

Royal Bank of Canada 2013 and Fourth Quarter Results

December 5, 2013

Financial information is presented on a consolidated basis in Canadian dollars and is based on International Financial Reporting Standards (IFRS), unless otherwise noted. Our 2013 Annual Report and Q4 2013 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 and in the accompanying management’s comments and responses to questions during the December 5, 2013 analyst conference call (Q4 presentation), in filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), 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 presentation 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, and 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, regulatory compliance, operational, strategic, reputation and competitive risks and other risks discussed in the Risk management and Overview of other risks sections of our 2013 Annual Report; the impact of regulatory reforms, including relating to the Basel Committee on Banking Supervision’s (BCBS) global standards for capital and liquidity reform, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the regulations issued and to be issued thereunder, over-the-counter derivatives reform, the payments system in Canada, the U.S. *Foreign Account Tax Compliance Act* (FATCA), and regulatory reforms in the United Kingdom (U.K.) and Europe; the high levels of Canadian household debt; cybersecurity; the business and economic conditions in Canada, the U.S. and certain other countries in which we operate; the effects of changes in government fiscal, monetary and other policies; our ability to attract and retain employees; the accuracy and completeness of information concerning our clients and counterparties; the development and integration of our distribution networks; model, information technology and social media risk; and the impact of environmental issues.

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 Q4 presentation are set out in the Overview and outlook section and for each business segment under the heading Outlook and priorities in our 2013 Annual Report. 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 management and the Overview of other risks sections in our 2013 Annual Report.

Information contained in or otherwise accessible through the websites mentioned does not form part of this Q4 presentation. All references in this Q4 presentation to websites are inactive textual references and are for your information only.

Overview

Gordon M. Nixon

President and Chief Executive Officer



FY 2013 performance



Record earnings of \$8.4 billion

Consolidated Results			
(\$ millions, except EPS and ROE)	2013	2012	YoY
Net income	\$8,429	\$7,539	12%
Diluted earnings per share (EPS)	\$5.54	\$4.93	12%
Return on Equity (ROE) ⁽¹⁾	19.4%	19.3%	10 bps

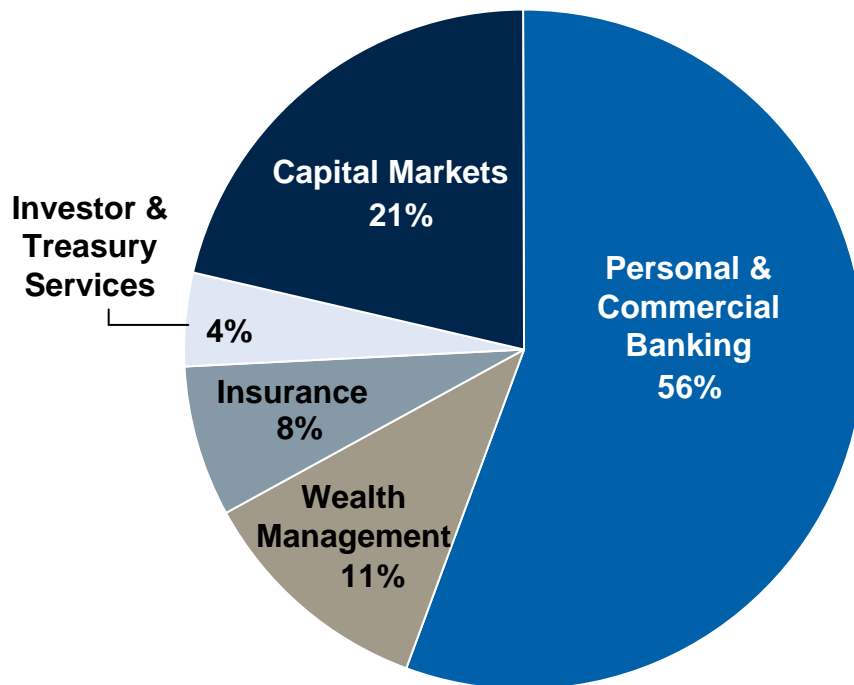
- Record results in Personal & Commercial Banking, Wealth Management and Capital Markets
- Higher earnings in Investor & Treasury Services
- Ongoing focus on efficiency management activities
- Strong capital position

RBC's key strengths

- Diversified business mix, with the right balance of retail and wholesale
- Almost two-thirds of revenue from Canada
- Strategic approach in key businesses in the U.S. and select international markets

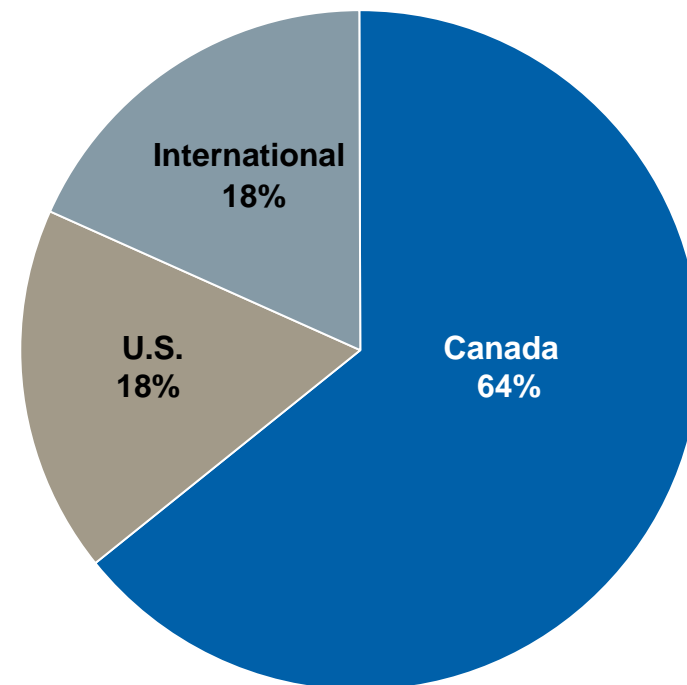
Earnings by business segment⁽¹⁾⁽²⁾

Year ended October 31, 2013



Revenue by geography⁽¹⁾

Year ended October 31, 2013



Financial performance objectives and Total Shareholder Return



Financial performance objectives	2013 Results	Achieved
Diluted EPS growth of 7%+	12.4%	✓
ROE of 18%+	19.4%	✓
Strong capital ratios (CET 1 capital ratio)	9.6%	✓
Dividend payout ratio 40% - 50%	45%	✓

Total Shareholder Returns (TSR) ⁽¹⁾	3-Year TSR	5-Year TSR
RBC	13% <i>2nd quartile</i>	13% <i>2nd quartile</i>
Peer Group Average	11%	9%

- Increased quarterly dividend twice during the year, for a total increase of 12%
- Repurchased 6.8 million shares in 2013
- 1-Year TSR of 28% as at October 31, 2013

Strategic priorities

Strategic goals

- In Canada, to be the undisputed leader in financial services
- Globally, to be a leading provider of capital markets, investor, and wealth management solutions
- In targeted markets, to be a leading provider of select financial services complementary to our core strengths

