

Royal Bank of Canada Investor Presentation

Q4/2018

All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in compliance with International Accounting Standards 34 *Interim Financial Reporting*, unless otherwise noted. Our 2018 Annual Report and Q4 2018 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 filings with Canadian regulators or the Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements in this presentation include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals. The forward-looking information contained in this 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 2018 Annual Report; including global uncertainty, Canadian housing and household indebtedness, information technology and cyber risk, regulatory changes, digital disruption and innovation, data and third party related risks, climate change, regulatory changes, 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 2018 Annual Report. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections of our 2018 Annual Report.

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

Diversified business model with leading client franchises

- Well-diversified across businesses, geographies and client segments
- Able to capitalize on opportunities created by changing market dynamics and economic conditions
- Wide breadth of products and capabilities to meet our clients' financial needs and build deep, long-term relationships

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

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

- Listed on FTSE4Good for the 17th consecutive year and named to 2018 Dow Jones Sustainability North American Index for the 13th consecutive year, every year since its inception, while also improving on other top tier environmental, social & governance ratings
- Responded to the 2018 CDP ⁽²⁾ questionnaire summarizing our climate change risks and opportunities and how these are being incorporated into our enterprise business strategy
- Through our first year of RBC Future Launch, our 10 year, \$500MM commitment to empower Canadian youth for the jobs of tomorrow, we scaled programs on a national basis and deepened financial support in each of our three pillars: skills, networks and practical work experience, and reached over 1.4MM young people through ~ 400 charitable partners delivering programs to Canadian youth



Market leader with a focused strategy for growth

Largest in Canada⁽¹⁾

A market leader across all key businesses

Top 10 Globally⁽¹⁾

One of the 10 largest global banks by market capitalization with operations in 36 countries

16 Million+ Clients

Served by 84,000+ employees worldwide

Purpose

Help clients thrive and communities prosper

Vision

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

Strategic Goals



In Canada: To be the undisputed leader in financial services



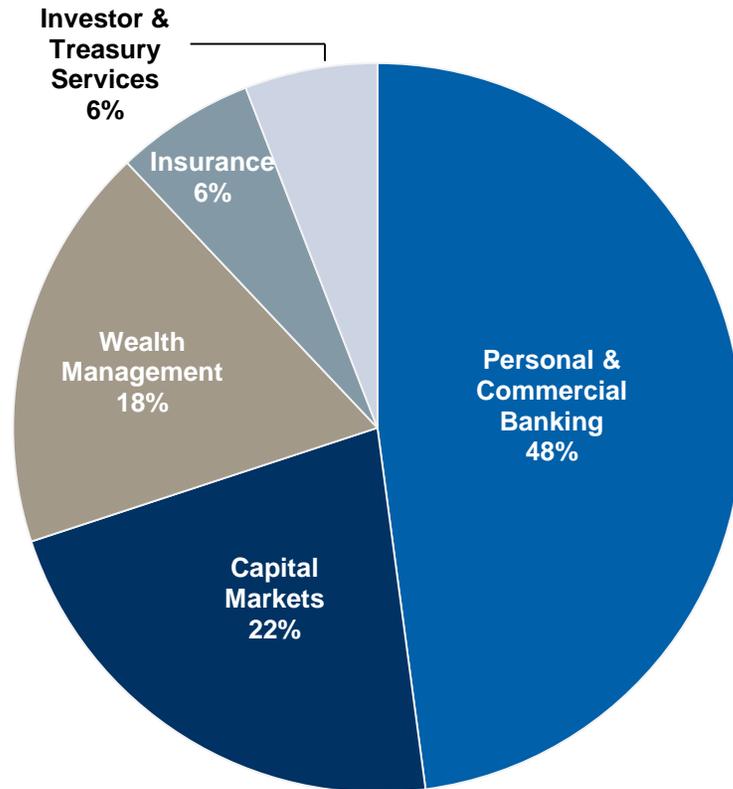
In the United States: To be the preferred partner to corporate, institutional and high net worth clients and their businesses



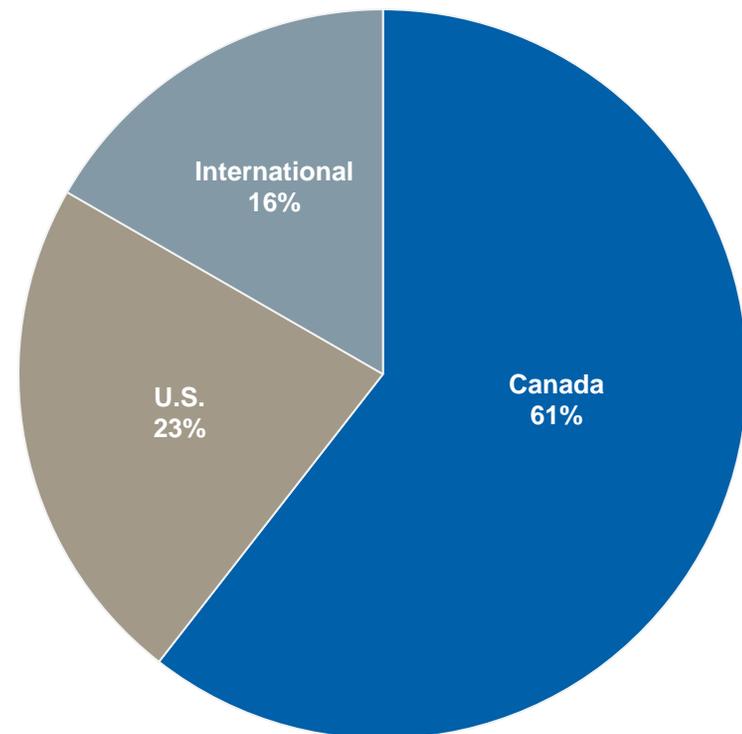
In Select Global Financial Centres: To be a leading financial services partner valued for our expertise

Diversified business model with client leading franchises

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



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



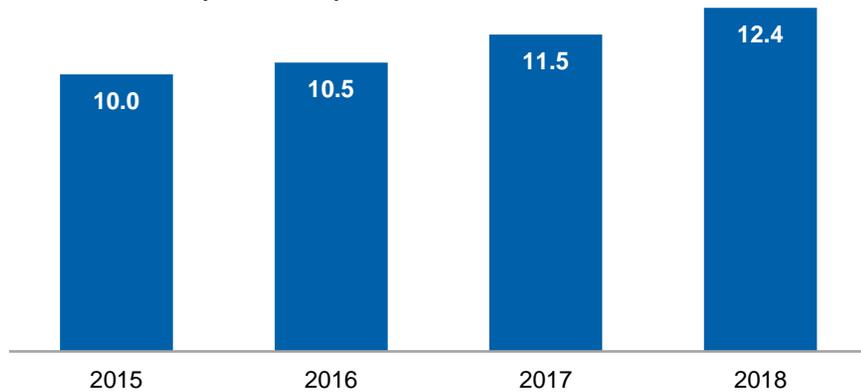


Strong financial profile

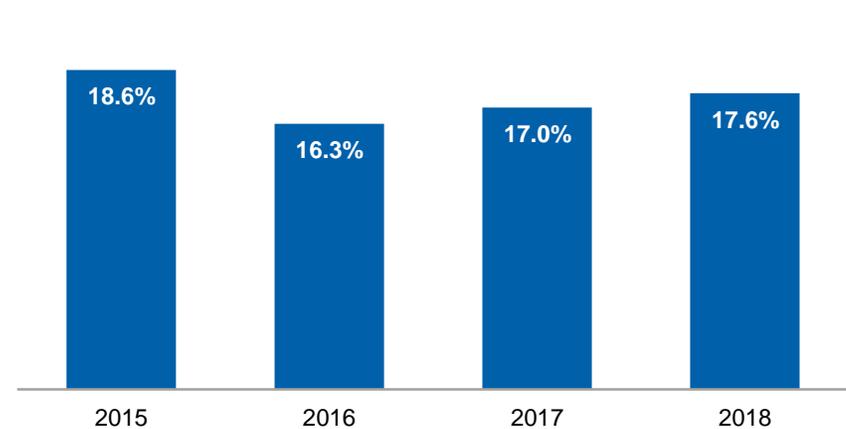
Consistent earnings growth and solid ROE while maintaining a strong capital position with a disciplined approach to risk

Consistent Earnings Growth

Net income (\$ billions)



Strong Return on Equity⁽¹⁾



Strong Capital Position



Strong Leverage and Liquidity Ratios

- **Leverage Ratio** 4.4%
- **Liquidity Coverage Ratio** 123%

Credit Ratings Amongst the Highest Globally

	Moody's	S&P	DBRS	Fitch
Legacy senior long-term debt ⁽²⁾	Aa2	AA-	AA	AA
Senior long-term debt ⁽³⁾	A2	A	AA (low)	AA
Outlook	Stable	Stable	Positive	Stable

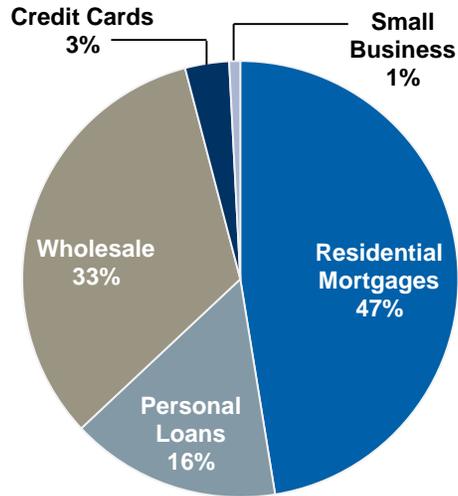
About RBC

(1) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. (2) Includes senior long-term debt issued prior to September 23, 2018 and senior long-term debt issued on or after September 23, 2018 which is excluded from the Canadian Bank Recapitalization (Bail-in) regime (ratings as of November 27, 2018). (3) Includes senior long-term debt issued on or after September 23, 2018 which is subject to conversion under the Bail-in regime (ratings as of November 27, 2018).

