Royal Bank of Canada Investor Presentation

Q1/2018

All amounts are in Canadian dollars unless otherwise stated and are based on financial statements prepared in compliance with International 34 Interim Financial Reporting, unless otherwise noted. Our Q1/2018 Report to Shareholders and Q1/2018 Supplementary Financial Information are available on our website at rbc.com/investorrelations.



RBC

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 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 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. 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 sections of our 2017 Annual Report and the Risk management section of our Q1 2018 Report to Shareholders; including global uncertainty and volatility, elevated Canadian housing prices and household indebtedness, information technology and cyber risk including the risk of cyberattacks or other information security events at or impacting our service providers or other third parties with whom we interact, regulatory change, technological innovation and non-traditional competitors, global environmental policy and climate change, changes in consumer behavior, the end of quantitative easing, 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 and social 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 Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook headings in our 2017 Annual Report, as updated by the Economic, market and regulatory review and outlook section of our Q1 2018 Report to Shareholders. 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 sections of our 2017 Annual Report and in the Risk management section of our Q1 2018 Report to Shareholders.

Information contained in or otherwise accessible through the websites mentioned does not form part of this presentation. All references in this 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	 150,000+ employee volunteer hours⁽¹⁾ \$98+ million in cash donations and community investments⁽²⁾ 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

About RBC 3

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 36 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



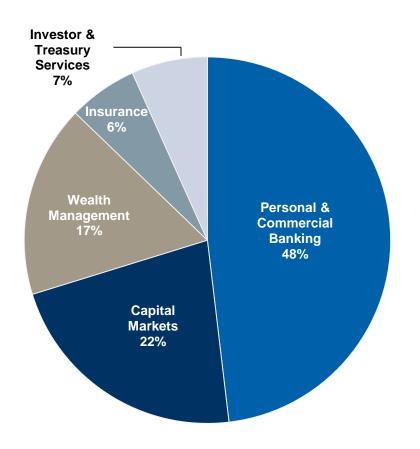
In Select Global Financial Centres: To be a leading financial services partner valued for our expertise

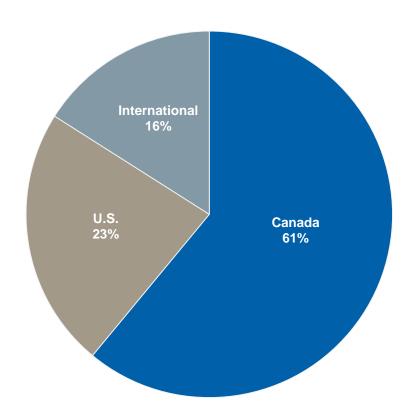




Earnings by Business Segment⁽¹⁾
Latest twelve months ended January 31, 2018

Revenue by Geography⁽¹⁾
Latest twelve months ended January 31, 2018





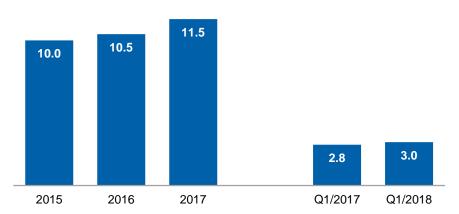
Strong financial profile



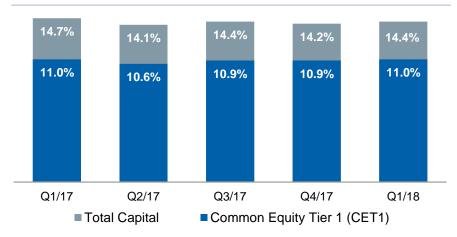
Consistent earnings growth and solid ROE while maintaining a strong capital position with a disciplined approach to risk

Consistent Earnings Growth

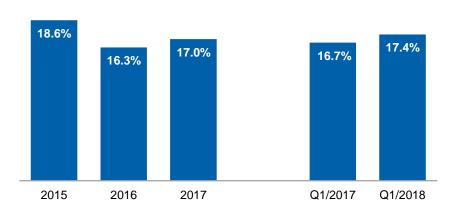
Net income (\$ billions)



Strong Capital Position(1)



Strong Return on Equity⁽²⁾



Strong Leverage and Liquidity Ratios⁽²⁾

Leverage Ratio

4.2%

Liquidity Coverage Ratio

122%

Credit Ratings⁽²⁾ **Amongst the Highest Globally**

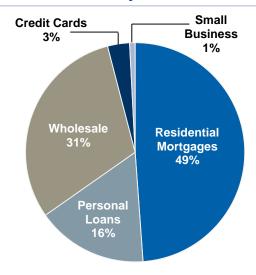
Moody's	S&P	DBRS	Fitch
A 1	AA-	AA	AA
Negative	Negative	Stable	Stable

