



Address to Shareholders

by

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to the

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Check against delivery

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Reimagining our future in a time of mobility

Thank you, Katie.

Good morning and welcome to our 149th annual shareholder meeting.

A couple of months ago I traveled to Switzerland to join international leaders at the World Economic Forum.

From an economic point of view, the mood among the Davos crowd was more bullish than I'd ever seen before. And companies and communities around the world have also felt that economic benefit. In our two core markets, Canada and the U.S., unemployment is at a 40-year low. Meanwhile, Europe is well into its recovery, and Asia is providing more synchronized growth than we've seen for decades.

The message from the Swiss mountains was clear: that overall, the global operating environment is better now than it has been for years.

But as I left Davos, thinking of everything I'd heard, one unifying theme was at the front of my mind. A belief that the next decade will be defined as a new era of mobility: of goods, of people, and of ideas.

And in the 90 days since, and certainly as we've seen volatility return to the markets, I've heard this theme again and again: in conversations with clients; on stage at the IBM THINK event; and during a visit to students at Conestoga College, a polytechnic in Cambridge, Ontario.

I know our future success, as a company, as a society – including here in Canada – will depend on how we prepare for and engage with this new age.

Of course, many of us are already living our lives via one of these [takes out mobile phone]. It's fundamentally reshaping our businesses and our communities. This will only accelerate. And it will not just be about devices in our pockets. Wearables, the Internet of Things, driverless trucks and cars. All of these are already into their second or third generations and will be more fully integrated into everyday society over the coming decade. It will affect our infrastructure and transportation requirements, it will change our conversations about data, it will create a need for different skills, and it will continue to alter how all businesses serve their clients.

Today, I wanted to take this opportunity to talk about how we are preparing RBC and our communities for the 2020s and a digitally-driven decade of mobility. And to show how our Purpose will guide every step that we take on this journey together.

Because, as RBC moves into the next decade and beyond, *how* we achieve our success will be as important as *what* we achieve.

Our performance

And RBC certainly continues to achieve significant success.

Our financial performance in the last year demonstrates our focus on building a sustainable growth trajectory with lower volatility and delivering a premium return on equity, even as we grow outside of our home market.

It also illustrates the strength of our diversified business model, and our disciplined approach to managing costs and allocating capital, and investing in future growth.

But most clearly, it demonstrates the power of our Purpose to unify all of our colleagues under a common goal, so that every RBCer can feel the impact that they are having on clients and in our communities.

In 2017 we reported record earnings of \$11.5 billion, and achieved all of our medium-term objectives, delivering a return on equity of 17%.

We returned a record \$8.2 billion of capital in dividends and share buybacks, reflecting our commitment to you, our shareholders, while at the same time continuing to execute on our growth strategies.

And we carried this strong performance into 2018, posting first quarter earnings of \$3 billion and again delivering a premium return on equity of 17.4%.

Overall, we have outperformed our global peer group, delivering compound annual Total Shareholder Returns of 18% over three years and 16% over five years.

Since our last AGM, we have made outstanding progress against our strategic goals, serving high growth-client segments in our core markets in Canada, in the U.S., and in select global financial centres.

U.S., International: accelerating our growth, improving competitive position

Beginning outside our home market, the U.S. is absolutely fundamental to sustaining our growth. Central to the strategy of both our Capital Markets and Wealth Management businesses, our goal is to be the preferred partner to corporate, commercial, institutional and high net worth clients in the U.S.

We are already making excellent progress as we execute against that strategy. Five years ago, the U.S. accounted for 18% of our total revenue. Today that figure is 23%.

RBC Capital Markets now derives over half of its global earnings from the U.S., and we're adding coverage in research, lending, advising, trading and investment banking. I recently returned from visiting my Capital Markets colleagues in New York, and you could really feel the energy that's buzzing through the business. Some of the signature

deals that we've worked on in the last few months include supporting Sempra Energy, in its recent acquisition of Energy Future Holdings; Meredith Corp's acquisition of Time Inc; and Blackstone and CVC's acquisition of Paysafe.