Strategic priorities

Personal & Commercial Banking	Wealth Management	Insurance	Investor & Treasury Services	Capital Markets
<ul style="list-style-type: none"> ▪ Offering a differentiated experience: value for money, advice, access and service ▪ Making it easier to do business with us and be the lower cost producer ▪ Converging into an integrated multi-channel network ▪ Enhancing client experience and improving efficiency in the Caribbean and U.S. 	<ul style="list-style-type: none"> ▪ Building a high-performing global asset management business ▪ Focusing on high net worth and ultra-high net worth clients to build global leadership ▪ Leveraging RBC and RBC Wealth Management strengths and capabilities 	<ul style="list-style-type: none"> ▪ Improving distribution efficiency and deepening client relationships ▪ Making it easier for clients to do business with us ▪ Pursuing select international opportunities to grow our reinsurance business 	<ul style="list-style-type: none"> ▪ Providing excellence in custody and asset servicing, with an integrated funding and liquidity management business ▪ Focusing on organic growth through client relationships, cross-selling and promoting the RBC brand ▪ Leveraging I&TS as a driver of enterprise growth strategies 	<ul style="list-style-type: none"> ▪ Maintaining our leadership position in Canada ▪ Expanding and strengthening client relationships in the U.S. ▪ Building on core strengths and capabilities in Europe and Asia ▪ Optimizing capital use to earn high risk-adjusted returns on assets and equity

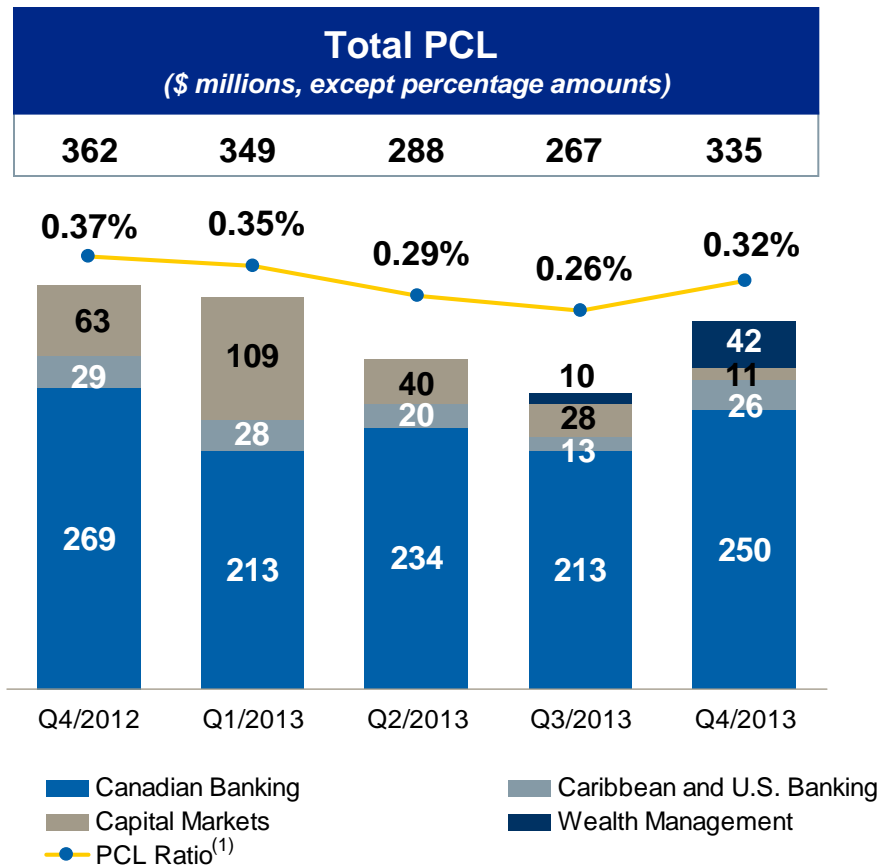
Risk Review

Morten Friis

Chief Risk Officer



Provision for credit losses (PCL)



Personal & Commercial Banking

- PCL increased \$50 million, or 22% QoQ
 - Higher provisions in Canadian and Caribbean banking portfolios

Capital Markets

- PCL decreased \$17 million QoQ as prior quarter reflected higher provisions related to one account

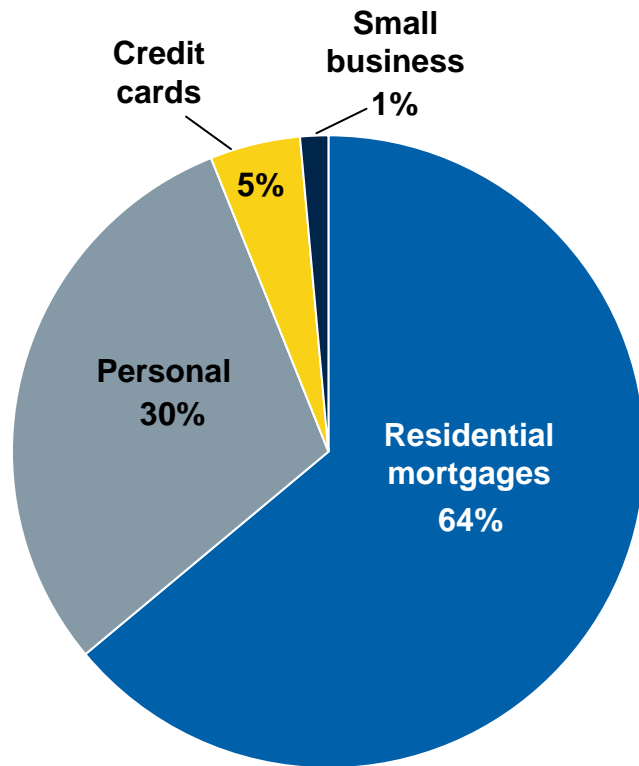
Wealth Management

- PCL increased \$32 million QoQ reflecting higher provisions related to a few accounts

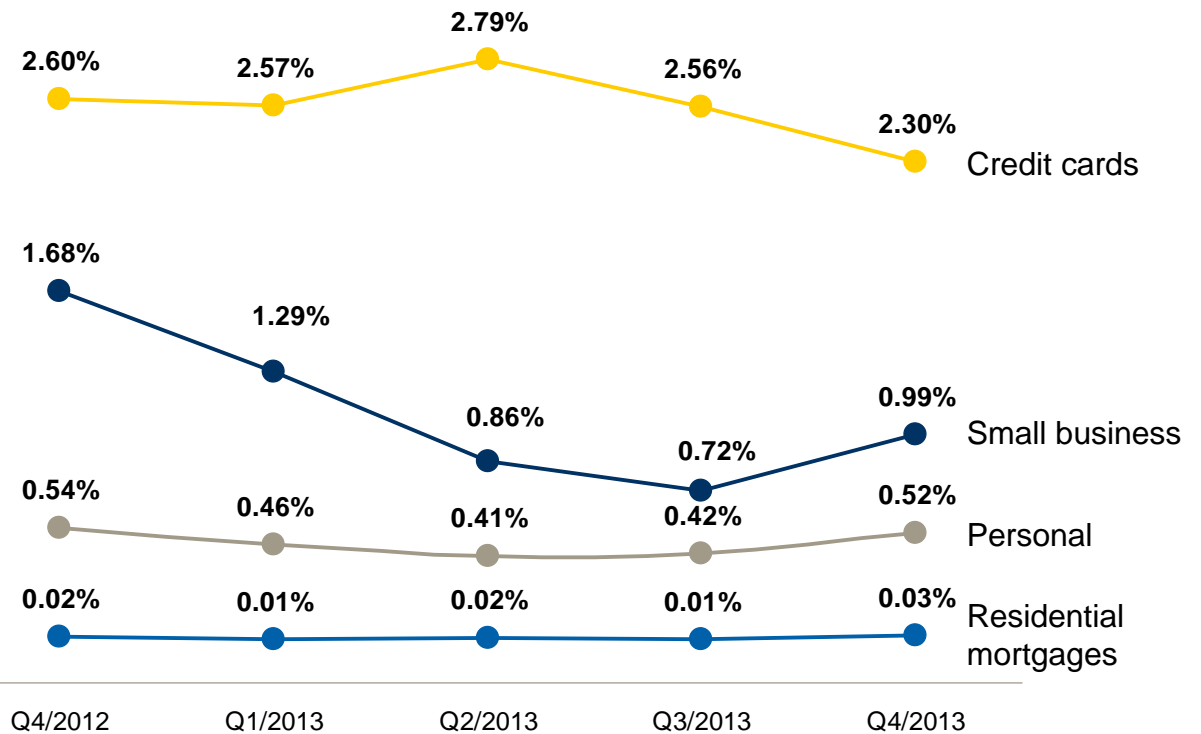
Selected PCL Ratios	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Personal & Commercial Banking	0.37%	0.29%	0.31%	0.26%	0.32%
Canadian Banking	0.34%	0.26%	0.29%	0.25%	0.29%
Capital Markets	0.49%	0.82%	0.31%	0.20%	0.08%