Prudent risk management

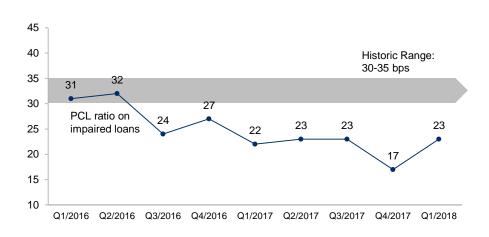


A disciplined approach and diversification have driven stable credit trends

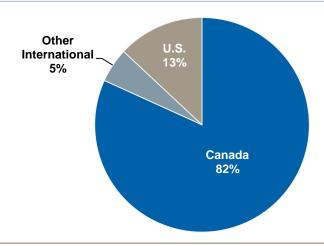
Loan Book Diversified by Portfolio⁽¹⁾



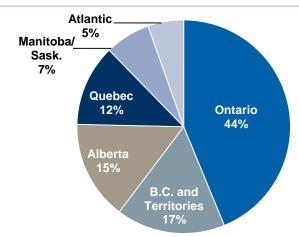
PCL Ratio on Impaired Financial Assets⁽²⁾ (bps)



Breakdown by Region of Total Loans and Acceptances⁽¹⁾



Breakdown of Canadian Total Loans and Acceptances⁽¹⁾



About RBC 7





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

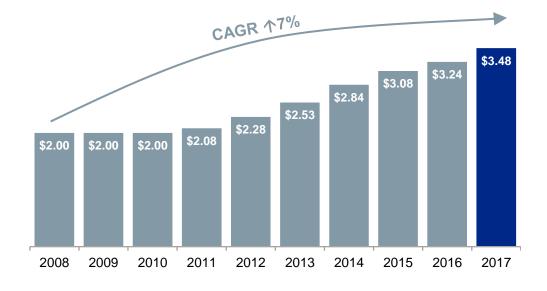
Medium-Term Financial Performance Objectives

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	18%	15%
5 Year	16%	14%
10 Year	12%	10%

Strong Dividend Growth⁽²⁾



About RBC 8





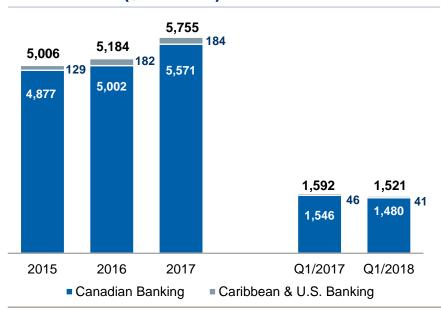


- The financial services leader in Canada
 - #1 or #2 market share in all key product categories
 - Most branches and largest sales force in Canada
 - Superior cross-sell ability
- In 16 countries and territories in the Caribbean
 - 2nd largest bank by assets⁽¹⁾ in English Caribbean
- Provide innovative direct banking to U.S. cross-border clients
- Ongoing investment in digitizing our banking channels

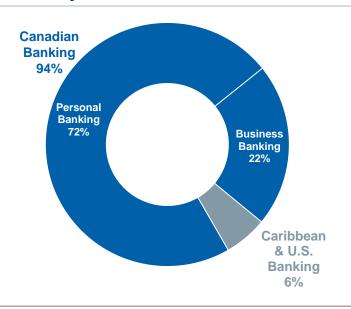
Q1/2018 Highlights

Clients (MM)	> 13.0
Branches	1,297
ATMs	4,588
Active Digital (Online and Mobile) Users ⁽²⁾ (MM)	6.4
Employees (FTE)	> 34,000
Net Loans & Acceptances ⁽¹⁾ (\$BN)	416.0
Deposits ⁽¹⁾ (\$BN)	357.0
AUA ⁽³⁾ (\$BN)	270.8

Net Income (\$ millions)



Revenue by Business Line⁽⁴⁾



Personal & Commercial Banking – Canadian Banking



Strategic Priorities Building A Digitally-Enabled Relationship Bank[™]

Transform How We Serve Our Clients

- 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
- Focus on innovating our branch network

Accelerate Growth in Key Segments

- 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 and young adults while expanding existing client relationships

Rapidly Deliver Digital Solutions

- Continue to deliver leading digital capabilities and functionality through our award-winning mobile app
- 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

- 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



Best Global Retail Bank for the third time & Best Branch Strategy⁽¹⁾





Highest in Customer
Satisfaction Among the Big
Five Retail Banks for the
second consecutive year⁽²⁾,
and Among Canadian Mobile
Banking Apps in the inaugural
studv⁽²⁾



Platinum Award in Customer Experience and Engagement, Bronze award for Loyalty and Advocacy, and Customer Service Innovation Award for the RBC Rewards program⁽³⁾

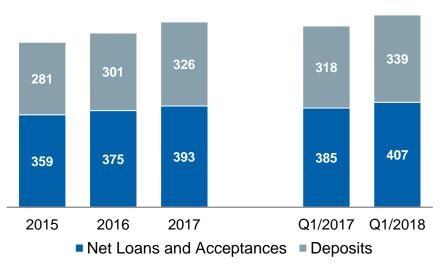


World's Best Global Bank for Consumer Banking⁽⁴⁾; Best Trade Finance Bank in Canada 6 years in a row⁽⁵⁾