This U.S. growth has been reflected in Capital Markets' earnings overall, which in Q1 reached a record \$748 million, up 13% on the previous year.

Our U.S. Wealth Management business is also going from strength to strength, with double digit revenue growth in 2017 and again in Q1, and continues to benefit from the hugely successful integration of City National. We've already realized significant synergies between City National and our existing broker/dealer business and see further opportunities to build on this. We continue to invest to further this momentum, adding more client-facing advisors in recent months as we grow our commercial banking coverage, and expand our presence in large U.S. cities, including in Washington and New York.

We believe the recent U.S tax reform will be positive for the U.S. economy and our businesses. And while uncertainty over NAFTA remains a concern for our customers on both sides of the border, so far clients and markets have broadly been working through the uncertainty. We are in close dialogue with governments and our customers and remain hopeful of a good outcome for both sides.

Outside of the U.S., we continue to improve our competitive position in select financial centres, and many of our businesses in the U.K. and Europe are enjoying positive momentum as part of our focused international strategy targeting institutional and high-net worth clients.

For example, our Investor & Treasury Services business posted record results in Q1, reflecting the benefit of investments we've made in client technology and the favourable global market backdrop.

Client acquisitions and favourable markets also benefitted our Wealth Management business, whose earnings in Q1 were up 39%, with Global Asset Management adding more than \$40 billion in assets under management over the last 24 months, outgrowing the market.

Canada: deepening relationships and exploring new ways to add value

In Canada, where we hold the number 1 or 2 position in all key banking categories, we have had an exceptionally strong start to the year. We're continuing to deepen our relationships with our clients and explore new ways to add value. We see opportunities for further growth specifically in commercial banking, investments, deposits and credit cards.

Owning a home is an important part of the Canadian dream. And we want to help ensure that Canadians own homes that they can afford. After tighter conditions last year, we're seeing more balanced pricing in the housing market. Policy changes in Ontario and in other provinces have contributed to a welcome shift in market psychology towards more caution, and we remain very comfortable with the characteristics and credit performance of our mortgage portfolio.

We're focused on bringing the best of the whole of RBC to our clients and we're developing new partnerships to give our customers greater value. Our priority is on always providing an exceptional experience, and their feedback confirms that we're hitting the mark.

In 2017, we were very proud to be awarded highest in Customer Satisfaction Among the Big Five Retail Banks in Canada by J.D Power for the second year in row. We also ranked highest among our peers in their first ever award for financial advice.

The trust and loyalty our clients place in us is core to our Purpose. But we never take this trust for granted, particularly when it comes to our stewardship of our clients' personal data. We are diligent at maintaining the highest possible privacy and security standards and being transparent and explicit around customer consent. And we've increased our investment in this area to make sure that we continue to stay ahead of this evolving issue.

Our digital and innovation strategies are fundamental to fostering this trust and loyalty, particularly as we adapt to changing client preferences.

We recently passed a significant milestone in our journey to becoming a digitally-enabled relationship bank. Mobile is now our number 1 digital channel, with 3.4 million active users, up 19% over the last year, and 85% of our financial transactions are performed in self-serve channels.

And our clients are increasingly finding added value as they engage with us on their mobile phones – resulting in RBC ranking first in J.D Power's Mobile App Satisfaction survey in 2017.

One great example from our Insurance business is PATH. This app was built by a team of co-op students– and provides our travel insurance clients with alerts, policy information and advice on the nearest medical facilities in case of an emergency. More than 500 customers are downloading it every month.

And for our Canadian banking clients, we recently launched NOMI Insights and NOMI Find & Save. Created in our innovation lab in Orlando – NOMI provides our 3.4 million mobile clients with increased insights to help them with their day-to-day needs while they're on the go. This makes the RBC Mobile app the most-used money management platform in the country. And our clients who use NOMI's predictive technology are twice as likely to save than those using traditional self-serve products.

