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DAVE MCKAY, PRESIDENT & CHIEF EXECUTIVE OFFICER

Good morning everyone and thank you for joining us today.

It was a record year for RBC with record results in ALL of our business segments, reflecting the strength of our client-focused strategy.

We met or exceeded all of our financial performance objectives: We earned 9 billion dollars, up 8 percent from last year; we delivered a return on equity (ROE) of 19 percent while holding higher capital; and we increased our dividend 12 percent – All of which helped drive strong total shareholder returns.

Let me start off by sharing my perspective on the year.

Beginning with Canadian Banking, we had record earnings, up 7 percent from last year, reflecting solid volume growth, strong fee-based revenue and market share gains across nearly all of our businesses.

Overall, I believe these results demonstrate the ability of our franchise to adapt to the forces of change in our business, like the shift from consumer borrowing to savings and investments, and changing client preferences driven by technology.

As expected, we saw consumer lending moderate following many years of strong credit growth, but we’ve been planning for this shift for some time. In fact, we’ve spent the last decade

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1 ROE may not have a standardized meaning under generally accepted accounting principles and may not be comparable to similar measures disclosed by other financial institutions. For additional information, see Notes to Users.
enhancing our suite of savings and investment solutions and increasing the number of investment professionals.

We believe our approach is working. Over the last year, we achieved double digit growth in mutual fund revenue, and 6 percent growth in deposits, including 12 percent growth in core chequing balances.

Turning to our business clients, this year we saw an increase in activity, in particular in the small business segment where RBC is a leader with over 30 percent market share. This is an important segment for us as we not only serve the needs of the business, we also provide advice and services to the business owner. Additionally, small business clients are a source of deposits and often grow into commercial accounts over time.

This is a competitive market. To differentiate our offering we are leveraging our scale to create specialized industry verticals, which enable account managers to provide more targeted solutions.

We’re also differentiating from a technology perspective. We’re designing new products and services specifically for mobile channels, including our app for business owners which has seen 20 percent growth in subscribers each month since it launched. Additionally we have a number of exciting product launches planned for 2015.

This is not new to us. We’ve been investing heavily in technology for the past five or six years. We’ve recently put in a new mortgage system, and a new data centre, and we’ve invested in our commercial lending systems. These costs are already built into our run rate.

We’ve remained vigilant about managing expenses to deliver positive operating leverage. We’ve continued to drive our efficiency ratio even lower and I believe we can do more to further improve our productivity.

Overall, I feel good about the business. We’ve delivered strong results and our customer satisfaction ratings continue to climb to new highs.

Moving to Caribbean banking, we’ve made significant progress in repositioning our operations - including selling RBC Jamaica - a country where we did not have the scale to compete effectively or meet our return hurdles.

We are starting to see an improvement in our core earnings and in our operating efficiency as we have a more targeted focus on core markets and clients. We believe that the business will return to profitability next year, although ongoing economic headwinds require us to continue to look for ways to strengthen our business for the long-term.

Turning to Insurance. We had record earnings in 2014 even with pressure from persistently low interest rates and changes in the regulatory environment. I believe our results highlight the strength of our business model, including pricing and product enhancements we’ve made in recent years, as well as our strong focus on deepening client relationships and driving efficiencies.

Our Wealth Management segment had record earnings which surpassed 1 billion dollars for the first time and were up 22 percent from last year. Growth was underpinned by our Global Asset Management and Canadian Wealth Management businesses.

Starting with Global Asset Management, our results reflected continued leadership in Canada where we have over 30 percent market share of long-term funds amongst the Canadian banks.
They also reflected our success beyond the Canadian retail market. In fact today, more than half of our assets under management are now from institutional clients. Further, roughly 30 percent of our institutional assets are from outside of Canada. This is largely due to BlueBay’s growth since acquisition, our expanded institutional sales teams in the U.S. and in International markets, as well as team hires to enhance our investment capabilities, including in global equities.

