

# Royal Bank of Canada Investor Presentation

Q2/2014

All amounts are in Canadian dollars. Financial information is based on financial statements prepared in compliance with International Accounting Standard 34 *Interim Financial Reporting* and is presented on a consolidated basis unless otherwise noted. Our Q2 2014 Report to Shareholders and Supplementary Financial Information are available on our website at [rbc.com/investorrelations](http://rbc.com/investorrelations).



Investor Relations





# Caution regarding forward-looking statements

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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 Investor Presentation, in filings with Canadian regulators or the United States (U.S.) 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, and the Canadian economy. The forward-looking information contained in this presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, and 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, regulatory compliance, operational, strategic, reputation and competitive risks and other risks discussed in the Risk management and Overview of other risks sections of our 2013 Annual Report and in the Risk management section of our Q2 2014 Report to Shareholders; the impact of regulatory reforms, including relating to the Basel Committee on Banking Supervision’s (BCBS) global standards for capital and liquidity reform, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the regulations issued and to be issued thereunder, over-the-counter derivatives reform, the payments system in Canada, the U.S. *Foreign Account Tax Compliance Act* (FATCA), and regulatory reforms in the United Kingdom (U.K.) and Europe; the high levels of Canadian household debt; cybersecurity; the business and economic conditions in Canada, the U.S. and certain other countries in which we operate; the effects of changes in government fiscal, monetary and other policies; our ability to attract and retain employees; the accuracy and completeness of information concerning our clients and counterparties; the development and integration of our distribution networks; model, information technology and social media risk; and the impact of environmental issues.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward looking-statements contained in this presentation are set out in the Overview and outlook section and for each business segment under the heading Outlook and priorities in our 2013 Annual Report, as updated by the Overview section in our Q2 2014 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 management and the Overview of other risks sections in our 2013 Annual Report and in the Risk management section of our Q2 2014 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.

# Royal Bank of Canada

## SECTION I





# RBC is one of the largest banks globally

- Canada's largest bank by market capitalization, with broad leadership in financial services
- Offices in Canada, United States and 42 other countries
- ~79,000 full- and part-time employees who serve more than 16 million clients worldwide



**Extending our lead in Canada and selectively growing globally**

**Investor Relations**

(1) Market data from Bloomberg as at May 20, 2014.

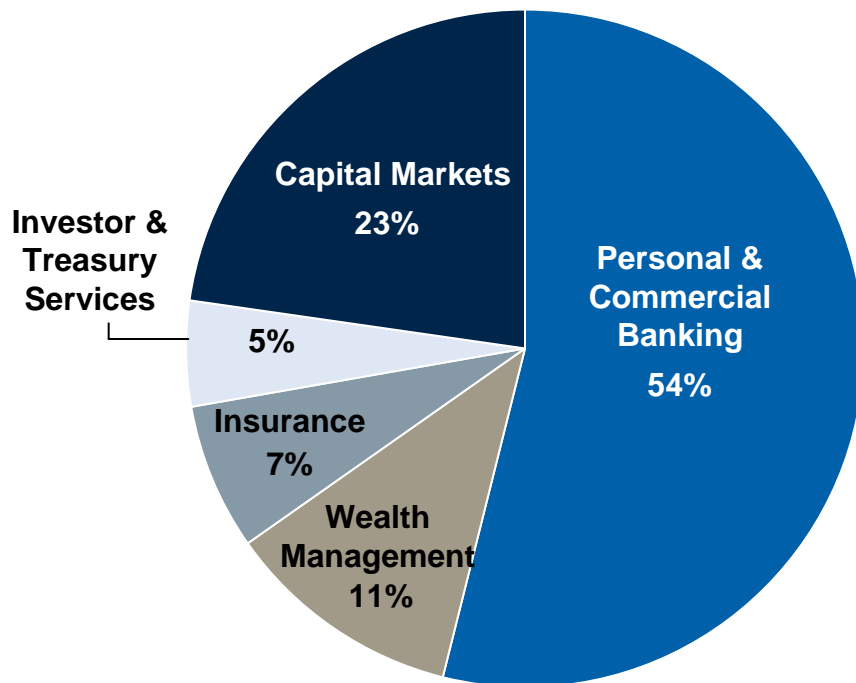
(2) ICBC: Industrial and Commercial Bank of China; CCB: China Construction Bank Corporation; ABC: Agriculture Bank of China; CBA: Commonwealth Bank of Australia; Santander: Banco Santander, S.A.

## A diversified business model – RBC’s key strength

- Diversified business mix, with the right balance of retail and wholesale
- Almost two-thirds of revenue from Canada
- Strategic approach in key businesses in the U.S. and select international markets

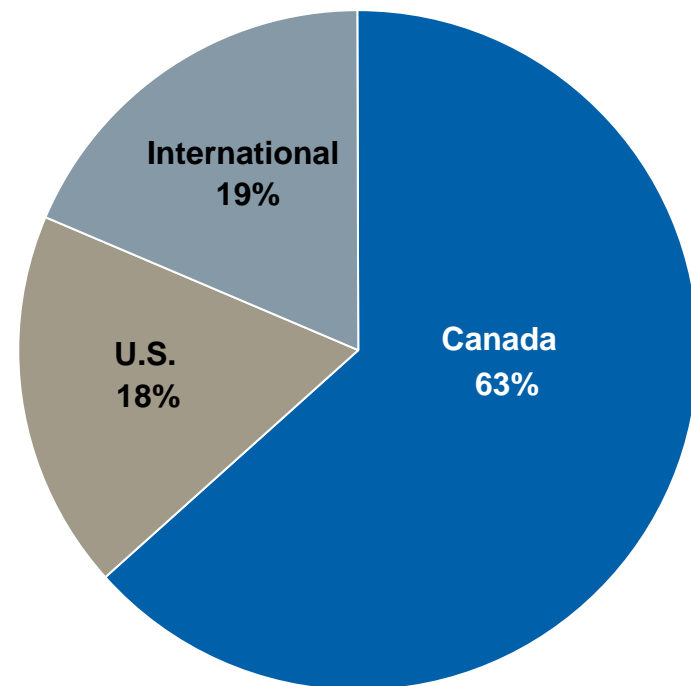
### Earnings by business segment<sup>(1)</sup>

Latest twelve months ended April 30, 2014



### Revenue by geography<sup>(1)</sup>

Latest twelve months ended April 30, 2014

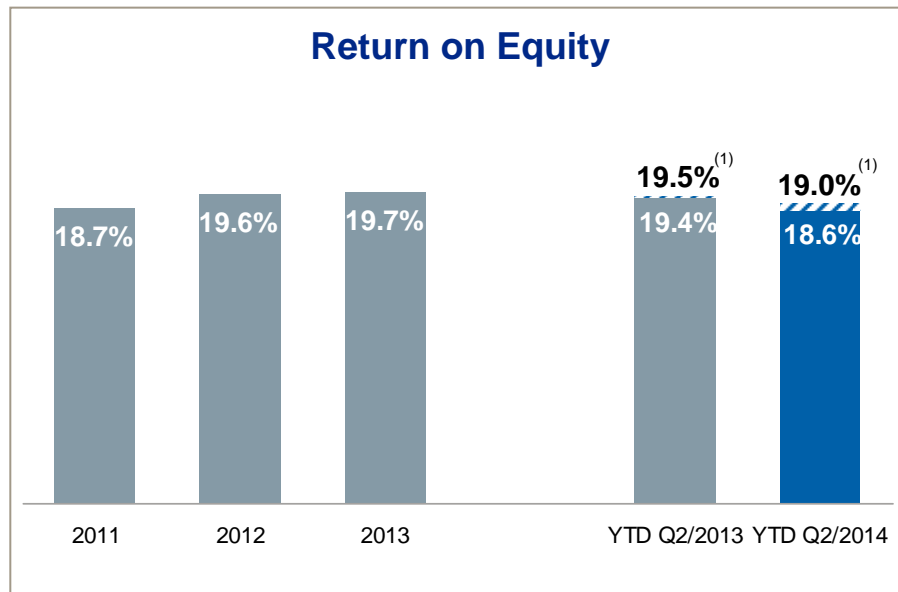
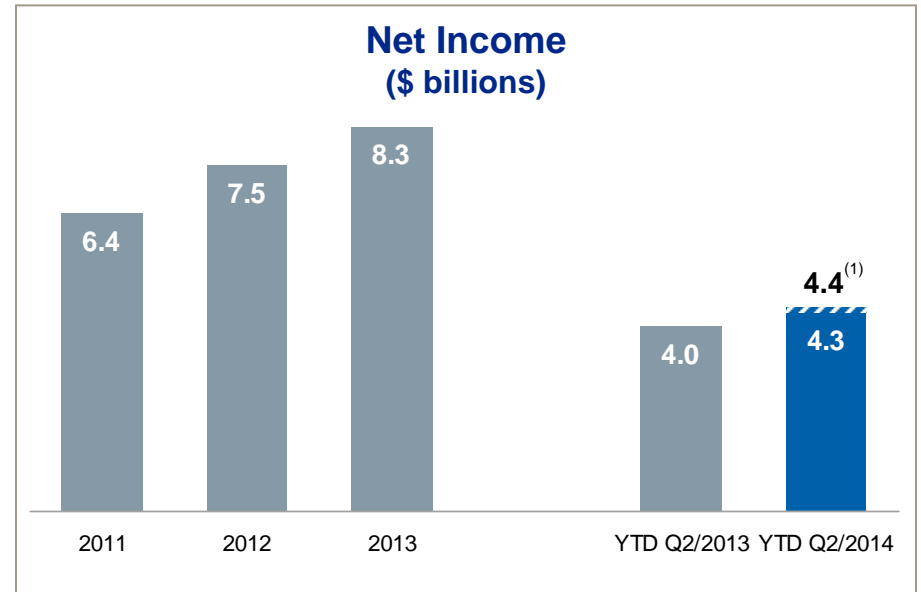
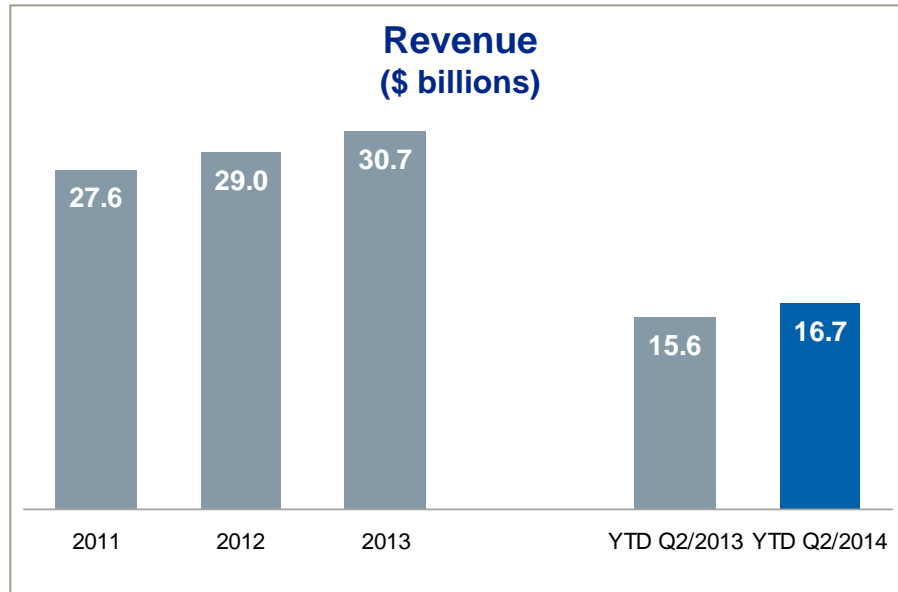