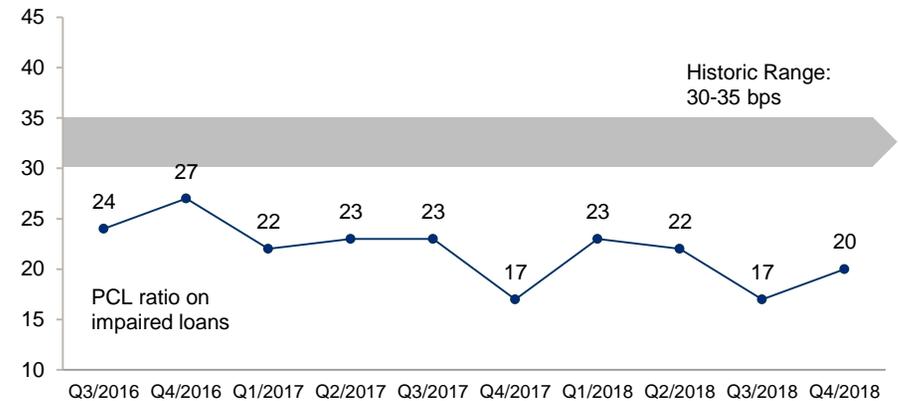
Prudent risk management

A disciplined approach and diversification have driven stable credit trends

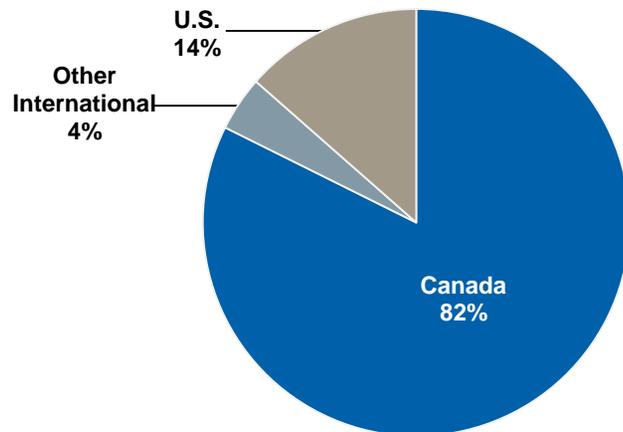
Loan Book Diversified by Portfolio⁽¹⁾



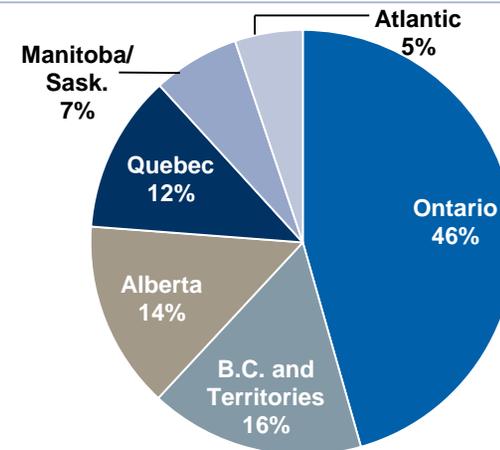
PCL Ratio on Impaired Loans⁽²⁾ (bps)



Breakdown by Region of Total Loans and Acceptances⁽¹⁾



Breakdown of Canadian Total Loans and Acceptances⁽¹⁾



(1) Loans and acceptances outstanding as at October 31, 2018. Does not include letters of credit or guarantees. (2) Effective November 1, 2017, we adopted IFRS 9, which introduced a three-stage expected credit loss impairment model that differs significantly from the incurred loss model under IAS 39. Stage 3 allowances are held against impaired loans and effectively replace the allowance for impaired loans under IAS 39. 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

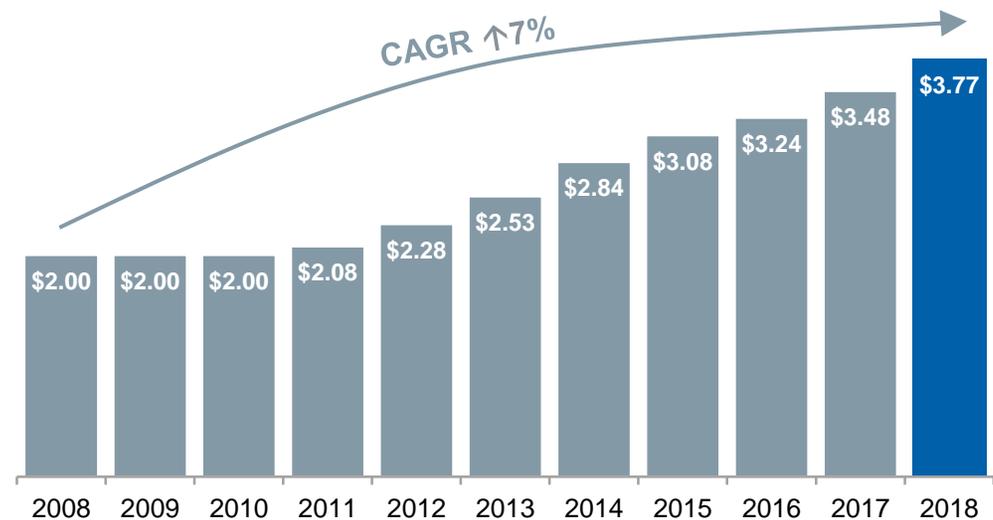
Medium-Term Financial Performance Objectives

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	13%	9%
5 Year	11%	8%
10 Year	12%	10%

Strong Dividend Growth⁽²⁾



Business Segments





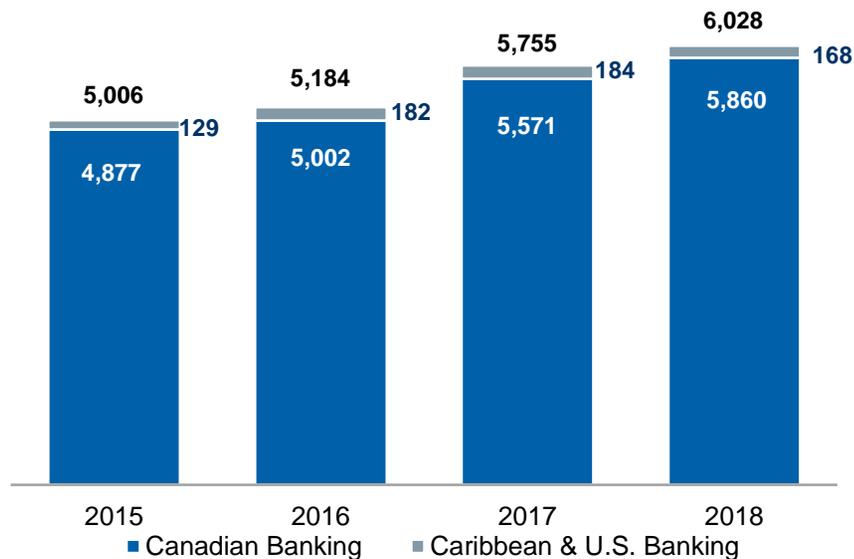
Personal & Commercial Banking

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

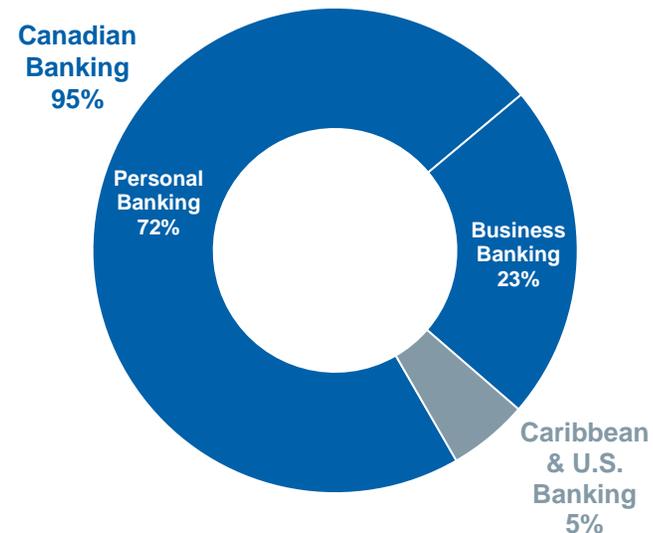
Q4/2018 Highlights

Clients (MM)	> 13.0
Branches	1,261
ATMs	4,463
Active Digital (Online and Mobile) Users ⁽²⁾ (MM)	6.7
Employees (FTE)	> 35,000
Net Loans & Acceptances ⁽¹⁾ (\$BN)	432.2
Deposits ⁽¹⁾ (\$BN)	368.7
AUA ⁽¹⁾ (\$BN)	274.9

Net Income (\$ millions)



Revenue by Business Line⁽³⁾



Business Segments

(1) Based on average balances. (2) This figure represents the 90-day active customers in Canadian Banking only. (3) For the quarter ended October 31st, 2018. Effective Q1/2018, the lines of business within Canadian Banking have been realigned in a manner that emphasizes our client-centric strategy. Personal Financial Services and Cards and Payment Solutions, previously reported separately, are now reported collectively as Personal Banking, and Business Financial Services has been renamed to Business Banking. The change had no impact on prior period net income for our Personal & Commercial Banking segment.

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 ▪ Focus on innovating our branch network |
| Accelerate Client Growth | <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 including key segments: high net worth, newcomers and students and young adults while deepening existing client relationships |
| Rapidly Deliver Digital Solutions | <ul style="list-style-type: none"> ▪ Continue to deliver leading digital capabilities and functionality through our award-winning mobile app ▪ Create partnerships 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 |