Turning to our wealth businesses, in Canada our franchise is exceptionally strong, with Dominion Securities remaining the number one bank-owned brokerage firm. We have continued to grow our share of the high net worth market and we consistently deliver industry leading profits and margins.

In U.S. Wealth, we’ve improved profitability by increasing fee-based revenue and we’ve continued to develop tools to improve advisor productivity.

In International Wealth we’ve recently decided to realign and restructure the business with the goal of serving high and ultra high net worth clients from centres where we have scale. I would point out that none of these changes impact our Canadian or U.S. domestic wealth businesses, or our global asset management business.

While these changes impact a small component of our overall Wealth segment, representing less than 5 percent of revenue and a much lower percentage of earnings, I want to take a moment to explain the key changes.

We are exiting all of our international private banking businesses in the U.S. and Canada, except for our Vancouver office which will continue to serve our Asian clients.

We are also exiting our Wealth operations in the Caribbean, except for our investment advisory business. This is separate from our banking business, which, as I explained earlier, we are working hard to strengthen.

There were restructuring costs associated with these changes this quarter, but they were not material for the segment.

While our restructuring efforts will take some time, over the long-term it will allow us to provide more value to our clients by serving them from key markets where we can better leverage the capabilities and infrastructure of other RBC businesses.

Moving to Investor & Treasury Services, our results this year demonstrate strong earnings growth and progress from our efficiency management program. After two years of extensive restructuring we’re moving to a more client and market-focused strategy centred on continuing to lead in Canada, and maintaining our momentum in Luxembourg and Ireland where we have a strong presence. We’ve successfully grown deposits by over 20 percent since 2012 which helps support RBC’s overall balance sheet.

Turning to Capital Markets - we had a record year with earnings exceeding 2 billion dollars and our results are a testament to the strong client franchise we’ve built.

We have maintained our lead in Canada and we’ve solidified our franchise in the U.S. by continuing to build on our investment banking capabilities, developing new lending relationships and doing more business with our existing clients. We are optimistic about the prospects for investment banking in a strong economic environment.

In the U.K. and Europe, notwithstanding a more challenging business environment, we continued to grow our corporate and investment banking businesses by developing strong client relationships and by selectively adding talent to expand our capabilities. For example, we
recently recruited three new industry heads for our Industrials, Consumer and Health Care sectors. Europe continues to be a challenging market and we are being cautious with our build-out but I am encouraged by the teams we’ve added and some of the mandates that we’ve won.

Turning to our fourth quarter. We ended the year on a strong note, with earnings of 2.3 billion dollars, up 11 percent from last year, reflecting record earnings in Canadian Banking and Insurance, and strong growth in Investor & Treasury Services and Wealth Management.

Capital Markets results were impacted by a few items which Janice will expand upon, as well as market volatility in September and October. However, I want to highlight the business’s results for the year, with earnings up over 20 percent and continued growth and improvement in the U.S. and Europe.

Overall I am pleased with the quarter, which caps off a record year and reflects our ongoing focus on developing and deepening client relationships.

I will now turn it over to Janice to provide more details on the fourth quarter and following her comments and Mark’s, I’ll provide some thoughts on our outlook.

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

Thanks Dave and good morning.

Turning to slide 9, in our fourth quarter we earned over 2.3 billion dollars, up 232 million dollars or 11 percent from last year.

Earnings were down 45 million dollars or 2 percent from last quarter, as solid revenue growth in our retail businesses was more than offset by lower results in Capital Markets which I will expand on in a moment.

Starting with capital. Our Common Equity Tier 1 ratio increased 40 basis points from last quarter to 9.9 percent. The increase reflects strong internal capital generation and lower risk-weighted assets (RWA) related to our exit of certain proprietary trading strategies which reduced RWA by 6 billion dollars, partially offset by business growth in Capital Markets and Canadian Banking.

Overall we are comfortable with our capital position, which remains very strong.

Let me review the performance of our business segments.

