2018
- Political risks led by the U.K's withdrawal from the EU remain and in turn, weak trade activity is expected to result in a modest slowing in Euro area growth in 2017 relative to 2016

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 this year increased mortgage loan insurance premiums 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

Legislation and policies – promoting a healthy housing market

April 2017 – Government of Ontario

- Introduced 16 measures in a 'Fair Housing Plan' to address mounting risks in the housing market including a 15% Non-Resident Speculation Tax on the purchase price of homes in the Greater Golden Horseshoe region

January 2017 – City of Vancouver

- Vancouver introduced a tax of 1% of the assessed value of each home which is vacant (principal residence is exempt)

October 2016 – Department of Finance

- Rate used to qualify high-ratio mortgage borrowers opting for a fixed-rate insured mortgage with a term of five years or more is changed from the contract rate to the 5-year posted rate
- Effective November 30, 2016, mortgage loans that lenders insure using portfolio insurance and other discretionary low loan-to-value ratio mortgage insurance must meet the eligibility criteria that was previously only applied to high-ratio insured mortgage
- Effective October 3, 2016, any sale of a principal residence must be reported in the seller's tax return for the year of sale, even if the entire gain is fully protected by the principal residence exemption
- 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 & the Government of British Columbia

- 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 (announced in July 2016, effective August 2016)

December 2015 – Department of Finance

- 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 (came into effect February 2016)

Legislation and policies – promoting a healthy housing market

April 2014 – CMHC

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

July 2012 – CMHC

- 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 – CMHC

- 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 – Department of Finance

- Borrowers with insured mortgage terms of less than five years 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 – Department of Finance

- 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

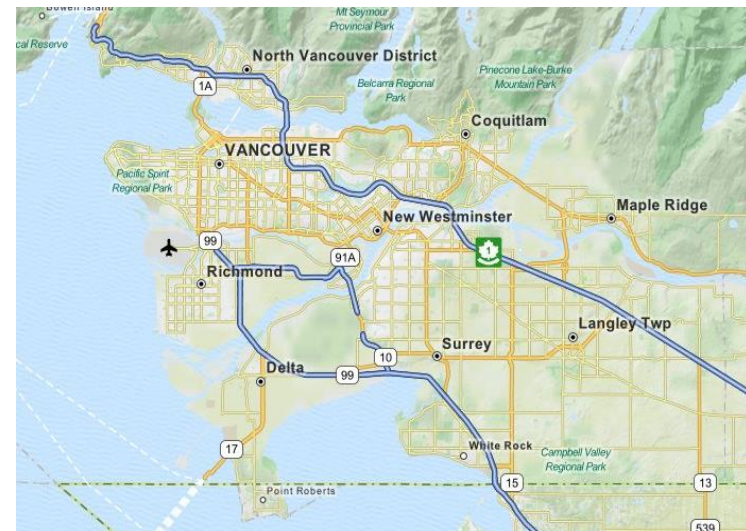
The Toronto and Vancouver downtown condo markets

- Constraints on undeveloped land around Toronto / Vancouver contribute to a shift to higher-density condo housing
 - Provincial growth plan, including ‘Green belt’ surrounding Toronto, contains urban sprawl and favours condo development
 - 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 (6.8MM), 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 2.1% of our Canadian commercial loan book⁽²⁾
 - Condo exposure is ~10% of our Canadian residential mortgage portfolio⁽²⁾⁽³⁾

