

# Royal Bank of Canada Second Quarter Results

May 27, 2021

All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in compliance with International Accounting Standard 34 Interim Financial Reporting, unless otherwise noted. Our Q2 2021 Report to Shareholders and Supplementary Financial Information are available on our website at: <http://www.rbc.com/investorrelations>.



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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 other filings with Canadian regulators or the SEC, in other reports to shareholders, and in other communications, including statements by our President and Chief Executive Officer. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, expectations relating to our CET1 ratio, and the potential continued impacts of the coronavirus (COVID-19) pandemic on our business operations, financial results and financial condition, and on the global economy and financial market conditions, including statements about our actions in support of our employees, clients and communities, and projections relating to real gross domestic product and unemployment rates in Canada and the United States, respectively. 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, 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 (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines), strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risk sections and Significant developments: COVID-19 section of our annual report for the fiscal year ended October 31, 2020 (the 2020 Annual Report) and the Risk management and Impact of COVID-19 pandemic sections of our Q2 2021 Report to Shareholders; including business and economic conditions, information technology and cyber risks, Canadian housing and household indebtedness, geopolitical uncertainty, privacy, data and third party related risks, regulatory changes, environmental and social risk (including climate change), and digital disruption and innovation, culture and conduct, 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 the emergence of widespread health emergencies or public health crises such as pandemics and epidemics, including the COVID-19 pandemic and its impact on the global economy and financial market conditions and our business operations, and financial results, condition and objectives.

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 Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook headings in our 2020 Annual Report, as updated by the Economic, market and regulatory review and outlook and Impact of COVID-19 pandemic sections of our Q2 2021 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 and Significant developments: COVID-19 section of our 2020 Annual Report and the Risk management and Impact of COVID-19 pandemic sections of our Q2 2021 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

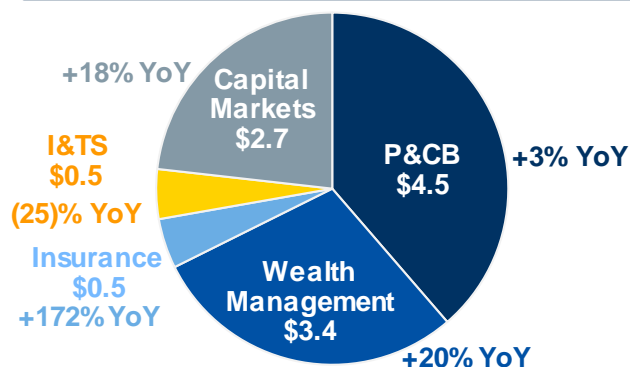
Dave McKay

President and Chief Executive Officer



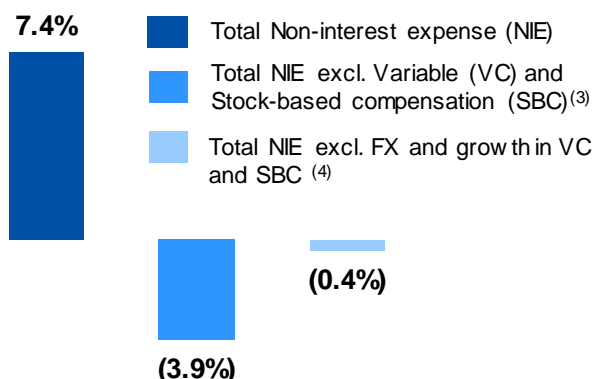
# Strong client activity and volume growth offset impact of low interest rates

## Diversified revenue streams<sup>(1)</sup> (\$BN)



- Revenue of \$11.6 billion, up 12% YoY or up 8% YoY<sup>(2)</sup> net of Insurance fair value change
- Strong client activity, constructive markets, and strong volume growth more than offset the \$0.7 billion YoY impact from lower interest rates and FX

## Expenses well controlled (YoY)



- Growth largely driven by variable and stock-based compensation
- Partially offset by FX impact of \$256 million
- Discretionary costs continue to be well contained