Personal & Commercial Banking earned over 1.1 billion dollars, up 81 million dollars or 8 percent from last year, and up 13 million dollars or 1 percent from last quarter.

Canadian Banking reported record earnings of over 1.2 billion dollars, up 123 million dollars or 11 percent from last year. This reflects strong growth in fee-based revenue of 14 percent mainly from higher mutual fund distribution and credit card fees, as well as solid volume growth of 5 percent. Sequentially, Canadian Banking earnings were up 25 million dollars or 2 percent.

This quarter our earnings were favourably impacted by net cumulative accounting adjustments of 55 million dollars, or 40 million dollars after-tax, largely reflecting a change in how we account for certain loan fees in our business portfolio.

This quarter our net interest margin was 2.66 percent, down 7 basis points sequentially.
We had a 3 basis point decline from accounting adjustments, which are not expected to reoccur.

Another 3 basis points of the decline was from the change in how we account for certain business loan fees. These fees were previously deferred and amortized over the term of the loan in net interest income. Effective this quarter, they are being recognized as received in Other Income. This not only impacted our margins this quarter but will continue to have an impact going forward. And as an aside, as you have seen on slide 32, the increase in Other income is higher this quarter as it includes this catch up.

Turning to expenses, costs in Canadian Banking were elevated this quarter largely due to higher marketing spend, as well as higher infrastructure costs in support of business growth, but we delivered positive operating leverage. We continue to target operating leverage in the 1 to 2 percent range and drive our efficiency ratio to the low 40s.

Turning to Caribbean and U.S. Banking, our results this quarter reflect higher PCL in the Caribbean – which Mark will discuss in more detail – as well as a restructuring charge to reposition our operations.

Turning to slide 12, Wealth Management had earnings of 285 million dollars, up 83 million dollars or 41 percent from last year. This reflects higher revenue from growth in average fee-based client assets in our Global Asset Management and Canadian Wealth Management businesses reflecting capital appreciation, as well as strong net sales. Also, we had PCL on a few accounts last year, but none this quarter.

Sequentially, net income was flat.

Our results this quarter also reflect restructuring costs of 18 million dollars after-tax related to the repositioning of our U.S. and International Wealth businesses, which Dave discussed.

Overall, our Wealth Management business remains strong. Assets under management and assets under administration were up 17 percent and 12 percent, respectively, over last year. Our pre-tax margins continue to improve, and this is our third consecutive quarter with positive operating leverage.

Moving to Insurance on slide 13. Net income of 256 million dollars was up 149 million dollars from last year. Excluding the prior year charge of 118 million dollars after-tax related to the new tax legislation in Canada, net income was up 31 million dollars or 14 percent. Sequentially, net income increased 42 million dollars or 20 percent.

This quarter we benefited from lower net claims costs, including a favourable cumulative adjustment related to outstanding claims in our life retrocession business, as well as earnings from a new U.K. annuity contract.

Investor and Treasury Services had strong results, with earnings of 113 million dollars, up 22 million dollars or 24 percent from last year. These results largely reflect higher net interest income on growth in client deposits, continuing benefits from our efficiency management activities and higher foreign exchange revenue. Sequentially net income was relatively flat.

Turning to Capital Markets. This quarter net income was 402 million dollars, down 67 million dollars or 14 percent over last year, and down 239 million dollars or 37 percent from last quarter. I would remind you that last quarter was exceptionally strong and included approximately 100 million dollars of revenue from a couple of outsized client transactions.

2 These are non-GAAP measures. For additional information, see Note to Users.
Our results reflect the challenging market conditions that Dave highlighted, as well as two specific items.

First, we had a 105 million dollar pre-tax, or 51 million dollar after-tax charge related to funding valuation adjustments, or FVA, on uncollateralized over-the-counter derivatives. I would point out that as part of an industry migration towards incorporating funding costs into security valuations, we have been recording FVA reserves on all significant trades since the beginning of 2013, and on all new trades since the beginning of this year.