This was just one of 22 new mobile app capabilities that we released to our retail customers last year.

We are investing considerably in artificial intelligence for the benefit of all our clients. Today we have over 200 data scientists working across RBC. This investment is helping us redefine our trading business, it is helping to improve our fraud detection rates, and it is driving new products like NOMI. And through our machine learning institute, Borealis AI, we are ensuring that RBC is at the cutting edge of applied research, which will lead to many more innovative products in the future.

But it's also about much more than that.

This is a critical time for Canada as it reinforces its position as one of the leading global centres for artificial intelligence. We were the first company in Canada to launch an AI research and development facility. Borealis AI provides academics in Edmonton, Montreal, Toronto, and in Waterloo with the crucial freedom to focus on curiosity-driven fundamental research, including finding solutions to some of the greatest environmental challenges that our planet faces.

Our focus on both applied and fundamental research shows how we are truly living our Purpose when it comes to our investment in AI. It is the most transformative technology of our age, driving new skills requirements and is the catalyst for the new era of mobility.

RBC: reimagining our future

The accelerating power of AI and machine learning is the most significant force of change that is impacting the relationship between the financial services industry and our customers.

For example, in the past, we would be our customers' first stop. I remember this well from my own time in the branch. Besides family or closest friends, we were among the first to know about significant life events, business changes, or new financial needs. This has enabled us to build a deep connection with our clients.

Today, our customers are increasingly broadcasting their intentions more publically, via social media and in their search patterns.

This means that our newer competitors – the big players in search, in social media, in ecommerce – can quickly pick up on these data cues.

As these technology players realize their digital dividend there is a risk that our visibility with clients will diminish in the networked economies – or ecosystems – of the future.

We hold some crucial assets in our home market: our deep relationship with our clients; our own secure data advantage; and most importantly, a trusted brand.

So, as we look at our strategy into the 2020s and beyond, we recognize that to continue to succeed, we need to reimagine the role that we play in our clients' lives. This means moving from satisfying a part of a client's experience to orchestrating a broader experience for them.

We have identified a number of ecosystems – those digital spaces where our clients live and work – where we believe we can play an integral role in the future.

In the last year we've already taken some bold steps on this journey, building new, standalone customer propositions, and creating some extremely exciting and mutually-valuable partnerships.

In the business-to-business space, we have collaborated with Wave, to integrate invoicing, accounting and financial insights into our business banking platform. This unique service makes it easier for small business owners to manage their finances, which means they can spend less time being a CFO and more time being the CEO.

And we recently released Drive, a digital glovebox that empowers car owners. It centralizes your car needs, from recall notices to valuations, and gives you the ability to book service appointments direct from your phone. Drive is just one of many apps that we're working on to add value for our clients, and to take away the friction and hassle of dealing with multiple service providers.

We will be talking more about our ecosystem strategy in the coming months, and are very excited about what the future holds. We believe our ideas, our partnerships, and our new ventures will be game changing. Together with our brand strength, we truly hold a unique position in our home market.

But for all our investments in AI and a mobile-driven future, let me be very clear: while RBC may be enabled by technology, client-to-colleague relationships will always remain at the centre of who we really are.

We are very much a human bank, a relationship bank, powered by technology.

Our culture: driven by inclusion

And wherever we operate in the world, the continued success of this human bank will be driven by inspiring colleagues like Eva Moyle-Amerl.

It's almost unbelievable to think that only 40 years ago, it was illegal for a woman to be present on a trading floor. Eva, an RBC Investment Advisor decided to change that. Thanks to her persistent lobbying, the law in Canada was changed. Eva continued to advise our clients until her retirement from RBC just last year.

I'm delighted that Eva is here today and I'd like to take this opportunity to recognize her huge contribution to society.

Eva moved the dial, but there is so much more we all need to do to create greater social and career mobility.

Today, a year before we celebrate RBC's 150th anniversary, I would like to reinforce once again our commitment to inclusion, a fundamental part of our Purpose.