“Green belt” surrounding Greater Toronto area

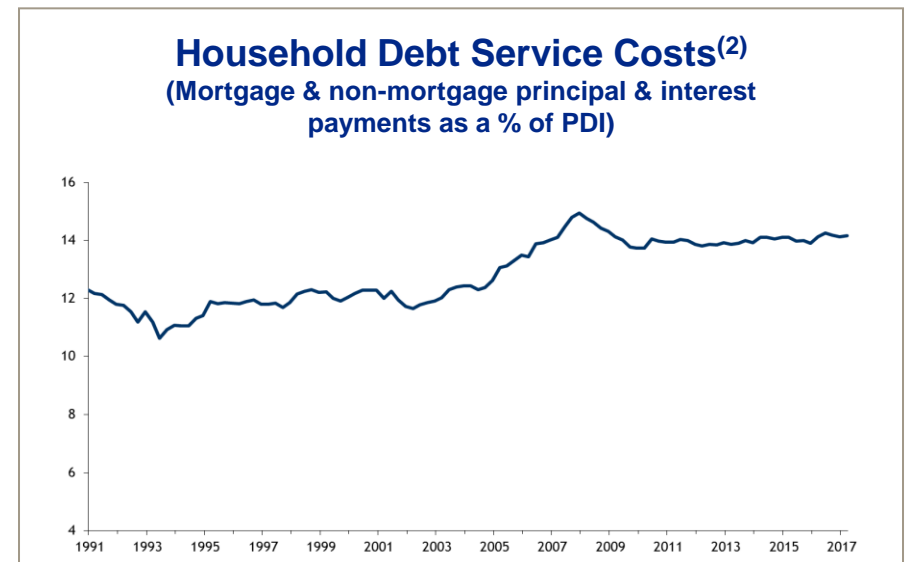


Vancouver limited by mountains, sea, U.S. border



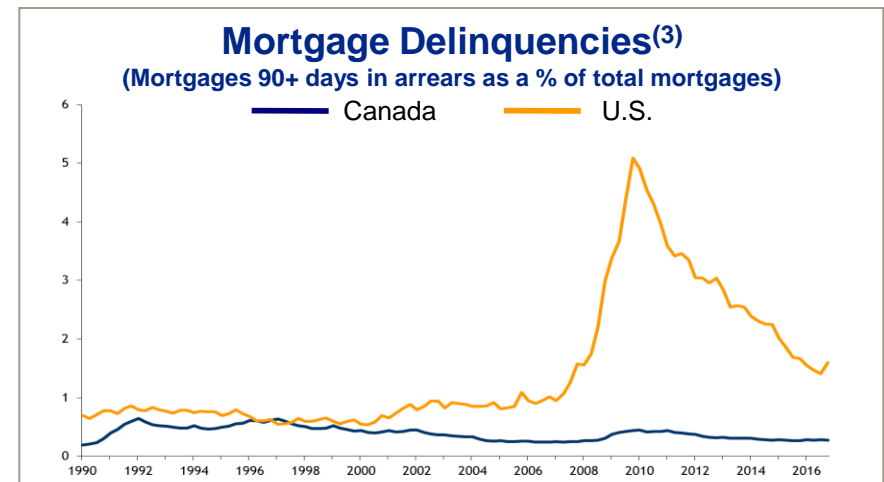
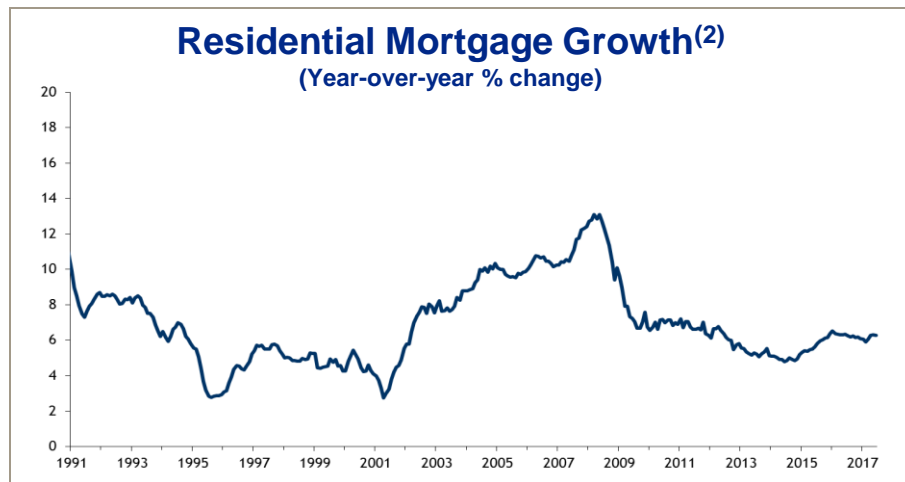
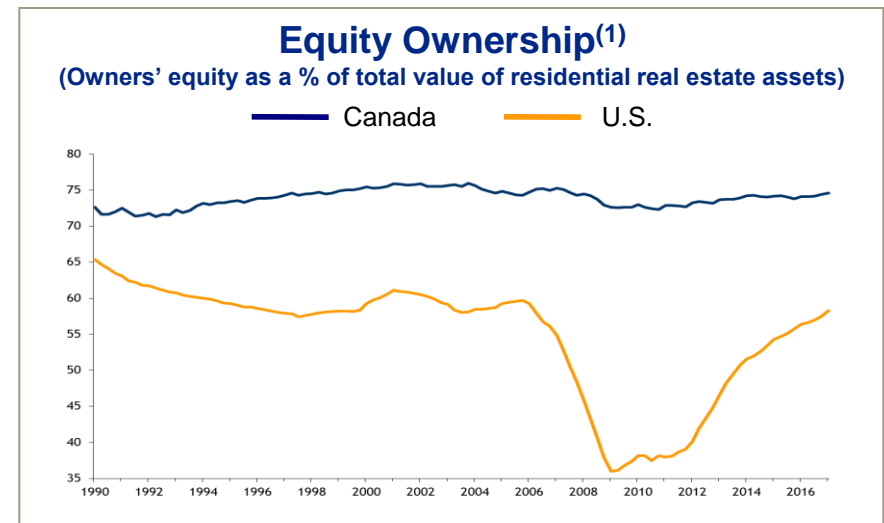
Canadian housing market risks remain localized