## Strong earnings growth

Net Income	\$4.0BN	+171% YoY
Pre-Provision, Pre-Tax Earnings <sup>(5)</sup>	\$5.1BN	+11% YoY
Reported Diluted EPS	\$2.76 per share	+176% YoY
Adjusted Diluted EPS <sup>(6)</sup>	\$2.79 per share	+171% YoY

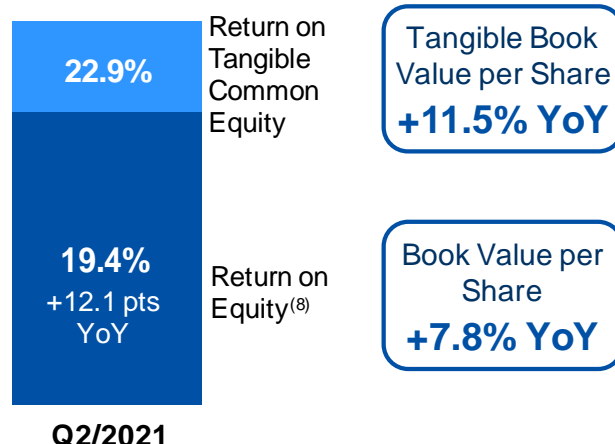
## Strong credit performance

PCL<sup>(7)</sup> on loans ratio  
**(5) bps**  
(down 12 bps QoQ)

ACL on loans  
**\$5.5BN**  
0.79% of L&A

- \$ (96) million of total PCL includes a \$260 million release of PCL on performing loans
- PCL on impaired loans ratio of 11 bps, down 2 bps QoQ
- ACL on loans is \$2.1 billion higher than pre-pandemic levels in Q1/2020

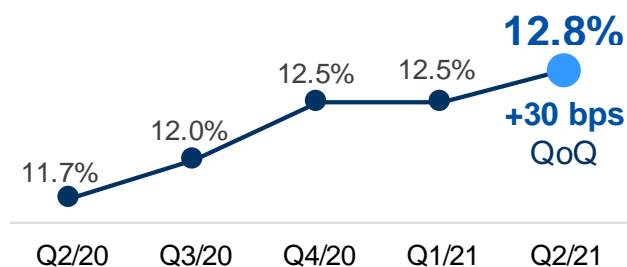
## Premium return on equity



Tangible Book Value per Share  
**+11.5% YoY**

Book Value per Share  
**+7.8% YoY**

## Strong capital ratio (CET1)



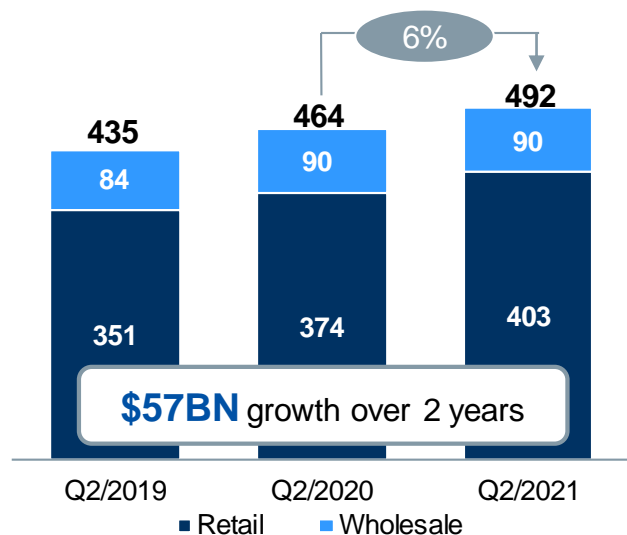
- Record internal capital generation deployed to drive strong organic growth
- \$1.5 billion common dividends paid in Q2/2021
- Implementation of parameter update expected to increase CET1 ratio in Q3/2021

(1) Amounts exclude Corporate Support. (2) This is a non-GAAP measure. See note 2 on slide 38. (3) This is a non-GAAP measure. See note 3 on slide 38. (4) This is a non-GAAP measure. See note 4 on slide 38. (5) This is a non-GAAP measure. See note 5 on slide 38. (6) This is a non-GAAP measure. See note 6 on slide 38. (7) See note 7 on slide 38. (8) See note 8 on slide 38.