Canadian Banking retail portfolio credit quality

Average retail loans (\$286 billion)



PCL Ratio⁽¹⁾ by product



Credit quality across all products remains stable

Financial Review

Janice Fukakusa

Chief Administrative Officer and Chief Financial Officer



Q4/2013 financial highlights

(\$ millions, except for EPS and ROE)	Q4/2013	Q3/2013	Q4/2012
Revenue	\$7,970	\$7,218	\$7,518
Net income	\$2,119	\$2,304	\$1,911
Diluted earnings per share (EPS)	\$1.40	\$1.52	\$1.25
Return on common equity (ROE) ⁽¹⁾	18.6%	20.9%	18.7%

Earnings up \$208 million, or 11% YoY

- Strong growth in our corporate and investment banking businesses
- Solid volume growth in Canadian Banking
- Higher average fee-based client assets in Wealth Management
- Improved business performance in Investor Services
- Favourable \$124 million income tax adjustment related to prior years
- \$118 million after-tax charge related to proposed legislation in Canada affecting certain individual life insurance policies

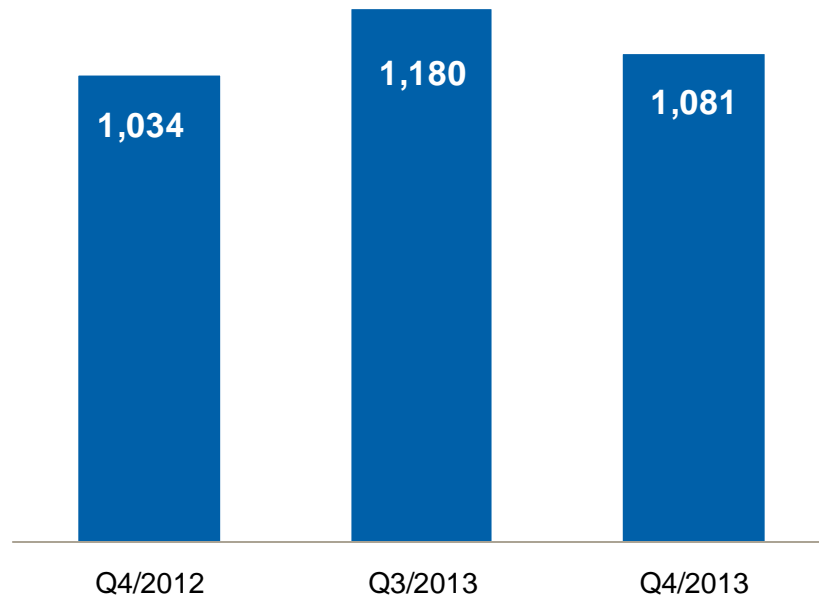
Earnings down \$185 million, or 8% QoQ

- Strong growth in loan syndication and higher debt origination
- Volume growth in Canadian Banking
- \$118 million after-tax charge as noted above
- Higher PCL and moderate spread compression

Personal & Commercial Banking

Net Income

(\$ millions)



Percentage Change	YoY	QoQ
NIAT	5%	(8)%

Q4/2013 Highlights

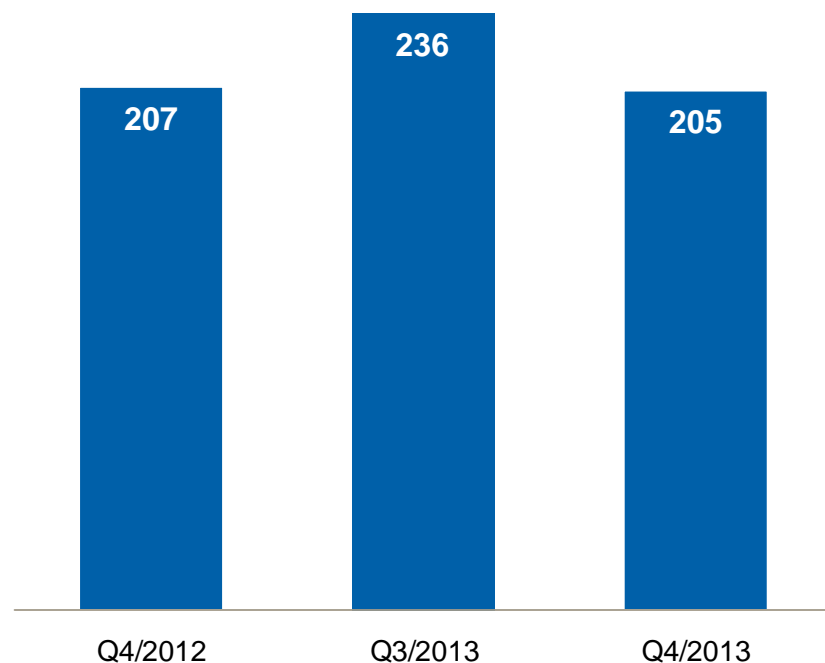
Canadian Banking (Net Income: \$1,102 million)

	Amount (\$ billions)	YoY	QoQ
Loans	\$337	7%	1%
Deposits	\$254	7%	1%

- Solid volume growth across most Canadian businesses, including Ally Canada
 - NIM of 2.70%, down 7 bps QoQ
 - Down 2 bps⁽¹⁾ compared to adjusted Q3/2013 NIM (refer to slide 19)
 - Operating leverage of 0.2%
 - Efficiency ratio of 44.8%
- Caribbean & U.S. Banking**
- Results negatively impacted by a provision related to post-employment benefits and restructuring charges in the Caribbean

Net Income

(\$ millions)