#### Investor Relations

(1) Amounts exclude Corporate Support. These are non-GAAP measures. For further information, see the Business segment results and Results by geographic segment sections of our Q2 2014 Report to Shareholders.



# Strong financial profile



### Q2/2014 Basel III Capital ratios – “All-in” basis<sup>(2)</sup>

Common Equity Tier 1	9.7%
Tier 1 Capital	11.4%
Total Capital	13.2%

### Credit ratings<sup>(3)</sup>

Moody's	S&P	Fitch	DBRS
Aa3	AA-	AA	AA
Negative	Stable	Stable	Stable

## Investor Relations

(1) Adjusted for specified items which includes the loss of \$60MM (before and after-tax) related to the sale of RBC Jamaica in Q1/2014, a provision of \$40MM (\$32MM after-tax) related to post-employment benefits and restructuring charges in the Caribbean in Q1/2014, and a restructuring charge of \$44MM (\$31MM after-tax) related to the integration of Investor Services in Q2/2013. These are non-GAAP measures. See Reports to Shareholders for each specified period and slide 23 for additional information. (2) Capital calculated to include all regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital. Refer to the Capital Management section of our 2013 Annual Report for details on Basel III requirements. (3) Based on long-term senior debt ratings.



# History of delivering value to our shareholders

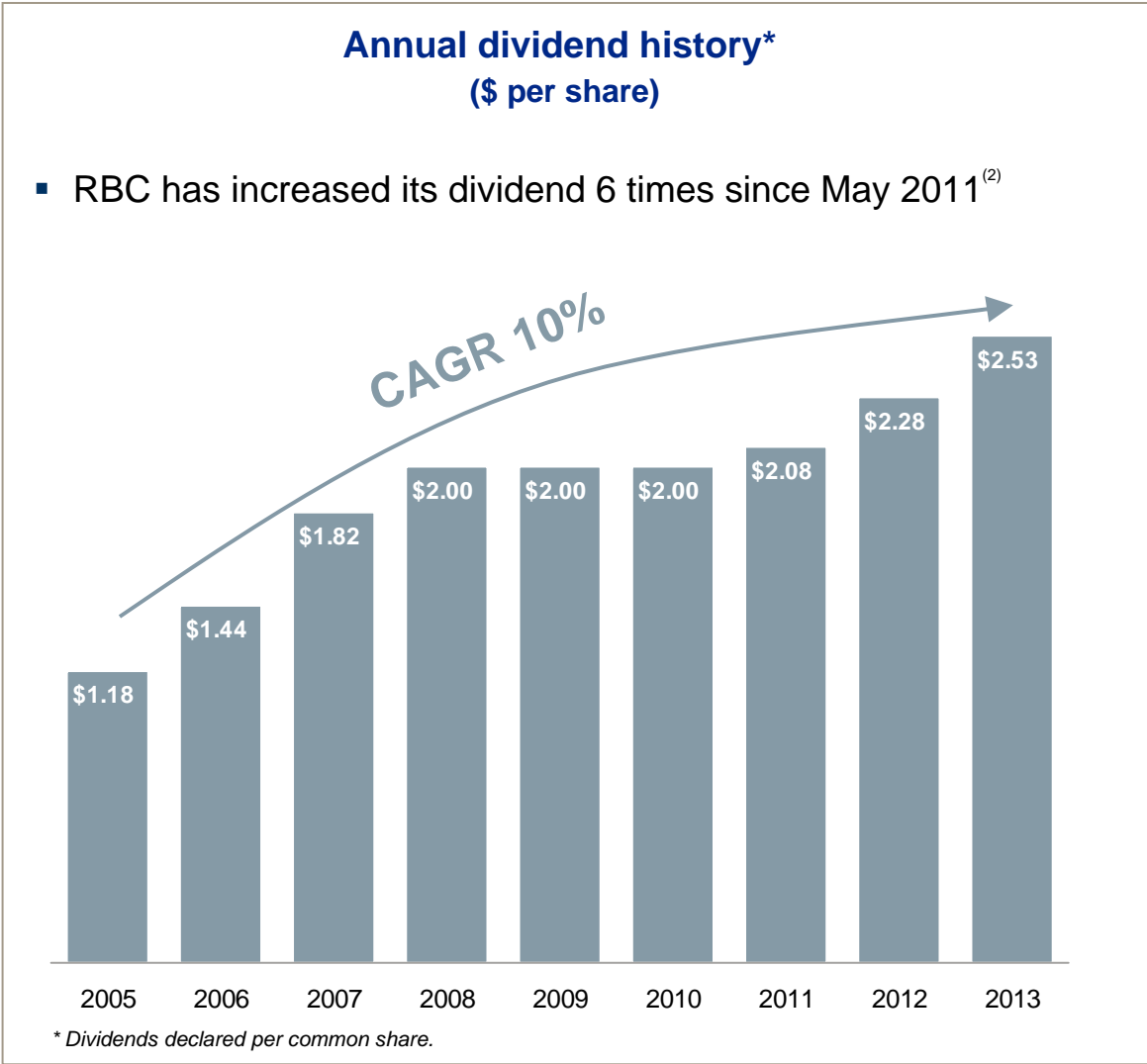
Total shareholder return (TSR) <sup>(1)</sup>		
	RBC	Peer Avg.
3 Year	11%	9%
5 Year	15%	11%
10 Year	14%	6%

### Dividend

- Current quarterly dividend: \$0.71
- Q2/2014 payout ratio of 48%, in line with our target of 40-50%

### Share buybacks

- 2014 normal course issuer bid to repurchase up to 30 million common shares
- Repurchased 1.4 million in shares in Q2/2014



**Our goal is to maximize shareholder returns by achieving top quartile TSR**

(1) Annualized TSR as at May 20, 2014. Based on the global peer group approved by our Board of Directors. For the list of peers, refer to our 2013 Annual Report.  
 (2) Includes a 6% dividend increase (\$0.04/share) declared in February 2014, which is not included in the chart.



# Strategic priorities

## Strategic goals

- In Canada, to be the undisputed leader in financial services
- Globally, to be a leading provider of capital markets, investor and wealth management solutions
- In targeted markets, to be a leading provider of select financial services complementary to our core strengths

## Strategic priorities

Personal & Commercial Banking	Wealth Management	Insurance	Investor & Treasury Services (I&TS)	Capital Markets
<ul style="list-style-type: none"> <li>▪ Offering a differentiated experience: value for money, advice, access and service</li> <li>▪ Making it easier to do business with us and be the lower cost producer</li> <li>▪ Converging into an integrated multi-channel network</li> <li>▪ Enhancing client experience and improving efficiency in the Caribbean and U.S.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Building a high-performing global asset management business</li> <li>▪ Focusing on high net worth and ultra-high net worth clients to build global leadership</li> <li>▪ Leveraging RBC and RBC Wealth Management strengths and capabilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improving distribution efficiency and deepening client relationships</li> <li>▪ Making it easier for clients to do business with us</li> <li>▪ Pursuing select international opportunities to grow our reinsurance business</li> </ul>	<ul style="list-style-type: none"> <li>▪ Providing excellence in custody and asset servicing, with an integrated funding and liquidity management business</li> <li>▪ Focusing on organic growth through client relationships, cross-selling and promoting the RBC brand</li> <li>▪ Leveraging I&amp;TS as a driver of enterprise growth strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintaining our leadership position in Canada</li> <li>▪ Expanding and strengthening client relationships in the U.S.</li> <li>▪ Building on core strengths and capabilities in Europe and Asia</li> <li>▪ Optimizing capital use to earn high risk-adjusted returns on assets and equity</li> </ul>