# Strong volume growth and market share gains in our largest businesses

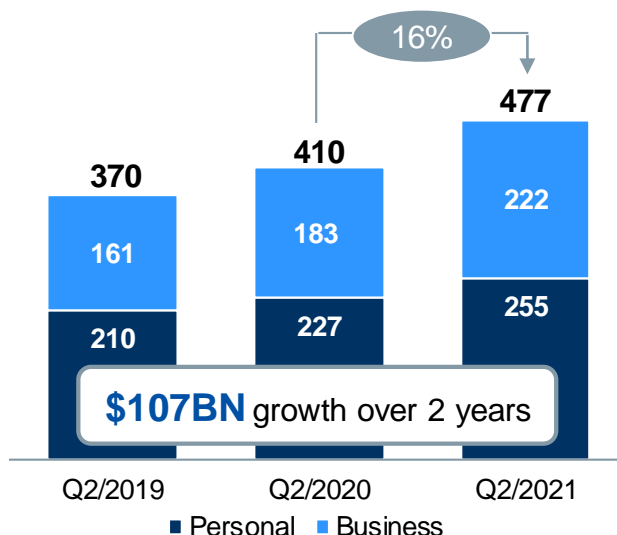
## Canadian Banking average loans

(\$ billions) <sup>(1)</sup>

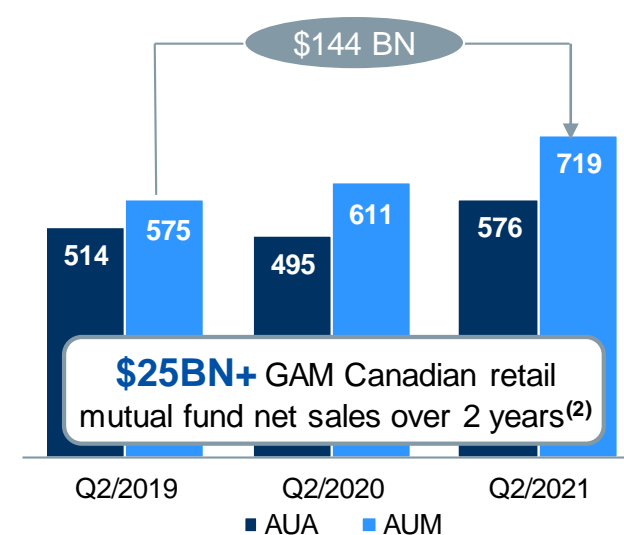


## Canadian Banking average deposits

(\$ billions)