Percentage Change	YoY	QoQ
NIAT	(1)%	(13)%

Q4/2013 Highlights

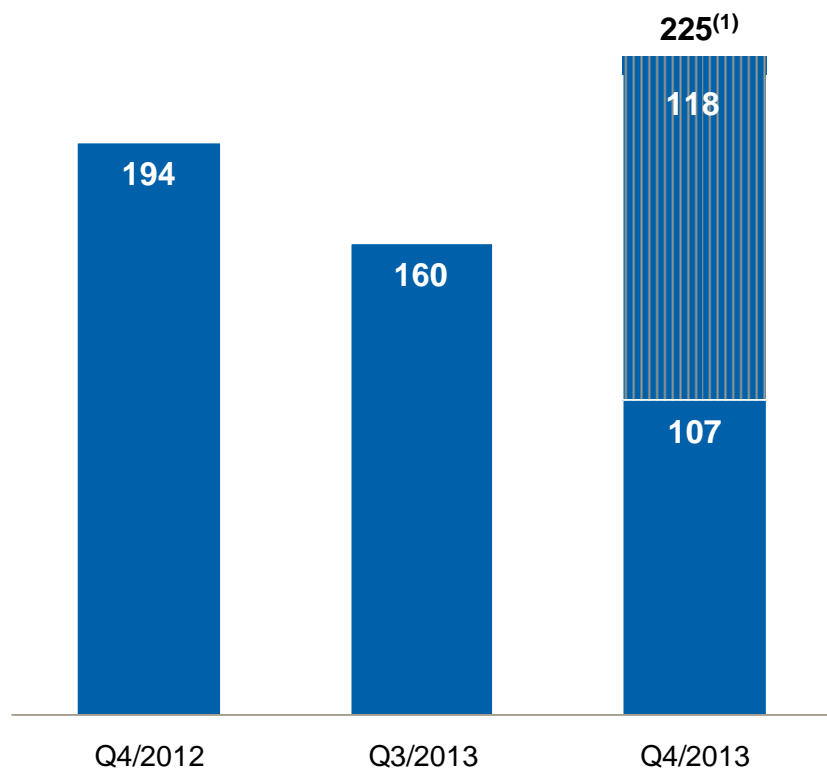
- Net income of \$205 million, relatively flat YoY and down 13% QoQ
 - Higher average fee-based client assets reflecting net sales and capital appreciation
 - Higher PCL related to a few accounts
 - Lower transaction volumes YoY
- Higher effective tax rate compared to Q3/2013

	Amount (\$ billions)	YoY	QoQ
AUA	\$639	11%	4%
AUM	\$387	14%	4%
Loans ⁽¹⁾	\$13	30%	7%
Deposits ⁽¹⁾	\$33	14%	4%

- Over \$1 trillion in AUM and AUA combined

Net Income

(\$ millions)



Q4/2013 Highlights

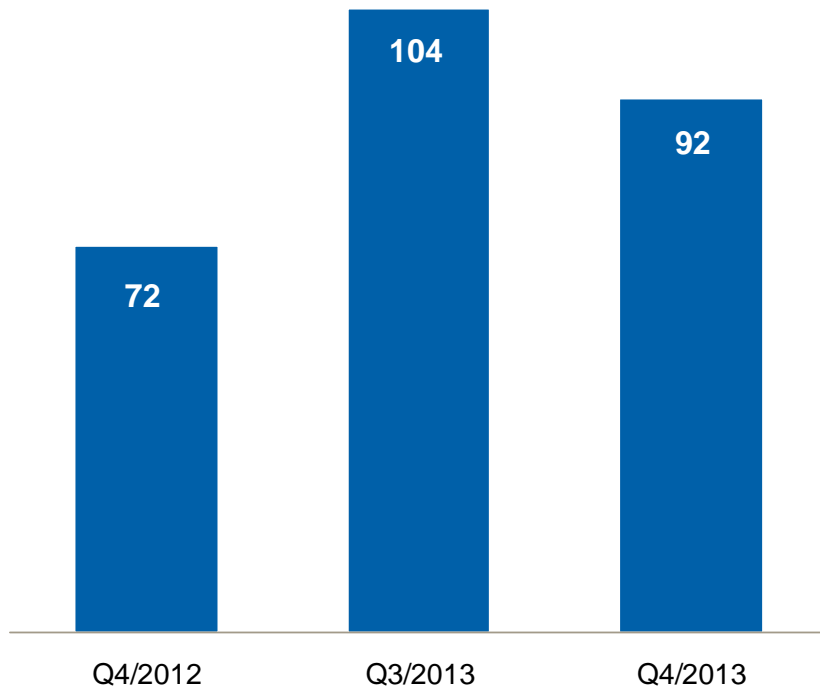
- Net income of \$107 million, down \$87 million YoY and down \$53 million QoQ
 - Results impacted by a \$160 million (\$118 million after-tax) charge related to proposed legislation in Canada
- Excluding the charge⁽¹⁾, net income was \$225 million up 16% YoY and 41% QoQ reflecting:
 - Favourable actuarial adjustments
 - Gain on sale of our Canadian travel agency insurance business

Percentage Change	YoY	QoQ
Reported NIAT	(45)%	(33)%
Adjusted NIAT ⁽¹⁾	16%	41%

Investor & Treasury Services

Net Income

(\$ millions)



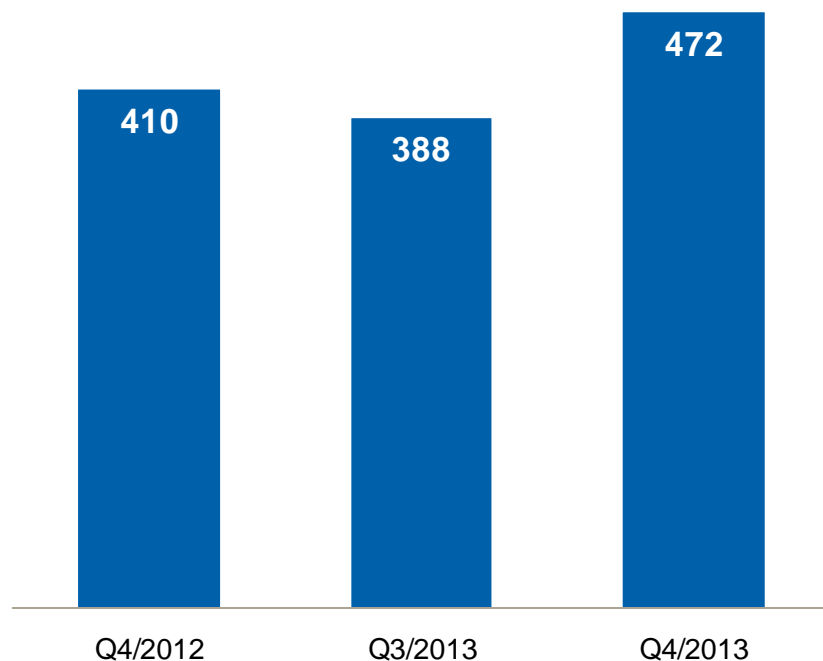
Percentage Change	YoY	QoQ
NIAT	28%	(12)%

Q4/2013 Highlights

- Net income of \$92 million, up \$20 million or 28% YoY and down \$12 million or 12% QoQ
 - Improved business performance in Investor Services
 - Ongoing focus on efficiency management activities
 - Lower funding and liquidity revenue
- Q3/2013 favourably impacted by seasonally higher securities lending

Net Income

(\$ millions)



Percentage Change	YoY	QoQ
NIAT	15%	22%

Q4/2013 Highlights

▪ Corporate & Investment Banking

- Revenue of \$786 million, up 14% YoY and 17% QoQ
- Strong growth in loan syndication, mainly in the U.S.
- Higher debt origination, mainly in the U.S.
- Solid lending activities YoY

▪ Global Markets ⁽¹⁾

- Revenue of \$888 million, up 5% YoY and 18% QoQ
- Higher trading revenue and higher debt origination

▪ Favourable impact of stronger U.S. dollar

▪ Lower PCL

▪ Higher litigation provisions and related legal costs

Appendices





Canadian Banking – retail momentum

Canadian Market Share	Q4/2013		Q4/2012	
	Rank	Market Share ⁽¹⁾	Rank	Market Share ⁽¹⁾
Consumer Lending⁽²⁾	1	23.7%	1	23.0%
Personal Core Deposits + GICs	2	20.0%	2	19.3%
Long-Term Mutual Funds⁽³⁾	1	14.1%	1	14.1%
Business Loans ⁽⁴⁾				
\$0 - \$250 thousand	1	28.1%	1	26.5%
\$250 thousand - \$25 million	1	24.6%	1	24.1%
Business Deposits⁽⁵⁾	1	25.3%	1	25.9%

