ROYAL BANK OF CANADA REPORTS FIRST QUARTER 2013 RESULTS

All amounts are in Canadian dollars and are based on financial statements prepared in compliance with International Accounting Standard 34 Interim Financial Reporting, unless otherwise noted. Our Q1 2013 Report to Shareholders and Supplementary Financial Information are available on our website at rbc.com/investorrelations.

TORONTO, February 28, 2013 - Royal Bank of Canada (RY on TSX and NYSE) today reported net income of $2,070 million for the first quarter ended January 31, 2013, up $215 million or 12% from the prior year, and up $159 million or 8% from the prior quarter, reflecting record earnings in both Personal & Commercial Banking and Wealth Management, as well as strong performance in Capital Markets.

"RBC continued its strong momentum, with earnings of over $2 billion in the first quarter, reflecting solid growth across most businesses and effective cost discipline," said Gordon M. Nixon, RBC President and CEO. "We believe our financial strength and competitive advantages position us to successfully manage through the ongoing industry headwinds, and continue to extend our lead in Canada, while selectively growing our presence globally. Today we are also pleased to announce a 5% increase in our quarterly dividend."

Q1 2013 compared to Q1 2012
- Net income of $2,070 million (up 12% from $1,855 million)
- Diluted earnings per share (EPS) of $1.36 (up $0.14 from $1.22)
- Return on common equity (ROE) of 19.6% (down from 19.7%)
- Basel III Common Equity Tier 1 (CET1) ratio of 9.3%

Q1 2013 compared to Q4 2012
- Net income of $2,070 million (up 8% from $1,911 million)
- Diluted EPS of $1.36 (up $0.11 from $1.25)
- ROE of 19.6% (up from 18.7%)

Announced an increase in our quarterly dividend of $0.03 or 5%, to $0.63 per share.

Q1 2013 Business Segment Performance

Personal & Commercial Banking net income was a record $1,120 million, up $108 million or 11% compared to last year, reflecting solid volume growth of 7% across all our Canadian businesses, partially offset by spread compression. We also achieved positive operating leverage of 2.6% in Canadian Banking. Compared to the prior quarter, net income increased $86 million or 8%, reflecting lower PCL, seasonally lower costs, and solid volume growth across all Canadian businesses, partially offset by spread compression.

Wealth Management net income was a record $233 million, up $45 million or 24% from a year ago, mainly due to higher average fee-based client assets resulting from net sales and capital appreciation, increased transaction volumes reflecting improved market conditions, and higher semi-annual performance fees. Compared to last quarter, net income increased $26 million or 13%, largely driven by the semi-annual performance fees earned in the current quarter, higher average fee-based client assets and increased transaction volumes. Expenses were up when compared to both the prior year and prior quarter, primarily due to higher variable compensation on improved results.

Insurance net income was $164 million, down $26 million or 14% compared to last year as the prior year included net investment gains as well as a new U.K. annuity reinsurance contract. Compared to last quarter, net income decreased $30 million or 15%, mainly due to higher reinsurance and disability claims costs, partially offset by the favourable impact of interest rates and investment activity on insurance policyholder liabilities.

Investor & Treasury Services net income was $80 million, down $3 million from a year ago, as incremental earnings related to our additional 50% ownership of RBC Investor Services was more than offset by lower funding and liquidity revenue and higher infrastructure costs. Compared to the prior quarter, net income increased $8 million or 11%, primarily reflecting increased foreign exchange revenue and higher custodial fees.

Capital Markets net income was $464 million, up $93 million or 25% compared to last year, primarily driven by strong growth in U.S. lending and loan syndication as well as North American M&A and origination activity. These factors were partially offset by a higher effective tax rate reflecting increased earnings in higher tax jurisdictions, higher variable compensation on improved results, and higher PCL largely related to a couple of accounts. Compared to last quarter, net income increased $54 million or 13%, primarily due to higher fixed income trading results reflecting increased client activity and favourable market conditions, as well as higher M&A, loan syndication, and debt origination activities. These
results were partially offset by a higher effective tax rate reflecting increased earnings in higher tax jurisdictions, and higher PCL, as noted above.

**Capital** – As at January 31, 2013, our Basel III “all-in” CET1 ratio was 9.3%, up 90 basis points compared to our estimated pro-forma CET1 ratio of 8.4% last quarter, reflecting the delayed regulatory implementation of the credit valuation adjustment (CVA) capital requirements and strong internal capital generation. Excluding the CVA, our CET1 ratio this quarter was up 30 basis points.

**Credit Quality** - Total PCL of $349 million increased $82 million from the prior year, primarily due to provisions on a couple of accounts in our wholesale portfolio, partly offset by lower write-offs related to our credit card portfolio. PCL decreased $13 million or 4% compared to last quarter, mainly due to lower provisions in our Canadian business lending and retail portfolios.
Illustration of the content and structure of the document with emphasis on the highlights and key points, while preserving the integrity and context of the original text.