Royal Bank of Canada
Second Quarter Results

May 24, 2018

All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in compliance with International Accounting Standards 34 *Interim Financial Reporting*, unless otherwise noted. Our Q2 2018 Report to Shareholders and Q2 2018 Supplementary Financial Information are available on our website at rbc.com/investorrelations.

Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. We may make forward-looking statements in this presentation, in filings with Canadian regulators or the Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements in this presentation include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals. The forward-looking information contained in this document is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. 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, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risk sections of our 2017 Annual Report and the Risk management section of our Q2 2018 Report to Shareholders; including global uncertainty and volatility, elevated Canadian housing prices and household indebtedness, information technology and cyber risk including the risk of cyber-attacks or other information security events at or impacting our service providers or other third parties with whom we interact, regulatory change, technological innovation and non-traditional competitors, global environmental policy and climate change, changes in consumer behaviour, the end of quantitative easing, the business and economic conditions in the geographic regions in which we operate, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency and environmental and social risk.

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 this presentation are set out in the Overview and Outlook section and for each business segment under the Strategic priorities and Outlook headings in our 2017 Annual Report, as updated by the Overview and Outlook section of our Q2 2018 Report to Shareholders. 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 sections of our 2017 Annual Report and in the Risk management section of our Q2 2018 Report to Shareholders.

Information contained in or otherwise accessible through the websites mentioned does not form part of this presentation. All references in this presentation to websites are inactive textual references and are for your information only.

Overview

Dave McKay

President and Chief Executive Officer

Strong Q2/2018 with EPS up 11% and ROE of 18.1%

Revenue
$10.1 Billion
-3% YoY

+2% YoY[1] net of Insurance fair value change

Net Income
$3.1 Billion
+9% YoY

CET1 Ratio
10.9%
-10 bps QoQ

Stable Revenue

- Strong revenue growth in Personal & Commercial Banking, Wealth Management and I&TS
- Lower market related revenues

Strong Earnings

- Diluted EPS of $2.06, up 11% YoY

Robust Capital and Premium ROE

- ROE of 18.1%

Total PCL Ratio[2]
20 bps
-4 bps QoQ

Expenses
$5.5 Billion
+3% YoY

Mobile Users
3.5 Million[3]
+19% YoY

Strong Credit Quality

- Total PCL of $274 million, down 18% QoQ
- PCL ratio on impaired loans of 22 bps, down 1 bp QoQ
- GIL ratio of 47 bps, up 2 bps QoQ

Investing to Drive Growth

- Continued investments to support business growth, including technology and digital initiatives

Increased Mobile Adoption

- 6.5 million active digital users[3]
- Digital adoption rate of 49%, up 390 bps YoY (see slide 19)

(1) Revenue net of Insurance Fair Value Change of investments of ($174MM) is a non-GAAP measure (2) Total PCL ratio is calculated using PCL on loans as a percentage of average net loans and acceptances. (3) These figures represent the 90-Day Active customers in Canadian Banking only.

Helping clients thrive and communities prosper is our purpose

Our clients are at the centre of everything we do

Our people are our greatest asset

We are a leader in corporate citizenship

(1) RBC ranked highest in customer satisfaction among Big Five Canadian banks for the years 2016, 2017 and 2018 and highest in Canadian Mobile Banking Apps 2017. For J.D. Power award information, visit jdpower.com/awards. (2) Winner of Celent Model Bank 2018 award for Personal Financial Experience (NOMI) and Employee Productivity. (3) Correspondent and Advisor Services awarded Best Innovative Client Solution at the Family Wealth Report Awards 2018. (4) For 11th consecutive year, industry peers recognize RBC as the best private bank in Canada.

Financial Review

Rod Bolger

Chief Financial Officer

Strong earnings and EPS growth

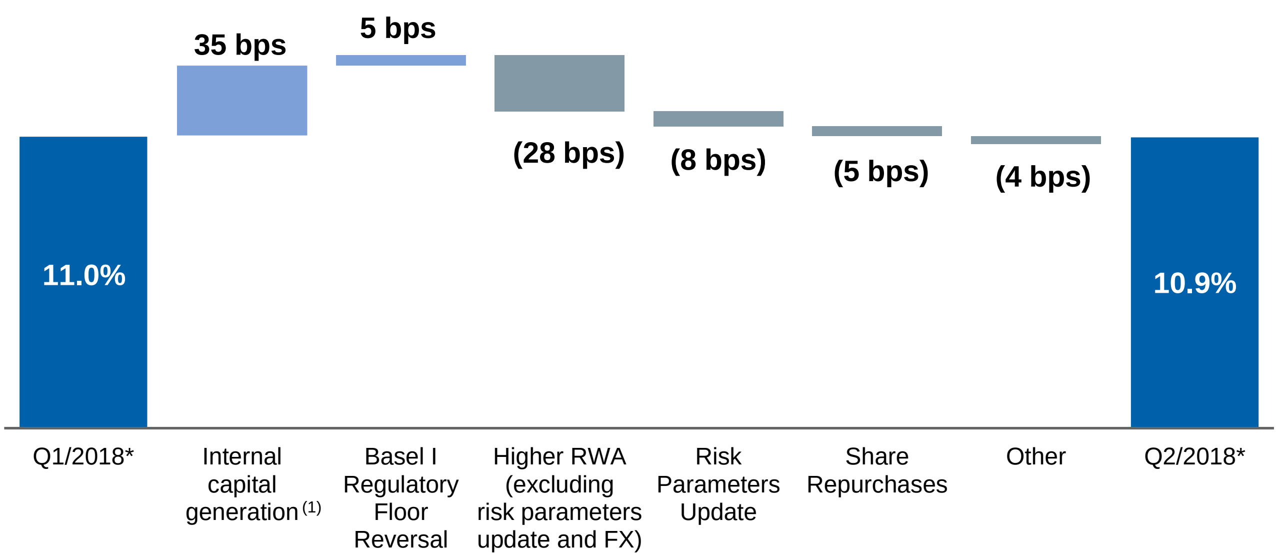
($ millions, except for EPS and ROE)	Q2/2018	YoY	QoQ
		Reported	Reported
Revenue	$10,054	(3%)	(7%)
Revenue Net of Insurance Fair Value Change[1]	$10,228	2%	(5%)
Non-Interest Expense	$5,482	3%	(2%)
PCL	$274	(9%)	(18%)
Income Before Income Taxes	$3,877	5%	(4%)
Net Income	**$3,060**	**9%**	**2%**
Diluted Earnings per Share (EPS)	**$2.06**	**11%**	**2%**
Return on Common Equity (ROE)[2]	**18.1%**	**5%**	**4%**

Earnings	▪ Net income of $3.1 billion up 9% YoY; diluted earnings per share (EPS) of $2.06, up 11% YoY ▪ Strong ROE of 18.1%, up 90 bps from last year
Revenue	▪ Strong revenue growth in Personal & Commercial Banking, Wealth Management and I&TS ▪ Lower market related revenue in certain businesses
Expenses	▪ Continued investments to support business growth including technology and digital initiatives
Total PCL	▪ Benign credit environment; lower PCL YoY due to improved credit quality and the adoption of IFRS 9 ▪ Lower PCL on performing and impaired loans QoQ
Taxes	▪ Prior quarter included a one-time tax write-down related to the U.S. Tax Reform ▪ We expect an annual benefit of $200 - $250 million from the U.S. Tax Reform and estimate an ongoing effective tax rate at the low end of our 21-23% range, based on anticipated earnings mix

(1) Revenue net of Insurance Fair Value Change of investments backing policyholder assets of ($174MM) is a non-GAAP measure. For more information see slide 26. (2) ROE does not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. For more information see slide 26.

