

Address to Shareholders

by

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to the

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(Check against delivery)



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Additional information about these and other factors can be found in the risk sections and significant developments: COVID-19 section of our 2020 Annual Report and in the Risk management and Impact of COVID-19 pandemic sections of our Q1/2021 Report to Shareholders. Information contained in or otherwise accessible through the websites mentioned does not form part of this address to shareholders. All references to websites in this address to shareholders are inactive textual references and are for your information only.

Thank you Katie. And good morning. We hope you're keeping safe and well.

We're living through a crisis like no other in our lifetime... one that has challenged our society in more ways than we have experienced in three generations.

We have seen a heartbreaking loss of life, and tremendous stress on our health care system and front line workers. But we have also seen the magic of human creativity and scientific research that created, and approved, multiple COVID-19 vaccines within a single year.

We have seen significant loss of jobs and businesses through the forced shutdown of our economy. Yet we have managed the worst of the economic hardship through coordinated government response, central bank intervention and credit relief programs.

And we have seen the impact of social isolation, school closures, the cancellation of family and community gatherings... yet people of all generations have learned new ways to connect using technology tools we never realized were so capable.

Throughout all this we have shown such incredible resilience as a society, and as a globally linked economy.

And while we are not through this pandemic yet – and continue to need far greater global progress on vaccinations and variant control – we do see much better days ahead and expect improving health outcomes will lead to a rapid rebound in global growth, spurred by significant pent up demand and consumer liquidity.

The past year has unleashed and fueled a series of existing and new tectonic shifts that will affect us for decades to come. They present challenges and opportunities for countries, economies and companies, including RBC.

The 'forced pause' in our busy and often over-programmed lives has allowed us to *really* see that we have *not* created the best society for everyone... and therefore we have a responsibility and a sense of urgency to ensure a more inclusive, fairer, and sustainable future.

To make the necessary changes, and seize the opportunity to improve the world for those that will inherit it, there are four pressing areas we must address.

Climate change is the existential threat of our time... creating real pressure on businesses and governments around the world. Environmental, Social and Governance concerns have never been more important – and consumers, employees, and investors expect firms to live their values and play a leadership role in driving change.

Never was that more true than when the pandemic exposed, and – in some cases – widened inequities that hold people down and communities back. Our society has a moral obligation and an economic imperative to bring everybody forward collectively, and inclusively.

Bringing society forward in this way is interconnected with the future of work. The pandemic has transformed how and where work is done, accelerating the need for new and evolving skills, including building relationships in a hybrid world and developing strong digital capabilities. Helping people prepare for the new world of work underpins this future, and requires a heightened focus on our mental health.

The pandemic has also accelerated a digital-first economy, changing consumer behaviours and re-wiring our supply chains and services. Creating a ‘bionic’ blend of people and technology will define the success of all organizations. Advancing this agenda will require a concerted effort by public and private sectors to invest in our tech sector, networks and talent.

At a macro level, these four key areas will define our future and require our collective action to ensure that our country, its communities and its people continue to see opportunities ahead.

Every action we take will matter. Because as the pandemic made perfectly clear, we’re all connected, and we are all part of something greater than just ourselves.

RBC has long seen our place in the world this way.

We are guided by our Purpose “*to help clients thrive and communities prosper.*” It not only defines *who* we are – but also *how* we compete, win, grow and contribute to building a more sustainable future.

Our Purpose was at the centre of the RBC story in 2020, and I’d like to share that story with all of you this morning.

It begins with our phenomenal 86,000 employees. They are the “beating heart” of our bank, and I can’t thank them enough for everything they did – and continue to do – to help our clients and communities manage through this crisis.

As the pandemic took hold we knew that taking care of our clients started by first taking care of our employees. We moved quickly to protect RBCers physical health, transitioning more than **80** percent of our workforce, across 36 countries, off bank premise - within weeks.

For those who remained on our frontlines and in critical onsite roles, we took measures to enhance their safety. They also received special compensation... and additional days of paid leave.

To support our employees’ health and well-being, we introduced new mental health resources to instill greater awareness, empathy and coping in our workplace and beyond.

Notably, RBC was the first major Canadian bank to promise no job losses due to the pandemic in 2020.

This gave our employees peace of mind and the ability to put our clients first, as they adjusted to a new hybrid world.

Our people had never worked harder to support our clients. This included: fielding more than 22 million calls to our contact centers; managing historic spikes in trading activity, and, proactively reaching out to 3.7 million personal and small business clients.

They provided reassurance, advice, and helped our clients navigate an uncertain world - from personalized check-ins to digital enablement.

Our teams worked tirelessly to implement RBC’s Client Relief programs for over 620,000 clients. As well, billions of dollars were made available in new and additional credit facilities to corporate and institutional clients.

Our clients acknowledged these efforts by awarding RBC with top rankings in service excellence and customer satisfaction, including from Ipsos and JD Power.