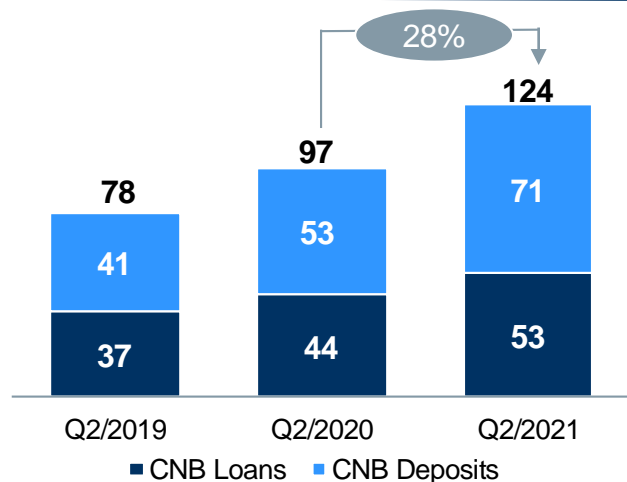


## Wealth Management (non-U.S.) AUM and AUA (\$ billions)



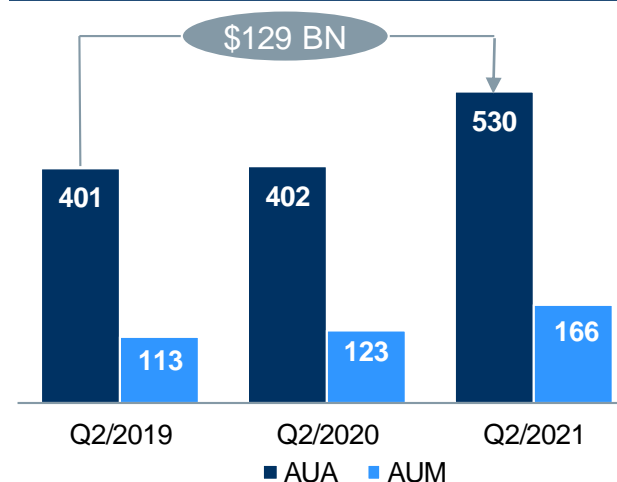
## City National (CNB) average loans and deposits

(US\$ billions)



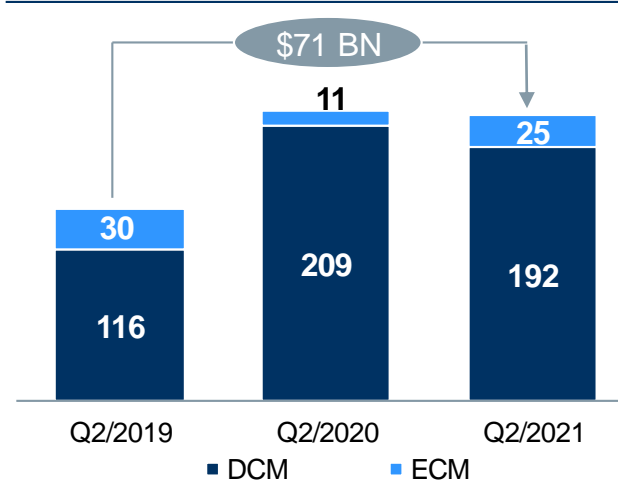
## U.S. Wealth Management AUM and AUA

(US\$ billions)



## Capital Markets equity and debt issuance volumes

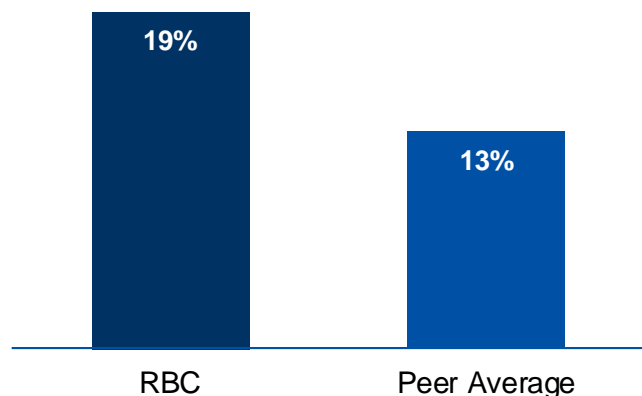
(US\$ billions) <sup>(3)</sup>



(1) Wholesale includes small business. (2) See note 9 on slide 38. (3) Dealogic.

# Deepening client relationships across Canadian Banking and Wealth Management

Percent of clients with transaction accounts, investments and borrowing products<sup>(1)</sup>



**~45%**

Canadian HNW retail client base has a relationship with both Canadian Banking and Canadian Wealth Management



2021 Best Bank in North America



Ranked highest in Customer Satisfaction Among the Big Five Retail Banks by J.D. Power

**~90%**

Canadian Banking mortgage retention ratio

**~75%**

mortgage clients had an existing relationship with us before requesting mortgage funding