Personal & Commercial Banking - Canadian Banking



Solid Volume Growth⁽¹⁾

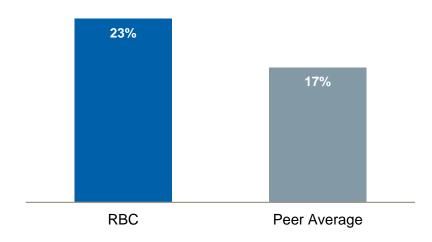


#1 or #2 Market Share in All Categories(3)

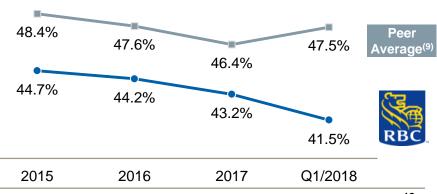
Product	Market share	Rank
Personal Lending ⁽⁴⁾	23.6%	1
Personal Core Deposits + GICs	19.7%	2
Credit Cards ⁽⁵⁾	27.5%	2
Long-Term Mutual Funds ⁽⁶⁾	15.0%	1
Business Loans (\$0-\$25MM) ⁽⁷⁾	26.0%	1
Business Deposits ⁽⁸⁾	26.1%	1

Superior Cross-Sell Ability

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



Continue To Improve Our Efficiency Ratio(10)



Business Segments

12

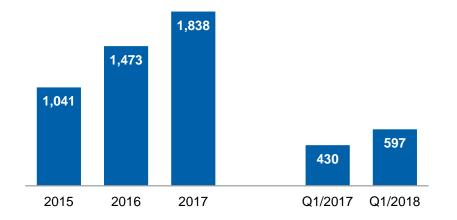
Wealth Management



Strategic Priorities

- Global Asset Management: Strengthen partnership with Personal & Commercial Banking, other Wealth Management businesses and third-party distributors to defend and grow our distribution reach, and continue to grow our institutional asset management business in key global markets
- Canadian Wealth Management: Continue to deepen client relationships and deliver a differentiated client experience that is increasingly digitally-enabled and supported by data-driven insights
- U.S. Wealth Management: Leverage the combined strengths of City National, RBC U.S. Wealth Management and Capital Markets to accelerate growth in the U.S.
- International Wealth Management: Continue to leverage the strengths and capabilities of RBC to drive growth in HNW and UHNW client segments⁽¹⁾

Net Income (\$ millions)



Recent Awards

Top 5 Global Wealth Manager by Assets (*Scorpio, 2017*)

Best Performing Private Bank

(PWM and The Banker, Global Private Banking Awards 2017)

Best Private Banking Services Canada

(Euromoney Private Banking and Wealth Management Survey, 2018)

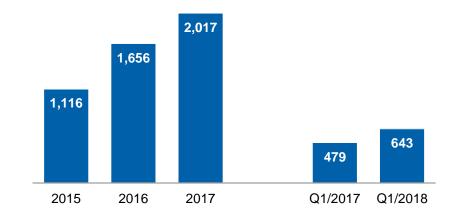
Outstanding Global Private Bank – North America

(Private Banker International Global Wealth Awards, 2017)

Outstanding Relationship Manager (RM) Training and Development Programme

(Private Banker International Global Wealth Awards, 2017)

Cash Earnings (\$ millions)(2)



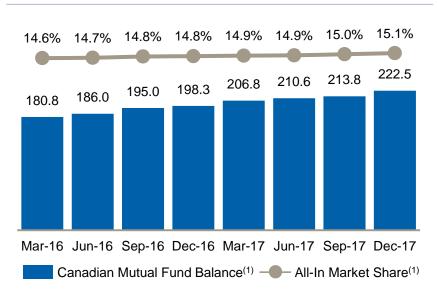




Building a high-performing global asset management business

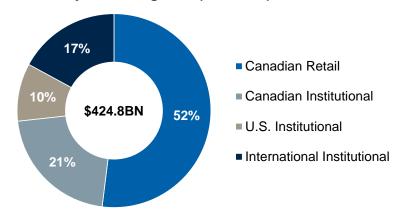
- Driving top-tier profitability in our largest Wealth Management business
 - \$425BN in client assets
 - Investor asset mix of 52% Retail / 48% Institutional client assets
- Extending our lead in Canada
 - Largest fund company in Canada, ranked #1 in market share capturing 32.7% amongst banks and 15.1% all-in⁽¹⁾
 - 3rd largest institutional pension asset manager in Canada⁽²⁾
- Delivering strong investment capabilities to support growth
 - Top performing investment firm with ~83% 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

Q1/18 AUM by Client Segment (\$ billions)(4)



Wealth Management



Canadian Wealth Management

Extending our #1 position

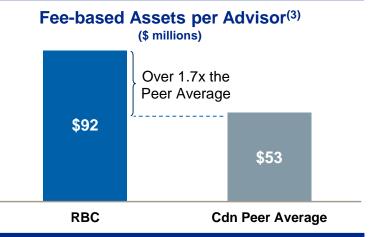
 Grew HNW⁽¹⁾ market share by ~500 bps to 20% over the last five years⁽²⁾ and anticipate reaching 22% market share by 2020