# Business Segments

## SECTION II

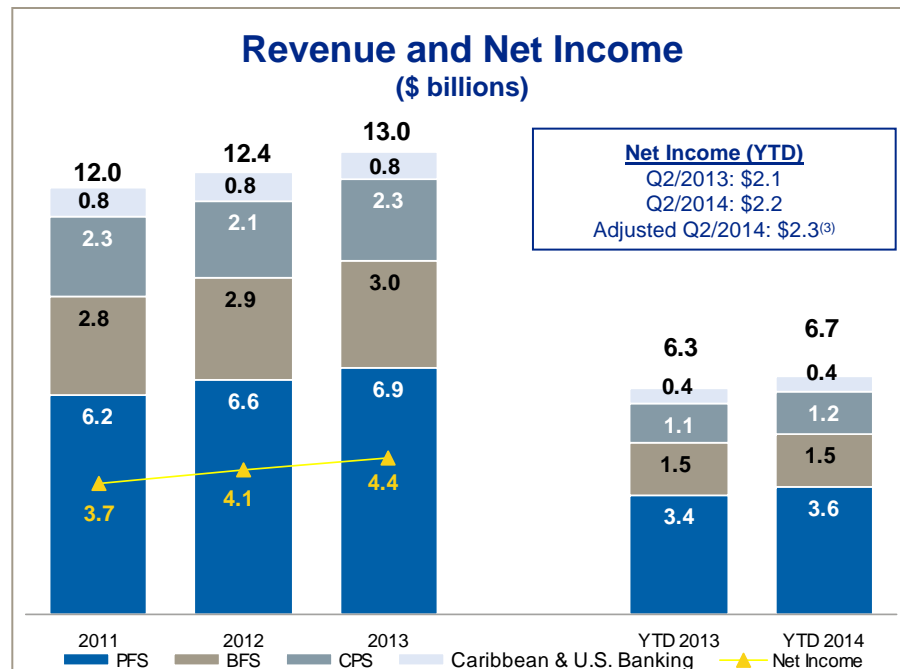




# Personal & Commercial Banking

## Overview

- RBC continues to be the undisputed leader in financial services in Canada
  - Personal & Commercial Banking account for over 50% of total RBC earnings
  - #1 or #2 market share in all product categories
  - Most branches and largest sales force in Canada while maintaining an industry leading efficiency ratio vs. our peer average<sup>(1)</sup>
- Second largest bank by assets in English Caribbean, with branches in 19 countries and territories<sup>(2)</sup>
  - Offering a broad range of financial products and services
- In the U.S., our cross-border banking business serves the needs of Canadian clients, through online channels, as well as U.S. Wealth Management clients



### Business metrics – Q2/2014

	Canada	Caribbean & U.S.
Clients (million)	12.0	1.2
Branches	1,264	114
ATMs	4,622	350
Employees (FTE)	31,705	5,644
Loans & acceptances <sup>(2)</sup> (\$ billion)	341.0	7.6
Deposits <sup>(2)</sup> (\$ billion)	260.6	15.2

### Investor Relations

(1) Peers includes TD, CIBC, BMO and BNS (2) Based on average balances; includes RBC Jamaica (sale expected to close in Q3/2014). (3) Adjusted net income excludes the loss of \$60 million (before and after-tax) related to the sale of RBC Jamaica and a provision of \$40 million (\$32 million after-tax) related to post-employment benefits and restructuring charges in the Caribbean in Q1/2014. This is a non-GAAP measure. For additional information see slide 23. PFS: Personal Financial Services; BFS: Business Financial Services; CPS: Cards and Payment Solutions, and; FTE: Full-time equivalent.



# Personal & Commercial Banking – Canada

## Offering a differentiated experience

- Be the undisputed leader in Canada and continue to grow volume at a premium to peers
- Demonstrate the value for money that sets RBC apart through quality of advice and service, and industry-leading convenience and access
- Build on the acquisition of Ally to extend our leadership in Canadian auto financing

## Making it easier to do business with us

- Make it simpler and easier for clients to do business with us through self, assisted and full-serve options
- Invest in skills, accreditation and engagement of our employees to enable us to compete more effectively
- Continue digitization of the bank and simplification of end-to-end processes

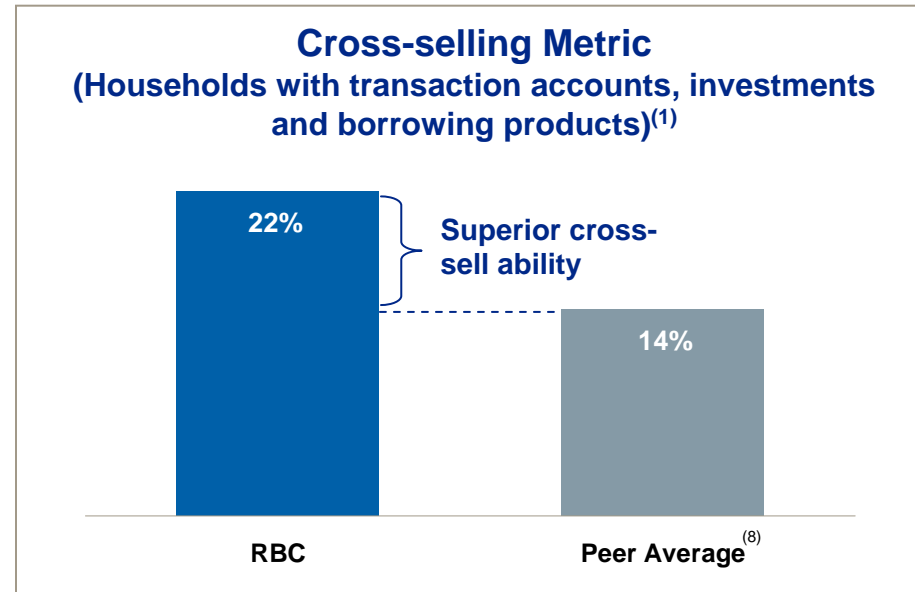
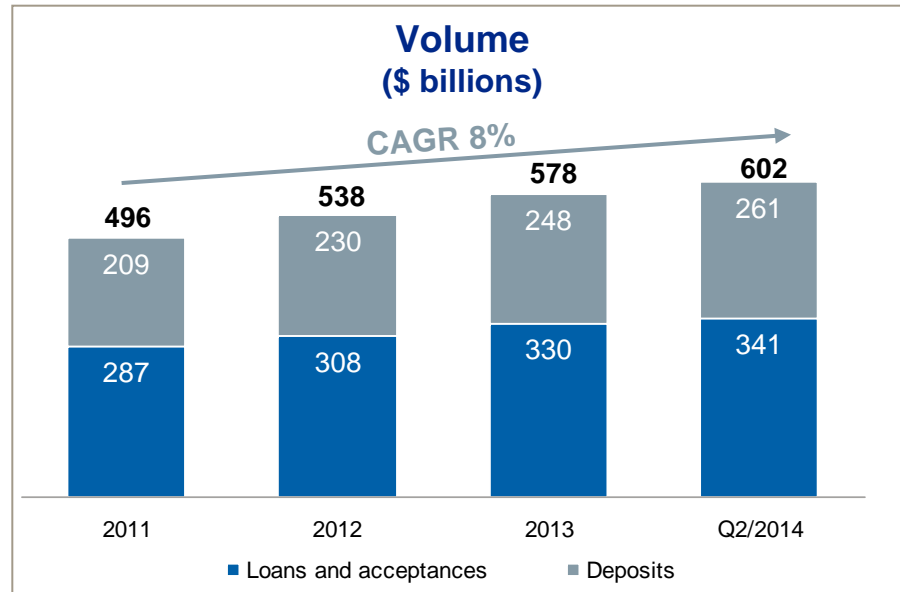
## Converging into an integrated multi-channel network

- Continue to leverage our unparalleled distribution breadth (e.g., most branches and ATMs in Canada) and strategic partnerships to maintain our market leadership and extend our sales power
- Continue to innovate our distribution while adapting to changing needs of consumers and businesses
- Provide modern convenience and extend our distribution network to enhance the changing client needs

## Recent awards

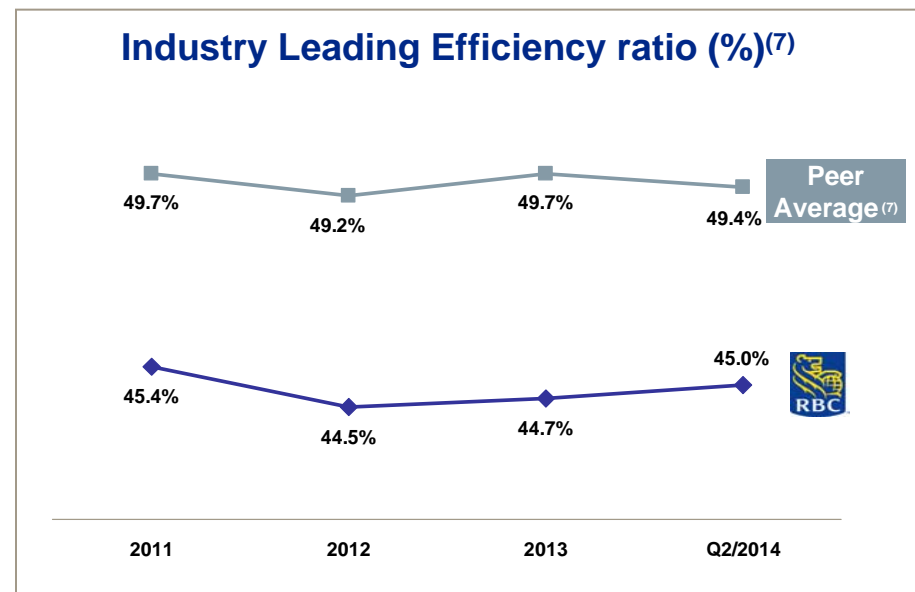
- **Best Trade Finance Bank in Canada 2014** for second consecutive year and **Best Bank in North America and Canada 2013** (*Global Finance*)
- **2013 Best Retail Bank in North America for 2<sup>nd</sup> consecutive year** and **2013 Innovation in Customer Service** (*Retail Banker International*)
- **Best Commercial Bank in Canada 2013** (*World's Finance*)
- **Best Private Banking Services in Canada, the Caribbean, Cayman Islands and Jersey 2014** & **Best Private Bank in Canada 2013** (*Euromoney*)
- **Top spot in Forrester's Canadian Bank Secure Website Rankings**
- **#1 RBC Visa Infinite Avion in overall satisfaction 2013** (MLM and Maritz)

