



Address to Shareholders

by

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to the

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Royal Bank of Canada**

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Check against delivery

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Thank you Katie.

Welcome to the Sony Centre, and to our 148th annual shareholders' meeting.

2017 is of course a year of celebration as we join together in marking Canada's 150th anniversary.

And, as we saw in the video earlier, we've got millions of reasons to celebrate.

I recently received a letter from a mother in Gatineau. Her son Adam had been chosen to receive \$150 as part of our Make150Count program and invited to make a difference in his local community. She wrote of her huge pride as he put on his best suit and tie and went down to the branch to receive his award.

Adam is inspired by the mission of the Boys and Girls Club of Ottawa. He decided to use his \$150 to arrange a special trip for them to go to the movies.

Meanwhile in Guelph, Maiya, a nutrition student, used her \$150 to make and deliver food baskets to low-income families in her community.

And here in Toronto, Damar, a grade 11 student, is making his 150 count by using his skills to set up a workshop for kids in grade 7 and 8. He's helping them design and print their own T-shirts, on the theme of celebrating Canada, and is donating the proceeds to SickKids Hospital.

Damar is one of the students from Emery Collegiate in the audience today. I'd like to join Katie in welcoming him and his classmates to our annual meeting.

These stories – and the thousands of others like them – show the passions, hopes and ambitions of our young Canadians. And how, when they're empowered, they can really make a positive impact in their communities.

In this, Canada's anniversary year, it's right that we toast the successes of the past and present. And RBC has been a central part of that success.

Since our last AGM, Canada has enjoyed steady economic growth and we've proven to be a beacon for the world in our welcome to refugees.

No wonder perhaps that Canadians continue to perform well in the World Happiness Report.

At the same time, the world has changed since we last met.

The rise of populist politics around the globe is a sure signal of shifting tectonic plates. Of communities and societies disrupted by technological change and suspicious of immigration. Of people who feel alienated and ill-served by elites: the government, the media, big business.

To some extent Canada has been insulated. We're held up as an example for others to follow: it's said that "Liberty has moved north" and "the world needs more Canada".

We should rightly be proud of all of the attention in our anniversary year. And we should celebrate the richness of our nation: our diversity, our resources, and our pioneering approach to innovation.

But as the world looks to us and we look in at ourselves, we must not be complacent. And especially we have to be alert to pressing issues here at home.

- We need to consider how to prepare a workforce that is adapting to rapid digitization and facing huge transitional shifts, most particularly among the young;
- We must make sure we continue to create the jobs that will drive the economic growth that we need to secure our future prosperity;
- And we must continue to advocate for global trade. Even as the world turns inward, we need to be an exporter, of our ideas and resources, and of everything in between.

The future for Adam, Maiya and for you, Damar and your classmates, should be a Canada that looks outwards.

A Canada that's confident in its role on the world stage.

At RBC, we have that confidence. We call it our Collective Ambition.

It articulates our Purpose, to help clients thrive and communities prosper.

And it outlines our strategic goals, which demonstrate our diversification, by client segments, and by geography:

- In Canada, to be the undisputed financial services leader;
- In the U.S., to be the preferred partner to corporate, institutional and high net worth clients and their businesses;
- And to be a leading financial services partner valued for our expertise in select global financial centres.

Our Collective Ambition underpins our Vision to be among the world's most trusted and successful financial institutions. Because how we succeed is just as important as success itself.

Acting with integrity, being accountable, these are all at the foundation of our corporate culture. And these values are personified by our employees.

That commitment to doing what's right helped us earn the trust of our first clients in 1869 and continues to drive how we interact with our customers today.

Since we last met, our Collective Ambition has united us on every front, and helped us significantly improve our financial position even after making the largest acquisition in our history, in City National Bank.

2016 was a strong year for RBC.

- We achieved record earnings of \$10.5 billion, up 4% from the previous year and delivered a return on equity of over 16%;
- We closed the year by building our common equity tier one ratio back up to a very strong 10.8% following the completion of the City National acquisition early in the year;
- And we returned value to our shareholders through share buybacks, and by increasing our dividend twice for a total of 5%. In 2016, our 10-year annualized total shareholder return reached 10%, well above the global peer average of 6%.

Throughout 2016 we added more clients and invested significantly in our digital strategy, setting us up for even greater future success.

And our strategy is paying off.

We've had an excellent start to 2017, posting record first quarter earnings of \$3 billion and delivering a return on equity of 18%. And we also announced a 5% increase to our dividend.

Our Canadian core banking business continues to underpin our success, and in 2016 we maintained our number one or two market position in all key retail categories.

Today we remain the leader in business banking with an approximately 25% market share in both loans and deposits.

Meanwhile, our strong Capital Markets business segment is consistently ranked as the number one investment bank and the top deal maker in Canada.

Combined with our growing Capital Markets platforms internationally this provides us with significant global reach to meet our institutional clients' needs and in 2016 we saw more cross-border deal flow than ever.

Across all of our businesses, we aim to grow our relationships with our customers, allowing them to benefit from other parts of RBC.