Maintaining profitable growth

 Generating 23% of RBC Wealth Management earnings with strong pretax margin

Driving strong advisor productivity

- Canadian leader in fee-based assets per advisor⁽²⁾
- Consistently driving revenue per advisor of over \$1.4MM per year, 32.5% above Canadian industry average⁽²⁾
- Strong new asset growth complimented by favourable market conditions
- Leveraging Enterprise linkages to continue to extend market share gains



U.S. Wealth Management (including City National)

U.S. Wealth Management

- 7th largest full-service brokerage in the U.S. among peers as measured by number of financial advisors and 6th largest among peers by assets under administration⁽⁴⁾
- Enhancing the client-advisor experience through a digitally-enabled, goals-based planning approach and strengthening the range of advisory solutions and product offerings
- Continuing to attract and onboard new advisors and clearing relationships while improving advisory productivity and operational efficiency
 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

International Wealth Management

- Enhancing advisor and product capabilities to accelerate organic client acquisition
- Continuing to focus on high-priority client segments across HNW and UHNW⁽¹⁾, especially 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



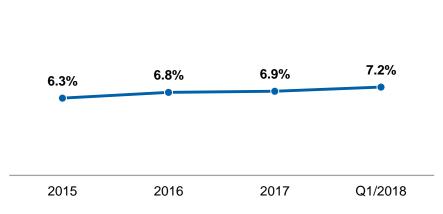
Strategic Priorities

Strategic i Horities	
Improve Distribution Efficiency	 "We'll help you get it"; delivering multi-line advice and expertise through an integrated product portfolio giving consumers confidence we'll be there when they need us most
	 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
Simplify. Agile. Innovate.	 Enhancing and streamlining all processes to ensure clients find it easy to do business with us Strengthening the digital client experience through more effective use of digital tools and data insights and promoting an innovative culture
Pursue Select Internationa Opportunities to Grow Our Reinsurance Business	 Pursuing niche apportunities diversitying risks and growing our reinsurance husiness to

Net Income (\$ millions)(1)

900 726 706 134 127 2017 Q1/2017 Q1/2018 2015 2016

Acquisition Expense Ratio(2)







- 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 the seventh consecutive year⁽¹⁾
 - Named #1 Canadian Sub-Custodian for the second consecutive year⁽²⁾
 - Ranked the #1 Fund Administrator overall for the fifth consecutive year⁽³⁾
 - Named Best Trade Finance Bank in Canada for the sixth consecutive year⁽⁴⁾
- Canadian leader in cash management, correspondent banking and trade finance for financial institutions
- Short-term funding and liquidity management for RBC

Strategic Priorities

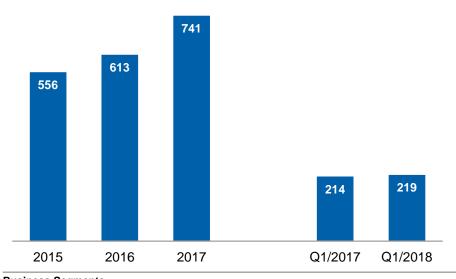
In Canada, maintain position as the #1 provider of domestic custody, asset services and cash management

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

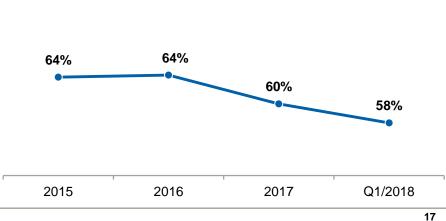
Continue to deliver a high-level of investment in clientfocused technology solutions

Enhance our client centric service offering and improve efficiency

Net Income (\$ millions)



Efficiency Ratio



Capital Markets

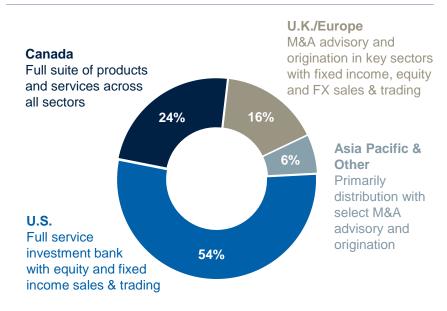


- A leading North American investment bank with core markets in North America and U.K./Europe
 - 10th largest global investment bank by fees⁽¹⁾
- Strategically positioned in the largest financial centers, focused on the world's largest and most mature capital markets encompassing ~79% of the global investment banking fee pool⁽²⁾
- Through our integrated Corporate & Investment Banking and Global Markets teams, our clients consistently benefit from innovative products and solutions, and best-in-class strategic counsel across sectors and asset classes
- We believe in making a positive impact in the communities where our clients and employees live and work. This is reflected in our longstanding tradition of supporting local charities and our signature global campaigns, including <u>RBC Race for the Kids</u> and RBC Trade for the Kids

Net Income (\$ millions)

2,319 2,270 662 748 2015 2016 2017 Q1 2017 Q1 2018

Revenue by Geography⁽²⁾



Capital Markets



Strategic Priorities

Maintain our Leadership Position in Canada

- 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.