# Personal & Commercial Banking – Canada



### Market share<sup>(2)</sup>

Product	Market share	Rank
Consumer lending <sup>(3)</sup>	23.6%	1
Personal core deposits + GICs	20.1%	2
Long-Term Mutual Funds <sup>(4)</sup>	14.1%	1
Business loans (\$0-\$250M) <sup>(5)</sup>	28.7%	1
Business loans (\$250M-\$25MM) <sup>(5)</sup>	24.4%	1
Business deposits <sup>(6)</sup>	26.9%	1



#### Investor Relations

<sup>(1)</sup> Canadian Financial Monitor by Ipsos Reid – 12,000 Canadian households annually – data based on Financial Group for the 12-month period ending Oct. 2013. <sup>(2)</sup> Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA). OSFI, IFIC and Consumer Lending CBA data is at Feb. 2014 and Feb. 2013, Business Loans CBA data is at Sep. 2013 and Sep. 2012. Market share is of total Chartered Banks except for Business Loans which is of total 7 Banks (RBC, BMO, BNS, CIBC, TD, NBC, CWB). <sup>(3)</sup> Consumer Lending market share is of 6 banks (RBC, TD, CIBC, BMO, BNS and National). Consumer Lending comprises residential mortgages (excluding acquired portfolios), personal loans and credit cards. <sup>(4)</sup> Mutual fund market share is per IFIC and is compared to total industry. <sup>(5)</sup> Business Loans market share is of the 9 Chartered Banks that submit tiered data to CBA on a quarterly basis. <sup>(6)</sup> Business Deposits market share is of total Chartered Banks and excludes Fixed Term, Government and Deposit Taking Institution balances. <sup>(7)</sup> Peer average is based on annual results for BMO, BNS, CIBC & TD. For Q2/2014, reflects average reported Q1/2014 results for peers.



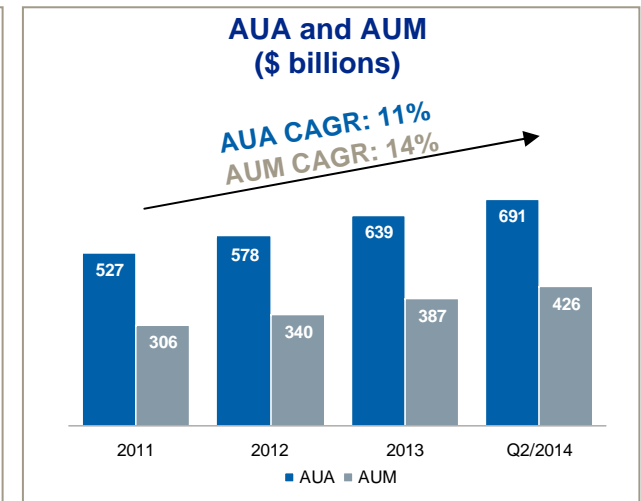
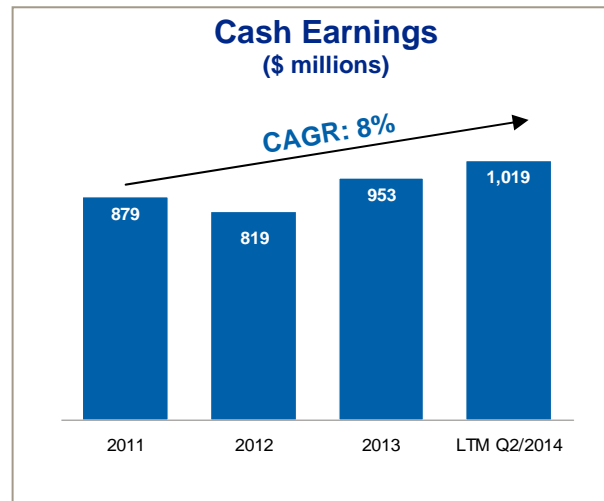
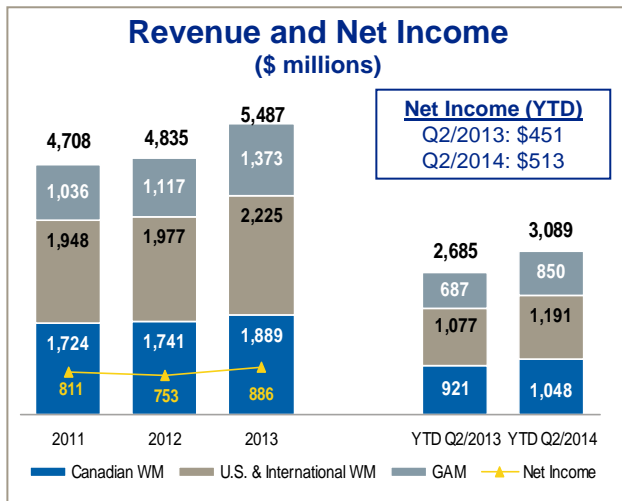
# Wealth Management

## Leveraging Canadian strengths to build global leadership

- Building a high performing global asset management (GAM) business
  - Top 50 global asset manager<sup>(1)</sup>
  - Second fastest growing asset manager, AUM more than doubled from 2007 to 2013<sup>(1)</sup>
- Focusing on HNW and UHNW client segment to extend our industry-leading share of HNW client assets in Canada and expand share globally
  - Driving strong advisor productivity as a leader in fee-based assets per advisor<sup>(2)</sup>
  - Client assets at \$1.1 trillion in Q2/2014, a 15% YoY increase
  - Grew AUA by 11% and AUM by 14% CAGR since 2011

## Recent awards / rankings

- Top 6 Global Wealth Manager by assets (*Scorpio*)
- Private Bank of the Year (*Spear's*)
- Outstanding Wealth Manager – Customer Relationship Service and Engagement (*Private Banker International*)
- Best Overall Fund Group (*Lipper, Canada*)
- Top 50 Global Asset Manager (*Pensions & Investments / Towers Watson*)
- Best Private Banking Services Overall – Canada, Caribbean, Cayman Islands, Jersey (*Euromoney*)
- Channel Islands Private Bank of the Year (*Citywealth International Financial Centre Awards*)
- Best Bank-owned Brokerage Firm in Canada (*International Executive Brokerage Report Card*)
- Ranked Highest in Investor Satisfaction with Full Service Brokerage Firms in the U.S. (*J.D. Power & Associates*)
- Leading Canadian Private Bank; Leading Individual Award (*Family Wealth Report Awards*)



### Investor Relations

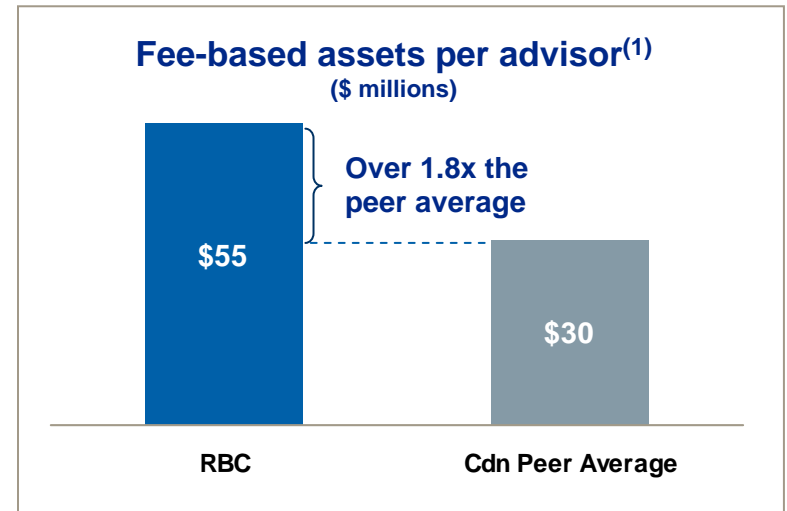
(1) Based on the Pensions & Investments and Towers Watson 2013 Global Asset Manager Ranking Report. HNW: High net worth; UHNW: Ultra-high net worth; AUA: Assets under administration; and, AUM: Assets under management. (2) Investor Economics Report published December 2013.



# Wealth Management

## Canada – Extending our industry leadership

- **Extending our #1 position**
  - Grew HNW market share by ~400 bps to 19% in the last four years<sup>(1)</sup> with momentum to reach 20% market share by 2015
- **Maintaining profitable growth**
  - Generating 35% of RBC Wealth Management earnings with strong pre-tax margin, highest among Canadian peers<sup>(2)</sup>
- **Driving strong advisor productivity**
  - Canadian leader in fee-based assets per advisor<sup>(1)</sup>
  - Consistently driving revenue per advisor of over \$1 million per year, 42% above Canadian industry average<sup>(1)</sup>
    - Competitive hires delivering strong new asset growth
  - Investing to enhance productivity and the client experience

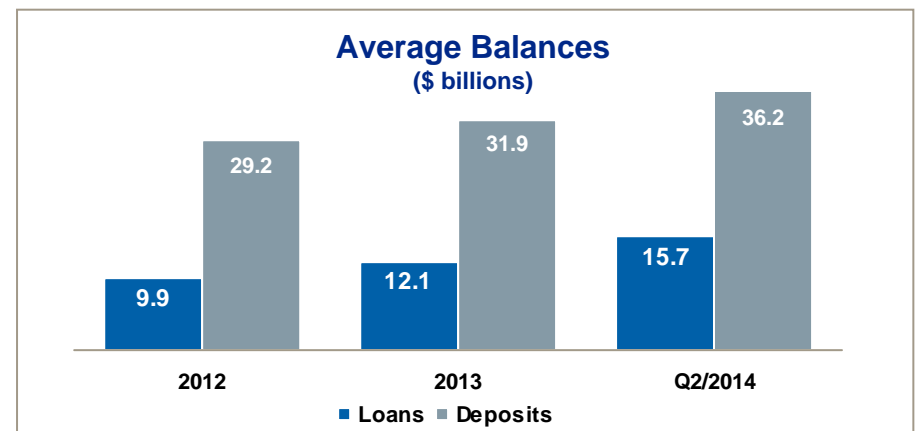


## U.S. & International

- **United States**
  - Increasing advisor productivity now aligned with our peer group average<sup>(3)</sup>
  - Growing complementary distribution through successful recruiting of revenue producers and new clearing relationships
  - Improving operational efficiencies and leveraging RBC's global capabilities to broaden product offerings
- **Outside North America**
  - Acquiring HNW and UHNW clients in key growth markets
  - Leveraging RBC global capabilities (Global Asset Management and Capital Markets)
  - Improving operational efficiencies to achieve sustainable profitability

