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FISCAL 2013 RESULTS
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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; 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 these speakers' notes 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. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the Risk management and Overview of other risks sections of our 2013 Annual Report.

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GORDON M. NIXON, PRESIDENT & CEO

Thank you, Karen, and good morning everyone.

As you've seen in the press release issued earlier this morning, we announced that I will be retiring on August 1, 2014 after 13 years as CEO.

You will also have read that Dave McKay will be take on the role of President at our Annual general Meeting (AGM) on February 26th and will then assume the role of President and CEO on August 1st, 2014. I cannot tell you how delighted I am by this announcement.
Many of you on the call know Dave well. In my opinion, he is one of the best retail bankers in the world and has been recognized as such and he’s universally supported and respected across the organization. In addition, his risk management and international corporate banking experience round him out nicely.

Dave is a strong leader, an innovator and he is client focused and collaborative and like me, believes our employees are at the core of this great organization.

So let me turn to the obvious question - Why now? I think the time is right for a transition. When I retire I will have been CEO for over 13 years. I’m proud of what has been accomplished but feel it is a great time to look to the future and build for the long term.

When we presented our 5 year strategy to the Board this summer, it was clear to me that someone else should take the lead as they would ultimately have the accountability for its performance.

Dave just turned 50, and he’s at the right age and stage of his career to hopefully have a good 10-year run at leading this incredible organization.

Dave has earned the opportunity, and has the full support of our management team which is fully committed and has never been stronger.

I’d just like to remind people that Bruce Ross will be joining our management team. He is one of the most highly seasoned global technology executives and he’ll be joining us in a few weeks as our Group Head, Technology and Operations and we’re excited to have him on board.

Over the past decade our earnings and market share have grown both in Canada and internationally. We have a diversified business mix that continues to deliver sustained shareholder value, as was evidenced in this quarter.

We have a strong brand and culture. Our culture of inclusion makes us a great place to work, where all employees have the opportunity to succeed. And I am very proud of our employees who put our clients first and work together to bring out the best of RBC forward.

There is no question that as an organization we are poised for success and continued strong performance. All businesses ended this year in good shape with strong momentum and solid growth plans.

So while I’m excited about continuing to lead the organization in to 2014, I believe that succession is one of my primary responsibilities and feel it is the right time to pass the baton to the next leader to take this great organization to the next level.

Before I conclude I’d also like to thank Mark Standish for his contributions over the last 18 years. Mark has made a significant contribution in building the business globally particularly in the United States through some of the most challenging market conditions in recent memory.
Mark provided strong leadership in growing the RBC brand in New York, which has helped attract and retain new talent and clients. Part of that successful brand building was a result of Mark’s personal commitment to make a difference in the community through his volunteer board memberships and other activities.

So, on behalf of the Board and his colleagues, we look forward to working with Mark over the next several months as he works with some of our trading businesses to facilitate transition under the changing regulatory regime in the United States.

I’d also like to congratulate Doug McGregor who is assuming the role of Chair and CEO of RBC Capital Markets and Group Head, of both Capital Markets and Investor & Treasury Services.

Doug has helped Capital Markets and Investor and Treasury Services grow in the face of economic and market uncertainties and the evolving regulatory environment and I know that he will continue to be a positive force for change.

Doug has led the expansion and rebalancing of Capital Markets where a much greater portion of earnings are now derived from corporate and investment banking, origination fees, and client based activities in our trading businesses, and this was evidenced again this quarter.

His strong leadership, deep knowledge of the business and client focus will continue to serve RBC exceptionally well in the future.

I’m looking forward to continuing to lead the Group Executive team over the next 8 months and I will be working closely with Dave to ensure a smooth transition.

So before I turn to the record results that we delivered this year I’d like to ask Dave to say a few words. I am happy to come back to these issues during the Q and A.

DAVE MCKAY. GROUP HEAD, PERSONAL & COMMERCIAL BANKING

Thank you for your kind words Gord. Let me just start by saying how honoured I am by the confidence the Board has placed in me to take over the stewardship of this incredible organization.

It’s an exciting time to be asked to take on the role of President and then CEO. We have tremendous momentum – momentum that I think is created not only by the success of our diversified business mix but also by our 79,000 employees who are focused on our clients and deliver on our brand and values each and every day.

I’d like to take a minute to thank Gord for his on going support and guidance throughout my career. He’s played an important role in providing me with development opportunities and set a high standard for me and all of the senior executives to follow.