For example, our Personal & Commercial Banking segment and our Wealth Management segment are increasingly working together to assist business owners with their succession and ownership transition plans.

And as the number one fund company in Canada, our asset management business continues to build on its momentum, with Q1 sales accounting for a third of the industry.

Yet sales alone are not enough. We have to always strive to exceed our clients' expectations.

That's why our Global Asset Management business was recognized this year as Morningstar's 'Steward of the Year'.

It's why Euromoney named us the Best Canadian Private Bank for the 10th year in a row.

And it's why J.D. Power awarded RBC the ranking of 'Highest in Customer Satisfaction Among the Big Five Retail Banks' last year, something we're very proud of.

This demonstrates our commitment to our clients, and it shows the strength of one of our most powerful assets: the energy, commitment and expertise of our employees.

Colleagues who are showing their passion for their communities by volunteering, fundraising and participating in record numbers.

Employee engagement scores are currently at their highest level ever, with 95% of our colleagues telling us that they are proud to work for RBC, an organization that is clear and confident in its purpose.

Yet the media reports over the last few weeks characterizes an environment that is not consistent with our experience, our culture or our values. It is not the RBC that I know, that our clients know, or that I have grown up in for nearly three decades.

And we track the client experience with diligence. Of the 2.4 million accounts we opened last year, less than 0.05% of clients escalated a concern about the way an account was opened, showing the value of the advice that our colleagues provide.

And so, I'd like to take this opportunity to thank every one of my 80,000 colleagues. They're the reason why we continue to earn our clients' trust, each and every day.

But we know that we should never take this position for granted.

In a fast-moving world, we consistently reevaluate our goals and objectives to ensure that we continue to serve our clients' best interests and we seek constant feedback from our customers and colleagues.

This has prompted us to focus on creating an organizational culture that's increasingly fast-paced, nimble, and client focused.

More than ever, we're using small diverse teams and agile principles in our product development. This approach encourages non-conventional thinking and has inclusion right at its centre.

This, increasingly, is how we measure success.

Responding to our customers' choices is also leading us on a journey towards building a digitally-enabled relationship bank.

Just as our customers are using technology to reimagine their lives, we're also reimagining the role that we play in helping them achieve their ambitions.

Every day, our clients are increasingly making the choice to interact with us online or on their smartphones.

Within our Canadian Banking business, today over 82% of our transactions are performed in self-serve channels, including digital and on mobile.

And the number of mobile banking app users has increased 21% year-over-year.

We're responding to this demand by making things convenient for our clients and expanding our product functionality.

For example, we know that people on iMessage don't necessarily want to leave their chat to make a quick payment. So now – thanks to RBC – they can just ask Siri to do it for them.

And many clients want to connect with a financial advisor in the comfort of their own home. So we've launched *MyAdvisor*, an online platform where customers can interact with an advisor by video at their convenience.

These examples show how we're moving more quickly than ever before. We can shift from the spark of an idea in our researchers' minds right into the hands of our clients all in a matter of months.

And more and more, our clients are becoming part of the development process themselves. In Luxembourg and Toronto, our Advanced Client Experience program is growing in success, enabling customers of our Investor & Treasury Services business to co-develop products and give their feedback in real time.

While we're increasingly partnering with technology providers, our own R&D is also at the leading edge of the financial services industry. Over the last few years we've been rapidly growing the number of our global patent filings. Currently, we have close to 100 patents that are either pending or issued.

Our scale continues to be a significant advantage. As one of the largest aggregators of data in Canada, we're able to provide greater insight to benefit our partners and clients alike.

We've invested a significant amount of time and money to leverage our information properly, transforming data to knowledge, and then into value.

Thanks to this knowledge, we're establishing ourselves as one of the leading voices on artificial intelligence in Canada and in recent months have stepped up our investment into this area, including supporting initiatives such as NextAI and the Vector Institute.

Our clients are already benefitting from our advancements in AI.

For example, we're using it to analyze underlying patterns in complex market environments and we're enhancing client security through biometrics and fraud detection algorithms.

These are just some of the areas where we see AI's vast potential.

And we'll be building on this potential further at our own research facilities at the University of Toronto and the University of Alberta, which we recently established to push the boundaries of the science around machine learning.

Meanwhile in our second home market, we're extremely pleased with the performance of City National Bank.

City National has had a transformative impact on our U.S. business, as well as on our Wealth Management franchise, which is showing incredible momentum with Q1 earnings up 41% from a year ago.

The acquisition of City National was a great deal for RBC.

We've successfully executed on our integration plan and it is a great platform for future growth. We continue to see tremendous organic opportunities as we look to open in new urban areas and new product lines.

In Capital Markets, our largest business in the U.S., we saw a strong finish to 2016, as our clients increased their activity in equity and debt issuance, and we won a number of significant investment banking mandates on both sides of the border, including Snapchat and Canada Goose.

We see opportunities across all of our U.S. businesses in 2017 given expected further U.S. rate hikes, and the potential for positive business and regulatory conditions which could further stimulate growth.

We also saw strong momentum in the UK and Europe, where our Capital Markets and Investor & Treasury Services businesses saw improved trading flows in Q1.