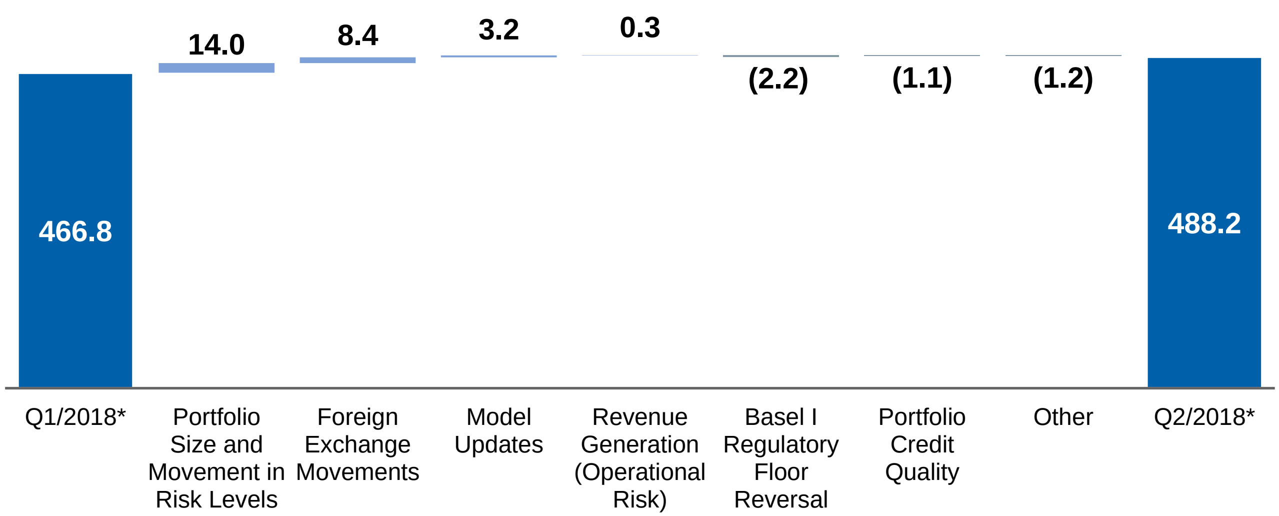
Strong capital and earnings growth continue to drive shareholder return

CET1 Movement



- CET1 ratio of 10.9%, down 10 bps QoQ, mainly reflecting higher RWA due to business growth and an update to retail lending risk parameters, partially offset by internal capital generation
  - Reversal of the Basel I regulatory floor adjustment improved CET1 ratio by +5 bps
- Repurchased 2.3 million shares for $224 million in Q2/2018
  - Year to date we repurchased 11.6 million shares for $1.1 billion

CET1 Capital RWA Movement ($ billions)



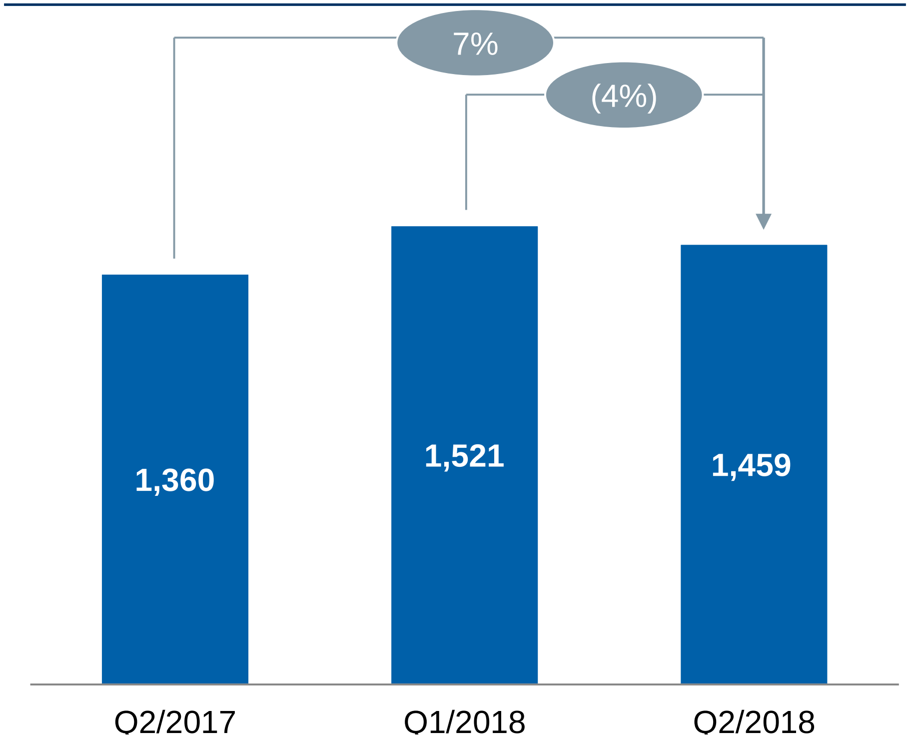
- CET1 Capital RWA increased $21 billion during the quarter primarily reflecting business growth, the impact of FX translation, and an update to our retail lending risk parameters, partially offset by the reversal of the Basel I regulatory floor adjustment
  - Effective Q2/2018, RBC is managing regulatory floor under the Basel II standardized approach – no impact from this Basel II approach in Q2

** Represents rounded figures. For more information, refer to the Capital management section of our Q2/2018 Report to Shareholders.*

(1) Internal capital generation represents net income available to shareholders, less common and preferred shares dividends.

Solid volume and NIM growth in Personal & Commercial Banking

Net Income ($ millions)



Canadian Banking	Q2/2018
Net Income (YoY)	**8%**
Revenue (YoY)	9%
Assets Under Administration (YoY)	5%
Operating Leverage	0.7%

Q2/2018 Highlights

Canadian Banking

- Net income of $1,426 million, up 8% YoY
- Strong 9% revenue growth on loan and deposit growth of 6% and 5% YoY respectively (see slide 18)
  - Solid mortgage growth of 6%
  - Strong business loan growth of 13%
  - NIM of 2.74%, up 6 bps QoQ and 12 bps YoY
  - Higher card service revenue resulting from higher purchase volumes and higher AUA balances driving higher mutual fund distribution fees YoY
- Total PCL up YoY due to adoption of IFRS 9 in Q1/18
  - PCL ratio on impaired loans[1] of 26 bps, relatively stable QoQ and YoY
- Non-interest expense up 8% YoY with continued investments in talent and technology to support business growth and digital initiatives
- Year-to-date operating leverage of 2.1% after excluding gains related to the reorganization of Interac and the sale of Moneris[2] (reported YTD operating leverage is -0.6%)

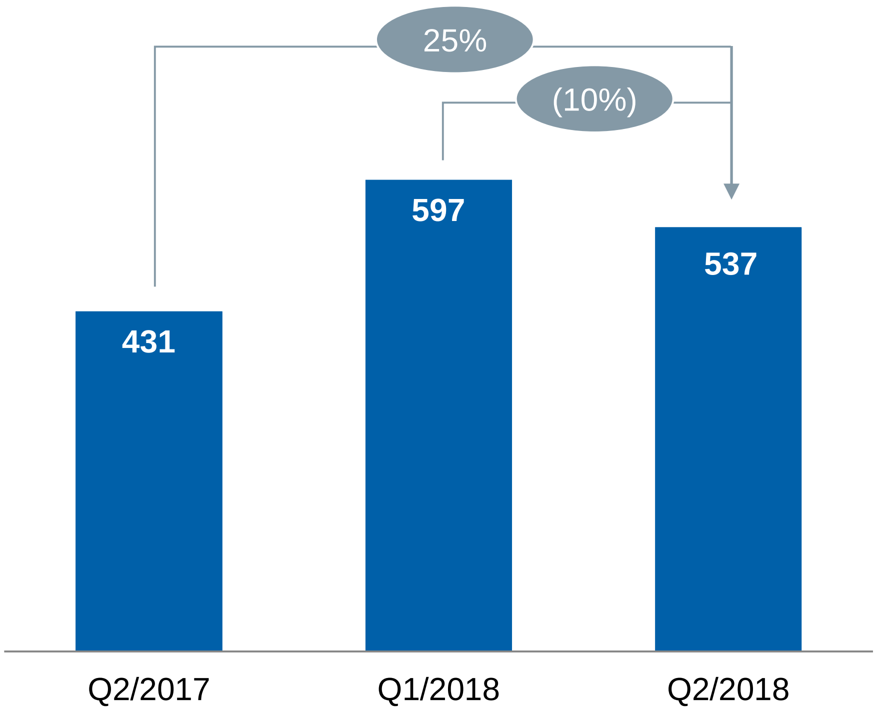
Caribbean & U.S. Banking

- Net income of $33 million, down $11 million YoY largely due to unfavourable FX translation and higher PCL

(1) PCL on impaired loans ratio under IFRS 9 is calculated using PCL on Stage 3 loans and acceptances as a percentage of average net loans and acceptances. Stage 3 allowances are held against impaired loans and effectively replace the allowance for impaired loans under IAS 39. (2) For the three months ended January 31, 2017, our results included our share of a gain of $212MM (before-and after-tax) related to the sale of the U.S. operations of Moneris Solutions Corporation (Moneris gain on sale). For the three months ended January 31, 2018, our results included a gain of $27MM after tax ($31MM pre-tax) related to the reorganization of Interac. Results excluding these gains are non-GAAP measures. For more information and a reconciliation, see slides 25 and 26.