The charge we took this quarter represents the impact of FVA on our entire portfolio over and above the reserves already taken. It is a one time catch up that reflects trades done prior to 2014.

The second item that I’d like to highlight is that we had 75 million dollars, or 46 million dollars after-tax, of lower revenue and costs associated with our exit of certain proprietary trading strategies, which occurred in particularly volatile market conditions.

We are well advanced in restructuring our proprietary trading activities in the U.S. to comply with the Volcker Rule. We have exited about half the trading strategies, we have transitioned market making strategies into our agency trading businesses, and we are restructuring our remaining strategies to comply. We are actively redeploying capital from the strategies we exited into other businesses. We estimate that the impact of these changes won’t be material to our earnings going forward.

Factoring these items into our results, we believe Capital Markets had a solid quarter and while Corporate and Investment Banking was down from a strong third quarter and prior year, it continued to perform well.

With that, I’ll turn the call over to Mark.

**MARK HUGHES, CHIEF RISK OFFICER**

Thanks Janice. Good morning everyone.

Turning to slide 17, we continue to see favourable credit trends that remain near historic lows reflecting our strong risk culture as well as a supportive economic backdrop.

The Canadian and U.S. economies continued to improve in the fourth quarter, underpinned by strength in the labour market with unemployment rates declining to pre-crisis levels. Globally, monetary policies remained favourable.

Provisions for credit losses on impaired loans this quarter were 345 million dollars or 31 basis points this quarter, up 62 million dollars or 5 basis points from last quarter mainly reflecting increased provisions in Caribbean Banking and Capital Markets.

In Caribbean Banking, provisions were 77 million dollars, of which 50 million dollars was related to our impaired residential mortgage portfolio. This additional provision reflects our experience with the ongoing challenging economic environment in the region. This was partly offset by lower provisions in our commercial and retail portfolios.

With respect to Capital Markets, this quarter we had provisions of 32 million dollars related to a single account, which was newly impaired this quarter, but not reflective of any overall credit deterioration. The Capital Markets loan book continues to perform well and we ended the year with a provision for credit loss ratio of 7 basis points, the lowest level since 2011.
Provisions in Canadian Banking were 236 million dollars or 27 basis points and remain near historic lows. They were up slightly by 6 million dollars or 1 basis point from last quarter, driven by higher provisions in residential mortgages and business mostly offset by lower credit card write-offs and lower provisions in our personal lending portfolio.

Let’s turn to slide 18 which focuses on our Canadian Banking retail portfolio.

Our credit card provisions remained near historical lows at 231 basis points, down 15 basis points sequentially, largely driven by seasonal factors in-line with last year. The portfolio continued to perform well with low write-offs and strong recoveries. Our credit card delinquency rates remained low during the quarter and we regularly monitor these rates as part of our early warnings signals.

Our small business portfolio increased to 92 basis points, up 16 basis points from last quarter, although last quarter marked a 7 year low for provisions. The increase this quarter was largely due to higher net write-offs.

Our residential mortgage portfolio, which is well diversified across Canada as highlighted on slide 19, makes up 64 percent of our retail portfolio. It continues to perform well with provisions this quarter of 2 basis points, consistent with our historical performance.

Looking forward, our view remains that the Canadian housing market is moving towards a better balance of supply and demand. Generally speaking, we are seeing Canadians display greater fiscal conservatism by increasing their down payments and accelerating their mortgage repayments.

Additionally, clients are opting for a fixed rate mortgages which now make up 75 percent of the book, up from 73 percent from the end of 2013 and average amortization at origination declined.

Across our entire portfolio, we continue to actively monitor our portfolio for early warning signs of credit deterioration, and perform ongoing stress testing for numerous scenarios, including increases in unemployment and interest rates, a downturn in the real estate market and given current market conditions, the price of oil.

At this time we are comfortable with our stress test results. We do not see signs of deterioration and the overall credit quality of our retail portfolios remain strong.