RBC also created a national program called Canada United – that helped to generate over \$1 billion in purchases for small businesses across Canada who were hit hard by the lockdowns and the shift to digital commerce.

I also saw our employees lead with heart, and step up with generosity to help communities in need. They donated over \$23 million of their own money for local charities – up over 20 percent from the previous year. Truly remarkable.

This is who we are at RBC. We are a company that truly believes in our Purpose... and during a year when helping others never mattered more, our employees stood tall. Thank you to each and every one of you. I could not be more proud.

Alongside our people, our financial strength and diversified business model enabled RBC to navigate 2020 and continue delivering premium performance for our shareholders.

The year was characterized by the shutting down of almost 40% of our economy during the first wave of the pandemic, followed by a gradual and uneven re opening and recovery through the last half of the year.

It is the first time in my 35+ year career that I have seen our global clients all impacted at the same time. The ensuing impact on our business was initially significant, and we prudently increased total provisions for credit losses by \$2.5 billion to reflect the uncertainty of the pandemic's impact.

We saw a 30% reduction in our credit card purchases and significant draws of corporate credit lines in the early part of the pandemic. And the rapid decline in interest rates lowered our net interest margins, erasing approximately \$1 billion of earnings in 2020.

However, government relief programs and central bank liquidity support, both stabilized markets and increased confidence... and we remained exceptionally busy serving customers.

Our global markets and wealth management customer franchises saw a rapid increase in customer activity – including active corporate M&A and capital management, as well as self-serve and advisor-led investing. We also saw unprecedented levels of savings being deposited in consumer and business accounts, and exceptionally strong demand for housing in Canada and the US. These factors helped offset part of the lending margin compression.

We gained market share in most of the business where we compete, driven by our unwavering investment in people and technology.

We closed out 2020 earning \$11.4 billion in net income and a premium return on equity of 14.2%. And maintained a strong capital position with a CET1 ratio of 12.5 percent, and Common Equity Tier 1 capital up nearly \$6 billion over the prior year.

To our common shareholders, we paid \$6 billion in dividends. Our stock traded at a premium valuation for most of the year. And we outperformed on Total Shareholder Return in comparison to global peers over the medium term.

Our underlying business momentum and robust client activity resulted in RBC delivering a very strong first quarter of 2021, which we announced at the end of February.

Overall I'm tremendously proud of our 2020 results and the strong start to this year. I remain optimistic about the recovery, but the road won't be as smooth as we hoped. However as 2020 proved, RBC has the strength, resilience and business strategy to deliver more value to clients and drive premium returns and sustainable growth for all of our stakeholders, including our shareholders.

To deliver on these objectives, it starts with: building deeper relationships with all our clients; winning a growing share of new customers; using our balance sheet efficiently; and, cross selling a wide range of value added services.

Our strategy is to create more value for each client. We do this by leveraging our significant operational scale and data capabilities with the power of people, brand and culture.

Our operational scale enables us to continue to expand our network of customer facing employees – from private and commercial bankers, to financial planners, investment advisors and investment bankers.

Our scale also allows us to continue making technology-related investments at a faster rate – over \$4 billion a year – providing: greater capabilities to our front line employee; greater efficiencies in our back office; and, new and expanded self-serve capabilities for our clients.

Uniquely combining our people and technology creates a bionic blend for RBC. They create exponential advice and service opportunities, and sales power. It's not just about building the technology – everyone can do that. The lift comes from integrating it into our teams and creating value with it for clients.

For example, MyAdvisor is our online advice platform that helps clients reach their goals. Today, 2.3 million of our clients now have personalized financial plans.

In our Canadian Wealth Management advisory business we've attracted and retained experienced investment advisors to ensure our clients can feel confident about the choices they make. Earning their trust has grown our business. Today, our nearly 1,900 investment advisors manage on average nearly two times more fee-based client assets than the Canadian peer average.

In the US at City National – our premier private and commercial bank – so much of our success comes down to the exceptional advice we provide our clients. Over the past five years, we've more than doubled loans and deposits, and added more branches and more private bankers in our core markets.

Across all our core franchises, our leading digital and AI capabilities set us apart.

Building mobile and online banking capabilities is something all banks do... but differentiated value comes from better design, more convenience, and leveraging new Artificial Intelligence technologies at scale to customize experiences.

Within our mobile banking experience, AI based solutions like NOMI deliver personalized services tailored to individual banking needs. NOMI "Find & Save", for instance, helped clients save an average of approximately \$350 per month in 2020.

Our Capital Markets AI-based electronic trading platform, known as Aiden, executes trades based on live market data, and dynamically adjusts to new information and learnings from each of its previous actions. Aiden has increased the number of shares and notional volumes traded by over 45 percent and 75 percent year-over-year, respectively.