Double-digit earnings growth in Wealth Management

Net Income ($ millions)



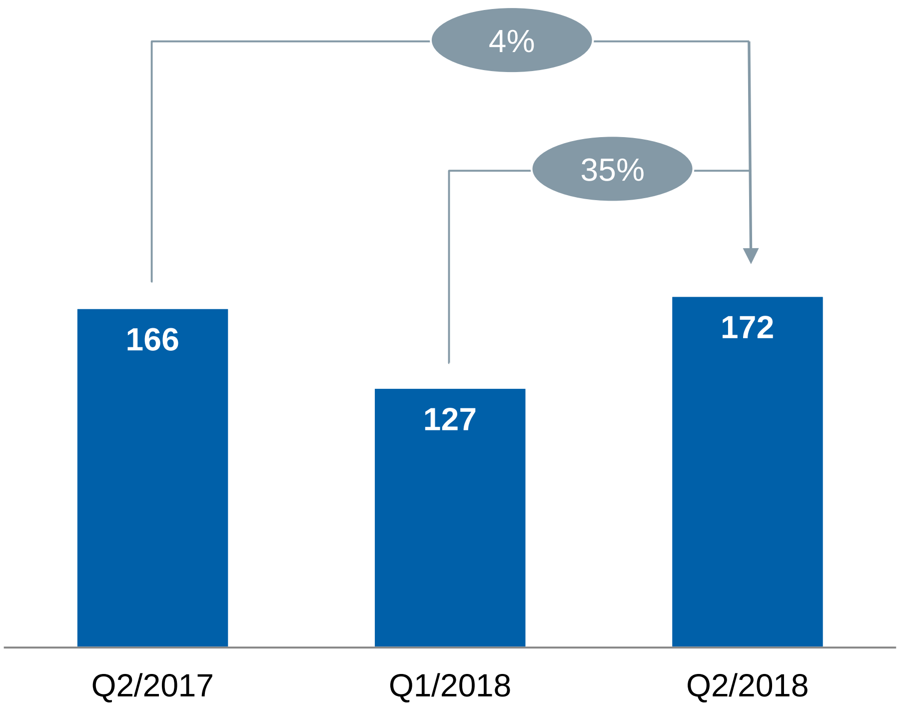
	YoY	QoQ
Assets Under Administration	1%	1%
Assets Under Management	8%	1%

Q2/2018 Highlights

- Net income of $537 million, up 25% YoY – our second highest quarter on record, with strong operating leverage
  - Growth in average fee-based assets reflecting net sales and capital appreciation
  - Higher net interest income reflecting higher interest rates and volume growth
  - Operating leverage was strong, even with higher costs to support business growth, and higher regulatory costs in the U.S.
  - Lower effective tax rate reflected benefits from the U.S. Tax Reform
- Net income down 10% QoQ, impacted by a less favourable market environment and fewer days in the current quarter
  - Lower transaction and performance fee revenue and a net change in the fair value of our U.S. share-based compensation plan impacted earnings
  - Prior quarter included a favourable accounting adjustment related to City National (CNB)

Solid results in Insurance

Net Income ($ millions)

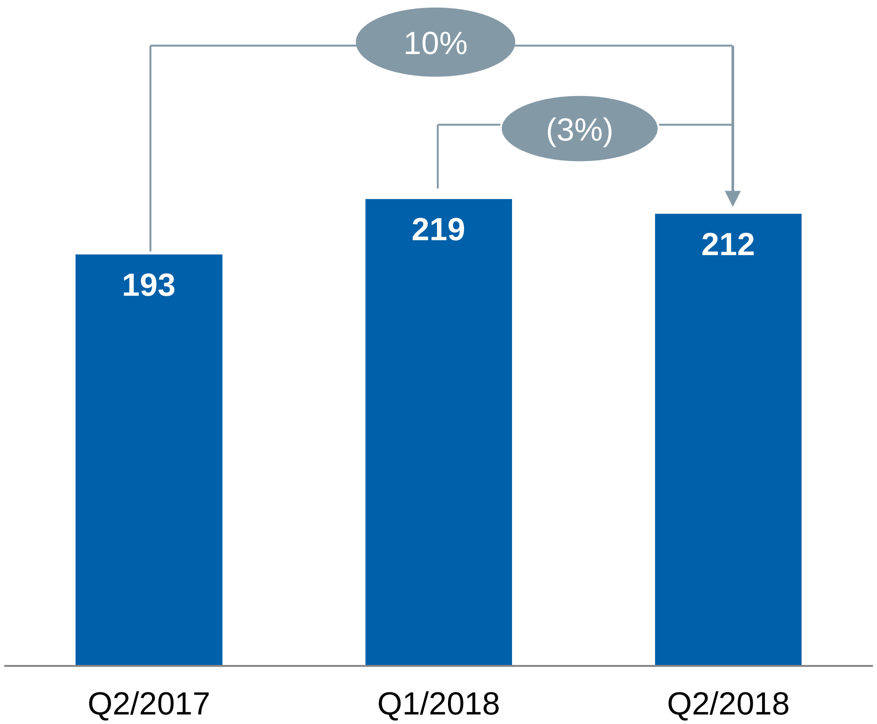


Q2/2018 Highlights

- Net income of $172 million, up 4% YoY
  - Favourable investment-related experience
  - Partially offset by:
    - Higher claims volumes in life retrocession and disability
- Net income up 35% QoQ
  - Favourable investment-related experience
  - Lower disability claims volumes in Canada

Strong earnings growth in Investor & Treasury Services

Net Income ($ millions)

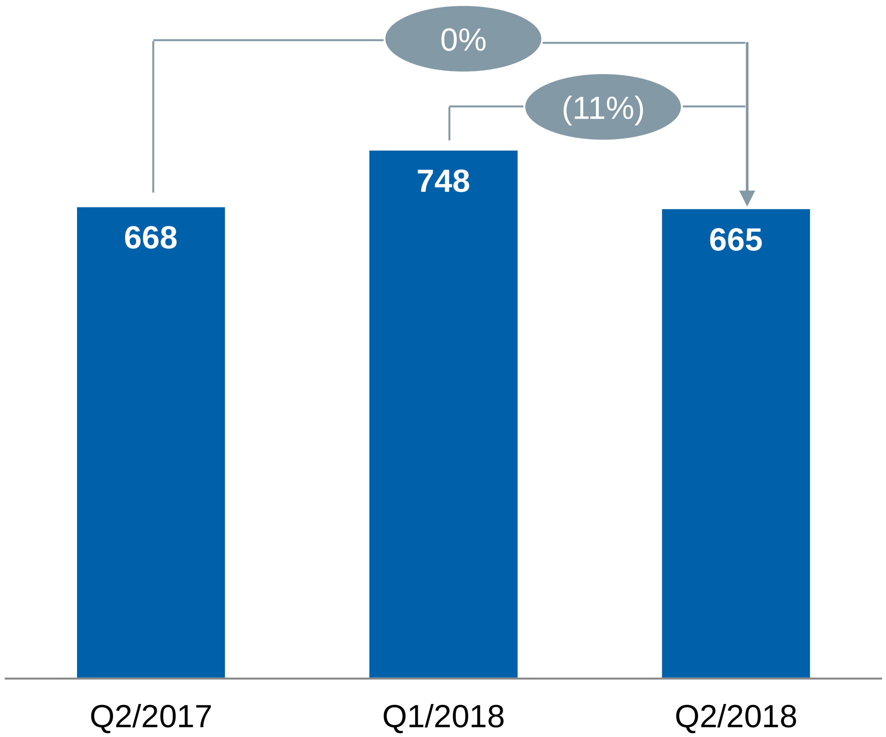


Q2/2018 Highlights

- Net income of $212 million, up 10% YoY
  - Higher revenue from asset services business including custody
  - Improved margins driven by rate hikes
  - Growth in client deposits
  - Partially offset by:
    - Lower funding and liquidity revenue
    - Higher investment in client-focused technology initiatives
- Net income down 3% QoQ
  - Decreased funding and liquidity revenue including lower gains from the disposition of certain securities
  - Partially offset by:
    - Increased revenue from asset services business including custody driven by higher client activity and market volatility
    - Improved margins

Stable earnings in Capital Markets amid challenging market conditions

Net Income ($ millions)



Revenue	YoY	QoQ
Corporate and Investment Banking	(5%)	(3%)
Global Markets	(6%)	(11%)

Q2/2018 Highlights

- Net income of $665 million, flat YoY – our third highest quarter on record
  - A lower effective tax rate
  - Higher Municipal Banking revenue, higher European Investment Banking revenue, and increased revenue in lending business in Canada and Europe
  - Lower PCL
  - Offset by:
    - Lower revenue in Global Markets and Corporate and Investment Banking (C&IB) mainly in the U.S.
    - Negative impact of FX translation
- Net income down 11% QoQ
  - Lower equity originations mainly in North America and lower equity trading in the U.S. reflecting lower market activity
  - Decreased fixed income trading revenue
  - Partially offset by:
    - Higher European Investment Banking revenue
    - Lower variable compensation on decreased results
    - Lower PCL
    - Higher municipal banking activity