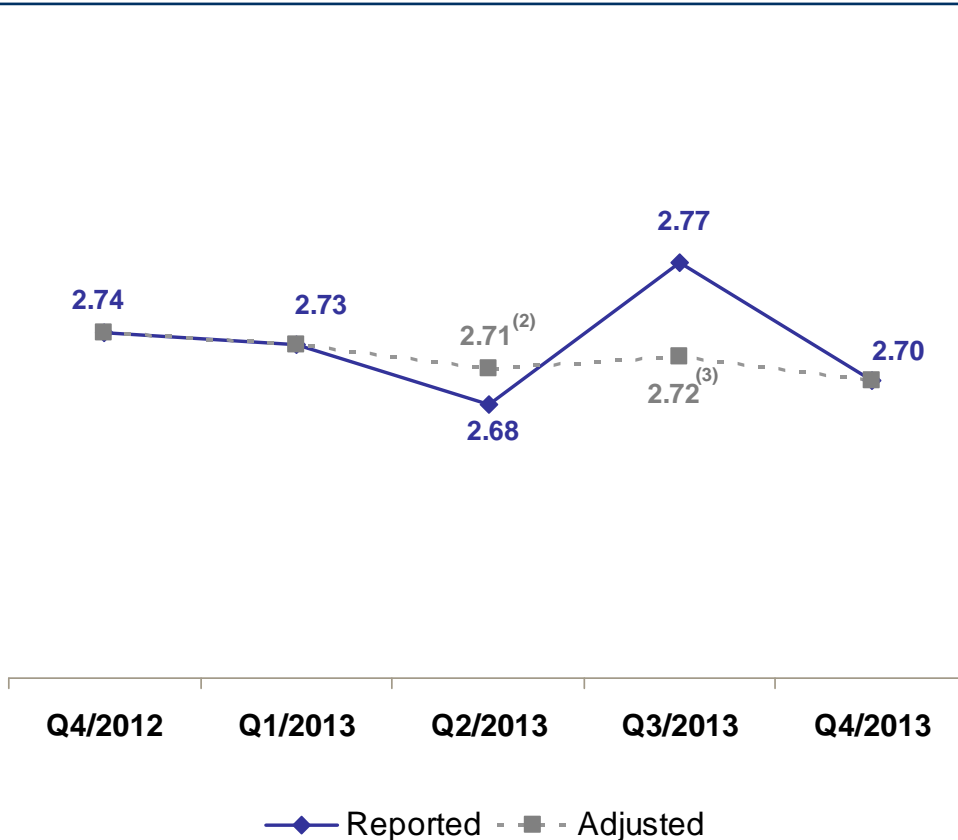
- Personal core deposits and GICs market share up 70 bps YoY
- Long-term mutual fund market share flat YoY

(1) Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA). OSFI, IFIC and Consumer Lending CBA data is at August 2013 and August 2012, Business Loans CBA data is at June 2013 and June 2012. Market share is of total Chartered Banks except for Business Loans which is of total 7 Banks (RBC, BMO, BNS, CIBC, TD, NBC, CWB). (2) Consumer Lending market share is of 6 banks (RBC, TD, CIBC, BMO, BNS and National). Consumer Lending comprises residential mortgages (excluding acquired portfolios), personal loans and credit cards. (3) Mutual fund market share is per IFIC (4) Business Loans market share is of the 9 Chartered Banks that submit tiered data to CBA on a quarterly basis. (5) Business Deposits market share excludes Fixed Term, Government and Deposit Taking Institution balances.

Leadership in most personal products and in all business products

Canadian Banking – net interest margin

Net interest margin (NIM)⁽¹⁾ (Percentage)



- NIM of 2.70%, down 7 bps QoQ
 - Down 2 bps⁽³⁾ compared to adjusted Q3/2013 NIM
- Impacted by low rate environment and competitive pressures

(1) Net interest margin: net interest income as a percentage of average total earning assets. (2) Q2/2013 NIM was unfavourably impacted by accounting volatility (2 bps) and our Ally Canada acquisition (1 bp). Excluding these items, Q2/2013 NIM was 2.71%. Adjusted NIM is a non-GAAP measure. For additional information see slide 29. (3) Q3/2013 NIM was favourably impacted by Ally fair value purchase accounting adjustments (3 bps) and reversal of prior quarter accounting volatility (2 bps). Excluding these adjustments, Q3/2013 NIM was 2.72%. Adjusted NIM is a non-GAAP measure. For additional information see slide 29.