- Balanced demand-supply conditions continue to prevail nationally and in most local markets. Conditions generally favour sellers in British Columbia. In Ontario, a surge in new listings this spring and sharp drop in sales since April in the Greater Toronto area eased the earlier tight market conditions significantly
- 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 unemployment rates are expected to continue to support housing market activity nationally, although a gradual increase in borrowing rates should temper housing demand
- Regulatory changes at the federal level and a foreign-buyer tax in British Columbia have contributed to a slowing in home resale activity in the Vancouver area since spring 2016. The introduction of housing measures in Ontario, including a foreign-buyer tax, has contributed to a sharp slowdown in sales recently in the Greater Toronto region
- Household debt service cost ratios remain relatively stable
- Lenders maintaining strong underwriting discipline and require extensive documentation
 - Most mortgages 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 residential mortgage accumulation slowed through 2016 and continued 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

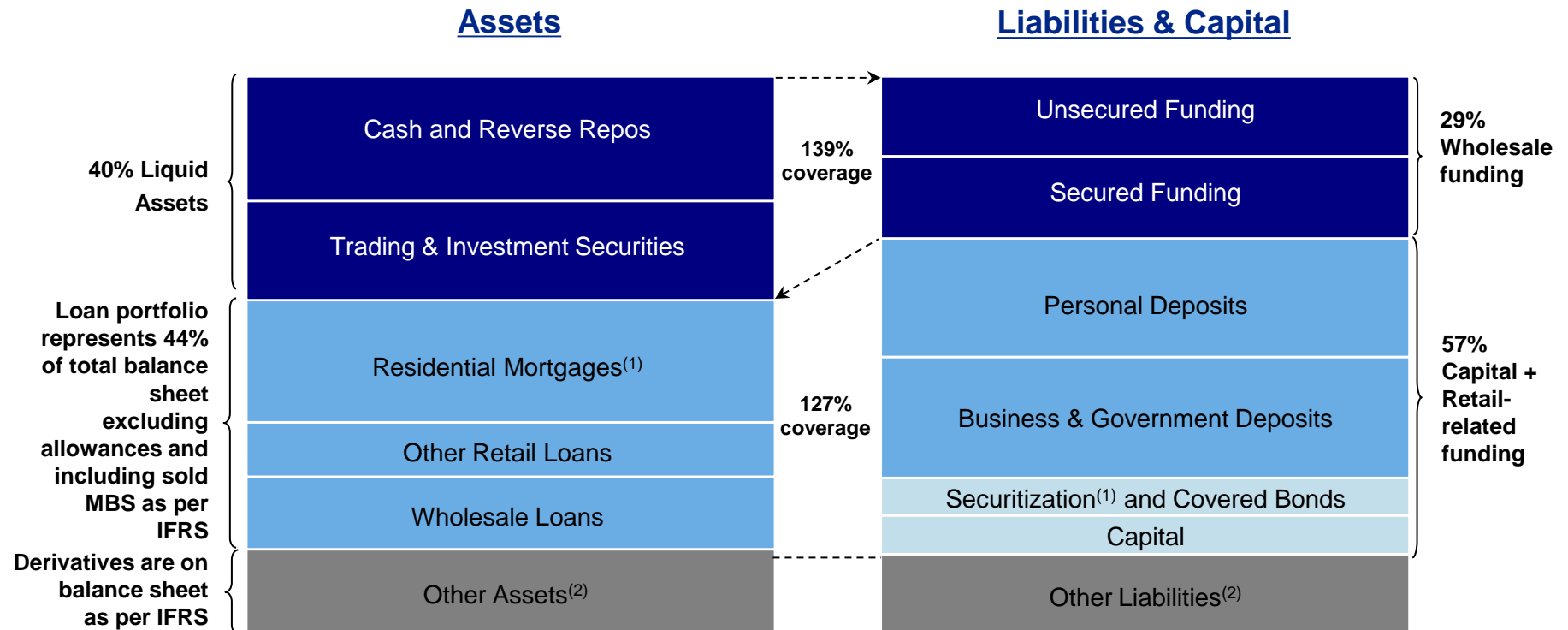


Appendix A – Liquidity & Funding



Strength of a high quality liquid balance sheet

\$1,201 Billion
(as at July 31, 2017)

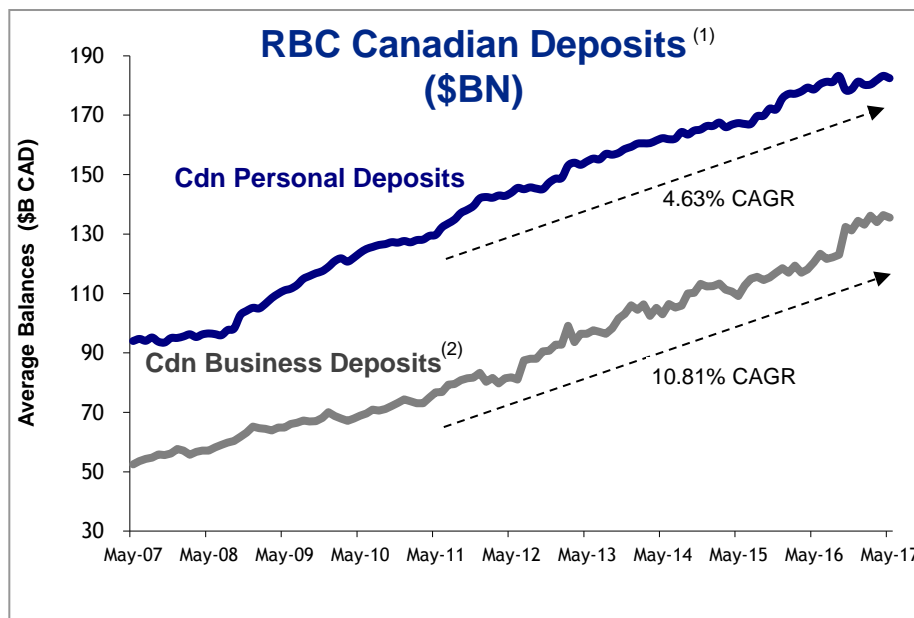


Strong deposit growth

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
- Between June 2012 and May 2017, our share of the Canadian personal deposit market was 19.4%



Leveraging our international reach

- Strong deposit growth in our International Wealth Management platform

RBC Relationship Deposits (\$BN)

	Q3 2017	Q3 2016
HISA ⁽³⁾	\$33	\$30
Advisory Channel Deposits ⁽⁴⁾	\$33	\$32
Other Personal Deposits	\$176	\$173
Business Deposits	\$275	\$256
Total Deposits	\$516	\$491

(1) Sourced Canadian deposit market share, which is based on OSFI (M4 report). The volume change in Oct'16 was mainly due to a re-class of personal deposit to business deposits.

(2) Cdn Business deposits reflect all platform demand deposits and Canadian Banking term deposit balances.