On slide 20, gross impaired loans amounted to about 2 billion this quarter and were relatively flat from the third quarter.

New impaired formations were relatively stable for the quarter amounting to 326 million dollars, and included one newly impaired loan in Capital Markets for 33 million dollars, which was fully provisioned for in the quarter and written off.

Turning to slide 21, in the fourth quarter average Market Risk Value-at-Risk was 26 million dollars, unchanged from the previous quarter.

Our fourth quarter Average Market Risk Stressed VaR was 78 million dollars, down 9 million dollars or 10 percent from last quarter reflecting the exit of certain proprietary trading strategies in the fourth quarter referenced earlier.

We had ten days of trading losses, totalling 46 million dollars, which was highly unusual and largely reflects the fact that we exited certain proprietary strategies during a period of increased market volatility in October. The market volatility also negatively impacted our fixed income trading businesses. We have returned to more normal results in November.
We monitor the market risk positions we undertake on a daily basis and are comfortable with our market risk controls.

With that, I will turn the presentation back to Dave for closing remarks.

DAVE MCKAY, PRESIDENT & CHIEF EXECUTIVE OFFICER

Thank you Mark. Before I open up the Q&A, let me comment briefly on our outlook and why I am confident RBC is well positioned to serve our clients going forward.

In Canada, we expect the economy to grow modestly next year, driven largely by a pick-up in business investment, continued export growth and steady consumer spending. We also expect the market to remain competitive and low interest rates to continue to be a headwind.

Within this context, let me highlight a couple of areas where we see opportunities for growth.

First, investment and savings products are forecast to grow three times faster than credit over the next decade. With the most extensive financial planning platform, including the largest mutual fund provider and the largest full-service wealth management business, we are well positioned to capture a disproportionate share of market growth.

Second, over 45 percent of businesses are expected to change ownership in the next five to ten years and with our market leading capabilities we are well positioned to help business owners plan their succession by finding a buyer for their business, financing the transaction and helping them manage their new wealth.

Third, we believe we can continue to extend our lead across all of our domestic businesses by deepening client relationships through our proven ability to cross-sell more effectively than peers.

Turning to the U.S., we expect the economy to outperform next year which would benefit our businesses as RBC currently generates approximately 20 percent of revenue serving two very attractive client segments - institutional and affluent/high net worth.

Within Capital Markets, the U.S. business now accounts for more than 50 percent of the segment’s revenue or approximately 4.1 billion dollars. Over the past five years this business has made considerable investments in people and infrastructure and expanded its corporate client relationships substantially by providing credit. Following a number of years of investment, we are now focused on strengthening returns by doing more business with clients, winning new mandates and driving greater efficiencies.

U.S. Wealth will continue to drive productivity and will look to enhance its capabilities to provide additional credit and deposit solutions to its clients.

Turning to the UK and Europe, although we expect conditions to improve as stimulus measures take hold, we believe economic growth will continue to be relatively slow.

Within this context, we will selectively expand our investment banking sector and geographic coverage, and will continue to prudently extend our loan book where it makes sense to help drive new origination.

In Global Asset Management, we will focus on growing select international investment strategies, including global equity and alternative assets, and extending our reach to more institutional investors in the U.S. and select global markets.
Across all of our businesses we will continue to strengthen customer relationships, manage costs, and leverage investments in technology to drive efficiencies and enhance the client experience.

To conclude, I believe that RBC is well positioned to manage through industry headwinds and capitalize on opportunities created by the changing environment. I am confident that we will continue to deliver long-term value to shareholders given the strength of our diversified business model, our strong capital base and, importantly, our clear strategy for building long-term, sustainable, client franchises.

With that, let me open it up for Q&A.

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, such as results excluding a charge of $160 million ($118 million after-tax) as a result of new tax legislation in Canada 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 2014 Annual report.

Definitions can be found under the “Glossary” sections in our Q4/2014 Supplementary Financial Information and our 2014 Annual Report.