## Loans<sup>(4)</sup> & Deposits

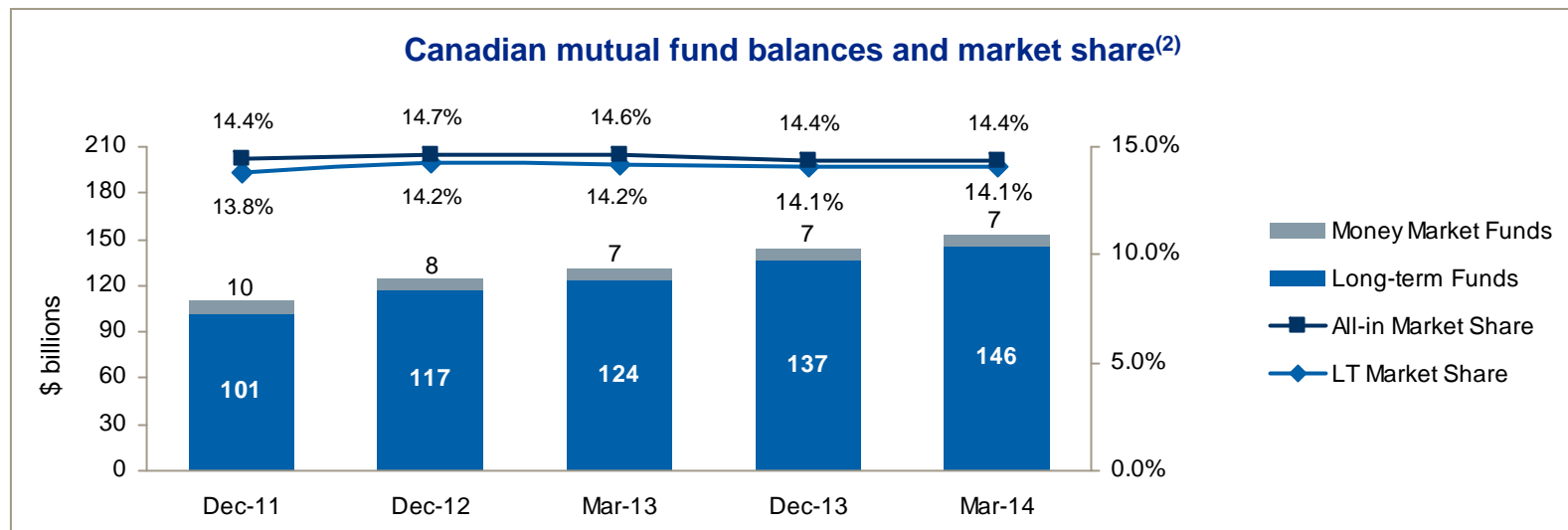
- Strong growth in our credit and deposit taking businesses, with loans up 37% YoY and deposits up 13% YoY



# Wealth Management – Global Asset Management

## Building a high-performing global asset management business

- **Driving top-tier profitability in our largest Wealth Management business**
  - With over \$330 billion in client assets, generating approximately 60% of RBC Wealth Management earnings
  - Investor asset mix of 44% Individual / 56% Institutional client assets
  - The best Overall Fund Group, Best Bond Fund Family, multiple best equity and fixed income funds awards<sup>(1)</sup>
- **Extending our #1 retail position in Canada**
  - The leader in industry long-term fund sales, capturing 17% of the market over the last 12 months<sup>(2)</sup>
  - Top quartile fund performance over 10-year term, with 78% of AUM in 1<sup>st</sup> or 2<sup>nd</sup> quartile<sup>(3)</sup>
  - Leader in all-in mutual fund market share with 14.4%; over the past 10 years, increased share by 540 bps, from 9% in 2004<sup>(4)</sup>
- **Expanding our global solutions and capabilities**
  - Further leveraging BlueBay’s expertise through new retail and institutional mandates in Canada and the U.S.
  - Enhancing our range of investment solutions for non-North American investors and establishing competitive, expert, local distribution in order to further grow this business



### Investor Relations

(1) Lipper Fund Awards program honours funds that have excelled in delivering consistently strong risk-adjusted performance, relative to peers; the Awards take place in 23 countries in Asia, Europe, Middle East, North Africa and the Americas. (2) Investment Funds Institute of Canada as at March 31, 2014 and RBC reporting. (3) As at March 31, 2014. Based on RBC Global Asset Management peer group. (4) Investment Funds Institute of Canada.



# Insurance

We provide a wide range of life, health, home, auto, travel and wealth accumulation solutions to individual and group clients across Canada and offer reinsurance solutions for clients globally.

## Improving distribution efficiency

- Delivering multi-line “insurance advice for your life” through integrated product cross-sell strategies
- Focusing on developing efficient and effective proprietary channels that deliver strong results

## Deepening client relationships

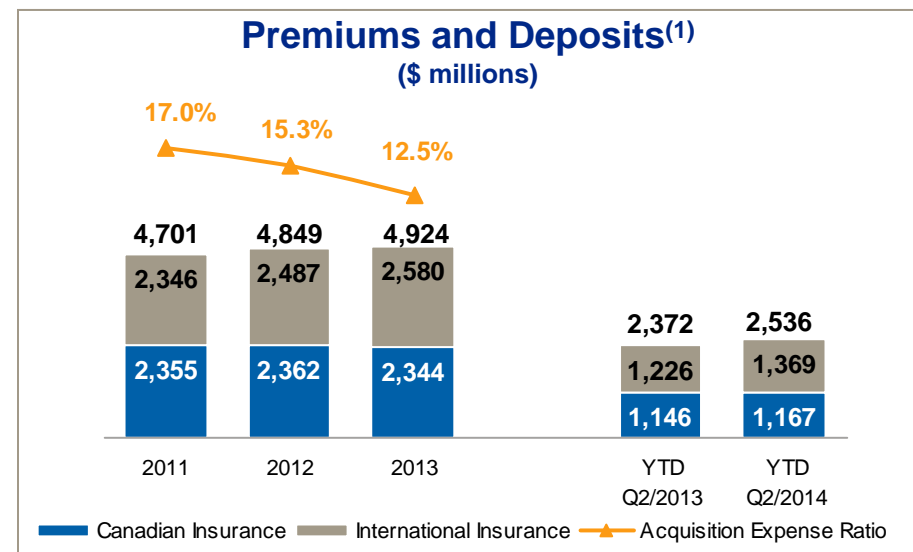
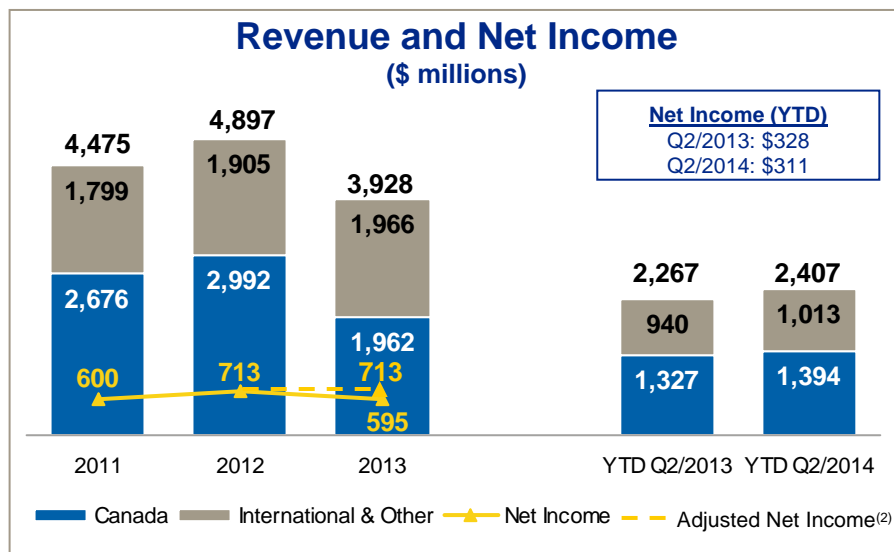
- Providing a comprehensive suite of RBC Insurance products and services to continue to meet our clients’ unique needs

## Simplifying the way we do business

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

## Pursuing select international opportunities to grow our reinsurance business

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



### Investor Relations

(1) Acquisition Expense Ratio calculated as Total Acquisition Expense/Net Premiums.

(2) Adjusted net income excludes a charge of \$160 million (\$118 million after-tax) as a result of new tax legislation in Canada in Q4/2013. This is a non-GAAP measure. For additional information see slide 23.