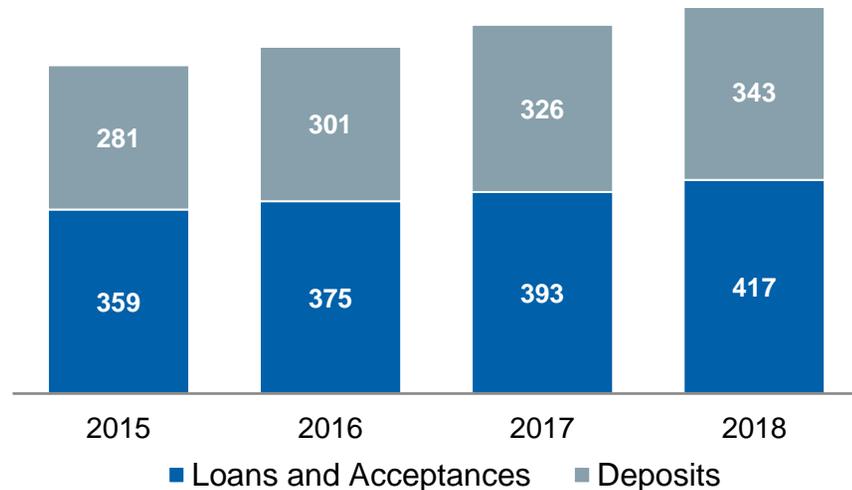
Recent Awards

 <p>Highest in Customer Satisfaction Among the Big Five Retail Banks for the 3rd consecutive year⁽¹⁾, Highest in Customer Satisfaction Among Mobile Banking Apps for the 2nd consecutive year⁽¹⁾ and Highest Satisfaction in Advice & Onboarding⁽¹⁾</p>	 <p>North American Retail Bank of the year & Best Customer Facing Technology for MyAdvisor⁽²⁾</p>	 <p>NOMI Insights and NOMI Find & Save won the Personal Financial Experience category; RBC's digital employee activation strategy won in Employee Productivity category⁽³⁾</p>	 <p>RBC shares the highest overall score in The Forrester Banking Wave: Canadian Mobile Apps, Q2⁽⁴⁾</p>
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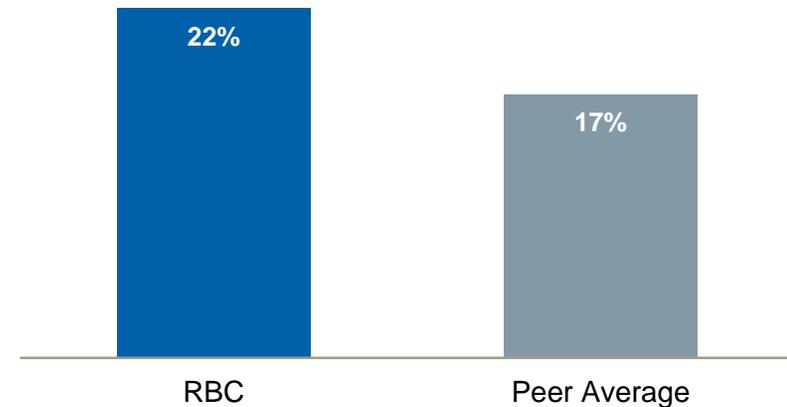
Personal & Commercial Banking – Canadian Banking

Solid Volume Growth (\$ millions)⁽¹⁾



Superior Cross-Sell Ability

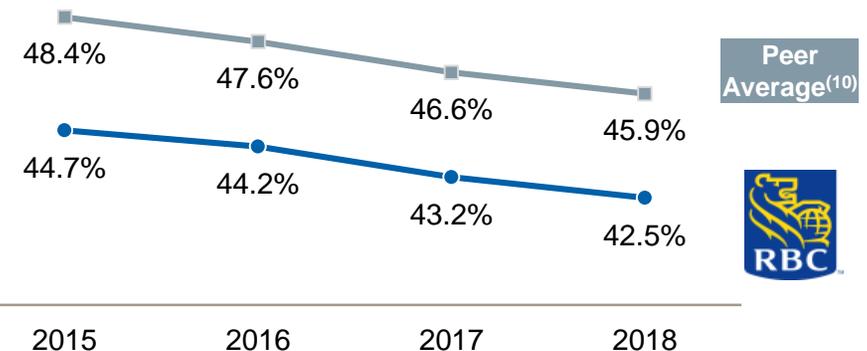
Percent of households with transaction accounts, investments and borrowing products⁽²⁾



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

Product	Market share	Rank
Personal Lending ⁽⁴⁾	23.7%	1
Personal Core Deposits + GICs	19.5%	2
Credit Cards ⁽⁵⁾	27.8%	1
Long-Term Mutual Funds ⁽⁶⁾	15.1%	1
Business Loans (\$0-\$25MM) ⁽⁷⁾	26.6%	1
Business Deposits ⁽⁸⁾	26.3%	1

Continue To Improve Our Efficiency Ratio⁽⁹⁾



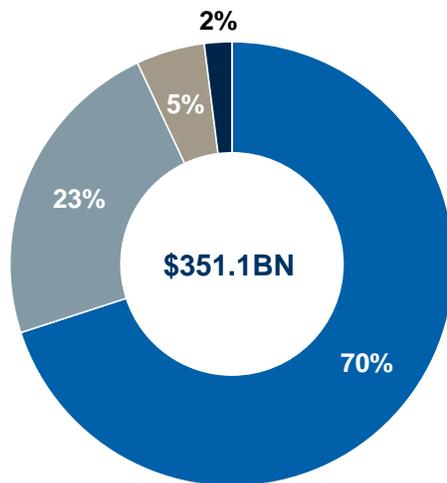
Business Segments

⁽¹⁾ Based on average balances. ⁽²⁾ Canadian Financial Monitor by Ipsos – 10,000 Canadian households – data based on Financial Group results for the 12-month period ending July 2018; 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 July 2018 except where noted. Market share is of total Chartered Banks except where noted. ⁽⁴⁾ Personal Lending market share of 6 banks (RBC, BMO, BNS, CIBC, TD and NA) and includes residential mortgages (excl. acquired portfolios) and personal loans as at May 2018. ⁽⁵⁾ Credit cards market share is based on 6 banks (RBC, BMO, BNS, CIBC, TD and NA) as at May 2018. ⁽⁶⁾ Long-term mutual fund market share is compared to total industry and is at July 2018. ⁽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 March 2018. ⁽⁸⁾ Business Deposits market share excludes Fixed Term, Government and Deposit Taking Institution balances. ⁽⁹⁾ Effective Q4/2017, service fees and other costs incurred in association with certain commissions and fees earned are presented on a gross basis in non-interest expense. Comparative amounts have been reclassified to conform with this presentation. ⁽¹⁰⁾ Peers include BMO, BNS, CIBC and TD; 2015 through 2017 reflects annual, while the peer average efficiency ratio for FY/2018 represents Q3/2018 YTD (FY/2018 peer data not available).

Stable credit quality in Canadian Banking retail portfolio

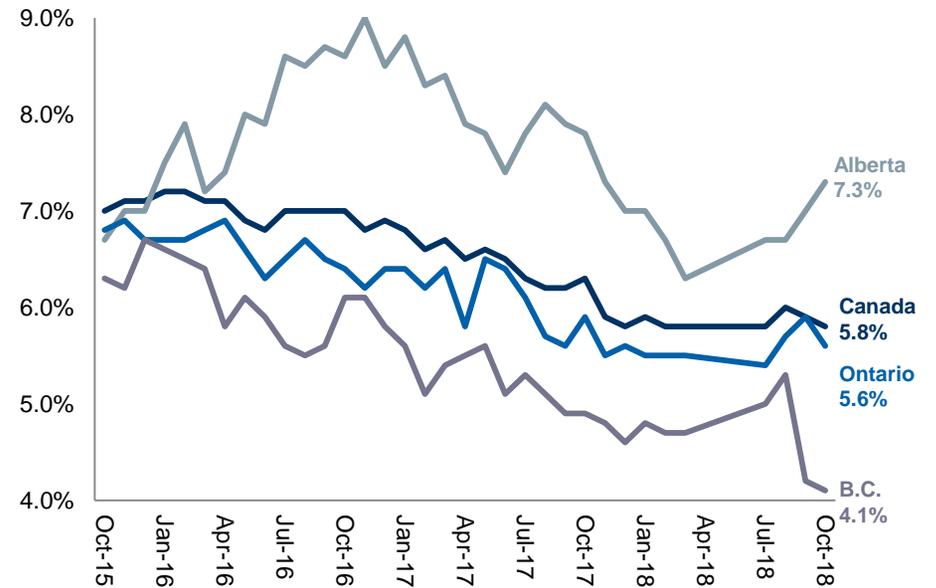


Average Canadian Banking Retail Loans (1)



■ Residential Mortgages ■ Personal ■ Credit Cards ■ Small Business

Unemployment Rate

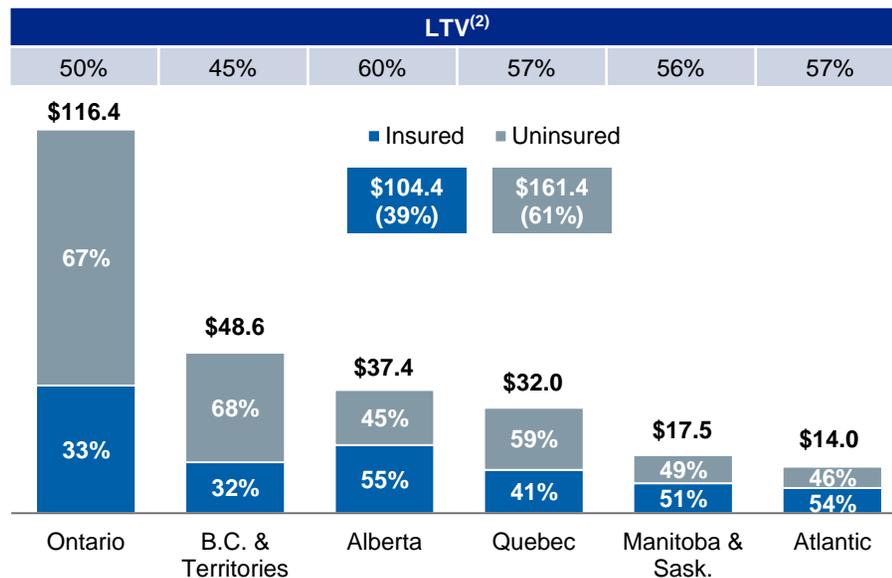


- Canada's unemployment rate improved, down 90 bps YoY to 5.8%
- Ontario and B.C., which represent the largest portion of our retail portfolio, continue to perform well with 5.6% and 4.1% unemployment, respectively



Canadian residential portfolio has strong underlying credit quality

Canadian Residential Mortgage Portfolio⁽¹⁾ As at October 31, 2018 (\$ billions)



Canadian Banking Residential Lending Portfolio⁽²⁾ As at October 31, 2018

	Total (\$283.1BN)	Uninsured (\$201.5BN)
Mortgage	\$243.0BN	\$161.4BN
HELOC	\$40.1BN	\$40.1BN
LTV (2)	52%	50%
GVA	42%	42%
GTA	48%	48%
Average FICO Score⁽²⁾	788	795
90+ Days Past Due⁽²⁾⁽³⁾	19 bps	16 bps
GVA	6 bps	5 bps
GTA	6 bps	5 bps

Canadian Mortgage Portfolio

- Average remaining amortization on mortgages of 18 years
- Strong underlying quality of uninsured portfolio⁽²⁾
 - 48% of uninsured portfolio have a FICO score >800
- Greater Toronto Area and Greater Vancouver Area average FICO scores are above the Canadian average
- Condo exposure is ~10% of residential lending portfolio

Business Segments

(1) Canadian residential mortgage portfolio of \$266BN comprised of \$243BN of residential mortgages, \$7BN of mortgages with commercial clients (\$4BN insured) and \$16BN of residential mortgages in Capital Markets held for securitization purposes. (2) Based on \$243BN in residential mortgages and HELOC in Canadian Banking (\$40.1BN). Based on spot balances. Totals may not add due to rounding. (3) The 90+ day past due rate includes all accounts that are either 90 days or more past due or are in impaired status.