Another differentiated element of our customer strategy is to build ecosystems that participate in a broader part of the consumer journey and value chain. We see this as an evolution from traditional banking to broadening our relationship with customers in new and unique ways. Our proven ability to innovate and harness technology is setting us apart.

For example, in the US, City National is fast becoming a leader in managing IP content and the payment lifecycle for the entertainment industry. Through the acquisitions of FilmTrack, Exactals and Datafaction we've created an entire B2B ecosystem for entertainment clients.

From specialized lending and managing intellectual property rights, to monetizing royalty and licensing streams and providing financing for music catalogues, video games and film financing. City National has unparalleled technology and servicing capabilities that no other bank can match in the entertainment business.

A final pillar underpinning our strategy and long-term success is our fundamental belief in reciprocity – which rewards clients for the depth and breadth of their relationships with us. With our size, scale and brand power we are able to leverage partnerships to provide our clients with more value. In our credit card business, RBC Rewards has been a key part of that success. In 2020, the program delivered nearly \$1 billion in value to our members, through more than 400 partners and brands. We have plans to extend the benefits of these relationships to more products and client relationships in the coming weeks.

What I've just described is the story of RBC's differentiated strategy, and a few examples of how our approach to value creation is propelling us forward.

Equally important, is what this value creation enables us to do for others.

As I said at the start, at RBC we believe we are part of something bigger than ourselves, and our strategy to create more value for clients and drive business performance to reward all stakeholders provides us with the resources to boldly reinvest in our communities.

Companies are only as strong as the communities in which they live and work. I fundamentally believe that the prosperity of a community is dependent upon its financial and environmental health, underpinned by an inclusive society that provides hope and opportunity for all, and a thriving creative class.

Today, I'd like to highlight two of those areas of longtime focus for RBC and how they play an important role in our shared future. The first relates to inclusion.

As I said earlier, the pandemic has put a spotlight on the pervasive societal problem of inequality.

RBC was the first bank in Canada to publicly commit to actions to combat systemic racism, following George Floyd's murder and the subsequent riots.

Our plan includes increasing diversity and inclusion in our workplace—providing better access to capital in these communities, and creating even more meaningful opportunities for young people to reach their full potential.

In 2020, for instance, BIPOC talent made up 23 percent of RBC's executive appointments. We've raised our goal to 30 percent.

We have also committed \$100 million in small business loans to unlock the ambitions of Black business owners.

And giving young people access to work integrated learning experiences is one of the great democratizers of opportunity. Summer jobs are vital to help youth who have been hit hard by the pandemic. And once again this summer, RBC is hiring more than 1,400 students – the most of any Canadian bank – with 40% of all summer opportunities going to BIPOC youth. And, through RBC Future Launch, our ten-year, \$500 million commitment to empower youth, we are investing \$50 million dollars to create meaningful and transformative pathways to prosperity for 25,000 BIPOC youth between now and 2025.

The second important area of focus is climate change.

This is the most pressing issue of our time. It's costing our economies billions of dollars in damage and lost productivity. And it's going to require a massive amount of innovation, and trillions of dollars in capital, to reduce carbon emissions, and ultimately achieve a net zero economy.

Government and policy makers set the national climate strategy for Canada, and they are actively balancing the needs of our country and its citizens. Democracy has chosen the path forward, and RBC is aligned with a strategy that the majority of our society has voted for.

Consistent with this, RBC is committed to accelerating the transition to net zero. That's why RBC increased our sustainable financing target to \$500 billion by 2025.

Our lending businesses will also align with global ambitions, and by 2050, we will achieve net-zero emissions in our lending portfolio.

Additionally, RBC Tech for Nature, which launched publicly in 2019, will bring the best and boldest thinking together to accelerate clean economic growth. With a \$27 million investment to date, we're already supporting more than 120 universities and charities ... to put our society on a more sustainable path through the deployment of AI, machine learning and other innovations.

This transition is complex and will take time, but we have clear commitments to help accelerate change and we will continue to be transparent with our progress.

To close my remarks, I'll end where I began. This last year has been a challenging one for us all, but our prospects will improve... and RBC is well-positioned to grow and create even more value for all of its stakeholders.

We possess the best people, tools and technology, supported by a strong and trusted brand.

We've got market-leading client franchises in our core businesses and key markets.

We're continuing to make bold investments to create value and re-imagine relationships with new and existing clients.

And our financial discipline, risk management culture and robust capital position provides the foundation to deliver sustainable growth for the long-term.

But we will continue to grow in an inclusive and sustainable way that allows our clients to thrive and our communities to prosper.

I want to thank each and every one of our employees for their contributions to living our Purpose, especially this past year. Your efforts have never mattered more.

I also want to thank our shareholders for their ongoing support.

Finally, I want to thank Katie Taylor, our Chair, and the entire Board, whose support and guidance is helping RBC to build a more prosperous future for all our stakeholders.

Thank you.