Risk Review

Graeme Hepworth

Chief Risk Officer

Credit quality remains strong

PCL Breakdown ($ MM)	IAS 39[1] Q2/17	IFRS 9[2] Q1/18 Stage 1+2	Q1/18 Stage 3	Q1/18 Total	Q2/18 Stage 1+2	Q2/18 Stage 3	Q2/18 Total
Personal & Commercial Banking	**$ 262**	$ 36	$ 276	**$ 312**	$ 24	$ 282	**$ 306**
PCL Ratio on Loans (bps)	***27 bps***		*26 bps*	***30 bps***		*28 bps*	***30 bps***
Canadian Banking	**$ 256**	$ 34	$ 268	**$ 302**	$ 30	$ 261	**$ 291**
PCL Ratio on Loans (bps)	***27 bps***		*26 bps*	***29 bps***		*26 bps*	***29 bps***
Wealth Management	**$ 15**	($ 7)	$ 5	**($ 2)**	($ 21)	$ 1	**($ 20)**
PCL Ratio on Loans (bps)	***12 bps***		*4 bps*	***(1) bp***		*1 bp*	***(15) bps***
Capital Markets	**$ 24**	($ 20)	$ 45	**$ 25**	($ 23)	$ 14	**($ 9)**
PCL Ratio on Loans (bps)	***12 bps***		*22 bps*	***12 bps***		*7 bps*	***(5) bps***
Total PCL on Loans & Acceptances[3]	**$ 302**	$ 9	$ 325	**$ 334**	($ 20)	$ 298	**$ 278**
PCL Ratio on Loans (bps)	***23 bps***	*1 bp*	*23 bps*	***24 bps***	*(2) bps*	*22 bps*	***20 bps***
PCL on Other Financial Assets	n/a			$ 0			($ 4)
Total PCL	**$ 302**			**$ 334**			**$ 274**

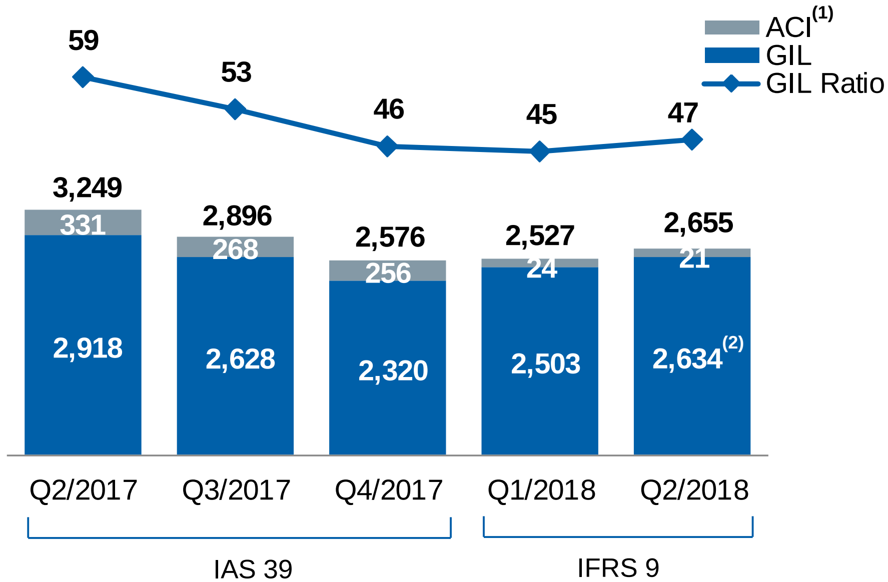
QoQ Movement:

Personal & Commercial Banking	**Canadian Banking:** ▪ Lower PCL on performing loans (Stages 1+2), mainly in Personal Banking ▪ Lower PCL on impaired loans (Stage 3) mainly due to lower PCL in our Commercial and Personal Lending portfolios, partially offset by higher PCL in our Cards portfolio **Caribbean & U.S. Banking:** ▪ Higher total PCL in Caribbean Banking
Wealth Management	▪ Lower total PCL primarily due to lower provisions on performing loans (Stages 1+2) in City National and lower PCL on impaired loans (Stage 3)
Capital Markets	▪ Lower PCL primarily due to lower provisions on impaired loans (Stage 3) across multiple sectors

(1) PCL on impaired loans under IAS 39 prior to Q1/2018. (2) Stage 3 PCL under IFRS 9. Stage 3 allowances are held against impaired loans and effectively replace the allowance for impaired loans under IAS 39. (3) Total amount includes Investor & Treasury Services, Insurance and Corporate Support.

Gross Impaired Loans remain relatively stable

Gross Impaired Loans ($ millions)



Q2/2018 Impaired Formations ($ millions)

Segments	New Formations		Net Formations[3]
	Q2/2018	QoQ	
Personal & Commercial Banking	402	(58)	42
Canadian Banking	345	(56)	12
Caribbean & U.S. Banking	57	(2)	30
Wealth Management	47	(8)	(45)
Capital Markets	145	(34)	131
Total GIL[4]	**594**	**(100)**	**128**

Key Drivers of Gross Impaired Loans (GIL)

Personal & Commercial Banking

- Caribbean Banking GIL increased $32 million QoQ primarily in our Commercial and Residential Mortgages portfolios
- Canadian Banking GIL increased $12 million QoQ reflecting higher impaired loans in our Canadian Business Banking portfolios
- U.S. Banking GIL decreased $2 million QoQ

Wealth Management

- GIL decreased $45 million mainly reflecting:
  - $30 million decrease due to repayment from one account
  - $15 million decrease in CNB, as loans returned to performing status

Capital Markets

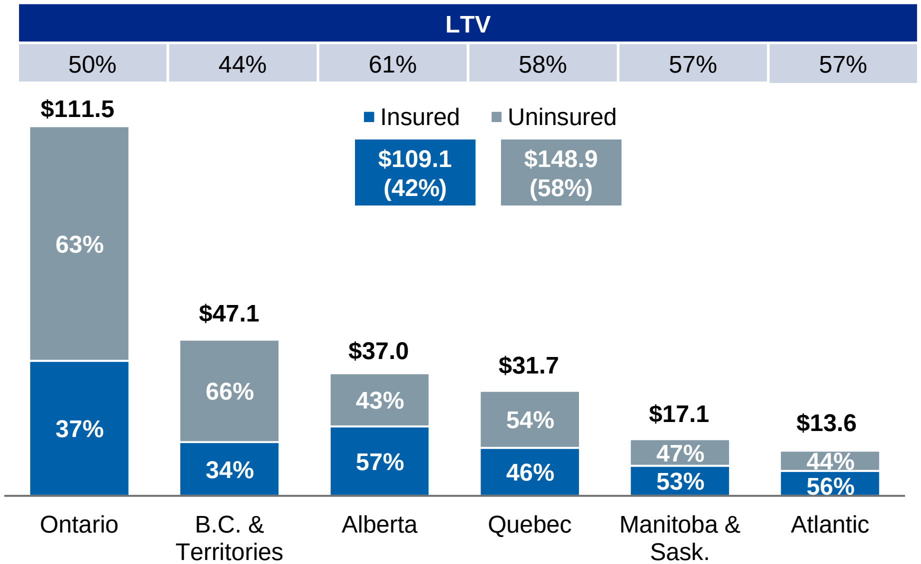
- GIL increased $131 million QoQ due to additional impairments on a few oil and gas loans

(1) ACI: Acquired Credit Impaired. (2) We are excluding acquired impaired loans from GIL that have returned to performing status on a prospective basis, commencing in Q1/2018. As at April 30, 2018, $21 million of ACI loans that remain impaired are included in GIL. (3) Includes loan write-offs, new impaired loans, loan repayments, loans returning to performing, foreign exchange and other. (4) Total GIL includes Insurance, Investor and Treasury Services and Corporate Support.

Canadian Banking – strong underlying credit quality

Canadian Residential Mortgage Portfolio[1]

As at April 30, 2018 ($ billions)



Loans 90+ Days Past Due

- Delinquencies largely stable across our retail portfolios

Loan 90+ Days Past Due by Product	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Residential Mortgages	0.22%	0.20%	0.19%	0.19%	0.19%
Personal Lending	0.28%	0.26%	0.26%	0.28%	0.28%
Credit Cards	0.77%	0.66%	0.70%	0.80%	0.76%
Small Business Loans	1.03%	0.87%	0.84%	0.95%	0.91%

Canadian Banking Residential Lending Portfolio[2]

As at April 30, 2018

	Total ($275.5BN)	Uninsured ($189.4BN)
Mortgage	**$235.0BN**	**$148.9BN**
HELOC	**$40.5BN**	**$40.5BN**
LTV [2]	**52%**	**51%**
GVA	42%	41%
GTA	48%	48%
Average FICO Score[2]	**788**	**796**
90+ Days Past Due[2][3]	**19 bps**	**16 bps**
GVA	4 bps	3 bps
GTA	6 bps	6 bps

PCL on Impaired Loans (Stage 3)[3][4]

- Seasonally higher PCL QoQ in credit cards, following a seasonal uptick in 90+ day delinquencies last quarter