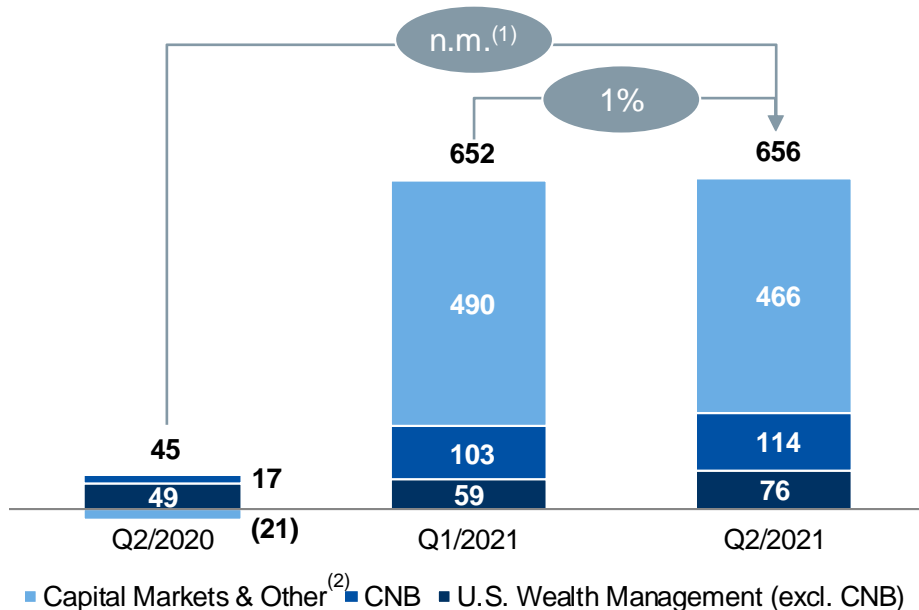
**~90%**

mortgage clients have more than one product with RBC, with the majority having a chequing account

(1) Canadian Financial Monitor by Ipsos – 18,000 Canadian individuals – data based on Financial Group results amongst Big 5 Canadian banks for the 12-month period ending January 2021; TFSA is considered an Investment.

# Solid results from our U.S. operations

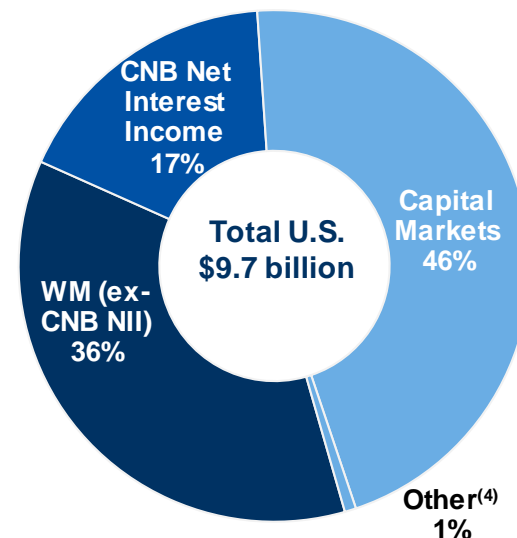
## Net Income (US\$ millions)



US\$ millions (unless otherwise stated)	Q2/21	YoY	QoQ
Revenue	2,598	41%	3%
Pre-Provision, Pre-Tax Earnings <sup>(5)</sup>	775	68%	10%
Provisions for Credit Losses (PCL)	(69)	(\$556)	(\$27)
<b>Net Income</b>	<b>656</b>	<b>n.m.<sup>(1)</sup></b>	<b>1%</b>
Adj. Pre-Provision, Pre-Tax Earnings <sup>(5)(6)</sup>	811	63%	9%
Adj. Net Income <sup>(6)</sup>	682	n.m. <sup>(1)</sup>	1%
Pre-Provision, Pre-Tax Earnings (C\$) <sup>(5)</sup>	972	54%	7%
<b>Net Income (C\$MM)</b>	<b>821</b>	<b>n.m.<sup>(1)</sup></b>	<b>(2)%</b>
Adj. Pre-Provision, Pre-Tax Earnings (C\$) <sup>(5)(6)</sup>	1,017	49%	7%
Adj. Net Income (C\$) <sup>(6)</sup>	854	n.m. <sup>(1)</sup>	(2)%