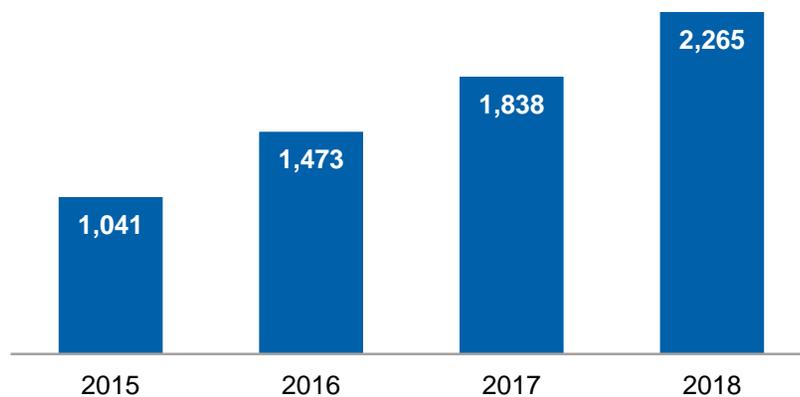


Wealth Management

Strategic Priorities

- **Global Asset Management:** Deliver investment performance and extend leadership position in Canada, while continuing to build and grow in the U.S. and other 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 Bank, RBC 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

Outstanding Global Private Bank (Overall)

(Private Banker International Global Wealth Awards, 2018)

Outstanding Wealth Planning and Trust Provider

(Private Banker International Global Wealth Awards, 2018)

Best Private Bank in Canada

(PWM and The Banker Global Private Banking Awards, 2018)

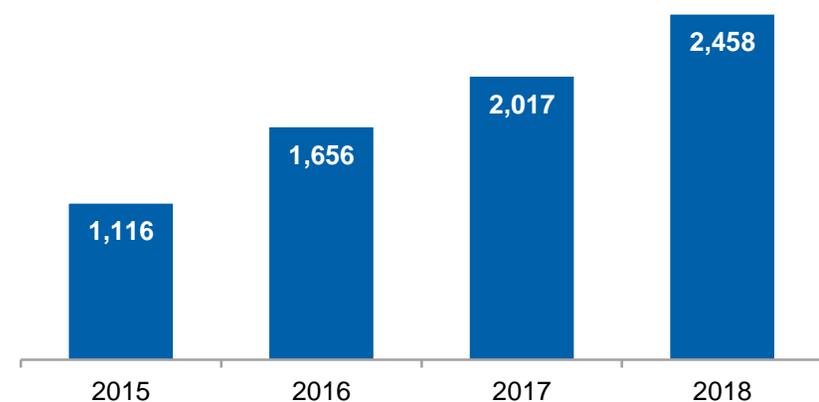
Best Private Bank for Digital Client Communications – North America

(PWM Global Wealth Tech Awards, 2018)

Best Overall Private Banking Services in Canada

(Euromoney Private Banking and Wealth Management Survey, 2018)

Cash Earnings (\$ millions)⁽²⁾

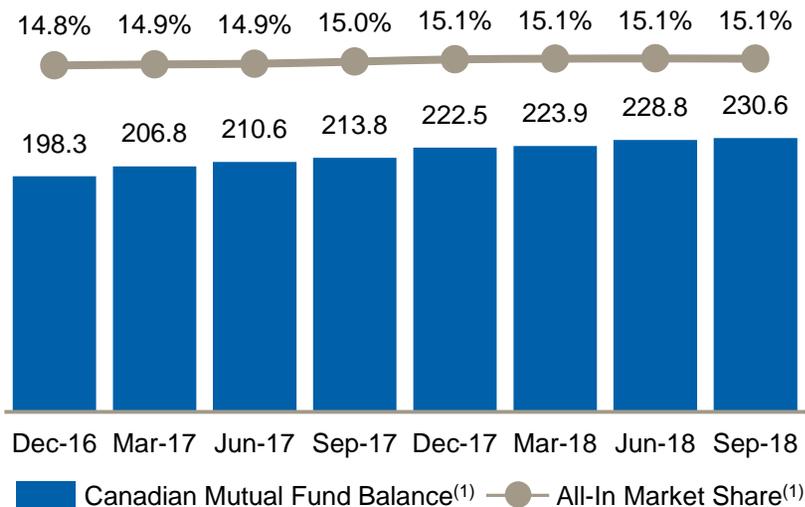


Wealth Management – Global Asset Management

Building a high-performing global asset management business

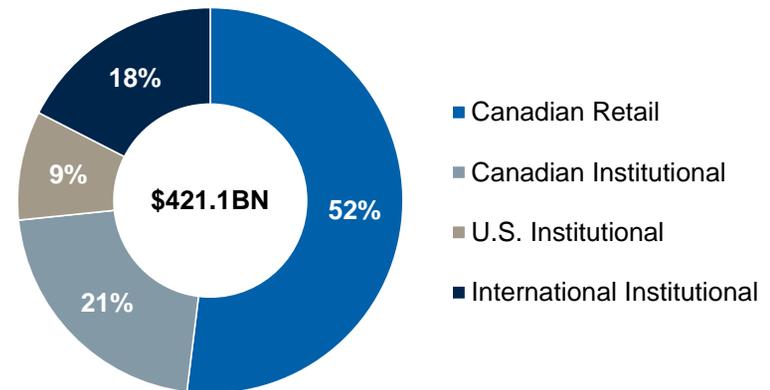
- **Driving top-tier profitability in our largest Wealth Management business**
 - \$421.1BN in client assets
 - Investor asset mix of 52% Retail / 48% Institutional client assets
- **Extending our lead in Canada**
 - Largest retail fund company in Canada, ranked #1 in market share capturing 33.0% amongst 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 ~78% 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

Q4/2018 AUM by Client Segment (\$ billions)⁽⁴⁾



Business Segments

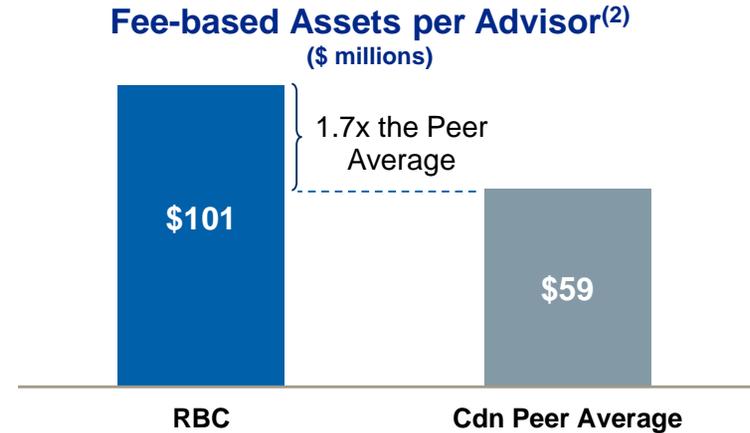
(1) Investment Funds Institute of Canada (IFIC) as at September 2018 and RBC reporting. Comprised of long-term funds and money market funds. (2) Benefits Canada as at May 2018. (3) As at September 2018, gross of fees. (4) RBC GAM, base on period-end spot balances.



Wealth Management

Canadian Wealth Management

- **Maintaining profitable growth**
 - Generating 27.7% of RBC Wealth Management earnings with strong pre-tax margin
 - Number 1 HNW⁽¹⁾ market share in Canada⁽²⁾
- **Driving strong advisor productivity**
 - Canadian leader in fee-based assets per advisor⁽²⁾
 - Consistently driving revenue per advisor of over \$1.47MM per year, 33% above Canadian industry average⁽²⁾
 - Strong asset growth complimented by favourable market conditions
 - Leveraging enterprise linkages to extend market share gains



U.S. Wealth Management (including City National)

U.S. Wealth Management

- 7th largest full-service wealth advisory firm in the U.S. as measured by number of financial advisors and 6th largest by assets under administration⁽³⁾
- 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, New York, and Washington DC
- 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



Insurance

Strategic Priorities

- **Improve Distribution Effectiveness and Efficiency:** By enhancing our proprietary distribution channels and focusing on the delivery of technology and operational solutions
- **Deepen Client Relationships:** By continuing to be an innovative, client-focused provider of a full suite of insurance solutions for mass underserved, mass affluent and HNW clients
- **Simplify. Agile. Innovate.:** By accelerating our digital initiatives' time-to-market, improving quality and cost effectiveness
- **Pursue Select International Opportunities:** Within our risk appetite, with the aim of continuing to grow our core reinsurance business

Highlights

Among the **largest Canadian bank-owned insurance organizations**, serving more than four million clients globally

#1 in individual disability sales with 41%⁽¹⁾ market share

#2 in Segregated fund net sales & one of fastest growing Segregated fund providers⁽²⁾

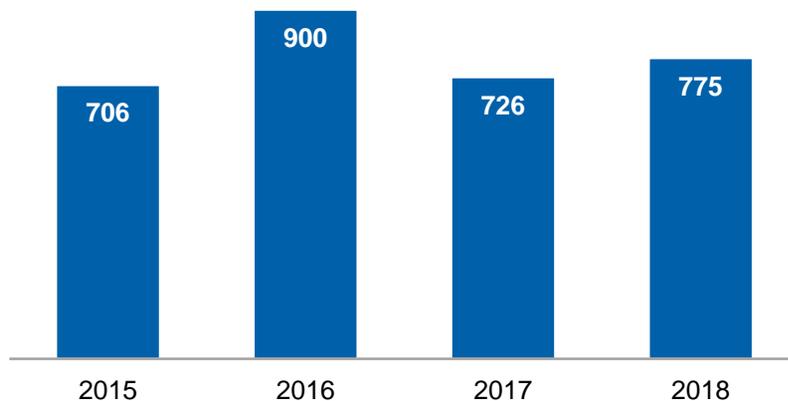
RBC Guaranteed Investment Funds continue to be one of the fastest growing segregated fund providers in Canada with a year over year growth of 21%⁽²⁾

Continued to deliver on our goal to affirm our position as a **key market player** (#4 with a 13% market share YTD, September 30, 2018)⁽¹⁾ **in the pension de-risking business in Canada**

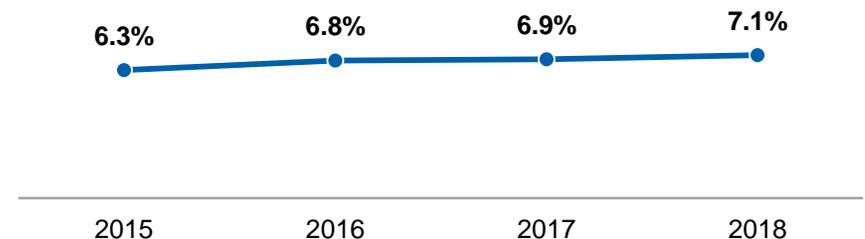
Wellness Program launched to group health clients as a value-added service

Access to new technology and **expanded set of insurance solutions** for our clients through partnership with Aviva

Net Income (\$ millions)⁽³⁾



Acquisition Expense Ratio⁽⁴⁾



(1) LIMRA Canadian Insurance Survey, 3rd Quarter, 2018. (2) Strategic Insights, Insurance Advisory Service Report, October 2018. (3) 2016 net income includes the gain on sale of RBC General Insurance Company. (4) Acquisition Expense Ratio calculated as Insurance Policyholder Acquisition Expense over Net Earned Premiums, including annuity products.