- 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

 Continue to grow, deepen client relationships, and selectively expand geographic and sector coverage

Optimize Capital Use to Earn High Risk-Adjusted Returns on Assets and Equity

- Maintain mix between investment banking, lending revenue and trading revenue
- Maintain disciplined diligence on the risks and costs of our business

Recent Awards

EUROMONEY

Best Investment Bank in Canada 10 years in a row⁽¹⁾



Best FX Provider (2)



Best Bank for Multi-Asset Research⁽³⁾



#1 for Canadian Equity Research/Advisory Market Share⁽⁴⁾

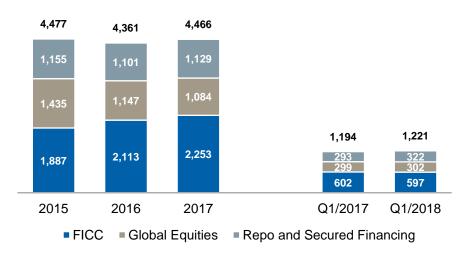


Bank of the Year⁽⁵⁾

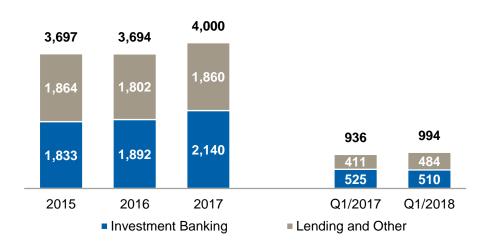
Capital Markets



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



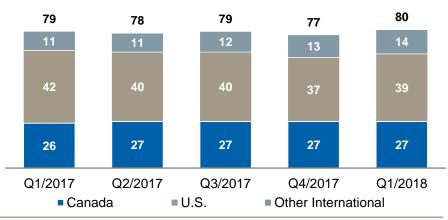
Corporate & Investment Banking Revenue (\$ millions)



Risk-Weighted Assets (\$ billions)



Geographic Diversification Across Loan Book Average Loans Outstanding by Region (\$ billions)⁽²⁾



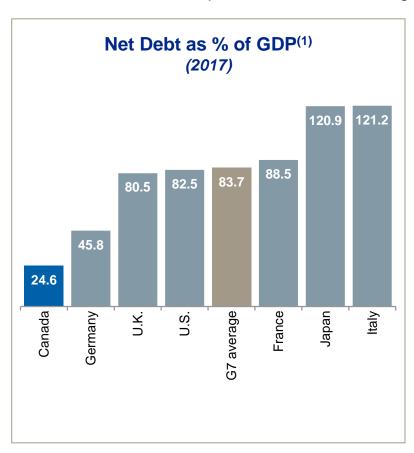
Economic Backdrop

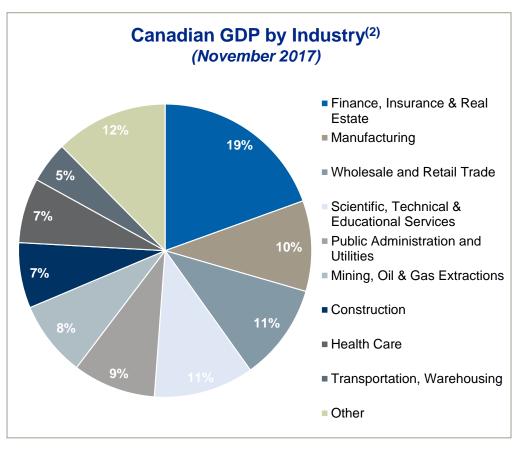






- Strong rating as a result of fiscal prudence, conservative bank lending practices and solid economy
- Lowest net debt to GDP ratio among G7 peers⁽¹⁾
- Canadian economy has seen strong, broadly-based growth over the last year. GDP is expected to increase
 at a more moderate pace in 2018 amid rising interest rates and limited spare capacity in the economy

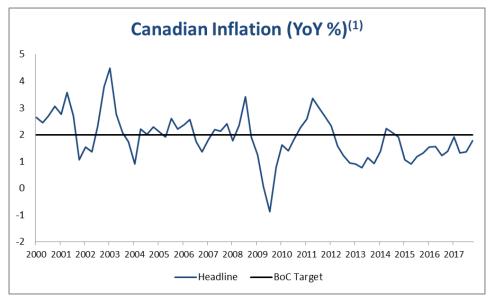


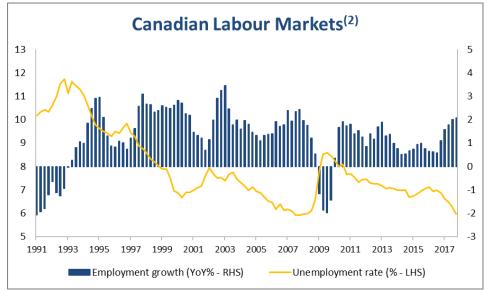




Economy to strengthen and disinflationary pressures to subside

- Headline inflation has picked up to around 2% in recent months amid stronger underlying price growth and
 rising energy prices. Inflation is expected to remain at or slightly above the Bank of Canada's 2% midpoint
 target for much of 2018 as transitory factors that lowered 2017 inflation ease and limited slack in the
 economy puts upward pressure on prices
- Employment is expected to rise more modestly in 2018 following very strong job gains in 2017. The unemployment rate is expected to remain near multi-decade lows this year
 - Unemployment rates have declined over the last year in all provinces outside Atlantic Canada.
 Unemployment declined most significantly in Alberta thanks to a gradual recovery in the energy sector
- Strong consumer spending and rising business investment helped GDP growth accelerate in 2017. We expect less support from consumers and the housing sector will result in a more modest, but still slightly above-trend pace of growth in 2018