## U.S. Operations Revenue (US\$ billions)<sup>(3)</sup>

Last 12 months ended Q2/2021



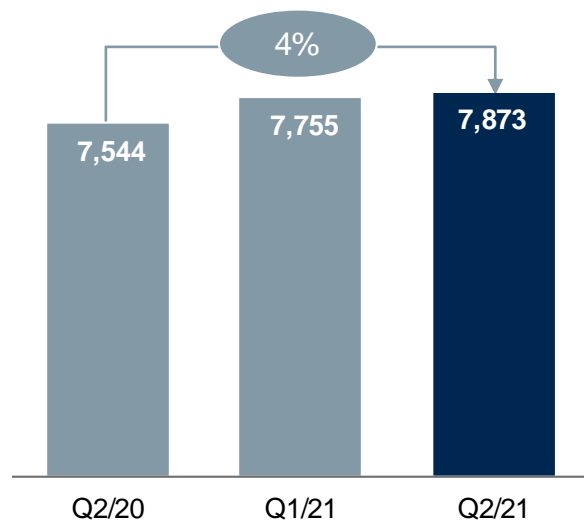
## Q2/2021 Highlights

- The U.S. represented 22% or over \$3 billion of total bank net income over the last 12 months<sup>(3)(7)</sup>
  - + Q2/2021 U.S. earnings were up significantly YoY, largely due to lower PCL as the prior year reflected elevated provisions from the impact of the onset of the COVID-19 pandemic
- The U.S. represented 26% of total bank revenue in the last 12 months<sup>(3)(7)</sup>
  - + Q2/2021 U.S. revenue was up 41% YoY, driven by higher client activity in Capital Markets and Wealth Management
- U.S. PCL on loans ratio of (31) bps versus (19) bps at Q1/21

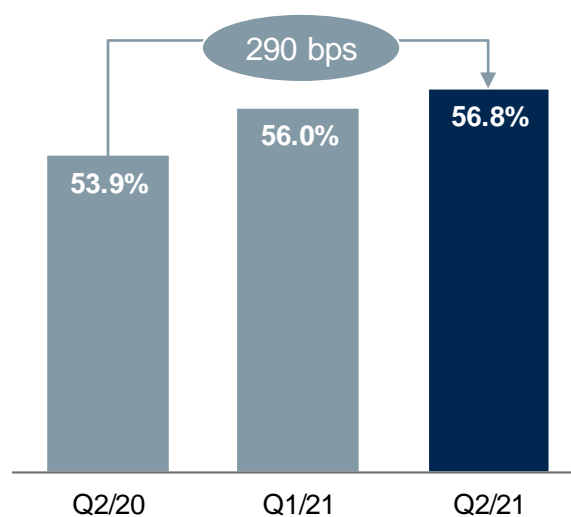
(1) Not meaningful. (2) RBC CM & Other net income includes U.S. portions of U.S. Banking, Capital Markets, Wealth Management excluding U.S. Wealth Management (including CNB), Insurance and I&TS. (3) This is a non-GAAP measure. See note 10 on slide 38. (4) Other revenue includes U.S. portions of U.S. Banking, Insurance and I&TS. (5) This is a non-GAAP measure. See note 5 on slide 38. (6) This is a non-GAAP measure. See note 11 on slide 38. (7) Based on C\$ figures.

# Our 14MM+ Canadian Banking clients continue to adopt our digital channels

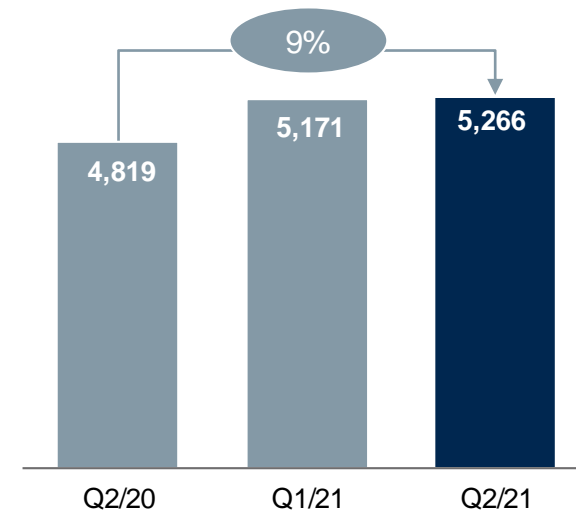
## Active Digital Users (000s)<sup>(1)</sup>