Investor & Treasury Services

- Specialist provider of asset services, a leader in Canadian cash management and transaction banking services, and a provider of treasury services to institutional clients worldwide
 - Rated by clients as the #1 Global Custodian for the eighth consecutive year⁽¹⁾
 - Ranked the #1 Fund Administrator overall for the sixth consecutive year⁽²⁾
 - Ranked the #1 Fund Administrator in Ireland and Luxembourg⁽²⁾
 - Named Best Trade Finance Bank in Canada for the sixth consecutive year⁽³⁾
- Short-term funding and liquidity management for RBC

Strategic Priorities

Grow income and market share among Canadian asset managers, investment counsellors, pension funds, insurance companies and transaction banking clients

Develop long-term partnerships with sophisticated and fast-growing asset managers

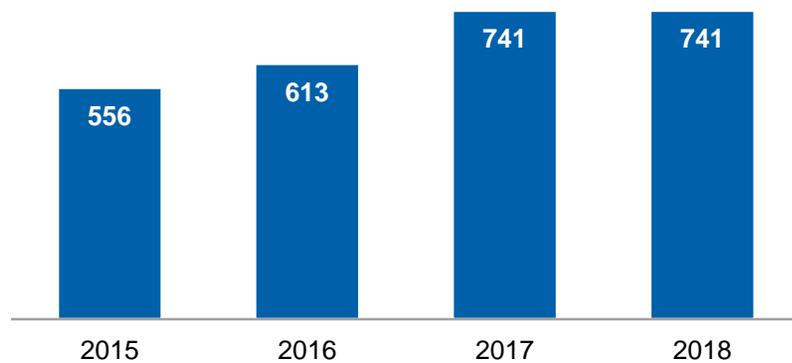
Automate and scale our business to support our clients' growth ambitions

Employ sound risk management practices and commercial insights to mitigate risks in the pursuit of profitable growth

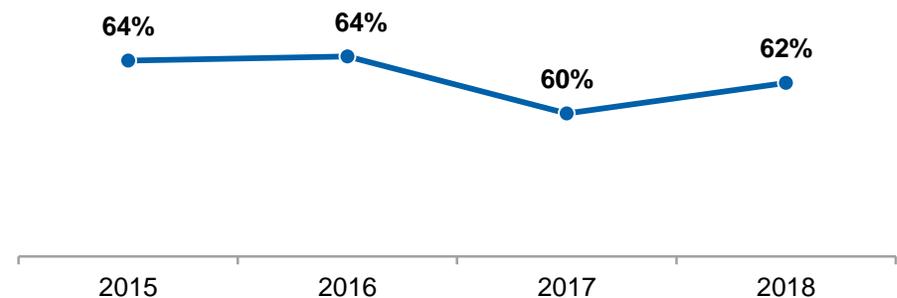
Design and deliver digitally-enabled products and services to transform the way we interact with our clients

Inspire and develop a change-ready workforce

Net Income (\$ millions)



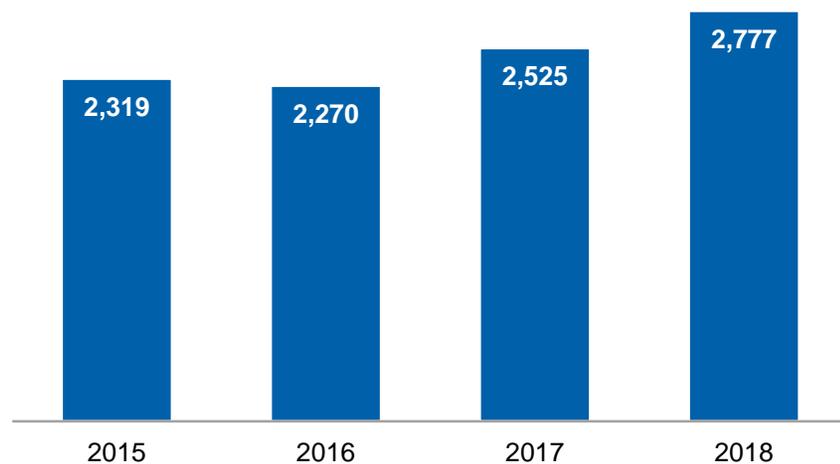
Efficiency Ratio



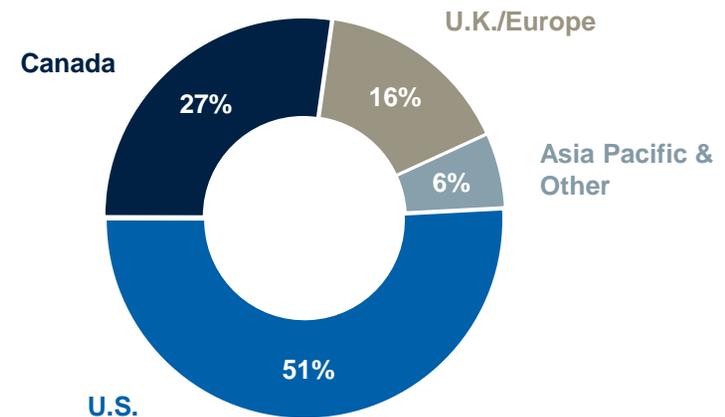
Capital Markets

- A leading North American investment bank with core markets across Canada, the U.S. and U.K./Europe
 - 11th largest global investment bank by fees⁽¹⁾
- Strategically positioned in the largest financial centres, focused on the world’s largest and most mature capital markets encompassing ~80% of the global investment banking fee pool⁽²⁾
- A premier global investment bank providing expertise in banking, finance and capital markets to corporations, institutional investors, asset managers, governments and central banks around the world
- We believe in making a positive impact in the communities where our clients and employees live and work. This is reflected in our long-standing tradition of supporting local charities and our signature global campaigns. In 2018 we gave back through donations, sponsorships, and community investments

Net Income (\$ millions)



Revenue by Geography⁽³⁾



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 core strengths and capabilities in the U.K. & Europe and optimize performance in Australia, Asia & Other regions

Continue to grow our Global Investment Banking and Global Markets franchises:

- Continue to grow and strengthen our senior coverage teams in the U.S, U.K. and Europe
- Focus capital and coverage to deepen relationships with clients that are most significant users of Capital Markets
- Continue to partner with other segments and bring clients one RBC solution, specifically, with U.S. Wealth Management
- Drive technology innovation in our Global Markets businesses through electrification, algorithmic trading, and other initiatives

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

- Optimize capital use to earn high risk-adjusted returns by maintaining both a balanced approach between investment banking and trading revenue and a disciplined approach to managing the risks and costs of our business

Recent Awards



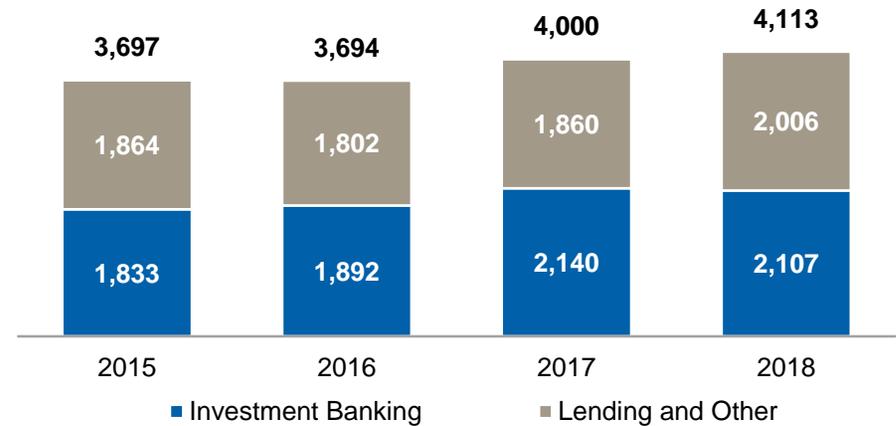


Capital Markets

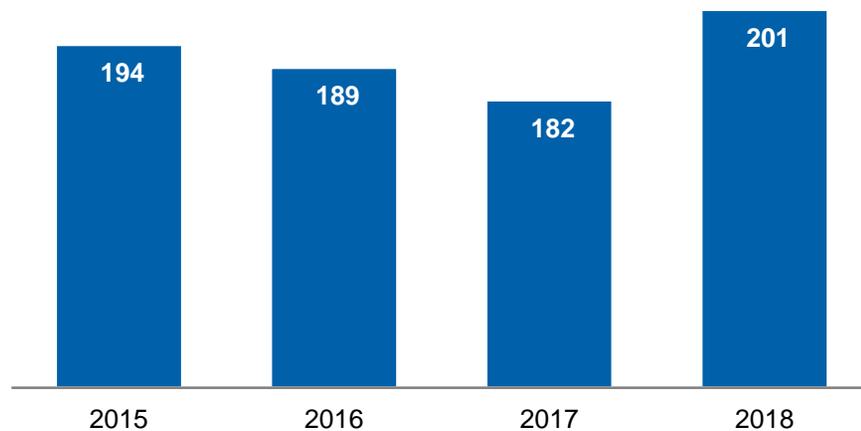
Diversified Global Markets Revenue⁽¹⁾
(\$ millions)