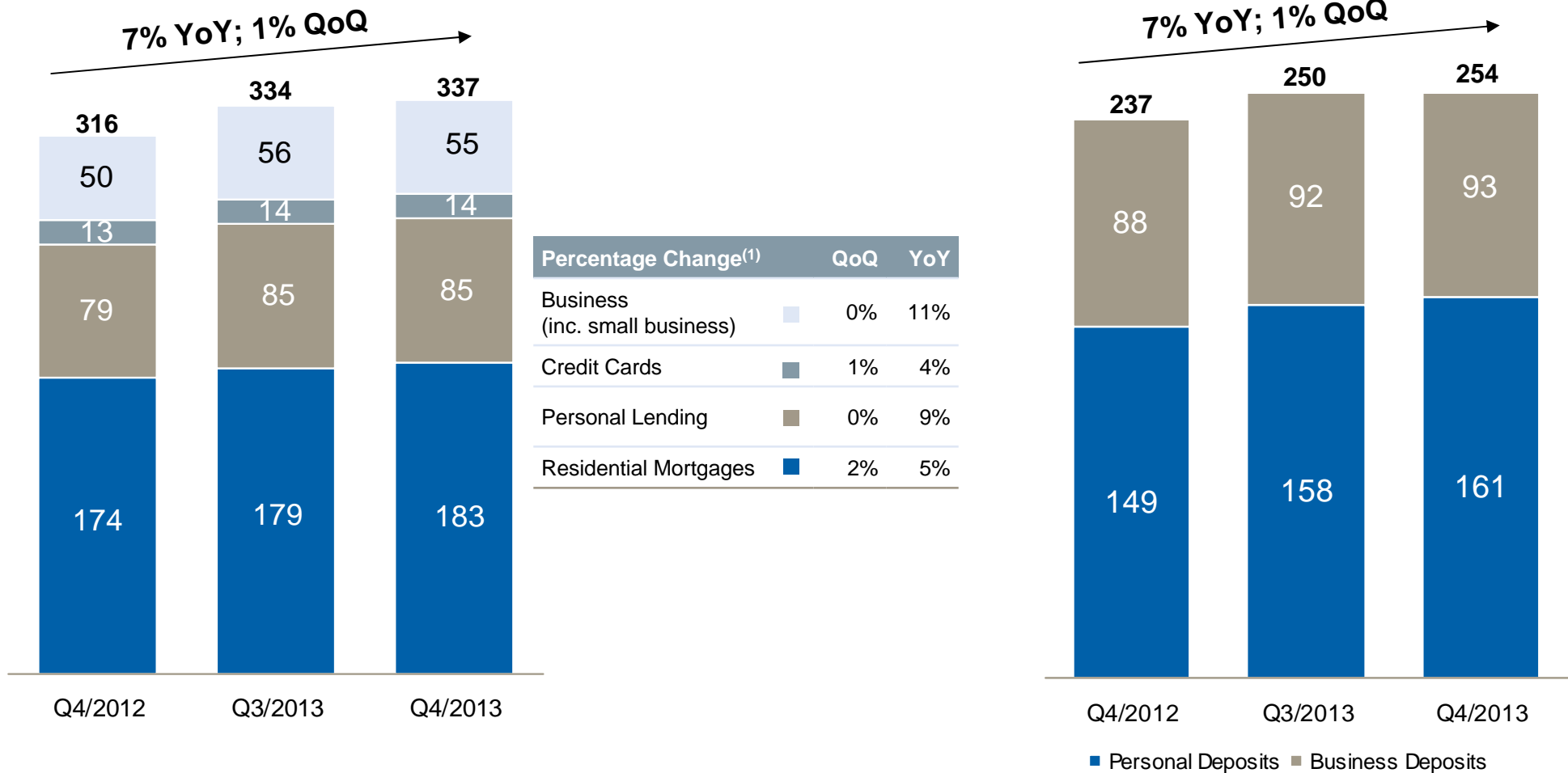
Canadian Banking – volume growth

Average Loans & Acceptances⁽¹⁾⁽³⁾

(\$ billions)

Average Deposits⁽²⁾⁽³⁾

(\$ billions)



Combined loan and deposit YoY growth of 7%

2013 and Fourth Quarter Results

(1) Total loans & acceptances and percentage change may not reflect the average loans & acceptances balances for each loan type shown due to rounding.

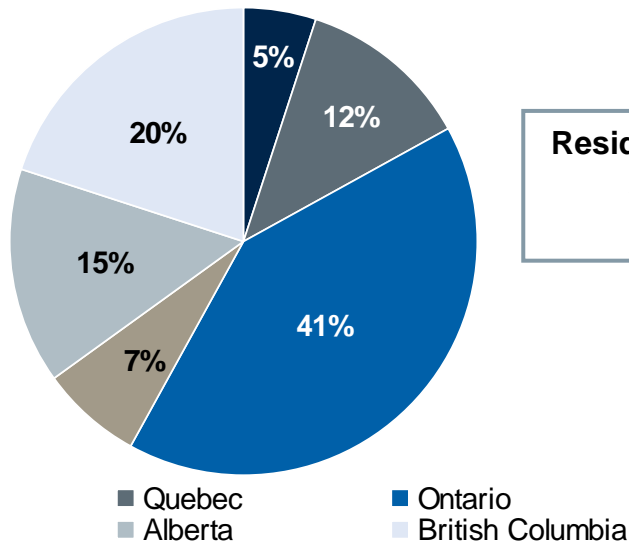
(2) Total deposits and percentage change may not reflect the average deposits for each deposit type shown due to rounding.

(3) At October 31, 2013, Ally Canada contributed personal loans & acceptances of \$4 billion, business loans & acceptances of \$3 billion and deposits of \$2 billion.

Canadian Banking – residential mortgage portfolio

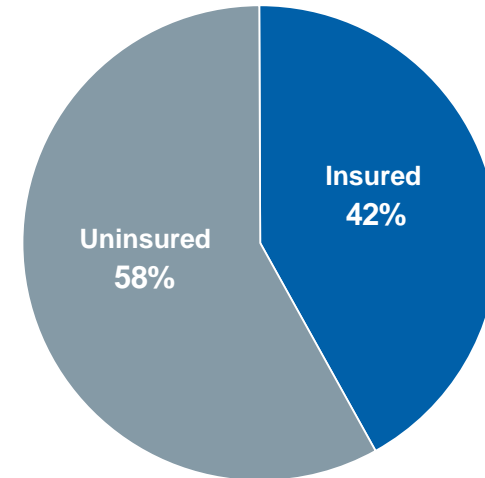
Geographic Diversification

As at October 31, 2013



Insured vs. Uninsured mortgages

As at October 31, 2013



Residential Mortgages:
\$183 billion⁽¹⁾
LTV: 56%⁽²⁾

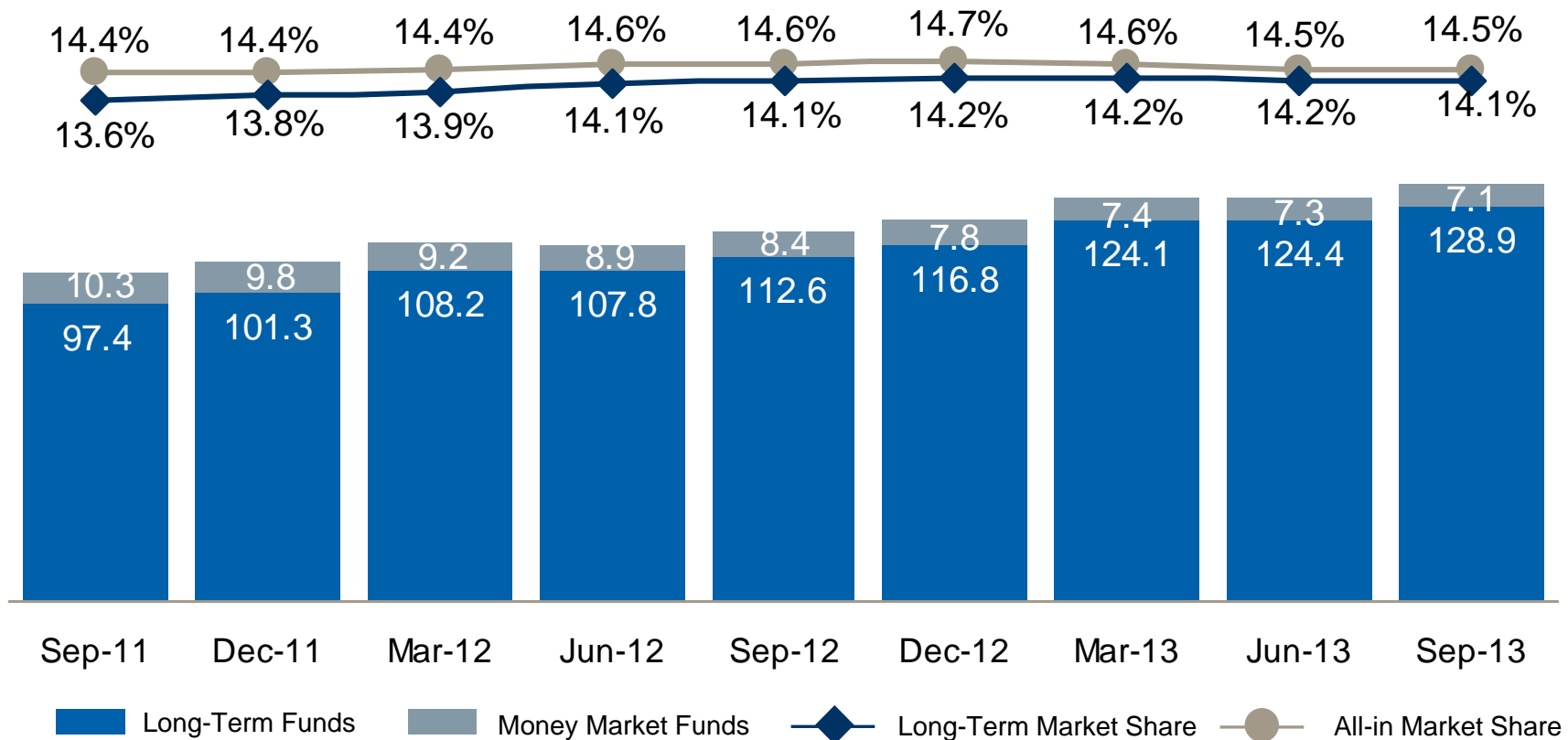
- Well diversified mortgage portfolio across Canada
- Ongoing stress testing for numerous scenarios including unemployment, interest rates, and a downturn in real estate
- Strong underwriting practices with all mortgages originated through our proprietary channels

(1) Excludes mortgages of \$5 billion related to commercial clients which are reported as business loans. (2) Loan to value (LTV) represents the ratio of outstanding mortgage balance (including Homeline product) to original property value indexed using Teranet – National Bank National Composite House Price Index (previously based on Statistics Canada Provincial Housing Price Index). Effective Q4/2013, portfolio LTV for our uninsured mortgages is the combination of each individual mortgage LTV weighted by the mortgage balance. If weighted by property values, the Q4/2013 portfolio LTV for our uninsured mortgages is 43%.