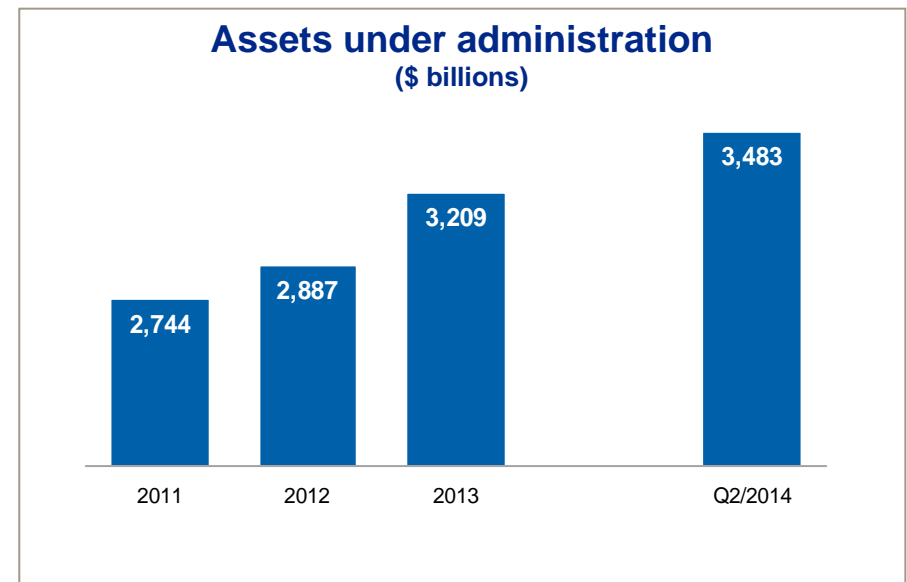
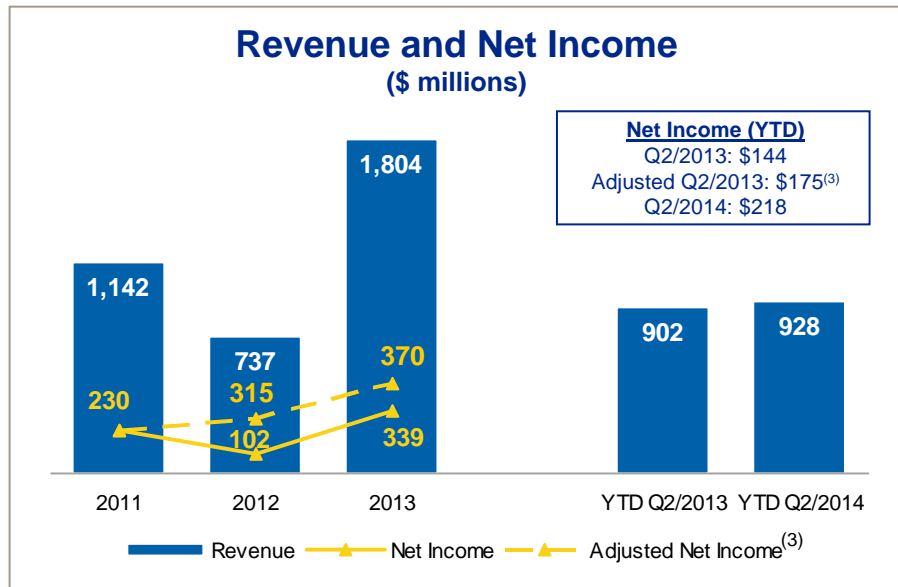
# Investor & Treasury Services

## Key businesses

- Specialist provider of asset servicing, custody and payments services for financial and other institutional investors, with an integrated funding and liquidity business
  - Top 10 global custodian by AUA
    - Awarded Transfer Agent of the Year<sup>(1)</sup>, Best Custodian Overall, #1 Custodian in Europe and #1 Custodian in North America<sup>(2)</sup>
  - Canadian leader in cash management, correspondent banking and trade finance for financial institutions (processing >50% of all payments into Canada)
  - Funding and liquidity management for RBC

## Business objectives

- In Canada, be the top provider of domestic custody, asset servicing and transaction banking services
- Compete in offshore domicile markets, as a leading provider of fund services from centers of excellence in Luxembourg and Ireland
- Maintain a selective presence in global markets, in support of Investor & Treasury Services' global offshore strategy



### Investor Relations

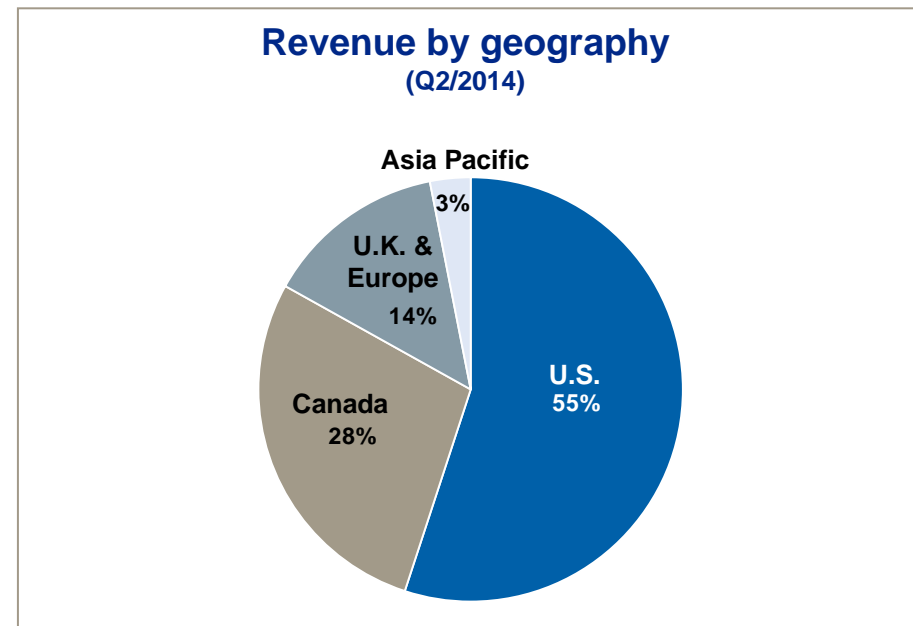
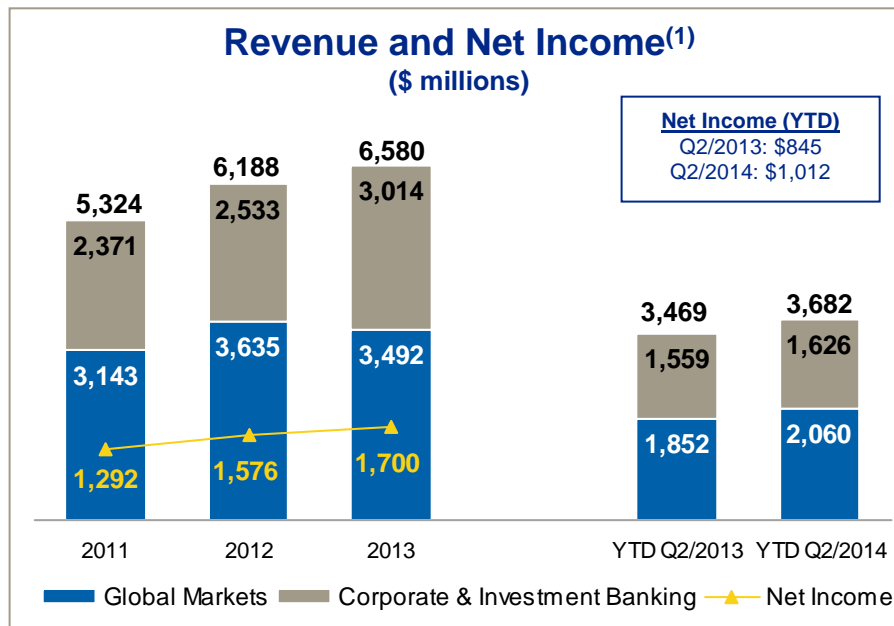
(1) Custody Risk European Awards 2012. (2) Global Investor/ISF magazine's Global Custody Survey 2014 (3) Adjusted net income excludes a loss of \$224 million (\$213 million after-tax) related to our acquisition of the remaining 50% stake of RBC Dexia in Q2/2012 and \$44 million (\$31 million after-tax) related to the integration of Investor Services in Q2/2013. These are non-GAAP measures. For additional information, see slide 23.

# Capital Markets

## The premier Canadian investment bank with select global reach

- Full suite of integrated Corporate & Investment Banking and Global Markets services
- Strategically positioned in the largest financial centers, covering 89% of global investment banking fee pool
- Top talent with expertise and track record of excellence

Canada	United States	U.K. & Europe	Asia Pacific
Full suite of products and services across all sectors	Full service investment bank with equity and fixed income sales & trading	M&A advisory and origination in key sectors with fixed income, equity and FX sales & trading	Primarily distribution with select M&A advisory and origination



(1) Other revenue not depicted on the graph, but included in Total revenue and Net Income.



# Capital Markets

## Maintaining our leadership position in Canada

- Focus on long-term client relationships and leverage our strong cross-border capabilities
- Improve collaboration with Wealth Management to drive operational efficiencies

## Expanding and strengthening client relationships in the U.S.

- Build on our momentum and leverage broader relationships and client investments
- Expand origination, advisory, distribution and drive cross-sell through our diversified high quality loan book

## Building on core strengths and capabilities in Europe and Asia

- Continue to grow relationships using RBC's capabilities
- Expand distribution capabilities in Hong Kong and selectively grow investment banking in Sydney