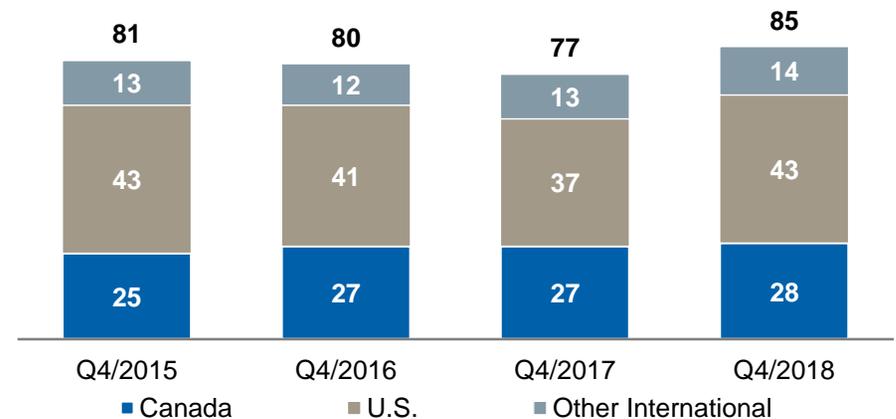
Corporate & Investment Banking Revenue
(\$ millions)



Risk-Weighted Assets
(\$ billions)



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



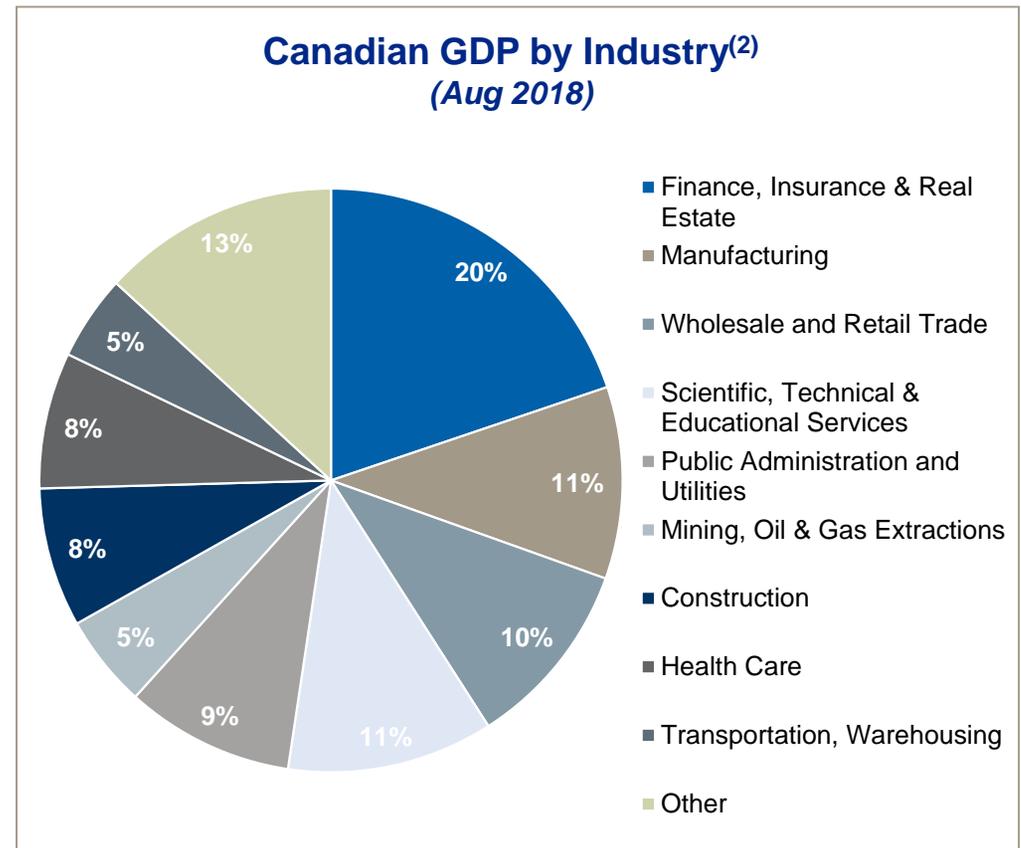
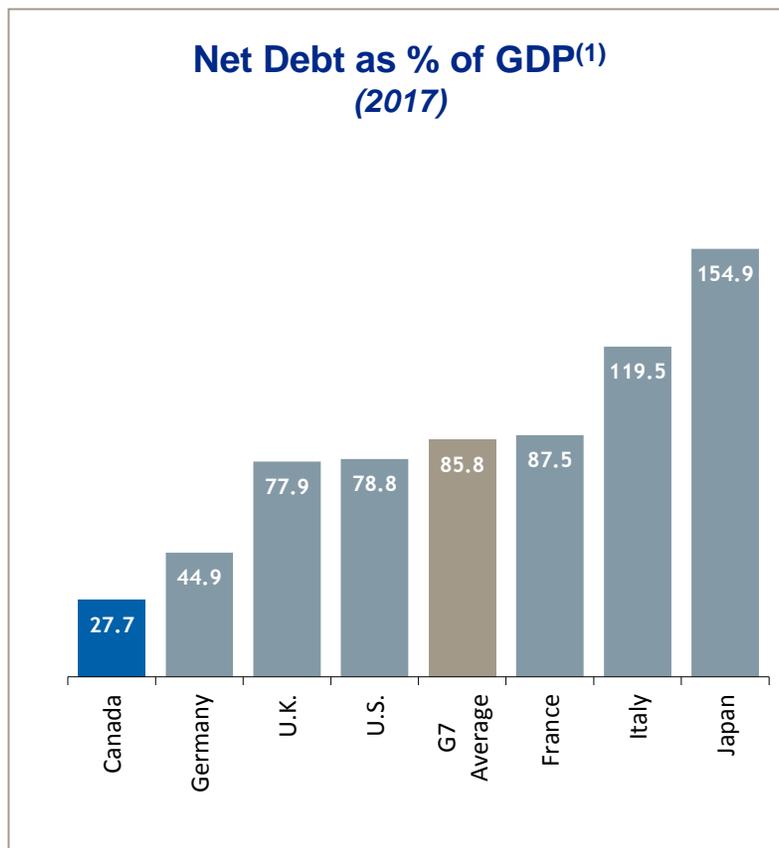
(1) Global Markets segment revenue has been restated to align select portfolios previously disclosed in Repo and Secured Financing to FICC and Global Equities. (2) Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. This is a non-GAAP measure. For more information see slide 40.

Economic Backdrop



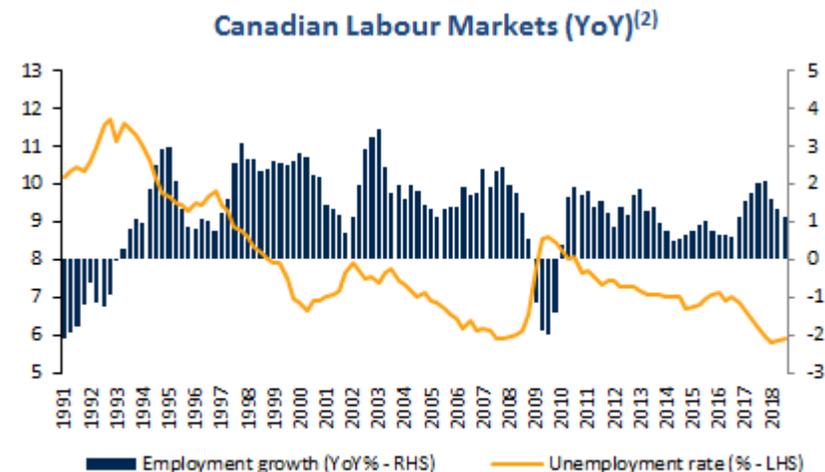
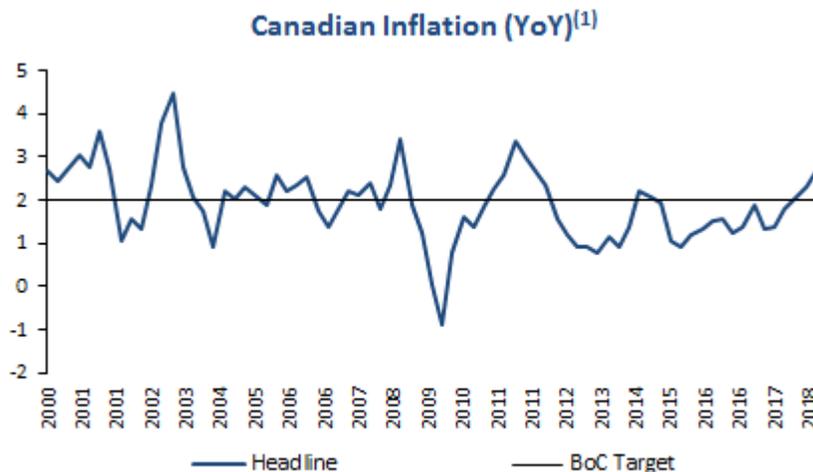
Canada's fiscal position

- 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⁾
- Growth in the economy has slowed but from an unsustainably strong rate of growth a year ago. GDP is expected to increase at a more moderate pace in 2018 and 2019 amid rising interest rates and limited slack in the economy



Growth in economy to slow with economy hitting capacity

- Headline inflation picked up to 2.7% on average in Q3, in part because of an unusual jump in airfare prices early in the quarter, which reversed in September. Inflation is expected to remain slightly above the Bank of Canada's 2% midpoint target into 2019 with limited slack in the economy putting upward pressure on prices
- Employment growth has slowed somewhat from an unsustainably strong pace in 2017 but has remained positive. The unemployment rate nationally was at its lowest level in more than 4 decades on average in Q3
 - The unemployment rate in Alberta rose in Q3 but was still down more than two percentage points, on average, from a recent peak of 9.0% in late 2016
- GDP growth has slowed somewhat in 2018 after the unsustainable 3.0% increase in 2017, but is still on track to post a slightly above-trend increase in the year



2018 Economic Outlook



	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	2.1%	2.3%	5.9%	1.65%	(2.9%)	(1.2%)
U.S.	2.9%	2.5%	3.9%	2.35%	(2.4%)	(4.7%)
Euro Area	1.9%	1.8%	8.2%	NA	3.8%	(0.6%)

Canada

- The Canadian economy is forecast to grow by 2.1% in 2018 and 1.9% in 2019. Those increases are down from the unsustainably strong pace of 3.0% in 2017, but still slightly 'above-trend'. Housing activity is expected to continue slowing 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
- We expect the Bank of Canada will continue raising interest rates at a gradual pace. We expect two additional 25 basis point hikes in 2019 and another two in 2020 to bring the overnight rate to 2.75% from its current 1.75% level. The central bank remains cautious due to the impact of rising interest rates on highly indebted households. However, with growing evidence that the economy is reaching capacity, we expect the BoC will continue gradually removing accommodation

U.S.