Wealth Management – asset management growth

Canadian mutual fund balances and market share⁽¹⁾

(\$ billions, except percentage amounts)



- For the 9th quarter in a row, RBC Global Asset Management (GAM) ranked #1 in market share, for both all-in and long-term fund assets⁽¹⁾
- Long-term fund assets increased 32% since September 2011, with GAM capturing over 20% of industry sales



Capital Markets – revenue by business

(\$ millions)	Q4/2013	Q3/2013	Q4/2012	QoQ	YoY
Investment banking	430	310	357	120	73
Lending and other	356	359	330	(3)	26
Corporate & Investment Banking	\$786	\$669	\$687	\$117	\$99
Fixed income, currencies and commodities	446	352	471	94	(25)
Global equities	270	233	209	37	61
Repo and secured financing	172	167	162	5	10
Global Markets (teb)	\$888	\$752	\$842	\$136	\$46
Other	\$9	\$7	\$27	\$2	\$(18)
Capital Markets total revenue (teb)	\$1,683	\$1,428	\$1,556	\$255	\$127

Corporate & Investment Banking

- QoQ increase reflects strong growth in loan syndication and debt origination mainly in the U.S.
- YoY increase primarily driven by growth in loan syndication and lending activities mainly in the U.S., and higher debt origination reflecting increased mandates in the U.S.

Global Markets

- QoQ increase driven by improved fixed income and equity trading in the U.S. and higher debt origination
- YoY increase reflects improved equity trading and higher debt origination in the U.S., partially offset by weaker fixed income trading



Capital Markets – revenue by geography

(\$ millions)	Q4/2013	Q3/2013	Q4/2012	QoQ	YoY
Canada	451	486	485	(35)	(34)
U.S.	941	703	850	238	91
Europe	200	175	209	25	(9)
Asia and Other	38	43	16	(5)	22
Geographic revenue excluding certain items ⁽¹⁾	\$1,630	\$1,407	\$1,560	\$223	\$70
<i>Add / (Deduct):</i>					
BOLI ⁽²⁾	-	(7)	19	7	(19)
CVA ⁽³⁾	27	36	16	(9)	11
Fair value adjustment on RBC debt ⁽³⁾	26	(8)	(39)	34	65
Capital Markets total revenue (teb)	\$1,683	\$1,428	\$1,556	\$255	\$127

Canada

- QoQ decrease due to strong growth in loan syndication and M&A fees which was more than offset by weaker FX trading

U.S.

- QoQ increase reflects strong growth in loan syndication and higher debt origination, favourable impact of a stronger U.S. dollar and improved fixed income and equity trading

Europe

- QoQ increase mainly due to improved fixed income trading, as well as higher loan syndication fees and equity issuance

2013 and Fourth Quarter Results

(1) These are non-GAAP measures. For additional information see slide 29.

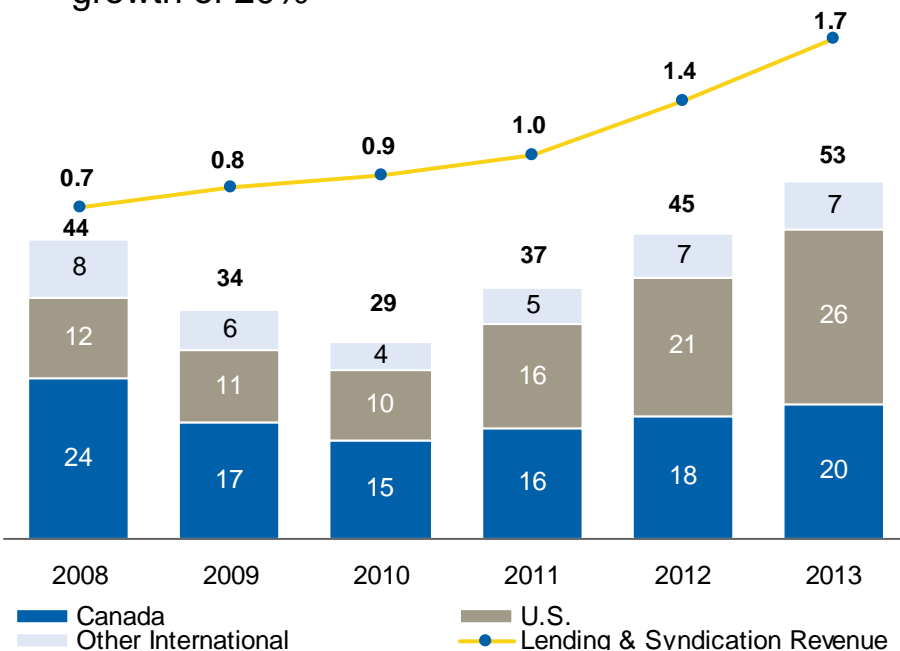
(2) Excluded from U.S.

(3) Excluded from all geographies.

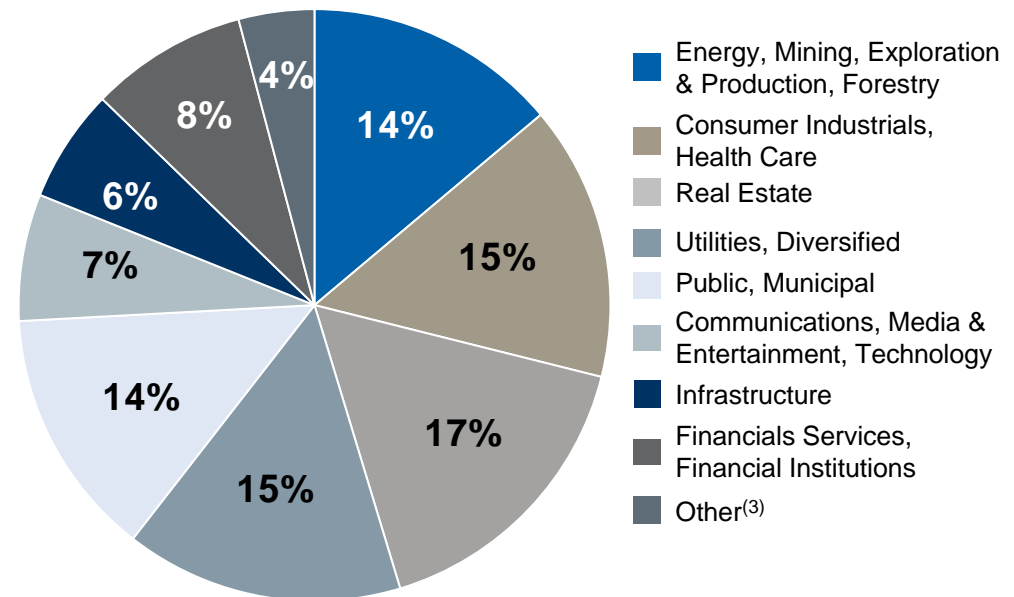
Capital Markets – loan portfolio

Lending and Syndication Revenue and Loans Outstanding by Region⁽¹⁾ (\$ billions)