Let me close by saying that I’m excited not only about this new challenge, but also by the fact that I will continue to work with an excellent senior leadership team. I believe that together, we can continue to build on our great success to date. Thanks.
GORDON M. NIXON, PRESIDENT & CEO

Thank you, Dave, and now to the more important matter of the morning which is our record results for 2013. As you’ve seen, we reported net income of 8.4 billion dollars, which was up 12 percent from last year. We delivered return on equity of over 19 percent and our “all-in” common equity tier one ratio remained strong at 9.6 percent. We achieved all of our financial performance objectives for the year.

Our results were underpinned by the strength and diversity of our businesses, led by record performances in Personal and Commercial Banking, Wealth Management and Capital Markets.

During the year, we launched new products and partnerships, won new clients and gained market share in our key Canadian and global businesses, all while increasing efficiencies.

Looking at our fourth quarter – we delivered earnings of 2.1 billion dollars, up 11 percent over last year.

Our fourth quarter results were driven by strong growth in our corporate and investment banking businesses, solid volume growth in Canadian Banking, higher average fee-based client assets in Wealth Management and improved business performance in Investor Services.

We did have a charge as was reported a couple of weeks ago in our Insurance segment which had an impact but we also had a favourable tax adjustment this quarter related to prior periods, both of which Janice will discuss further in her remarks.

Turning to our business segments, I will provide an overview of our annual segment performance and following Morten, Janice will comment more fully on our fourth quarter results.

Starting with Personal & Commercial Banking, our Canadian Banking business delivered record earnings of over 4.4 billion dollars, up 9 percent from last year reflecting solid volume growth across all businesses, improved credit quality and our ongoing focus on efficiency management activities. Our Canadian Banking fourth quarter earnings were 1.1 billion dollars, up 7 percent from a year ago.

We closed our acquisition of Ally Canada back in February and completed the integration of the business this quarter. Overall, we are very pleased with Ally’s performance, which has exceeded our objectives.

The timing of this acquisition could not have been better, it not only gave us the leading market position in auto financing, but it enabled us to take advantage of growing market trends.
Across all other key product categories, we continue to be a market leader with either a number one or number two market share. Our results clearly reflect our ability to leverage our size and scale to take a disproportionate share of industry growth – at least a 25 percent premium to the market over the last few years, which you know is our objective.

In Personal Financial Services, we saw solid volume growth reflecting the unparalleled size and scale of our multi-channel distribution network, which allows us to reach more clients when and how they want.

The breadth and quality of our product offering allowed us to grow faster than our peers and we are also developing innovative and differentiated products and services to capture a greater share of key high growth client segments such as retirees, business owners and newcomers to Canada – a key priority for us.

In addition, RBC has a proven ability to cross-sell more effectively. We lead the industry with close to 22 percent of our clients having at least three key products or services with us – chequing, investments and lending – compared to a peer average of 14 percent.

This year, we were recognized for the second consecutive year as the Best Retail Bank in North America by Retail Banker International.

As well, our Business Financial Services business was recently recognized as the Best Commercial Bank by World Finance. We have the leading commercial franchise with unparalleled industry specialization and the largest sales force in the industry.

We continue to expand our sales force and strengthened our product and service offering, including enhancing our mobile capabilities for businesses.

In Cards and Payment Solutions, we have an extensive cards portfolio and grew both transaction volumes and loan balances this year.

We pride ourselves on our longstanding relationships with our clients. They appreciate that we are constantly innovating and enhancing our cards portfolio including entering into key partnerships this year as we have with Target and WestJet.

We are also at the forefront of emerging payments and mobile-based technologies, and in the last few months, we announced a number of innovations in this space including the first cloud-based secure mobile payment solution in Canada.

While growing volumes in Canadian Banking is a priority, we are also committed to improving efficiency and productivity, particularly as we face a slower growth environment.

For example, in early 2014 we will be launching a new mortgage origination system that automates and simplifies the end-to-end mortgage process to improve client response time. As you’re aware, we’ve been working on this for quite some time.
Our efficiency ratio for the year of 44.5 percent leads the industry and we expect to continue to drive this ratio to the low 40s over the medium term.

In Caribbean banking, as we have discussed throughout the year, we continue to believe that the Caribbean remains an attractive region for RBC, and we are aggressively managing the business to drive improved performance.