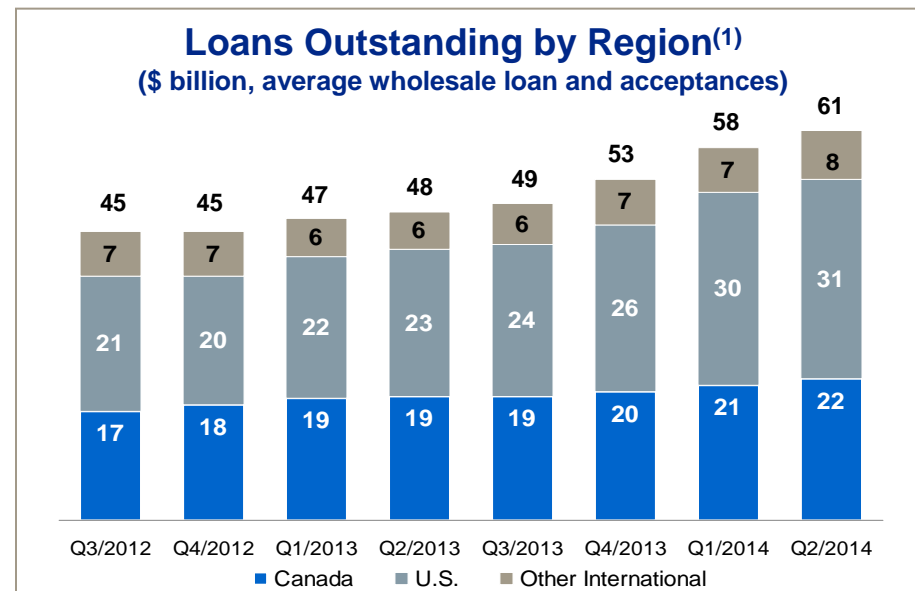
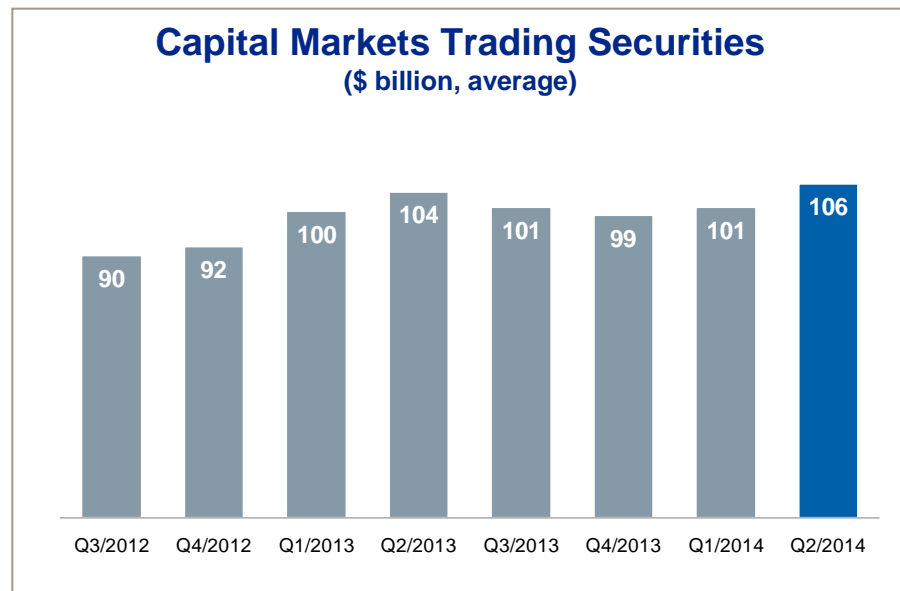
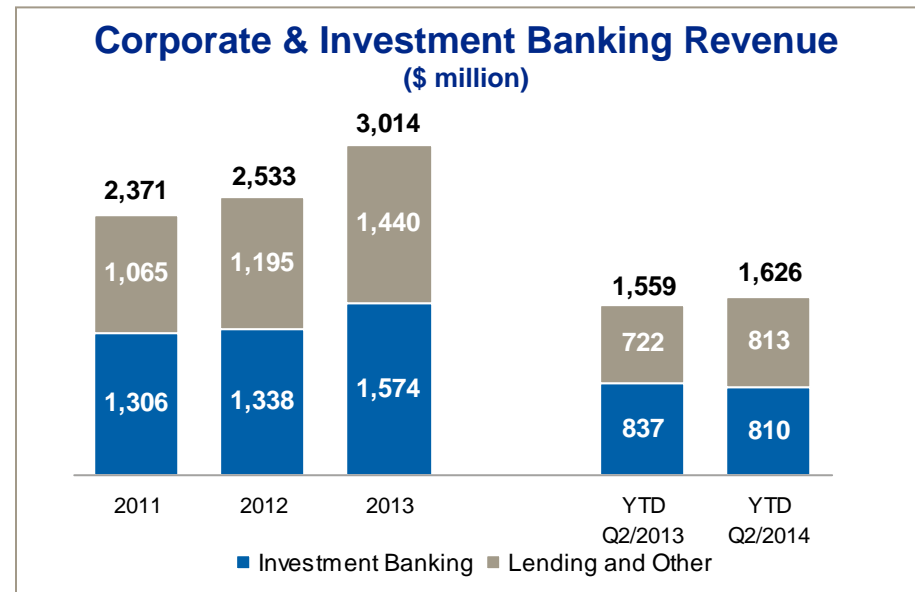
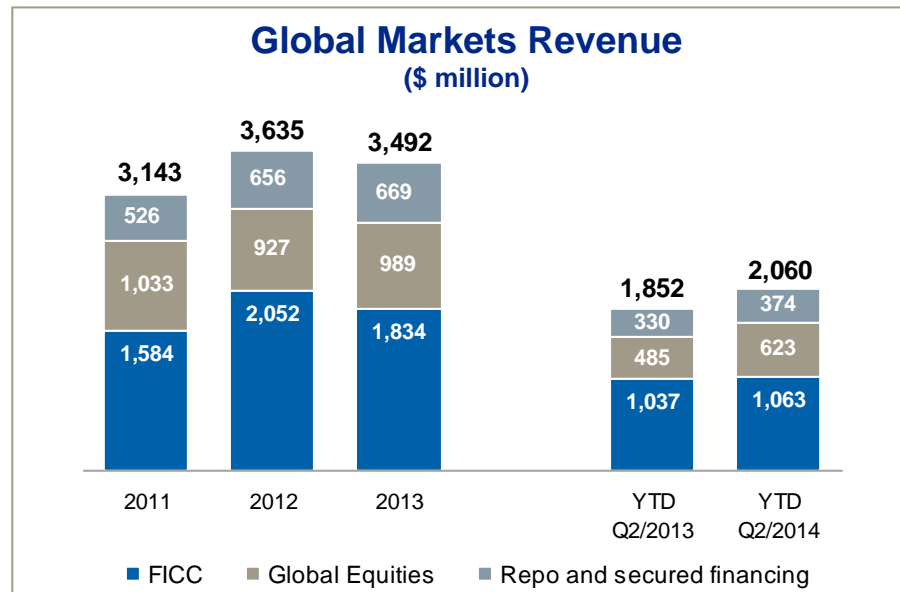
## Optimizing capital use to earn high risk-adjusted returns on assets and equity

- Continue to rebalance revenue mix towards client based lending and fee based activities in our target sectors and geographies
- Maintaining disciplined diligence on the risks and costs of our business

### Recent awards / Rankings

- **10<sup>th</sup> largest by global investment bank fees** (*Thomson Reuters, 2013*)
- **Best Investment Bank in Canada across Equity, Debt and M&A for 6<sup>th</sup> consecutive year** (*Euromoney, 2013*)
- **Best Project Finance House in North America** (*Euromoney, 2013*)
- **Best FX Research & Strategy, and Best Emerging Markets Research & Strategy** (*Technical Analyst Awards, 2013*)
- **Top Equity Research franchise in Canada – ranked #1 for four consecutive years** (*Brendan Wood International*)
- **Recognized as Canadian fixed income sales & trading quality leader, Canadian fixed income market share leader** (*Greenwich Associates*)
- **Leading Canadian Equities platform – ranked #1 in 2013 for Overall Trading Quality and #1 for Sales Quality** (*Greenwich Associates*)

# Capital Markets



## Investor Relations

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

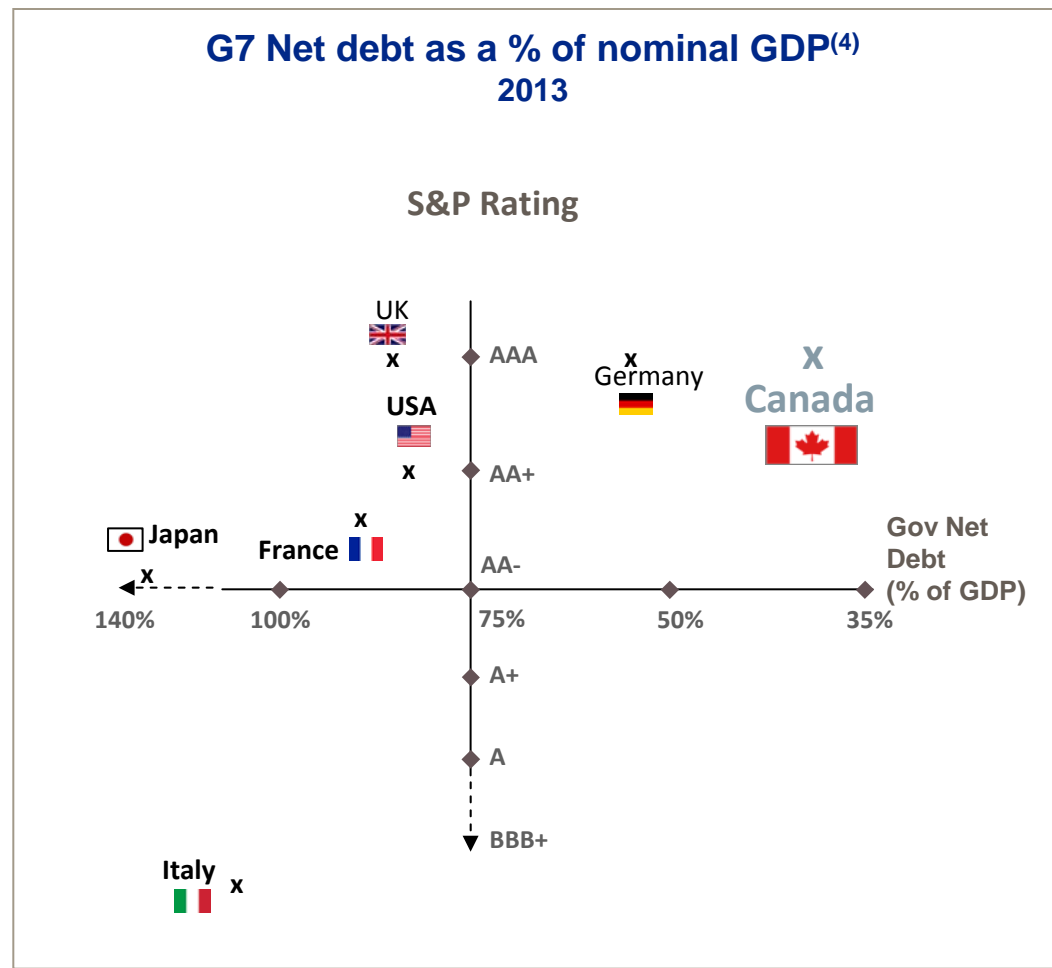
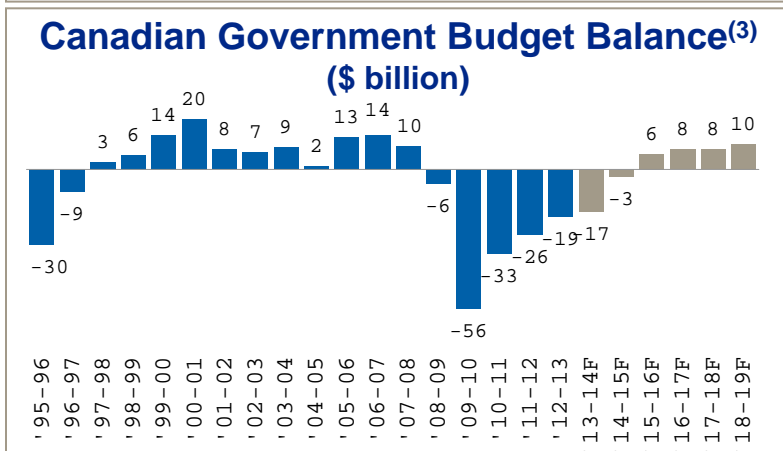
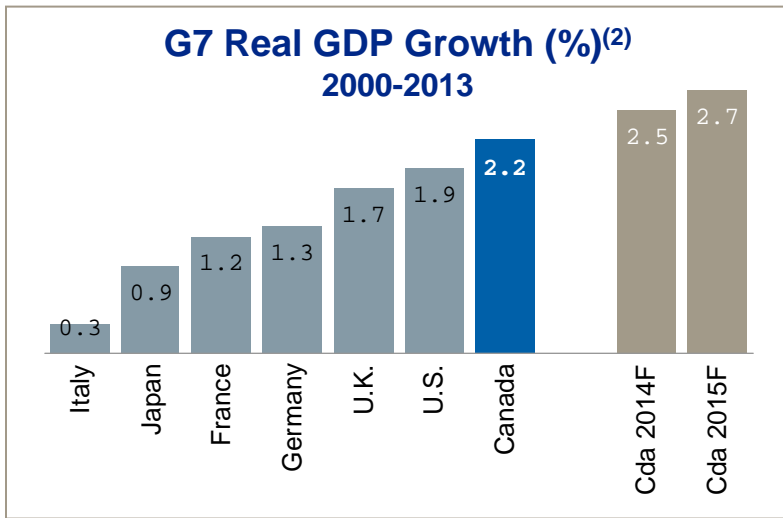
# Canadian economy