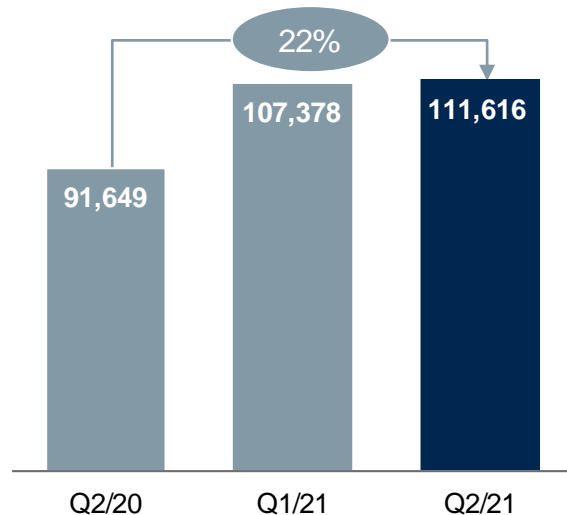
## Digital Adoption Rate<sup>(2)</sup>



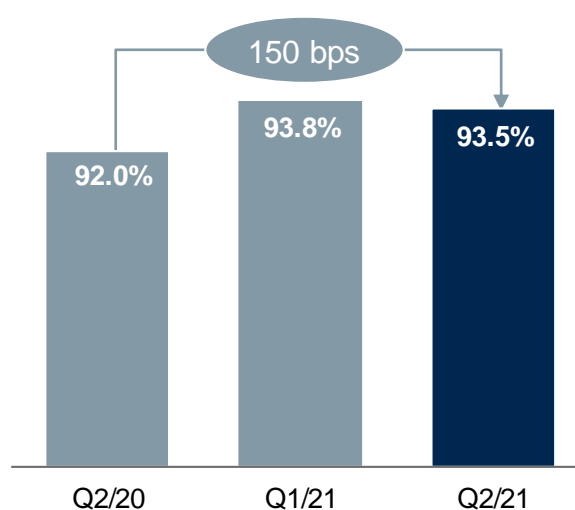
## Active Mobile Users (000s)<sup>(1)</sup>



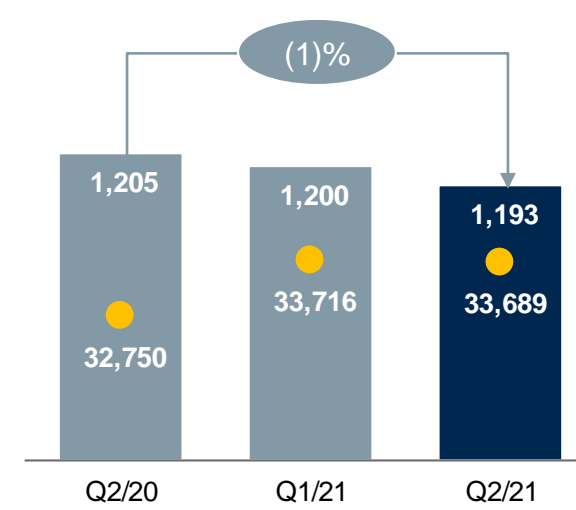
## Mobile Sessions (000s)<sup>(3)</sup>



## Self-Serve Transactions<sup>(4)</sup>



## Branches



● Canadian Banking FTE<sup>(5)</sup>

(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) represent the total number of application logins using a mobile device. (4) Financial transactions only. (5) Full-time equivalent.