While in U.S. banking, we are focused on growing our cross-border business and serving the banking needs of our U.S. wealth management clients.

Turning to Wealth Management, we had record earnings of almost 900 million dollars, up 18 percent last year, largely reflecting higher average fee-based client assets and transaction volumes. We also generated strong earnings of 205 million dollars in the fourth quarter. While flat year-over-year, our underlying performance was very strong, but we were impacted by an unusual credit charge that Morten will discuss later on. Our client assets grew by 12 percent this year to reach over one trillion dollars this quarter.

While the low rate environment persisted, our businesses capitalized on a moderate improvement in global economic and market conditions.

Starting with Global Asset Management, we are now a top 50 global asset manager and the second fastest growing asset manager in the world, having more than doubled our assets under management from 2007 to 2012, according to a global ranking published by Pensions & Investments and Towers Watson.

In Canada, we continue to be the leader in mutual fund market share and capture the largest share of long-term fund sales in the industry.

In addition, our institutional asset management business experienced positive flows from both our North American and BlueBay teams, and consistently ranked number one for fund assets quarter over quarter.

Our global asset management business is highly profitable and a significant contributor to RBC Wealth Management’s earnings. This business continues to be the focus of our acquisition efforts as we look for complementary international acquisitions to add global equities capabilities, particularly given the success of our BlueBay acquisition.

Turning to our Canadian, U.S. and International wealth management businesses, RBC is the largest and most comprehensive wealth manager in Canada. We were recognized this year as the Best Private Bank in Canada for the second consecutive year by Professional Wealth Management and The Banker magazines.

Overall, RBC has a strong and industry leading high net worth market share of 19 percent and we continue to extend this lead by offering superior advice, best-in-class solutions and broad expertise.

We continue to shift towards a more fee-based model. And in the U.S., our average fee-based client assets are up 9 percent from last year contributing to an increase in earnings for the region.
Beyond North America, we continue to invest in establishing scalable foundations in key financial centres.

In Insurance, although our results were negatively impacted in the fourth quarter by a charge related to proposed legislation in Canada affecting certain individual life insurance policies, this business contributed almost 600 million dollars of earnings this year. Factoring out this charge, our fourth quarter earnings were very strong compared to the prior year.

We are transforming the way we sell insurance as we are going directly to consumers more than ever before, given our comprehensive product offering. We are selling more insurance through our lower cost channels such as our retail insurance stores, proprietary sales force, contact centres, and online presence.

In Investor and Treasury Services, our business performance continued to improve as we delivered higher revenue and benefited from our ongoing focus on efficiency management activities, generating annual earnings of over 340 million dollars. Our fourth quarter earnings of 92 million dollars were up 28 percent from the prior year.

We are creating a specialist custody bank that provides excellence in asset servicing, with an integrated funding and liquidity business for financial and other institutional investors worldwide.

We are the leading Canadian custodian with more than 40 percent market share of assets under administration. Our business is complemented by our off-shore expertise primarily based in Luxembourg, where we are the largest third-party asset service provider.

We are building revenue opportunities by leveraging RBC’s strong reputation, brand, financial strength and cross-sell capabilities – opportunities we didn’t have under our joint venture. I’m extremely excited about this business going forward.

And for the third consecutive year in a row, we were voted the number one overall custodian in the R&M Global Custody.net Survey.

Turning to Capital Markets, we had a record year with earnings of 1.7 billion dollars. We finished the year strong with fourth quarter earnings of over 470 million dollars. These results highlight the successful execution of our strategy to rebalance this business towards an “originate to distribute” model. We continue to shift to more traditional corporate and investment banking activities and are repositioning our trading business to focus on origination to achieve greater earnings flexibility.

We had strong growth in our corporate and investment banking businesses, particularly in lending and loan syndication activities primarily in the U.S., as we remained focused on extending our loan book to establish new client relationships and deepening existing ones by offering our full suite of products.
This year, our global markets businesses were impacted by a challenging market environment, particularly due to uncertainty pertaining to the direction of U.S. fiscal and monetary policies in the latter half of the year.

We lowered our compensation to revenue ratio to 37.8 percent, which is down 200 bps from 2012 driven by our focus on improving productivity relative to compensation.

Geographically, we produced solid results in Canada, where we are the clear market leader. We remain focused on execution and building long-term relationships, increasing our market share with small and medium sized companies and leveraging our global capabilities.