- The U.S. economy is forecast to grow by 2.9% in 2018, up from 2.2% in 2017. Consumer spending and business investment have continued to rise in 2018. Both are expected to continue to benefit from tax cuts passed late last year
- The U.S. Federal Reserve has hiked the fed funds target range by 75 basis points to-date in 2018 with another 25 basis point hike expected in December. 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. We look for another four hikes to bring the top end of the fed funds target range to 3.50% by the end of 2019

Euro Area

- Euro area GDP growth has surprised somewhat on the downside to-date partially due to transitory factors that likely won't be repeated. GDP is still tracking an above-trend 1.9% for 2018, down modestly from a decade-high 2.5% pace in 2017
- Inflation remains low despite the strengthening economic backdrop. The European Central Bank is set to end asset purchases next year, but negative rates are expected to persist through the end of 2019
- Political risks, particularly Brexit, remain but have had a limited economic impact thus far

Economic Backdrop

(1) RBC Economics Research as of May 4, 2018 and reflect forecasts for calendar 2018. (2) European Commission, RBC Economics Research. (3) IMF Fiscal Monitor (October 2018), Congressional Budget Office FY2018, European Commission, RBC Economics Research.

Canadian Housing Market



Structural backdrop to the Canadian housing market

	Canada ⁽¹⁾	U.S. ⁽¹⁾
Regulation	<ul style="list-style-type: none"> ▪ Government influences mortgage underwriting policies primarily 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 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 	<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

February 2018 – Government of British Columbia

- The B.C. government's 2018 budget included a 30-point plan 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

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

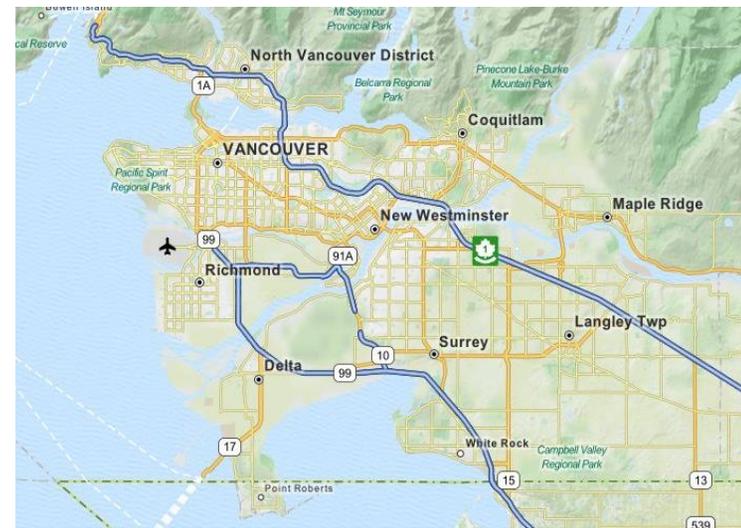
The Toronto and Vancouver downtown condo markets

- Constraints on undeveloped land around Toronto / Vancouver, have contributed 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 – about 3% of our Canadian commercial loan book⁽²⁾
 - Condo exposure is about 10% of our Canadian residential mortgage portfolio⁽²⁾⁽³⁾

“Green Belt” Surrounding Greater Toronto Area

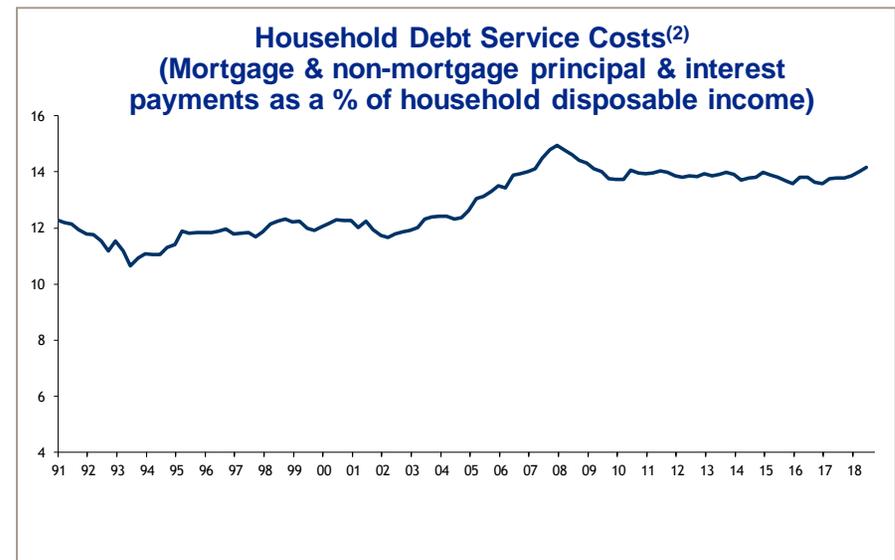


Vancouver Limited by Mountains, Sea, U.S. Border



Canadian housing market risks remain localized

- The stress test introduced on January 1st 2018 for uninsured mortgages, had a cooling impact across Canada. The stress test, along with increases in interest rates, will likely cause home resales to decline for a second-straight year in 2018. In 2017, regulatory changes at the federal and provincial levels in BC and Ontario contributed to a 4% decline in home resales in Canada. To a large extent, this is a ‘soft landing’ engineered by policy makers
- Demand-supply conditions, however, remain balanced nationally and in most local markets including Vancouver and Toronto. This has kept property values on the rise for the most part. Prices fell modestly in the GTA following Ontario’s Fair Housing Plan in April 2017 and have since stabilized, though high-priced properties remain under pressure
- Solid population growth, household income gains and low unemployment rates lower the risk of a downward spiral
- 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, albeit the trend is deteriorating
- Canada’s household debt service ratio showed a small uptick in 2018 — and is poised to rise further going forward
- 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

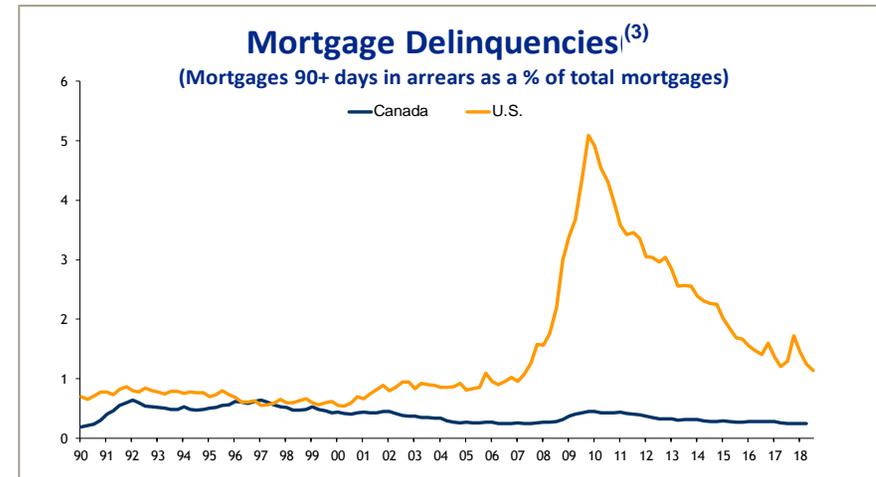
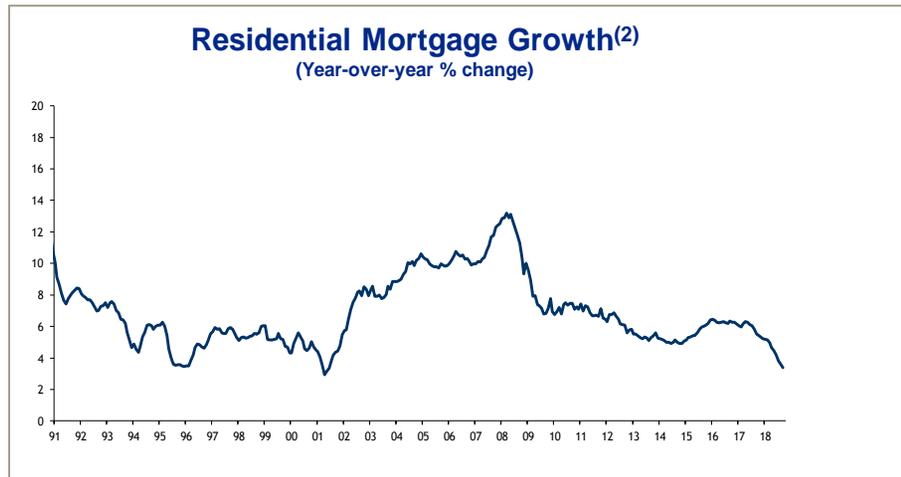
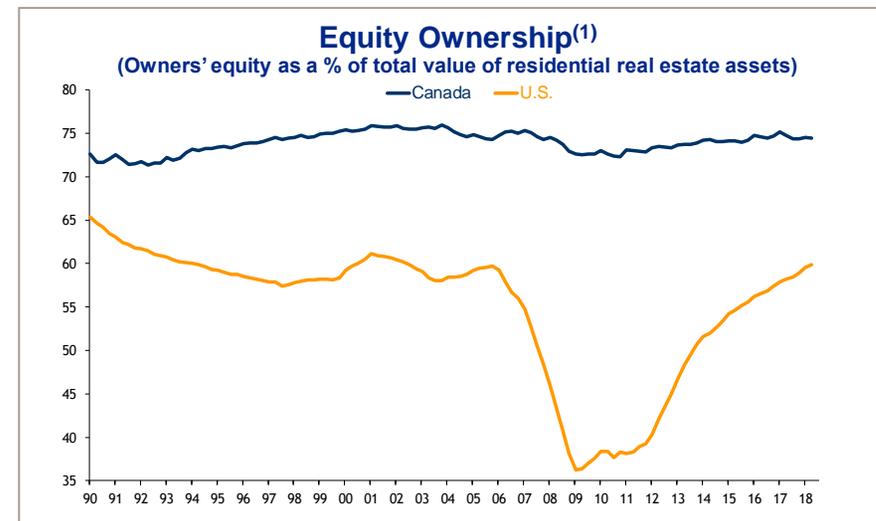


Canadian Housing Market

(1) Canadian Real Estate Association, RBC Economics Research. (2) Statistics Canada, RBC Economics Research. PDI: Personal Disposable Income.