The last few months has shown that in our society too many people are struggling to be treated equally and with dignity. I see it as the responsibility of every colleague to hold each other accountable for being inclusive, and seeking out different opinions and perspectives.

This is the only way to develop a workforce with the future-fit skills and capabilities we need.

And this is why diversity and inclusion runs through our new Leadership Model, which is driving a bolder, more nimble culture and encouraging an entrepreneurial spirit across the whole of RBC.

And, as always, RBCers are continuing to rise to the challenge, driving new and innovative ideas every day. The results speak for themselves, with more than 94% of our colleagues telling us that they are proud to be a part of RBC.

I see that pride in the eyes of all my colleagues every day, and so I would also like to take this opportunity to thank every single RBCer for everything they have achieved. Thank you for your commitment and dedication to our clients.

Our future prosperity: skills mobility

Ladies and gentlemen, five years ago, my predecessor outlined RBC's commitment to make every effort to provide employment opportunities in Canada. This will not change and it remains explicit in our supplier code of conduct. RBC remains committed to

supporting a strong Canadian workforce. Contributing to Canada's prosperity is at the heart of our Purpose as a company.

The operating environment in Canada is in many ways very positive. And this remains a great country to run and grow a business. Whatever the outcomes of the NAFTA negotiations, Canada must do more to ensure its competitive edge. This is not just about taxes, but addressing how we get our goods and resources to market, by road, rail, or pipeline, in a sustainable way. The Canada of tomorrow will have to be more flexible, more open, and move faster than ever before.

And in particular, we have to help prepare the next generation for a future economy that will depend on a mobile, skilled workforce.

In a recent landmark report, we identified the quiet crisis faced by Canada's youth. While the headline unemployment numbers in our country are strong, nearly a quarter of college and university graduates are in jobs that they're overqualified for. And almost 900,000 young Canadians are not in any education, employment or training program. Many young Canadians are wondering whether they'll be ready for the future of work.

They're right to be asking the question.

As our report found, in the next decade, at least 50% of Canadian jobs will require a significant change to the skills needed to do them. And more than 25% of Canadian jobs will be heavily disrupted by technology.

Disruption, yes, but it does not need to be a threat.

I described earlier how RBC is at its core a human bank, powered by technology. This is defining how we are moving into the next decade.

With nearly two and half million jobs expected to be added to the Canadian economy over the next four years, this humanity can also be our nation's competitive advantage. These new jobs will see a demand for foundational skills such as social perceptiveness and complex problem solving. In other words, critical thinking, creativity, and collaboration.

Just as we are reimagining our future at RBC and creating compelling new experiences for our clients, we are also helping Canadian youth reimagine their futures. So that they can own the 2020s – and beyond.

RBC Future Launch is our answer. A 10-year, \$500 million commitment to help young people prepare for and navigate a new world of work that we believe will fundamentally reshape Canada and many of the communities in which we operate.

We believe that we need to change the conversation, and as a country, we have to rethink how we educate, train, hire and reshape our nation's workforce. To encourage mobility and to foster resilience.

Through Future Launch, we're calling on educators, businesses, and governments to come together to help redesign and refund our education systems, training programs and labour market initiatives.

And we're calling for bold steps: for employers to hire for core skills, not for credentials; for our country to take a new approach to financing reskilling, through funds for lifelong-learning; and for all post-secondary institutions to agree to a goal of creating meaningful work-integrated learning placements for all undergrad students.

We need to get this right, because when our young people succeed, so too does Canada.

Conclusion

Our country is on the move. And with RBC Future Launch, we have set out our plan for making a difference for our youth.

This is one of the most important things that we have ever done. And it is truly our Purpose in action: a future in which RBC will have an even greater role in helping our clients thrive and our communities prosper.

And I know that with our future leaders imagining, and then building the Canada of tomorrow, we will be in good hands.

Thank you.

And with that I will hand the meeting back over to Katie.