And we continue to win significant mandates. We are advising Shoppers Drug Mart on their 13.8 billion dollar sale to Loblaw, and Hudson’s Bay Company on their 2.9 billion dollar purchase of Saks, ranking us number two globally in retail M&A as at October 31st according to Dealogic.

In the U.S., we are now generating over half of our Capital Markets revenue globally, providing us both diversification and an attractive growth opportunity, particularly as the U.S. economy improves.

Recently, we have been involved in a number of high-profile U.S. deals, including: the 49 billion dollar offering of senior unsecured notes by Verizon Communications Inc., the financing of the 25 billion dollar privatization of Dell Inc., and the 6 billion dollar acquisition financing for the Neiman Marcus Group. All three of these deals closed this quarter.

In the U.K. and Europe, we are selectively building our investment bank and continuously evaluating the performance of our businesses. We are also shifting from trading to more lending and origination consistent with our North American strategy.

While global capital markets continue to face regulatory reform, we believe we can continue to successfully adapt our businesses to the changing landscape.

As I mentioned earlier, we met all of our financial performance objectives for the year.

Our strong capital position continues to provide us with the flexibility to find the optimal balance between investing in our businesses for long-term growth and returning capital to shareholders.

During the year, we raised our dividend twice for a combined increase of 12 percent and we also repurchased 6.8 million of our common shares. We ended the year at the midpoint of our dividend payout range.

We are maintaining the same financial performance objectives for next year: diluted earnings per share growth of 7 percent plus, return on equity of 18 percent plus, strong capital ratios and a dividend payout ratio in the range of 40 to 50 percent.
These key financial performance objectives help us measure our progress against our medium term objective of maximizing total shareholder return by achieving top quartile performance.

We generated strong total shareholder returns of 13 percent for both the three- and five-year periods.

I would also highlight that in 2013, we generated total shareholder return of 28 percent.

Our record results and accomplishments this past year are in large part reflective of our strategic goals, as outlined on page 6, which have remained focused, consistent and build on our strengths. These strategic goals drive our high quality, sustainable earnings growth.

While regulatory changes, prolonged low interest rates, market volatility and increasing competition certainly have and will pose some challenges, we also see great opportunities that are aligned to our view of global trends and build on our strengths.

We’re committed to delivering the right strategy, business mix, culture and people to drive continued growth and take advantage of these opportunities.

And, our financial strength, diversified businesses and leading market share remain clear competitive advantages in today’s environment.

In closing, I am certainly pleased with our accomplishments this past year. We ended a record year building on the strong momentum we had throughout 2013, which we believe positions us very well going forward.

Before I turn the call over to Morten, as you know we announced back at the end of August that Morten will be retiring early next year after more than 30 years of service with RBC. Given this will be his last quarterly call, I wanted to take this opportunity to thank him for his exceptional contribution during his distinguished career at the bank. His strategic thought leadership, breadth of experience, and deep understanding of the ever-evolving risk management landscape have made him an outstanding Chief Risk Officer. We are all extremely grateful. So, thank you for that, Morten, and with that, I will turn the call over to you.

MORTEN FRIIS, CHIEF RISK OFFICER

Thank you, Gord, very kind of you. Although I’m sure that people will be more focused on other retirements than mine. Turning to credit on slide 8, while we saw an uptick in provisions this quarter, overall credit quality remains sound.

Provisions for credit losses on impaired loans of 335 million dollars or 32 basis points increased 68 million dollars or 6 basis points from the prior quarter. With respect to gross impaired loans, while impairment formations have increased this quarter, gross impaired
loans are down fifty million dollars over the year, and our impairment level is lower than our Canadian peers.

Looking at our credit performance in more detail, turning to slide 9, provisions in Canadian Banking were 250 million dollars, up 37 million over last quarter or 4 basis points, and at 29 basis points, this remains at the low end of our historical range. The increase in provisions primarily reflected higher impairment in our personal lending portfolio and higher impairments in our business portfolio as we grew volumes in both these businesses. Provisions in our credit card portfolio decreased quarter over quarter reflecting fewer bankruptcies.

Provisions on residential mortgages remain low at 3 basis points, consistent with our historic performance.

Gross impaired loans increased slightly over last quarter but remain within our historical range.

Turning to the Caribbean, provisions on impaired loans were 26 million dollars, up 13 million dollars from the previous quarter largely related to a couple of accounts. While credit quality in our Caribbean portfolio has been stabilizing, challenges are likely to persist in the near-term until we see sustained improvements in the regional economic environment.