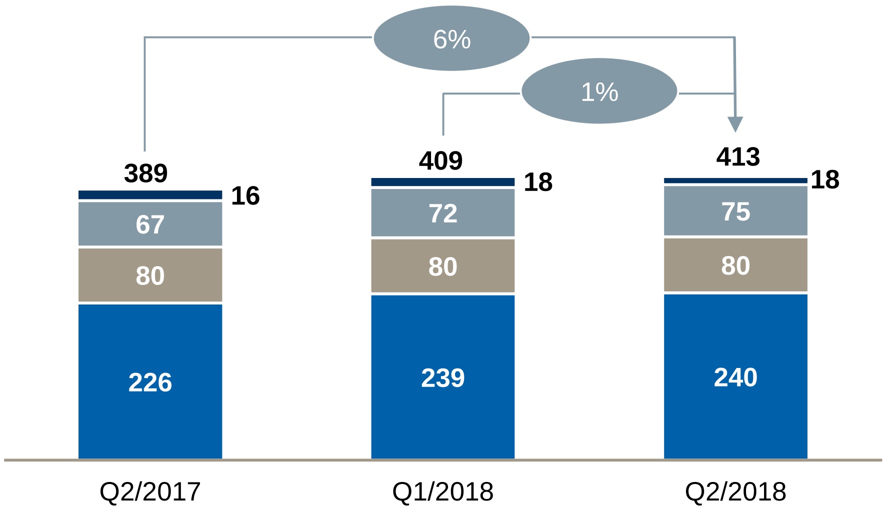
PCL Ratio by Product	IAS 39[5]			IFRS 9[6]	
	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Residential Mortgages	0.02%	0.01%	0.02%	0.02%	0.01%
Personal Lending	0.50%	0.49%	0.50%	0.55%	0.54%
Credit Cards	2.73%	2.47%	2.33%	2.39%	2.77%
Small Business Loans	0.90%	0.63%	0.85%	0.64%	0.67%

(1) Canadian residential mortgage portfolio of $258BN comprised of $235BN of residential mortgages, $7BN of mortgages with commercial clients ($4BN insured) and $16BN of residential mortgages in Capital Markets held for securitization purposes. (2) Based on $235BN in residential mortgages and HELOC in Canadian Banking ($40.5BN). (3) Effective November 1, 2017, we adopted IFRS 9, which introduced a three-stage expected credit loss impairment model that differs significantly from the incurred loss model under IAS 39. (4) Calculated using average net of allowance on impaired loans. (5) PCL on impaired loans under IAS 39. (6) Stage 3 PCL under IFRS 9. Stage 3 allowances are held against impaired loans and effectively replace the allowance for impaired loans under IAS 39.

Appendices

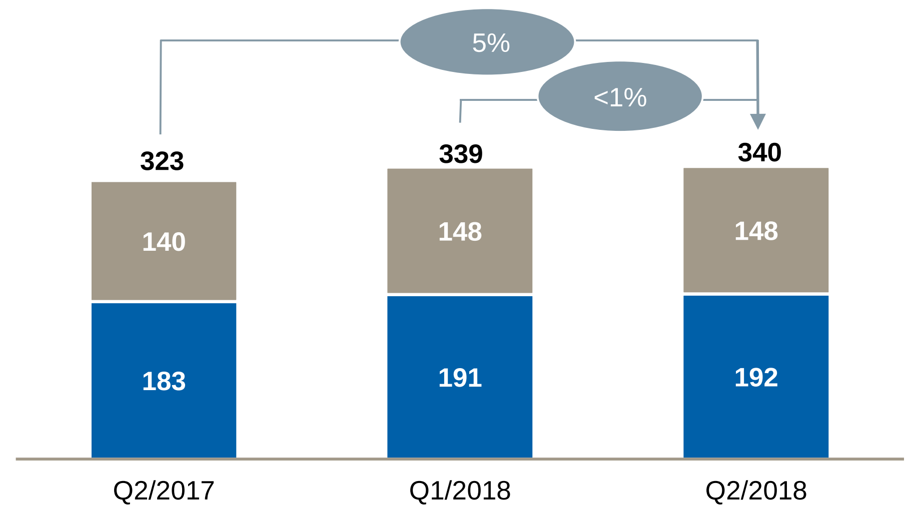
Canadian Banking benefitted from volume growth and higher spreads

Average Gross Loans & Acceptances[1] *($ billions)*



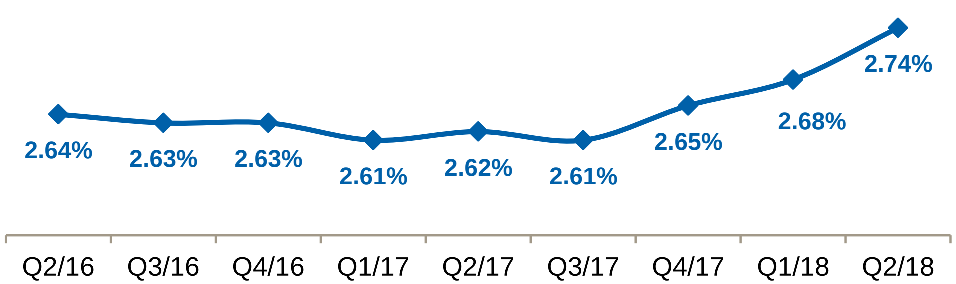
Percentage Change[1]		YoY	QoQ
Residential Mortgages	■	6.4%	0.7%
Personal Lending	■	(0.1%)	(0.4%)
Credit Cards	■	7.3%	(1.1%)
Business (Including Small Business)	■	12.8%	3.7%

Average Deposits[1] *($ billions)*

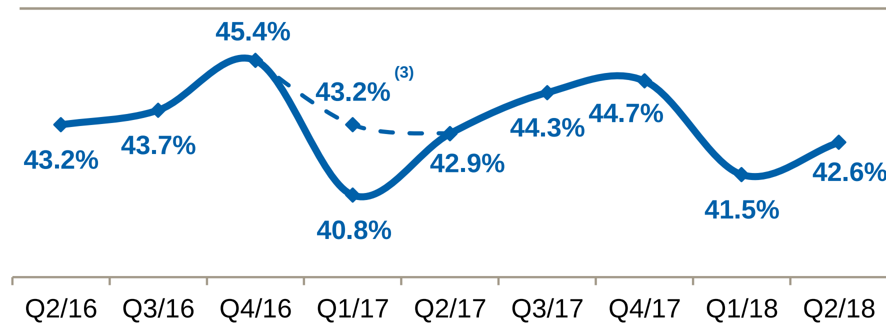


Percentage Change[1]		YoY	QoQ
Personal Deposits	■	4.8%	0.4%
Business Deposits	■	5.3%	(0.1%)

Net Interest Margin



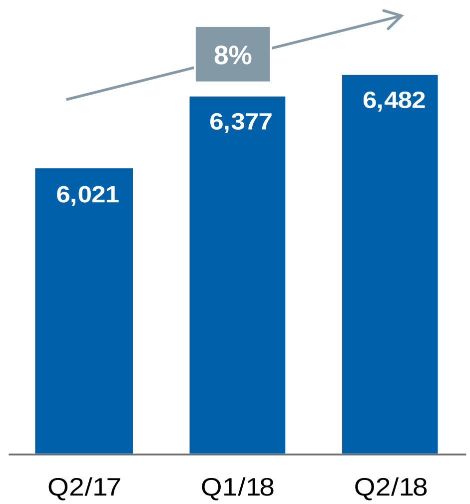
Efficiency Ratio[2]



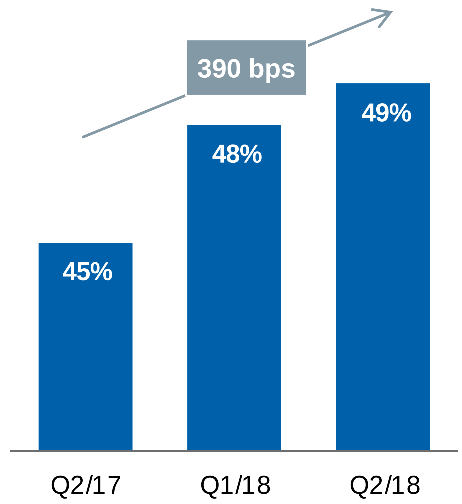
(1) Totals may not add and percentage change may not reflect actual change due to rounding. (2) Effective Q4/2017, service fees and other costs incurred in association with certain commissions and fees earned are presented on a gross basis in non-interest expense. Comparative amounts have been reclassified to conform with this presentation. (3) Efficiency ratio: Non-interest expense as a percentage of total revenue. Adjusted efficiency ratio excludes our share of a gain related to the sale of the U.S. operations of Moneris Solutions Corporation (Moneris gain on sale). This is a non-GAAP measure. For more information and a reconciliation, see slides 25 and 26.