		Projected Economic Indicators for 2018 ⁽¹⁾				
	GDP Growth	Inflation	Unemployment Rate ⁽²⁾	Interest Rate (3 mth T-bills)	Current Account Balance/GDP ⁽²⁾	Budget Surplus/GDP ⁽³⁾
Canada	1.9%	2.1%	5.9%	2.05%	-2.9%	-0.9%
U.S.	2.6%	2.0%	4.0%	2.30%	-2.6%	-2.8%
Euro Area	2.3%	1.4%	8.5%	NA	3.0%	-0.9%
	• The Canadian economy is forecast to grow by 1.9% in 2018, down from an impressive 2.9% pace in 2017. Housing activity is expected to continue slowing next year due to policy changes and rising interest rates. Consumer spending is also expected to increase at a more moderate pace. Further growth in business investment and government spending will provide some offset. Overall, a more trend-like pace of growth is consistent with the economy reaching its longer run capacity limit					
 The Bank of Canada raised its key interest rate in January 2018 amid signs that inflation and gradually rising. We expect the central bank will raise the overnight rate by another 75 basis. The central bank remains cautious due to uncertainty about NAFTA renegotiations as well as rising interest rates on highly indebted households. However, with growing evidence the eco capacity, we expect the BoC will continue removing accommodation this year 					sis points in 2018. Il as the impact of	
	 The U.S. econo business investi 2018 from tax co 	ment rose strono	gly in 2017 amid im	018, up from 2.3% proving confidence	5 in 2017. Consumer e. Both are expected	spending and to get a boost in
U.S.	• The U.S. Federal Reserve raised interest rates by 75 basis points in 2017 and began gradually shrinking their balance sheet. We expect the central bank will continue to remove accommodation this year amid solid economic momentum, low unemployment, wage growth and inflationary risks from fiscal stimulus. Our forecast assumes 100 basis points of rate increases in 2018, starting with a hike in March					
	edge down to 2.	.3% in 2018 fron	n a decade-high 2.5	5% pace in 2017. F	m though GDP grow Rising consumer spe t growth across the o	ending and
Euro area	 Inflation remains low despite the strengthening economic backdrop. The European Central Bank remains committed to providing significant monetary policy stimulus, with asset purchases and negative rates set to continue at least through September 2018 					
	 Political risks, p 	articularly Brexit	, remain but have h	nad a limited econo	omic impact thus far	







	Canada ⁽¹⁾	U.S. ⁽¹⁾
	 Government influences mortgage underwriting policies primarily through control of insurance eligibility rules 	 Agency insured only if conforming and LTV under 80%
	 Fully insured if loan-to-value (LTV) is over 80% 	 No regulatory LTV limit – can be over 100%
	 Must meet 5-year fixed rate mortgage standards 	 Not government-backed if private insurer defaults
	 Government-backed, on homes under \$1MM 	
Pagulation	 Down-payment over 20% on non-owner occupied properties 	
Regulation	 CMHC last year increased mortgage loan insurance premiums by ~15% for new mortgages with LTV over 90% 	
	 Minimum down payment for new government-back insured mortgages increased from 5% 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 	
Consumer	Mortgage interest not tax deductible	Mortgage interest is tax deductible
Behaviour	 Greater incentive to pay off mortgage 	 Less incentive to pay down mortgage
	Strong underwriting discipline; extensive documentation	Wide range of underwriting and documentation
Lender	 Most mortgages are held on balance sheet 	requirements
Behaviour	 Conservative lending policies have historically led to low delinquency rates 	 Most mortgages securitized
Lenders	 Ability to foreclose on non-performing mortgages, with no stay periods 	 Stay period from 90 days to one year to foreclose on non-performing mortgages
Recourse	 Full recourse against borrowers⁽²⁾ 	Limited recourse against borrowers in key states



Legislation and policies – promoting a healthy housing market

February 2018 - Government of British Columbia

• The B.C. government's 2018 budget included a number of proposals to address housing affordability issues in several areas of the province. The most significant changes are a new speculation tax (rising from 0.5% of assessed value in 2018 to 2% in 2019) that will apply to homeowners who do not pay income tax in the province, as well as an increase in the foreign buyer tax to 20% from 15%

January 2018 - OSFI

Qualifying rate for uninsured mortgages raised to 2 percentage points above the contract rate or the five-year posted rate, whichever
is higher