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 markedly since early-2017 to a 17-year low in mid-2018
- Mortgage delinquency rates remain very 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

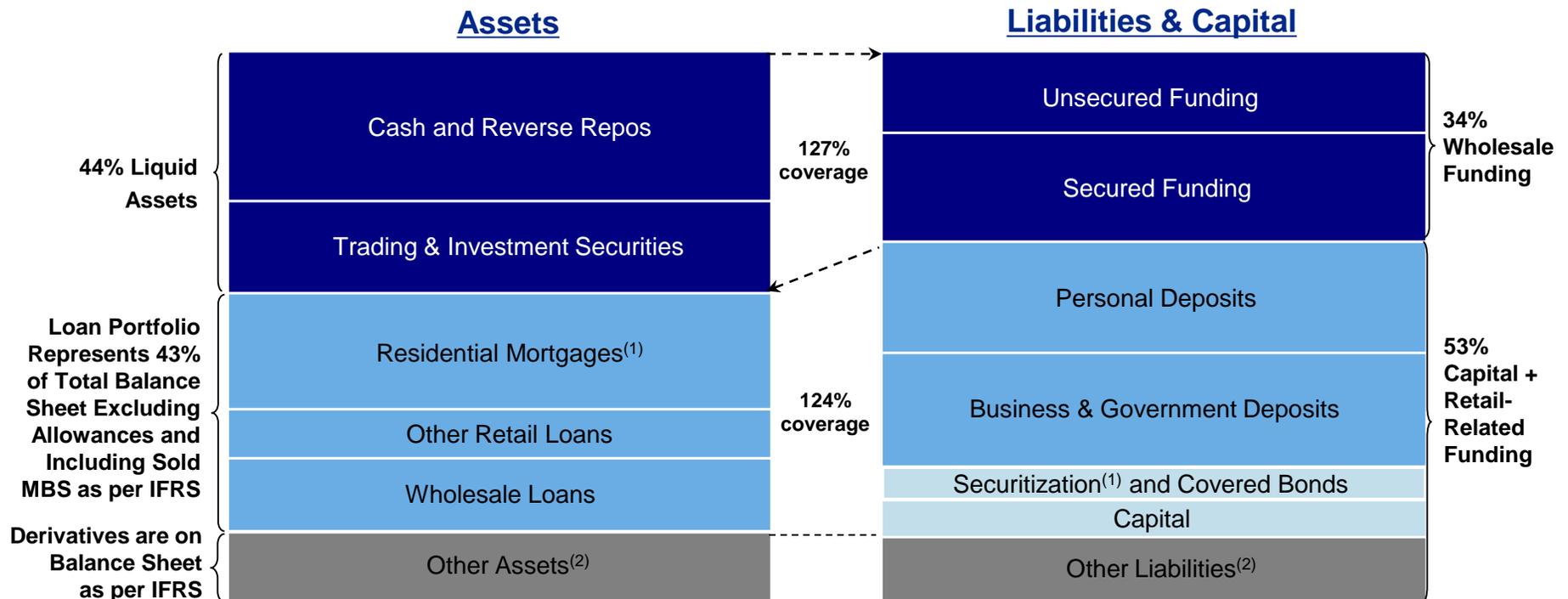


Appendix A – Liquidity & Funding



Strength of a high quality liquid balance sheet

\$1,335 Billion
(as at October 31, 2018)



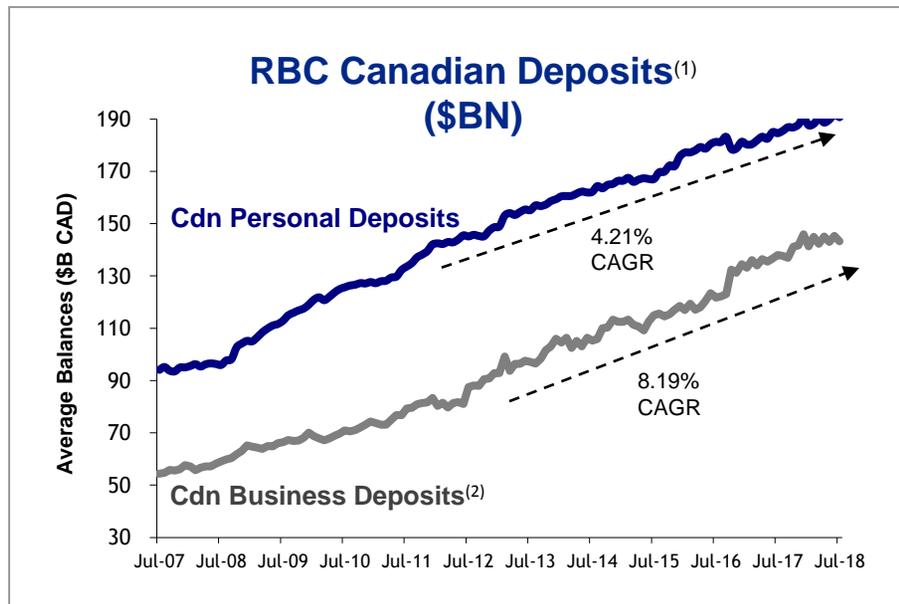


Strong deposit growth

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

Canadian Relationship Deposits

- Initiated successful strategies to grow relationship deposit base
- Canadian relationship deposits continue to grow
- RBC Canadian personal deposit market share is at 19.5% as of July 2018
- RBC Canadian commercial demand deposit market share is at 26.3% as of July 2018



	Q4 2018	Q4 2017
HISA ⁽³⁾	\$33	\$33
Advisory Channel Deposits ⁽⁴⁾	\$30	\$32
Other Personal Deposits	\$193	\$181
Business Deposits	\$289	\$279
Total Deposits	\$545	\$525

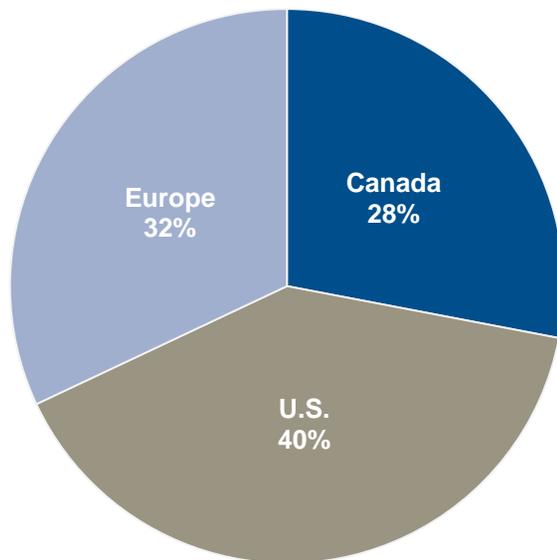
(1) Sourced from Canadian deposit market share, which is based on OSFI (M4 report). The volume change in Oct'16 was mainly due to a re-class of personal deposit to business deposits.
 (2) Canadian Business deposits reflect all platform demand deposits and Canadian Banking term deposit balances only. (3) High Interest Savings Account; Includes CAD and USD deposits.
 (4) Sourced largely from RBC Wealth Management network.

Wholesale funding strategy

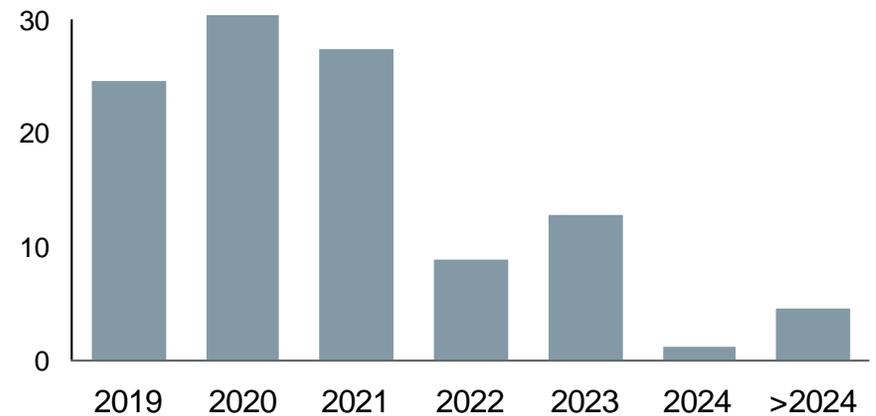
Large retail deposit base complemented by well diversified wholesale funding mix

- 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⁾

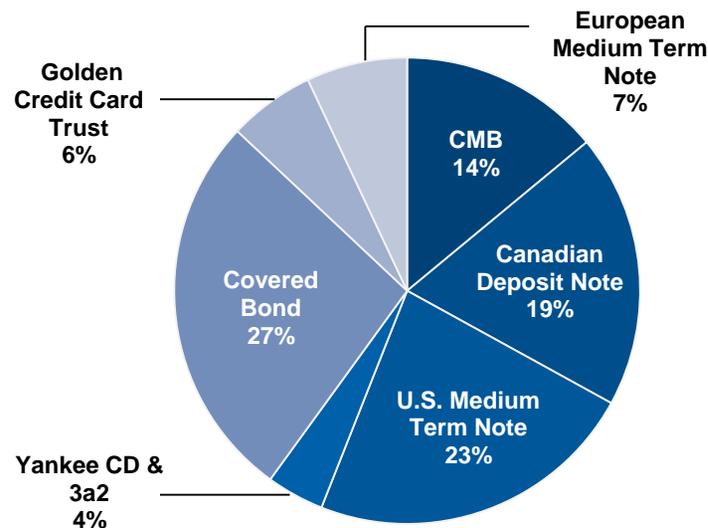


Well diversified wholesale funding platform

- 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) 	<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⁽²⁾



Recent Deals

- US\$1.7BN 3-year covered bond at LIBOR + 25bps
- US\$1.8BN 5-year unsecured (bail-in) at LIBOR + 66bps
- \$2BN 5-year unsecured (bail-in) at LIBOR + 63bps
- €1.5BN 7-year covered bond at LIBOR + 41bps

RBC Covered Bond Program

Globally Active

- Active program in six different currencies: EUR, CAD, USD, CHF, AUD and GBP
 - C\$36BN 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\$17.2BN across eight deals since September 2012
 - Trace eligible



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 amounts excluding Corporate Support, average loans and acceptances excluding certain items, and cash earnings excluding the after-tax effect of amortization of intangibles, 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 2018 Annual Report.

Definitions can be found under the “Glossary” sections in our Q4 2018 Supplementary Financial Information and our 2018 Annual Report.

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