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

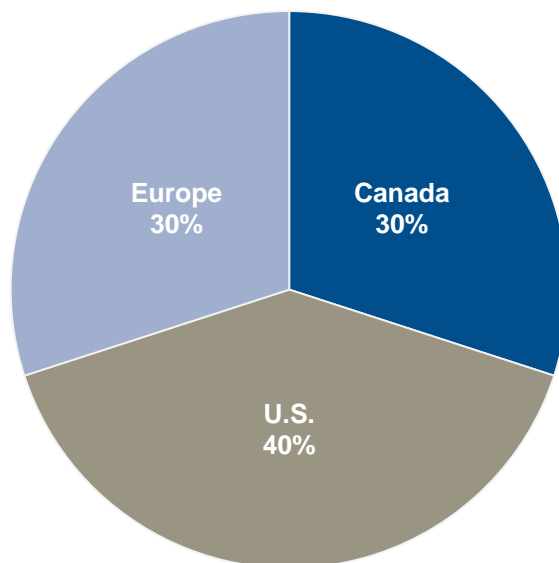
(4) Sourced largely from RBC Wealth Management network.

Wholesale funding strategy

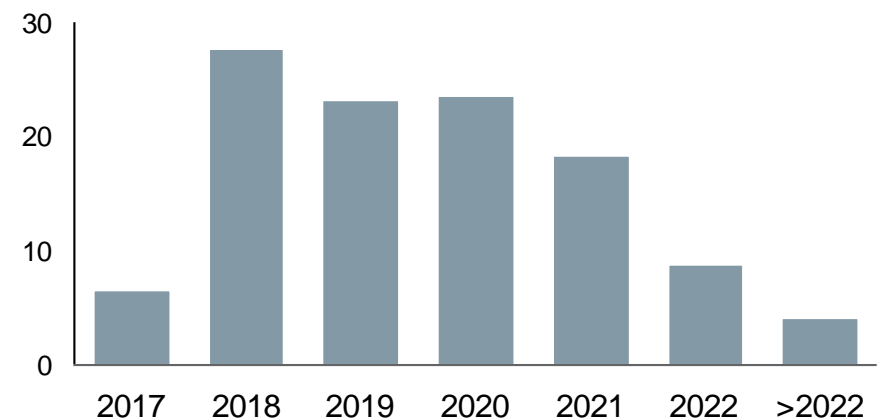
Large retail deposit base complemented by well diversified wholesale funding mix

- 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⁾

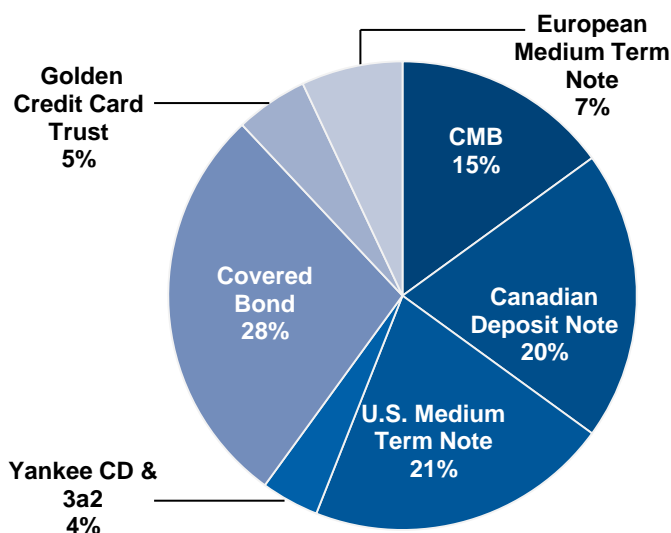


Well diversified wholesale funding platform

- 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\$600MM 3-year Golden Credit Card Trust at Libor+33bps
- C\$1.5BN 5-year unsecured at Libor+57bps
- US\$1.5BN 3-year unsecured at Libor+38bps
- US\$1BN 2-year Golden Credit Card Trust at Libor+21bps

RBC Covered Bond Program

Globally Active

- Active program in six different currencies: EUR, CAD, USD, CHF, AUD and GBP
 - C\$38BN currently outstanding

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⁽¹⁾
 - Issued US\$15.5BN across seven deals since September 2012
 - Index eligible and Trace eligible