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

- Qualifying rate for high-ratio mortgages with a term of five years or more is changed to the 5-year posted rate
- Portfolio-insured low-ratio mortgage loans must meet the eligibility criteria of high-ratio insured mortgage
- 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

July-August 2016 - OSFI & the Government of British Columbia

- OSFI increased scrutiny on mortgage underwriting standards and indicated it will place a greater emphasis on confirming internal
 controls and risk management practices are sound, and take into account market developments
- Foreign buyers registering the purchase of residential homes in Metro Vancouver become subject to an additional property transfer tax of 15% under legislation introduced by the British Columbia government

RBC

Legislation and policies – promoting a healthy housing market

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)

April 2014 - 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

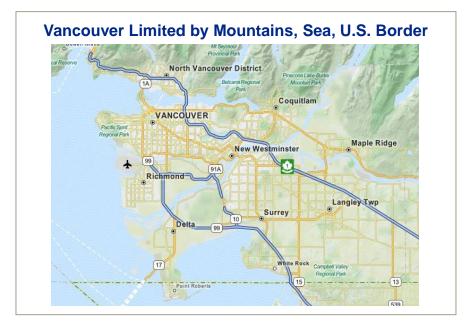
- Maximum amortization on government-backed insured mortgages reduced to 35 years from 40 years
- A minimum 5% down payment is required in order to qualify for government-backed insured mortgages
- Additional minimum credit score requirements, new loan documentation standards, setting a maximum of 45%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





- 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⁾
 - 22% of Canada's population is foreign born (7.5 MM), highest proportion among the G8 nations (1)
 - 56% of all new immigrants to Canada move to Toronto, Vancouver or Montreal⁽¹⁾
- RBC's exposure to condo development is limited ~2% of our Canadian commercial loan book⁽²⁾
 - Condo exposure is ~10% of our Canadian residential mortgage portfolio⁽²⁾⁽³⁾



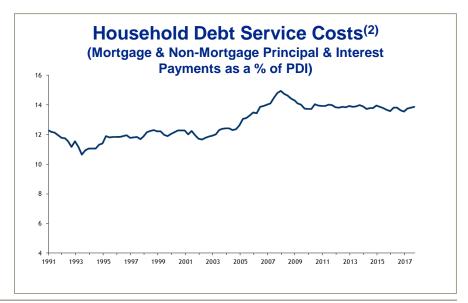






- Balanced demand-supply conditions continue to prevail nationally and in most local markets. Conditions generally
 favour sellers in British Columbia where prices have re-accelerated. In Ontario, the market has re-balanced since the
 Fair Housing Plan in April and the rate of price increases has moderated materially in the Greater Toronto area
- 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 an increase in borrowing rates should temper homebuyer demand
- Regulatory changes at the federal and provincial levels in BC and Ontario contributed to a 4% slowdown in home resale activity in Canada in 2017 from an all-time high in 2016. Further softening is likely to occur in 2018 in the face of rising interest rates
- Canada's household debt service cost ratio remains 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

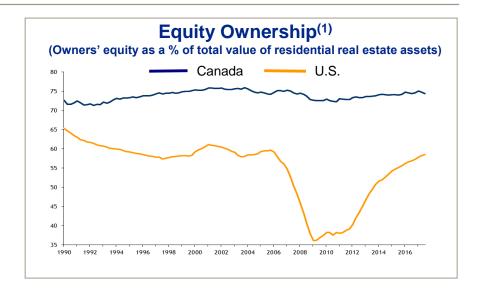


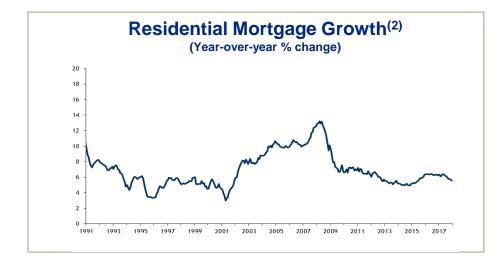


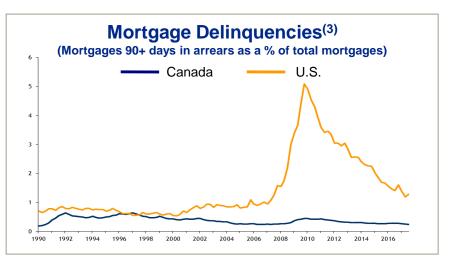


Canadians have significant equity ownership in their homes

- Canadians carry a significant and stable amount of equity in their homes
- The pace of residential mortgage accumulation slowed since early-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