## SECTION III



# Strong fiscal position

- Strong rating as a result of fiscal prudence, conservative bank lending practices and solid economy
- Lowest net debt to GDP ratio among G-7 peers
- Proactively responded to crisis with strong fiscal stimulus and monetary policy
- #1 for soundness of banks for the 6<sup>th</sup> consecutive year<sup>(1)</sup>



## Investor Relations

(1) World Economic Forum, 2013.

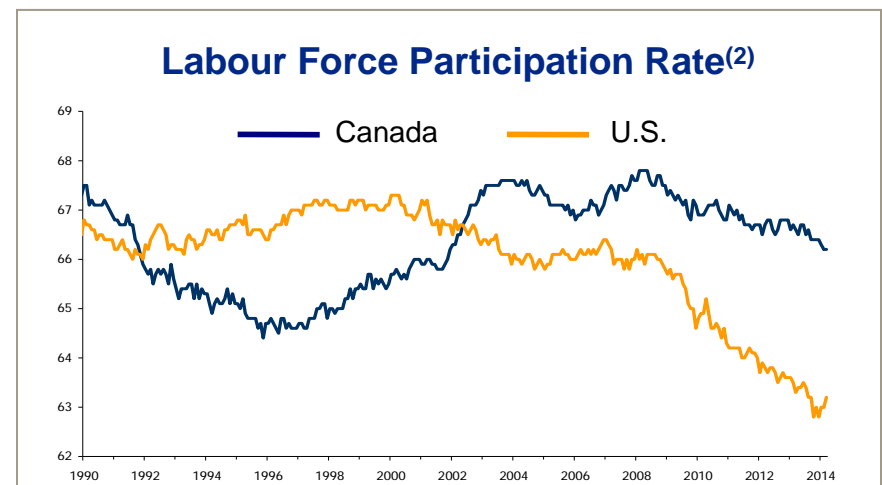
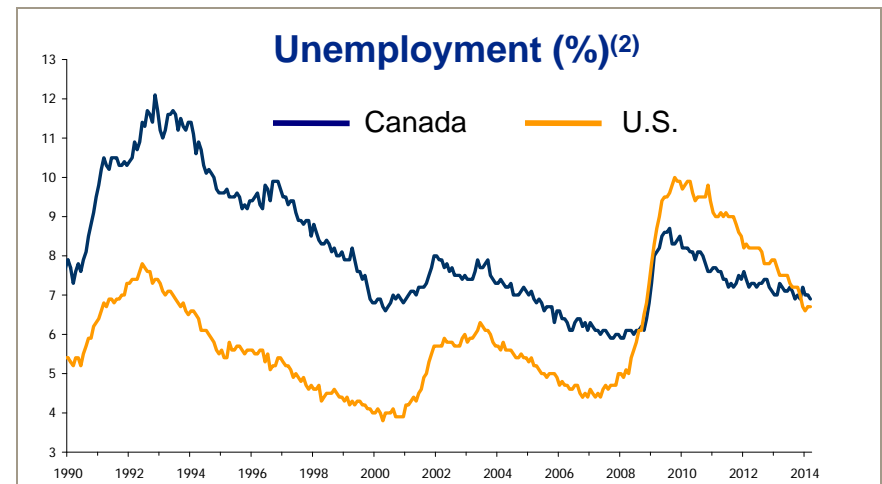
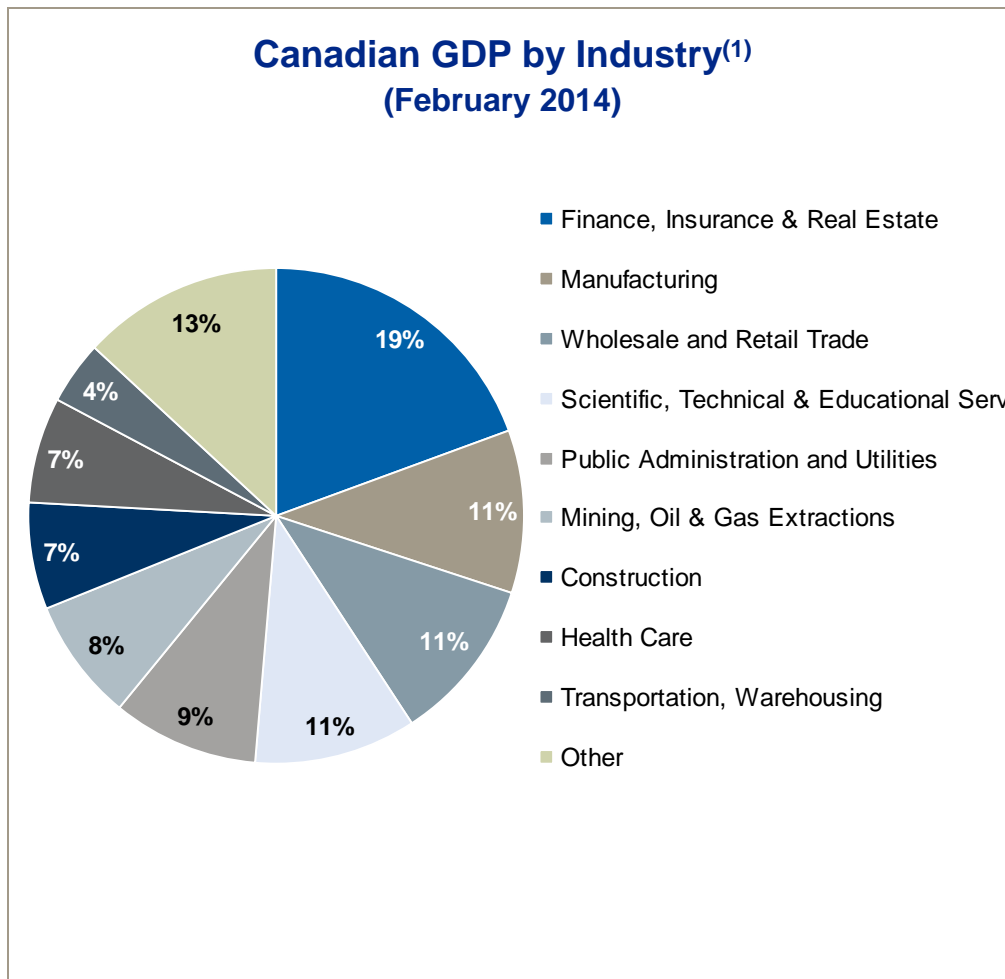
(2) National statistics offices, RBC Economics Research.

(3) Department of Finance Canada, RBC Economics Research.

(4) S&P, International Monetary Fund (IMF), RBC Economics Research.

# Attractive economic fundamentals

- A diversified economy resulting in balanced economic growth
- Inflation remains at the lower bound of the Bank of Canada's 1-3% target range; however, the absorption of excess capacity in the economy is expected to bring inflation closer to mid-range by 2015
- Unemployment rates are trending favourably and have shown less volatility to global shocks



(1) Source: Statistics Canada, RBC Economics Research.

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



## 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 non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that non-GAAP measures, such as earnings and revenue excluding corporate support, results excluding the loss related to the sale of RBC Jamaica as previously announced on January 29, 2014 and provisions related to post-employment benefits and restructuring charges in the Caribbean, results excluding the restructuring charge related to the integration of Investor Services, results excluding a change related to new tax legislation in Canada, and results excluding the loss related to the acquisition of the remaining 50% stake of RBC Dexia 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 non-GAAP measures can be found under the “Key performance and non-GAAP measures” section of our Q2 2014 Report to Shareholders and our 2013 Annual report.

Definitions can be found under the “Glossary” sections in our Q2 2014 Supplementary Financial Information and our 2013 Annual Report.

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