Transforming the distribution network in Canadian Banking

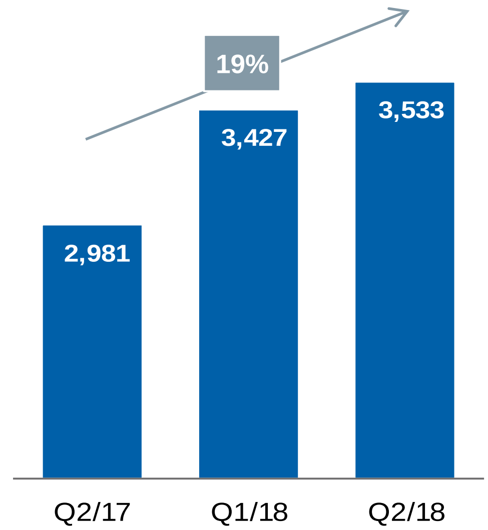
Active Digital Users(1)



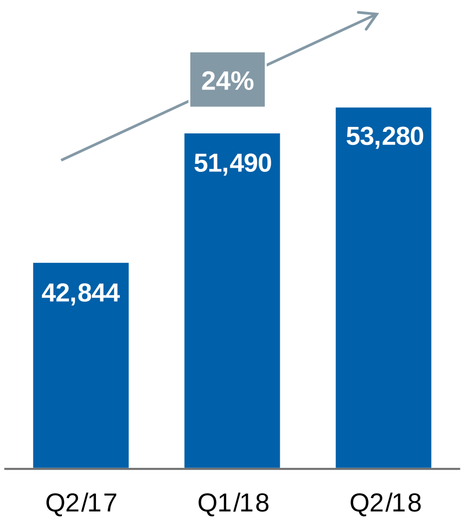
Digital Adoption Rate(2)



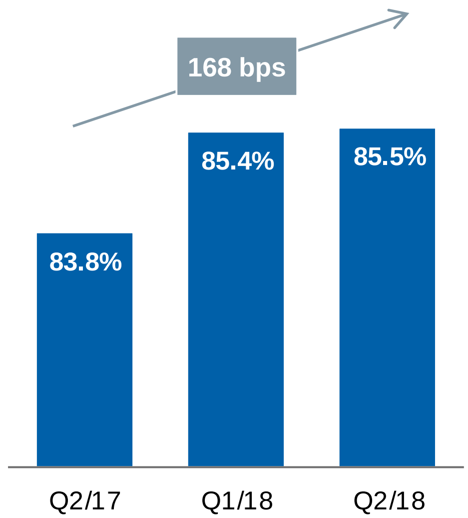
Active Mobile Users(1)



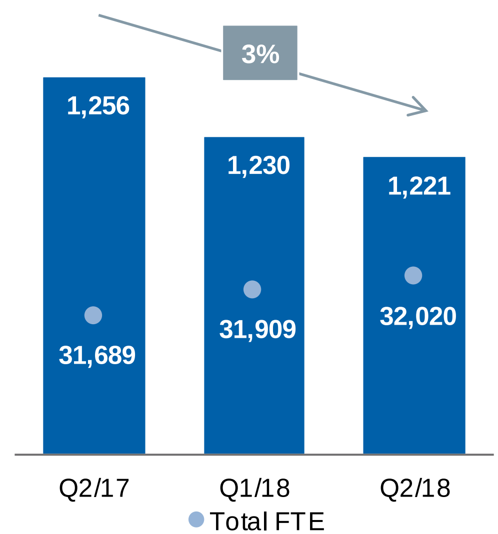
Mobile Sessions(3)



Self-Serve Transactions(4)



Branches

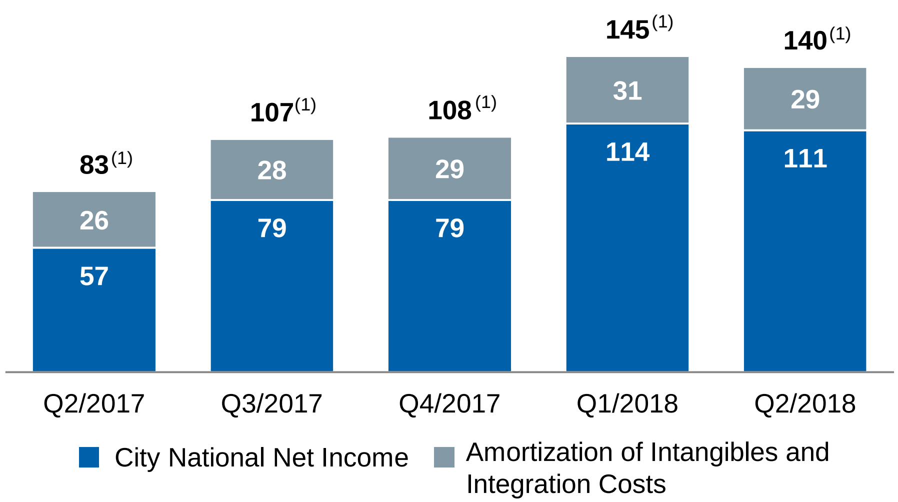


(1) These figures (in 000s) represent the 90-Day Active customers in Canadian Banking only and are spot values. (2) Digital Adoption rate calculated using 90-day active users. (3) These figures (in 000s) represents the total number of application logins using a mobile device. (4) Financial transactions only.

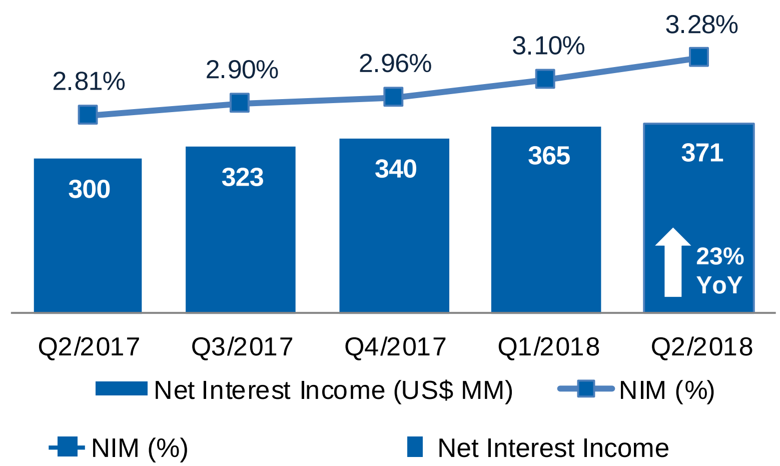
Continued momentum in U.S. Wealth Management (including CNB)

Select Financial Items	Q2/2018 *(US$ millions)*	YoY	Q2/2018 Highlights
Revenue – U.S. Wealth Management (incl. CNB)	$977	9%	▪ Higher net interest income reflecting the impact from volume growth and higher U.S. interest rates, higher average fee-based assets reflecting net sales and capital appreciation, and higher transaction revenue
CNB Contribution:			▪ **CNB:** Net income of US$111 million
Revenue	$483MM	20%	– US$140 million(1) excluding amortization of intangibles and integration costs of US$29 million after-tax
Expenses	$381MM	15%	– NIM of 3.28%, up 18 bps QoQ largely due to the impact of higher U.S. interest rates and a shift in portfolio mix toward higher yielding loans vs. securities
Net Income	$111MM	93%	
Loans	$32BN	15%	– Strong double-digit loan growth of 15% driven by expansion in new and existing markets, continued investment in sales colleagues, and synergies with other RBC platforms
Deposits	$42BN	5%	

CNB Net Income (US$ millions)



CNB NIM & Net Interest Income (US$ millions)



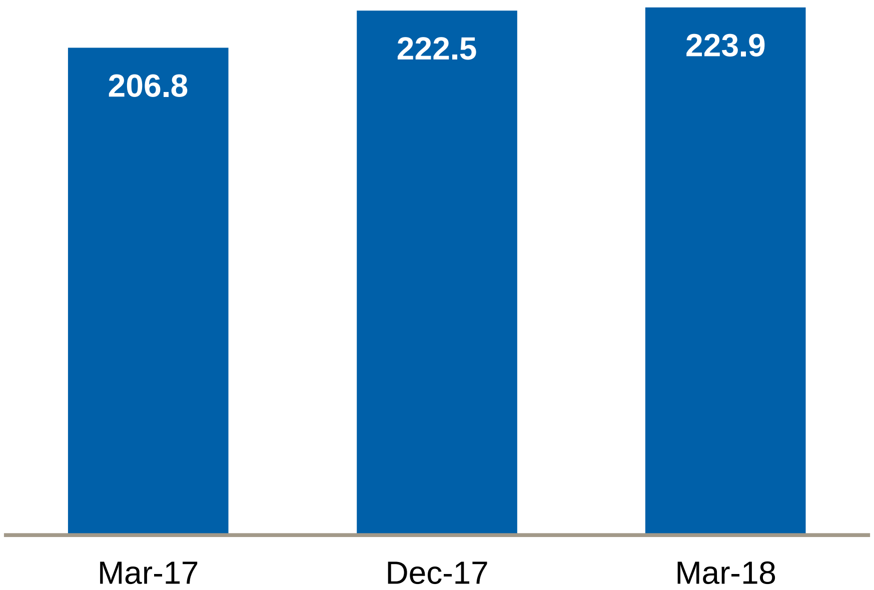
All balance sheet figures represent average balances.