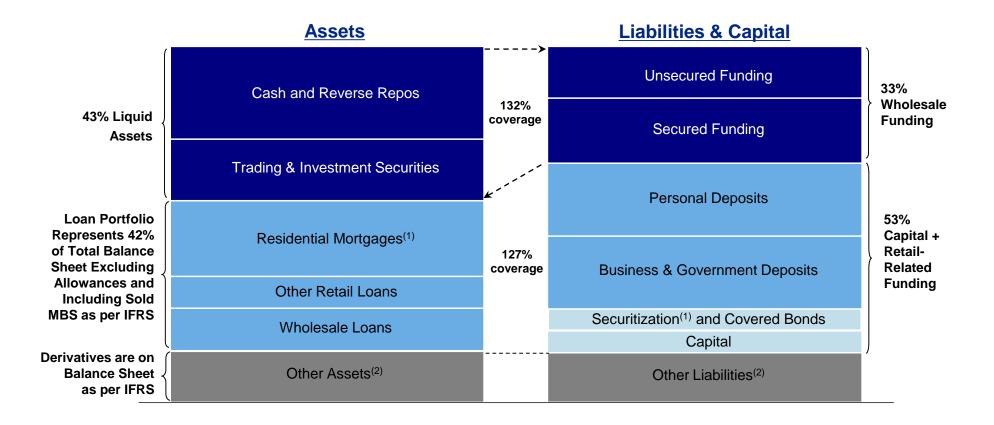






\$1,276 Billion

(as at January 31, 2018)



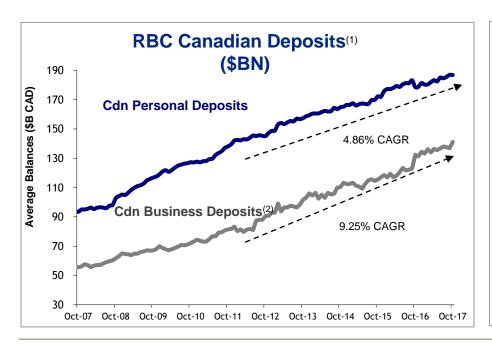


Strong deposit growth

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 November 2012 and October 2017, our share of the Canadian personal deposit market has grown from 19.4% to 19.7%.



RBC Relationship Deposits (\$BN)						
Q1 2018						
HISA ⁽³⁾	\$32	\$31				
Advisory Channel Deposits ⁽⁴⁾	\$31	\$33				
Other Personal Deposits	\$184	\$175				
Business Deposits	\$275	\$266				
Total Deposits	\$522	\$505				

³⁴

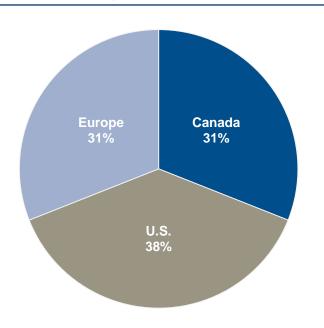




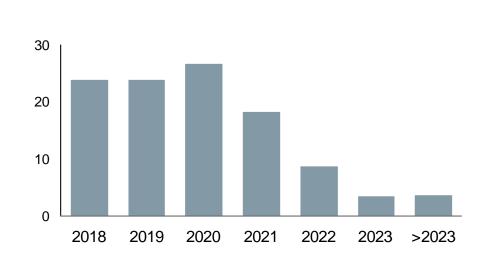
Large retail deposit base complemented by well diversified wholesale funding mix

- 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)







Variety of programs allows for greater diversification and cost effectiveness

Canada

- Canadian Shelf (C\$25BN)
- Securitizations
 (Canadian mortgage bonds, NHA
 MBS⁽¹⁾ and credit cards)

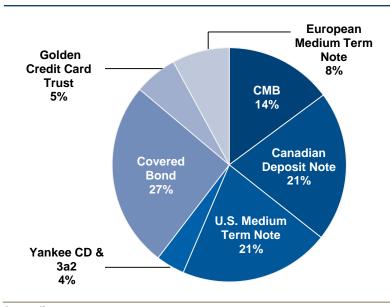
U.S.

 SEC Registered Shelf (US\$40BN)

Europe and Asia

- European Debt Issuance Program (US\$40BN)
- Covered Bond Program (EUR 32BN)
- Japanese Issuance Programs (JPY 1 trillion)

Well Diversified by Product⁽²⁾



Recent Deals

- \$2.25BN 5-year unsecured at Libor+49bps
- US\$750MM 3-year Golden Credit Card Trust at Libor+24bps
- £650MM 5-year covered bond at Libor+34bps

RBC Covered Bond Program



Globally Active

- Active program in six different currencies: EUR, CAD, USD, CHF, AUD and GBP
 - C\$35BN 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. Market



- Active U.S. dollar covered bond issuer
- Several benchmark bonds outstanding
- Broad U.S. investor base
 - Issued US\$15.5BN across seven deals since September 2012
 - Trace eligible

Appendix 37





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 amounts excluding Corporate Support, cash earnings excluding the after-tax effect of amortization of intangibles; and results excluding our share of a gain related to the sale of the U.S. operations of Moneris Solutions Corporations do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about our ROE and non-GAAP measures can be found under the "Key performance and non-GAAP measures" sections of our Q1 2018 Report to Shareholders.

Definitions can be found under the "Glossary" sections in our Q1 2018 Supplementary Financial Information and our 2017 Annual Report.

Investor	Relat	tions	Con	tacts
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Note to users 38