We incurred provisions of 42 million dollars in Wealth Management this quarter related to a few accounts.

As I mentioned last quarter, growing the credit book forms part of this segment’s long-term growth strategy, and provisions at moderate levels are an expected outcome of that business activity. We expect loan loss provisions within Wealth Management to show some degree of variability from quarter to quarter, and this quarter’s provisions fall outside of our expected range. We remain comfortable with this segment’s overall credit quality given our strict credit adjudication standards and the strong creditworthiness of our client base.

With respect to Capital Markets, provisions were 11 million dollars or 8 basis points, down 17 million dollars or 12 basis points compared to last quarter.

Turning to market risk, in 2013 average Market Risk VaR was 44 million dollars and average Market Risk Stressed VaR was 95 million dollars, up 17 million dollars compared to last year.

The increase in Stressed VaR largely reflects the fact that our trading portfolio is more heavily weighted towards mortgage-backed securities and high grade credit-sensitive fixed income debt, whose price behaviour was particularly volatile during the financial crisis of 2008 and 2009, which is the historical period used for Stressed VaR calculations.
During the fourth quarter we had no days with net trading losses. In 2013 we had 7 days with net trading losses, down from 20 days in 2012. The annual number of days with net trading losses is down for a second consecutive year.

Before I conclude my remarks, I wanted to take this moment to thank you all for your questions over the years, and to officially welcome my successor Mark Hughes and wish him luck. Mark has been with RBC since 1981 and has both broad and deep experience with our organization which will make him an excellent Chief Risk Officer.

With that, I will turn the presentation over to Janice.

**JANICE FUKAKUSA, CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER**

Thanks Morten and good morning.

Turning to slide 11, we had a solid fourth quarter with earnings of 2.1 billion dollars, up 208 million dollars or 11 percent over last year. Continuing our momentum, performance this quarter was underpinned by strong fundamentals.

I would note that while we had a relatively clean quarter, we had two items that largely offset each other. The first item is a 118 million dollars after-tax charge in our insurance segment discussed earlier. The second item is a favourable income tax adjustment of 124 million dollars related to prior years.

While this tax adjustment reduced our effective tax rate this quarter from 25 percent to 18 percent, we continue to expect our effective tax rate to be in the low 20 percent range going forward.

Compared to the prior quarter, earnings were down 185 million dollars or 8 percent.

Moving on to capital, we completed our first year under Basel III, with our capital ratios remaining strong and in excess of regulatory requirements. For 2013, our CET1 ratio was 9.6 percent largely driven by strong internal capital generation.

This quarter we also built our capital levels in anticipation of several notable regulatory and accounting changes scheduled to come into effect in the first quarter of 2014.

As I mentioned on our last call, the first phase of the credit valuation adjustment, or CVA, is expected to negatively impact our CET1 ratio by approximately 30 basis points. As well, new accounting rules related to pensions and other post-employment benefits are also expected to negatively impact our ratio by approximately 10 basis points.

We will continue to prudently manage our capital levels going forward given the evolving regulatory environment.
Let me now turn to the quarterly performance of our business segments on slide 12.

Personal and Commercial Banking generated strong earnings of over 1 billion dollars in the quarter, representing an increase of 47 million dollars or 5 percent from last year, largely due to earnings growth of 7 percent in Canadian Banking reflecting solid volume growth of 7 percent, which includes the contribution of our Ally Canada acquisition.

Sequentially, earnings decreased 99 million dollars or 8 percent. Higher volume growth across all our Canadian Banking businesses was more than offset by higher PCL, a provision related to post-employment benefits and restructuring charges in the Caribbean, and moderate spread compression.

Margins in Canadian Banking were down 7 basis points from last quarter as the prior quarter was favourably impacted by fair value purchase accounting adjustments related to our acquisition of Ally Canada and the reversal of accounting volatility from the second quarter. Factoring out these impacts, margins were down 2 basis points, in line with our expectations of 1 to 2 basis points of sequential compression.

Looking ahead, we expect margins to remain under pressure given the continued low interest rate environment, slowing growth in consumer lending, and competitive pricing pressures.

Our reported operating leverage and efficiency ratio this quarter were 0.2 percent and 44.8 percent, respectively, with growth in non-interest expense remaining well contained.