(1) Adjusted net income excludes amortization of intangibles and integration costs, which was US$29MM after-tax (US$41MM before-tax) in Q2/2018. This is a non-GAAP measure. For more information, see slide 26.

Stable growth in Canadian retail assets under management

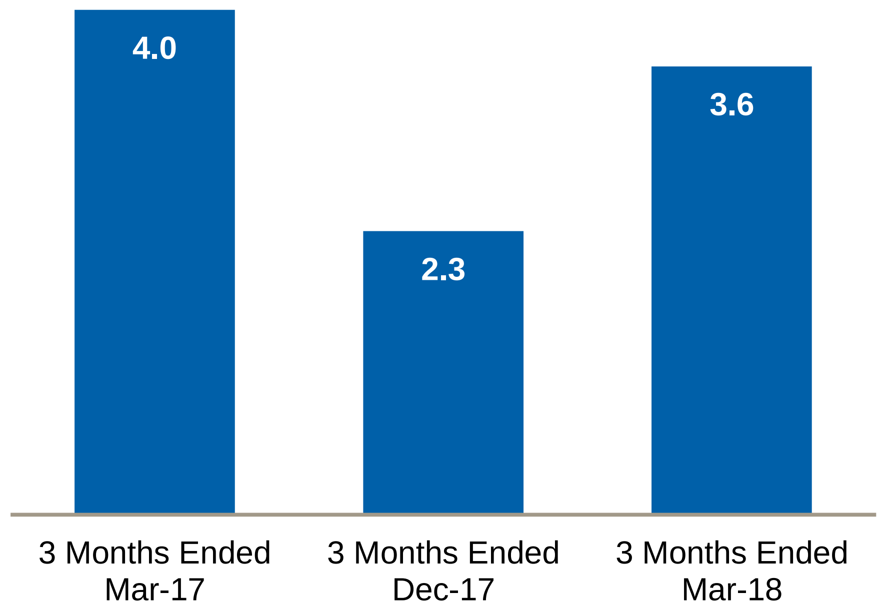
Assets Under Management ($ billions)

All-in Market Share[1]		
14.9%	15.1%	15.1%



Net Sales ($ billions)

All-in Market Share[1]		
21.3%	40.8%[2]	24.8%

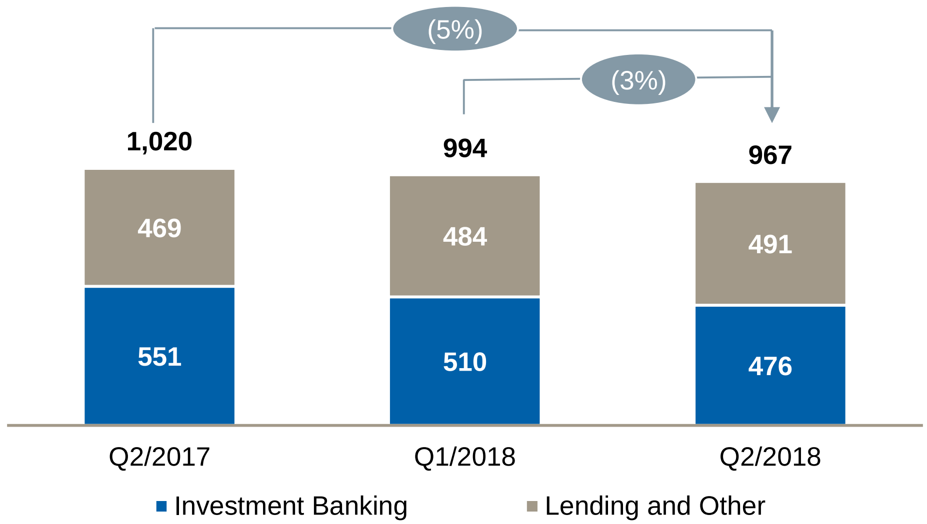


- RBC Global Asset Management (GAM) ranks #1 in market share by AUM with 15.1% of all-in[1] share; amongst the bank fund companies, RBC has market share of 32.8%
- RBC GAM captured on average 25.2% of total industry net sales for the past 12 months[1]

(1) Investment Funds Institute of Canada (IFIC) as at March 2018 and RBC reporting. Comprised of long-term funds and money market funds. (2) Market share for the three months ended December 2017 resulted from a combination of flows from Institutional clients to some mutual fund mandates as well as stronger than market sales capture in branch and broker channels.

Capital Markets revenue breakdown by business

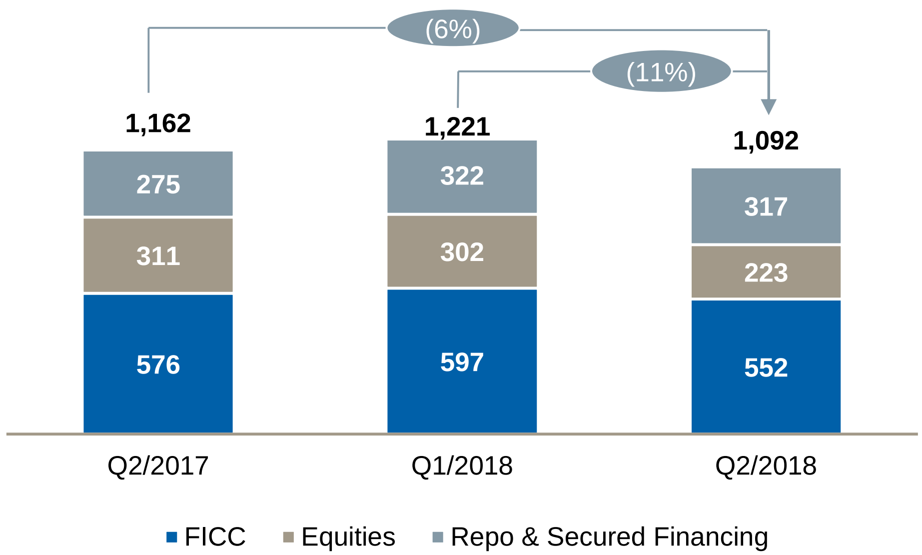
Corporate & Investment Banking Revenue Breakdown by Business ($ millions)



YoY:
- Lower equity origination and loan syndication activity in North America and lower M&A and debt origination fees in the U.S. given lower global fee pools, as well as the impact of FX translation
- Partially offset by higher municipal banking revenue, stronger European Investment Banking revenue, and increased revenue in our lending business in Canada and Europe

QoQ:
- Lower global fee pools led to lower equity originations mainly in North America and decreased M&A and debt originations mainly in the U.S.
- Partially offset by stronger M&A activity in Canada and Europe, increased municipal banking revenue and the impact of FX translation

Global Markets Revenue Breakdown by Business ($ millions)

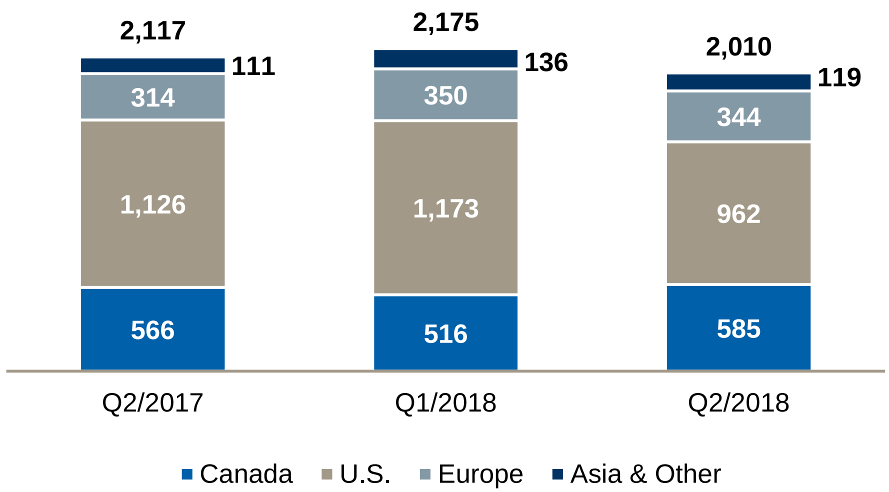


YoY:
- Lower equity and debt origination activity largely in the U.S., lower fixed income trading revenue in Europe and the U.S. and lower foreign exchange trading mainly in Canada given softer market conditions and lower global fee pools, as well as the impact of FX translation
- Offset by strong fixed income trading in Canada and gains from the disposition of certain securities