- In the last 2 years, our lending and syndication revenue grew by 33%, exceeding our loan book growth of 20%⁽²⁾



Loans Outstanding by Industry⁽¹⁾ Q4/2013



- Diversification driven by strict limits on single name, country, industry and product levels across all businesses, portfolios, transactions and products
- Consistent lending standards throughout the cycle, with PCL levels in line with our risk parameters
- Approximately 69% of our authorized Capital Markets loan portfolio is investment grade



Capital Markets and I&TS – trading revenue

(\$ millions)	Q4/2013	Q3/2013	Q4/2012	QoQ	YoY
Capital Markets total revenue (teb)	\$1,683	\$1,428	\$1,556	\$255	\$127
Capital Markets non-trading revenue ⁽¹⁾	1,022	885	940	137	82
Capital Markets trading revenue (teb)	\$661	\$543	\$616	\$118	\$45
<i>Add / (Deduct):</i>					
BOLI ⁽²⁾	-	7	(19)	(7)	19
CVA ⁽³⁾	(27)	(36)	(16)	9	(11)
Fair value adjustment on RBC debt ⁽³⁾	(26)	8	39	(34)	(65)
Capital Markets trading revenue (teb) excl. certain items⁽⁴⁾	\$608	\$522	\$620	\$86	\$(12)
Investor & Treasury Services (I&TS) trading revenue	41	25	53	16	(12)
Capital Markets and I&TS trading revenue (teb) excl. certain items	\$649	\$547	\$673	\$102	\$(24)

2013 and Fourth Quarter Results

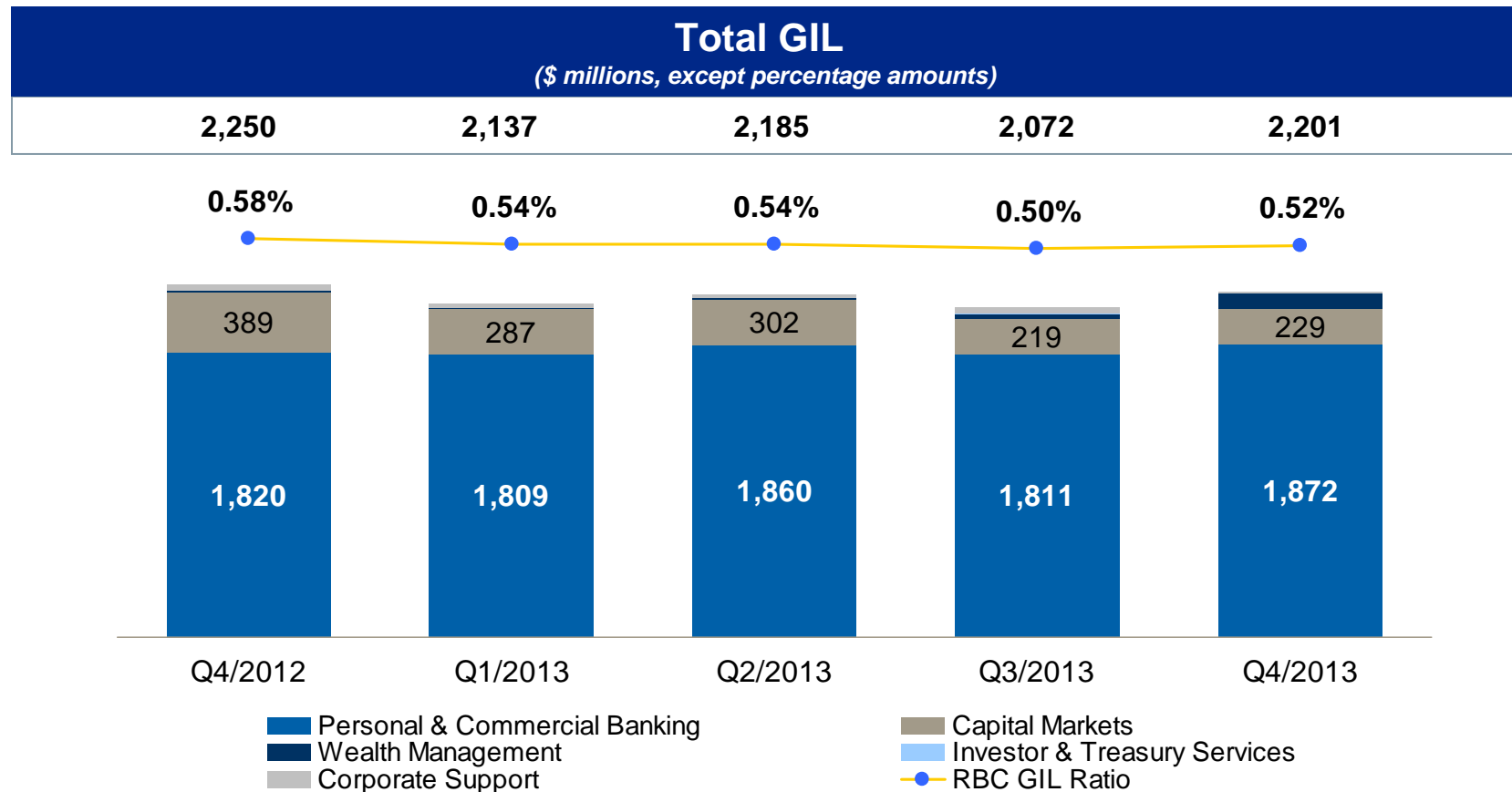
(1) Non-trading revenue primarily includes Corporate & Investment Banking and Global Markets origination and cash equities businesses.

(2) Excluded from U.S.

(3) Excluded from all geographies.

(4) These are non-GAAP measures. For additional information see slide 29.

Gross impaired loans (GIL)



GIL Ratio by Segment ⁽¹⁾	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Personal & Commercial Banking	0.56%	0.55%	0.55%	0.53%	0.54%
Canadian Banking	0.36%	0.35%	0.36%	0.33%	0.35%
Capital Markets	0.76%	0.54%	0.56%	0.40%	0.40%

Other – other income



<i>(\$ millions)</i>	Q4/2013	Q3/2013	Q4/2012	QoQ	YoY
Other income – segments	95	114	103	(19)	(8)
FV adjustments on RBC debt	3	4	(12)	(1)	15
CDS on corporate loans	(10)	(5)	(23)	(5)	13
Funding related items	1	31	1	(30)	-
Other misc. items	(30)	(15)	(20)	(15)	(10)
Total Other – other income	\$59	\$129	\$49	\$(70)	\$10



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 non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that non-GAAP measures, such as Insurance earnings excluding a charge related to proposed legislation in Canada affecting certain individual life insurance policies, adjusted results and ratios and Capital Markets trading and geographic revenue excluding a specified item do not have any standardised meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about our non-GAAP measures can be found under the “Key performance and non-GAAP measures” sections of our 2013 Annual Report and our Q4 2013 Earnings Release.

Definitions can be found under the “Glossary” sections in our 2013 Annual Report and in our Q4 2013 Supplementary Financial Information.

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