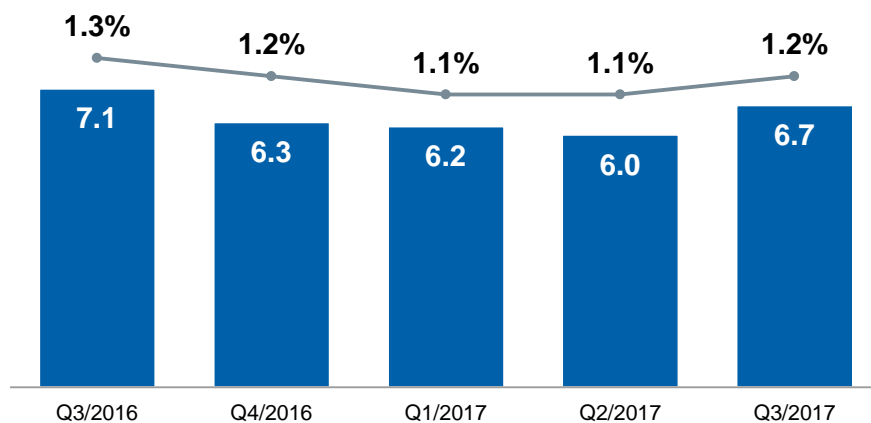
Appendix B – Oil & Gas



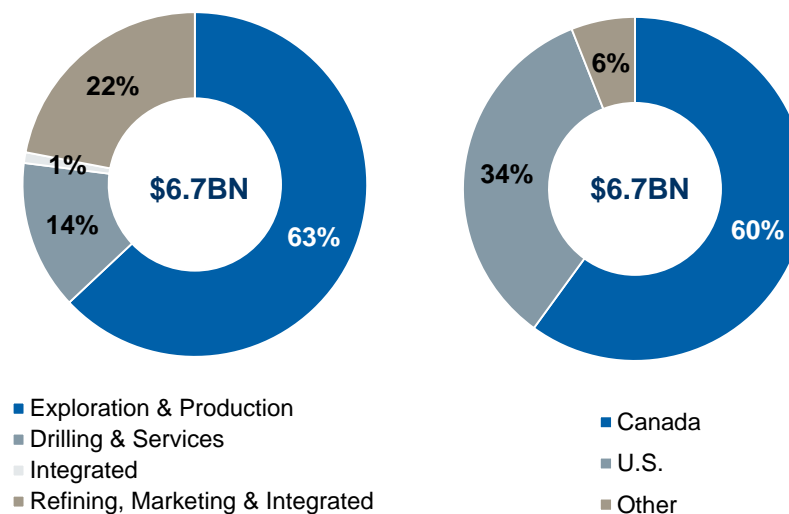
Exposure to the oil & gas sector within our risk appetite

- Our oil & gas portfolio continues to benefit from an improved economic backdrop and increased capital markets activity underpinned by higher average oil prices
- Exposure to oil & gas sector:
 - Drawn of \$6.7 billion, increased 12% QoQ; undrawn⁽¹⁾ of \$10.4 billion decreased 3% QoQ
 - Drawn exposure represents 1.2% of RBC's total drawn loans and acceptances, up from the prior quarter
- 23% of our drawn and 54% of undrawn⁽¹⁾ oil & gas portfolio is to investment grade clients

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



Drawn Oil & Gas Exposure by Industry Segment and Geography



(1) Undrawn commitments represent an estimate of the contractual amount that may be drawn upon at the time of default of an obligor.

Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain key performance and non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that key performance measures, such as ROE and non-GAAP measures, including results excluding our share of a gain related to the sale of the U.S. operations of Moneris Solutions Corporation (Moneris gain on sale), our merchant card processing joint venture with the Bank of Montreal, to Vantiv Inc. (Vantiv), revenue net of Insurance fair value change of investments backing our policyholder liabilities, adjusted City National results, Capital Markets trading and geographic revenue excluding certain items, GIL ratio excluding acquired credit-impaired loans and NIM excluding acquired credit-impaired loans do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about our ROE and non-GAAP measures can be found under the “Key performance and non-GAAP measures” sections of our Q3 2017 Report to Shareholders and our 2016 Annual Report.

Definitions can be found under the “Glossary” sections in our Q3 2017 Supplementary Financial Information and our 2016 Annual Report.

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