QoQ:
- Lower fixed income trading across all regions, lower equity trading in the U.S. and lower equity originations mainly in North America
- Partially offset by the impact of FX translation and increased equity trading in Canada

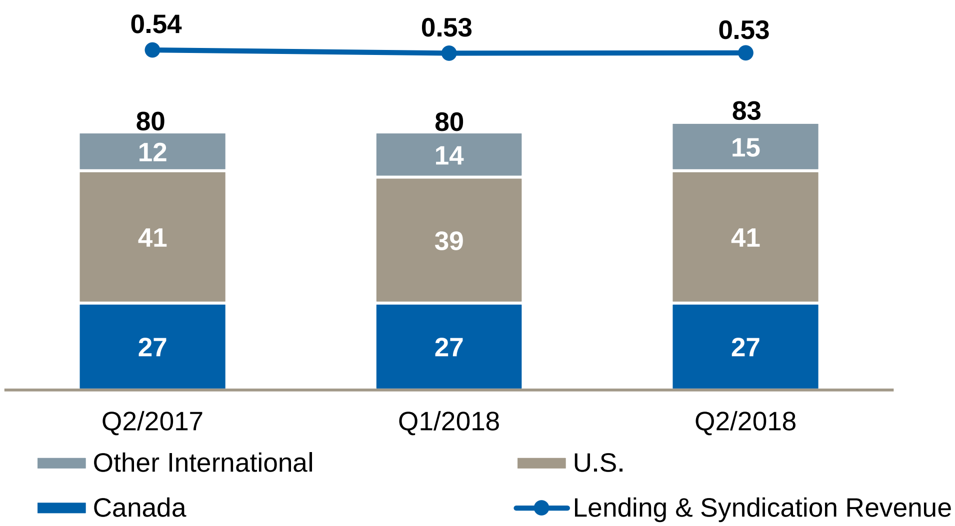
Capital Markets revenue and loan breakdown by geography

Capital Markets Revenue Breakdown by Geography ($ millions)



- **Canada:** Up YoY driven by strong revenue in lending business, fixed income trading, and gains from the disposition of certain securities, partially offset by lower equity underwriting and foreign exchange trading
- **U.S.:** Down YoY due to lower investment banking fees across all products, the impact of FX translation, lower lending revenues, and lower fixed income trading, partially offset by higher municipal banking revenue
- **Europe:** Up YoY due to higher M&A fees, the impact of FX translation, strong lending revenues, and higher equities trading, partially offset by weaker fixed income trading
- **Asia & Other:** Up YoY from higher fixed income trading, offset partially by lower debt origination fees

Capital Markets Lending & Syndication Revenue and Average Loans and Acceptances by Geography (1) ($BN)

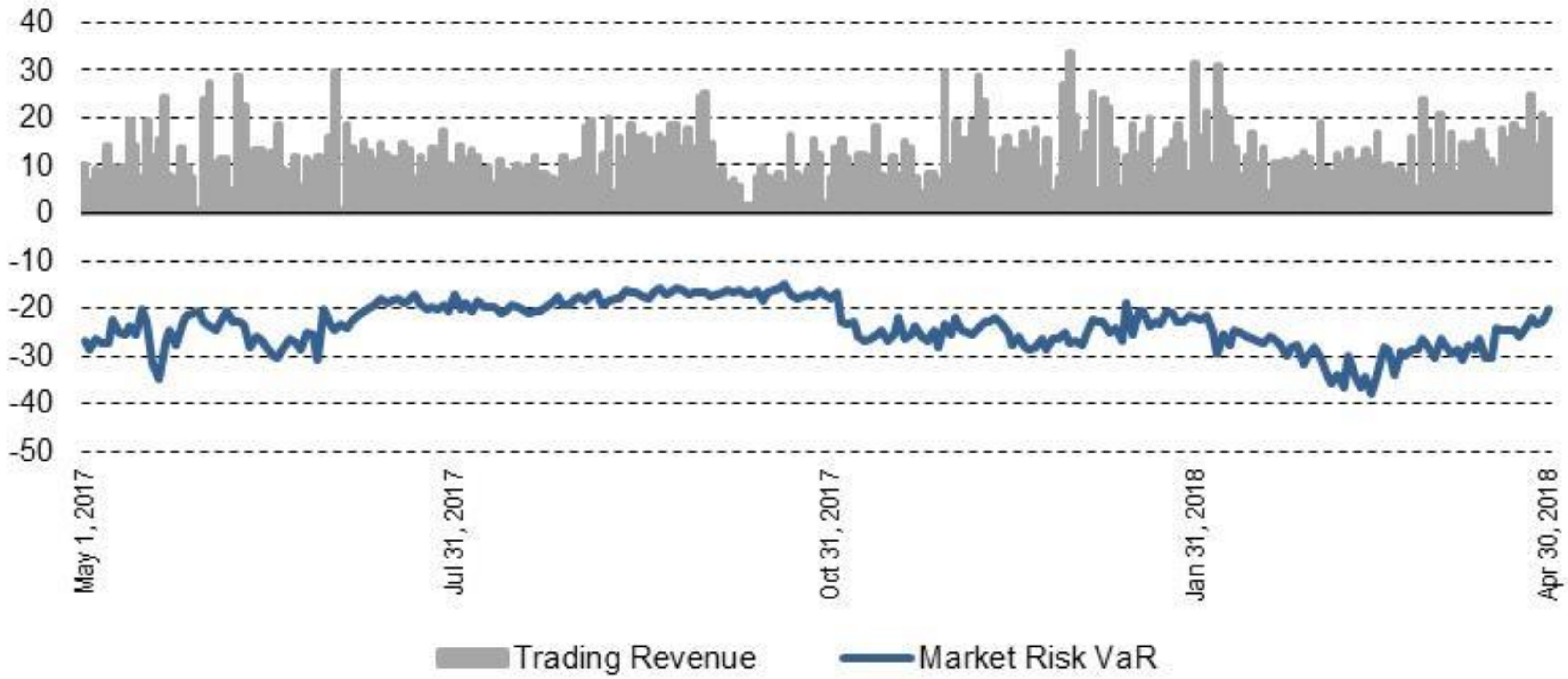


- Continue to deepen and optimize client relationships
- Diversification driven by strict limits on a single name basis, country, industry and product levels across all businesses, portfolios, transactions and products
- Consistent lending standards throughout the cycle
- Approximately 58% of our total Capital Markets exposure(2) is investment grade

(1) Average loans & acceptances, includes letters of credit and guarantees for our Capital Markets portfolio, on single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. This is a non-GAAP measure. For more information, see slide 26. (2) Total exposure represents exposure at default (EAD) which is the expected gross exposure upon the default of an obligor.

Market risk trading revenue and VaR

($ millions)



- During the quarter, there were no days with net trading losses
- Average market risk VaR of $28 million increased $3 million YoY, largely due to the change in classification of certain equity and interest rate-sensitive portfolios from available-for-sale to FVTPL[1] as a result of adopting IFRS 9. Growth in certain fixed income portfolios, and higher average equity exposures mainly attributable to increased market volatility also contributed to the increase
  - Average market risk VaR of $28 million increased $3 million QoQ, largely driven by growth in certain fixed income portfolios as reflected in our interest rate VaR

(1) Fair Value Through Profit or Loss.

Items impacting 2017 and 2018 results

Specified Item: Moneris Gain on Sale ($ millions, except for EPS and percentages)	Reported	Moneris Gain on Sale[1]	Adjusted[2]
Q1/2017			
Consolidated			
Net Income	$3,027	($212)	$2,815
Basic EPS	$1.98	($0.14)	$1.84
Diluted EPS	$1.97	($0.14)	$1.83
ROE	18.0%		16.7%

Other Items ($ millions, except for EPS)	Segments	After-Tax	Diluted EPS
Q1/2018			
U.S. Tax Reform Write-down	Corporate Support	($178)	($0.12)
Interac Gain	Personal & Commercial Banking	$27	$0.02
Favourable Accounting Adjustment Related to CNB	Wealth Management	$23	$0.02
		($128)	**($0.08)**

(1) Personal & Commercial Banking and Canadian Banking. (2) These are non-GAAP measures. For more information, see slide 26.

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, including results excluding our share of a gain related to the sale of the U.S. operations of Moneris Solutions Corporation (Moneris gain on sale), results excluding the impact of the Tax Cuts and Jobs Act, results excluding the gain related to the reorganization of Interac, revenue net of Insurance fair value change of investments backing our policyholder liabilities, adjusted City National results and NIM excluding acquired credit-impaired loans 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 ROE and non-GAAP measures can be found under the “Key performance and non-GAAP measures” sections of our Q2 2018 Report to Shareholders and our 2017 Annual Report.

Definitions can be found under the “Glossary” sections in our Q2 2018 Supplementary Financial Information and our 2017 Annual Report.

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