I would remind you that expenses in the fourth quarter are often subject to a degree of seasonal elevation due to the true-up of marketing and other discretionary spend.

Going forward, we continue to manage the trajectory of expense growth against revenue growth, and are adjusting the pace of our investments in response to a slower growth environment.

We remain committed to driving our efficiency ratio down to the low 40’s over the medium term, and are seeing good progress from a number of initiatives under way in Canadian Banking, including the launch of our new mortgage origination system early in 2014, as Gord mentioned.

Also, with our acquisition of Ally Canada now fully integrated, we believe we are on track to generate meaningful synergies, further contributing to steady improvements in our efficiency ratio, as well as generating positive operating leverage.

Turning to Wealth Management on slide 13, we earned 205 million dollars this quarter, relatively flat compared to last year, as higher average fee-based client assets, resulting from net sales and capital appreciation, were offset by higher PCL of 42 million dollars on a few accounts, as discussed by Morten, and lower transaction volumes as we continue to shift our business towards more recurring fee-based revenue.

Non-interest expense also increased this quarter compared to last year, reflecting higher variable compensation driven by higher commissionable revenue, as well as increased
staff levels and infrastructure investments as we support the growth of our wealth and asset management businesses.

Compared to the prior quarter, earnings were down 31 million dollars or 13 percent, driven by higher PCL.

Moving to Insurance on slide 14, net income of 107 million dollars was down 87 million dollars or 45 percent compared to last year, and down 53 million dollars compared to last quarter, primarily due to the previously disclosed charge of 118 million dollars after-tax discussed previously. Let me take a few moments to explain the charge more fully.

Under Canadian IFRS, the present value of the expected profit for a life policy is recognized at the time the policy is sold. Subsequent to initial recognition, changes in assumptions as a result of updated experience or new regulations impacting these life insurance policies are recognized in net income when the changes are made.

While the legislation remains proposed, from an accounting perspective we considered the measures to be substantively enacted. Therefore, as a result of the legislative changes, the current expected profit on these policies is lower than what we initially expected.

The charge is based on our assumption that we expect a significant portion of affected clients to select one of the revised options we are offering and we will update the charge, if necessary, to reflect any changes in policyholder experience or regulations.

Excluding this charge, net income increased 31 million or 16%\(^{(1)}\) compared to last year and 65 million or 41\(^{(1)}\) compared to last quarter, reflecting favourable actuarial adjustments and a gain on sale of our Canadian travel agency insurance business.

Turning to slide 15, Investor and Treasury Services earned 92 million dollars, up 20 million dollars or 28 percent from last year, reflecting improved business performance in Investor Services and continued benefits from our ongoing efficiency management activities.

Compared to the prior quarter, earnings were down 12 million dollars or 12 percent, as the prior quarter had higher securities lending fees reflecting the favourable impact of the European dividend season.

Turning to Capital Markets on slide 16, we had strong earnings of 472 million dollars, up 62 million dollars or 15 percent from last year. This reflects strong growth in our corporate and investment banking businesses, primarily loan syndications and lending activities in the U.S., and the favourable impact of a stronger U.S. dollar.

We also had lower PCL due largely to a provision taken in the prior year on a single account, which also contributed to the increase. This impact was offset, in part, by higher litigation provisions and related legal costs.
Compared to last quarter, net income was up 84 million dollars or 22 percent, largely driven by strong growth in loan syndication activities across all geographies and higher debt origination, mainly in the U.S.

Our results this quarter highlight our strong momentum in corporate and investment banking and our performance was positively impacted by a number of large, notable transactions, that Gord highlighted, which closed at the end of the quarter. Looking ahead, we have a strong deal pipeline which continues to grow both in Canada and the U.S.

To wrap up, we are very pleased with our solid performance this quarter. We have a diverse and strong portfolio of businesses and, as Gord noted, we believe we remain well positioned to continue delivering sustainable earnings growth.

At this point, I'll turn the call over to the operator to begin questions and answers.

(1) These are non-GAAP measures. For additional information see the Note to users.

**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 Insurance earnings excluding a charge related to proposed legislation in Canada affecting certain individual life insurance policies, Canadian banking margins changes excluding the impact of fair value purchase accounting adjustments related to our acquisition of Ally Canada and the reversal of accounting volatility from the second quarter do not have any standardised 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” sections of our 2013 Annual Report and our Q4 2013 Earnings Release.