This helped Investor & Treasury Services' net income rise by 50% from a year ago, due to higher earnings in our funding and liquidity business. Our asset services business also performed well and we continued to attract new clients on the back of significant investments in customer-facing technology.

We're building a long-term client franchise in the UK and Europe. Our platform there targeting institutional and high net worth clients continues to be an important part of our diversified global strategy.

On the topic of Brexit, we have contingency plans in place as we await the outcomes of the negotiations, and have well-established offices in Luxembourg, Paris, Dublin, and Frankfurt.

We also see opportunities to help our institutional clients as they look at their own operating models and adapt to the new realities of a post-Brexit Europe.

Yet while some areas of our trading businesses have benefitted from increased flows, the geopolitical uncertainty that 2016 brought does remind us of the importance of openness, and the strength of diversity and inclusion.

We believe passionately that companies, communities and countries – are only successful when they harness the talents of the many – not the few.

That innovation only truly thrives in an environment where everyone is fully included.

Wherever we operate in the world, this is the RBC way.

And it's one of Canada's greatest strengths. And it's where Canada has an opportunity to lead globally.

As a country with a wealth of natural resources and incredible human resources we are in a position to set the standard.

To show that diversity is an asset, not a liability. That immigration can bring a community together and not divide it. And that we are united in our belief in the benefits of global trade.

And we need to come together to agree on a strategy for a lower carbon world in the future.

This will require building a national consensus on leveraging our natural resources, how to get them to market in a safe and sustainable way, and how to use that wealth to invest in the next generation of clean energy.

As we think about the future that our young people will inherit, we need to make clear choices today.

We need to be bold in our investment in innovation. We need to actively support our entrepreneurs as they look to scale up their businesses, and we must prepare a workforce in transition.

This future vision – one in which all our communities prosper – includes having access to a home that's affordable.

Yet this has become a distant dream for many Canadians, particularly in Vancouver and Toronto and the surrounding communities.

I'm increasingly concerned by the unhealthy combination of factors that have driven the market to the current point of strain.

Long-time persistent supply and demand imbalances in the GTA and Vancouver, low interest rates, and speculative activity.

All of these factors are mixing to push prices up to unsustainable levels, stressing household balance sheets and locking many people out of the housing market.

Any single solution is unlikely to be successful on its own. A complex problem like this requires a multi-faceted solution, which addresses supply constraints and speculative forces and is mindful of the rate environment, which can be a moderating force.

At a Federal level, we welcome the focus on affordable homes and infrastructure as part of the Smart Cities Challenge initiative announced in the Budget.

And I know the Ontario government is focusing closely on this issue and look forward to hearing their response during the upcoming Budget. And the city of Toronto is actively looking at ways to keep housing affordable.

We would welcome any effort by the three levels of government to coordinate their interventions, and to do so reasonably quickly.

But longer-term, I believe all parties need to come together – governments; developers; realtors; banks; community groups and others – to accelerate our progress in finding policies and solutions for this issue.

And while we remain confident in the strength of our mortgage book, we believe that if this issue goes unchecked, it could drag on consumer spending, locking up too much capital unproductively, and potentially becoming an inhibitor to Canada's future economic growth.

Ladies and Gentlemen, we've heard it said that the world needs more Canada. So Canada can't stand still.

As a business, we've made our choices with purpose. And we've been meaningful in our diversified strategy, in Canada, in the U.S. and globally.

This diversification has benefitted our clients, our colleagues, and our communities alike.

Our consistent returns to shareholders, our success, over the last year, over the last 148 years, has been the result of this clear strategy, and an ability to adapt.

Our Purpose guides us on this journey.

And our Purpose leads us to invest in the future and consistently reimagine our role as a trusted advisor to our clients, helping our communities prosper.

Last week, we showed that Purpose with the announcement of our new youth strategy, RBC Future Launch.

This is our largest-ever commitment to help prepare young people for the future of work. We're putting all of RBC behind this effort – our resources, capabilities and our people – and have pledged \$500 million over 10 years to make real, tangible progress.

We'll help remove barriers and provide access for young people to learn skills, experience jobs, share knowledge and build resilience for the future of work.

In particular, as part of our youth strategy, we want to share our expertise around co-ops and internships.

I believe passionately that work placements are a huge social leveler and improve the value of education.

We're working closely with others across our industry and in other sectors to achieve the goal that every single Canadian undergrad student should be exposed to some form of meaningful experiential learning before graduating. I look forward to talking about this more in the coming weeks.

Our youth strategy and our Make150Count initiative are a clear demonstration of how we're putting the power of RBC behind investing in our country's future.

As it celebrates its 150th birthday, and contemplates its position in the world, Canada is at an inflection point.

We need to use our investments in innovation to harness our resources; we need to ensure that we have a sustainable housing market; and critically we need to solve how we can best prepare for a workforce in transition.

This really is an exciting time in our history. And RBC is proud to be in a leadership role at this watershed moment.

And with your continued support, RBC will be there to help shape that future.

This is our moment, collectively and with purpose, to stand tall.

Thank you. Merci beaucoup.

And now I will hand the meeting back to Katie.