# Financial Review

Rod Bolger

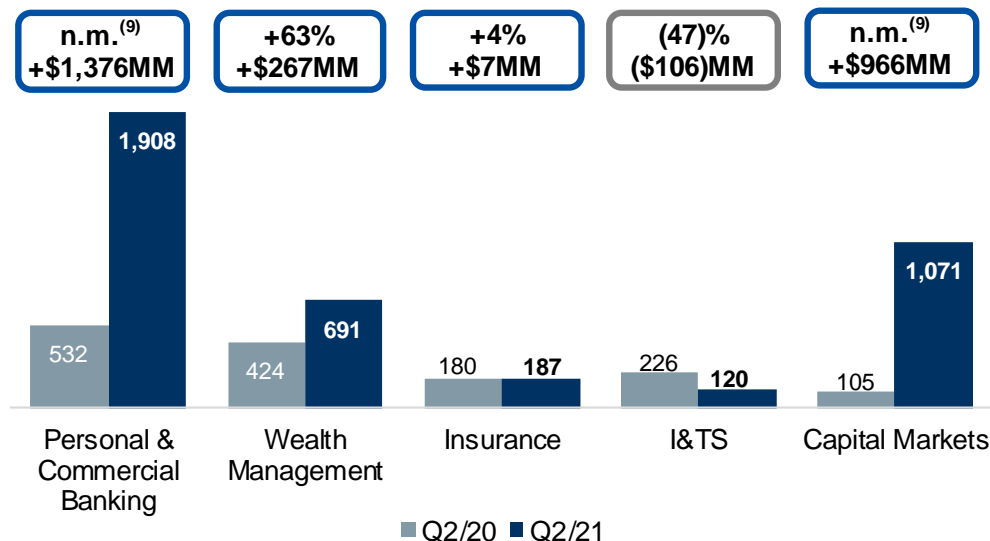
Chief Financial Officer



# Lower PCL, constructive markets, and volume growth offset low interest rates

(\$ millions, except for EPS and ROE)	Q2/2021	Reported	
		YoY	QoQ
<b>Revenue</b>	<b>11,618</b>	<b>12%</b>	<b>(10)%</b>
Revenue Net of Insurance FV Change <sup>(1)</sup>	12,186	8%	(3)%
Non-Interest Expense	6,379	7%	(2)%
Insurance PBCAE	149	n.m. <sup>(9)</sup>	(89)%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>5,090</b>	<b>11%</b>	<b>2%</b>
Provisions for Credit Losses (PCL)	(96)	(\$2,926)	(\$206)
PCL on Performing Loans (Stage 1 & 2)	(260)	(\$2,381)	(\$163)
PCL on Impaired Loans (Stage 3)	177	(71)%	(19)%
<b>Income Before Income Taxes</b>	<b>5,186</b>	<b>198%</b>	<b>6%</b>
<b>Net Income</b>	<b>4,015</b>	<b>171%</b>	<b>4%</b>
Diluted Earnings per Share (EPS)	\$2.76	176%	4%
<b>Adjusted Diluted EPS<sup>(3)</sup></b>	<b>\$2.79</b>	<b>171%</b>	<b>4%</b>
<b>Return on Common Equity (ROE)<sup>(4)</sup></b>	<b>19.4%</b>	<b>12.1 pts</b>	<b>80 bps</b>

## Net Income (\$ millions)



(1) This is a non-GAAP measure. See note 12 on slide 38. (2) This is a non-GAAP measure. See note 5 on slide 38. (3) This is a non-GAAP measure. See note 6 on slide 38. (4) This is a non-GAAP measure. See note 8 on slide 38. (5) This is a non-GAAP measure. See note 13 on slide 38. (6) This is a non-GAAP measure. See note 3 on slide 38. (7) See note 7 on slide 38. (8) This is a non-GAAP measure. See note 14 on slide 38. (9) Not meaningful.

## Earnings

- Net income increased 171% YoY largely driven by lower PCL on performing loans, higher market sensitive revenue and strong volume growth, partly offset by the impact of lower interest rates and higher variable and stock-based compensation

## Revenue

- Net interest income (see slides 11 and 12):** Down 11% YoY, as strong volume growth was more than offset by the impact of lower interest rates
- Non-interest income (see slide 13):** Up 39% YoY
  - Up 21% YoY net of Insurance fair value change and changes in U.S. Wealth Management WAP<sup>(1)(5)</sup>
  - Higher client activity and constructive markets in Capital Markets, Wealth Management, and Canadian Banking

## Non-Interest Expense

- Up 7% YoY (see slide 14)**
  - Down 4% YoY excluding impact of variable and stock-based compensation costs<sup>(6)</sup>
  - Strong positive operating leverage in Capital Markets and Wealth Management (non-U.S.). Canadian Banking expenses well controlled, down 1% YoY

## Provisions for Credit Losses

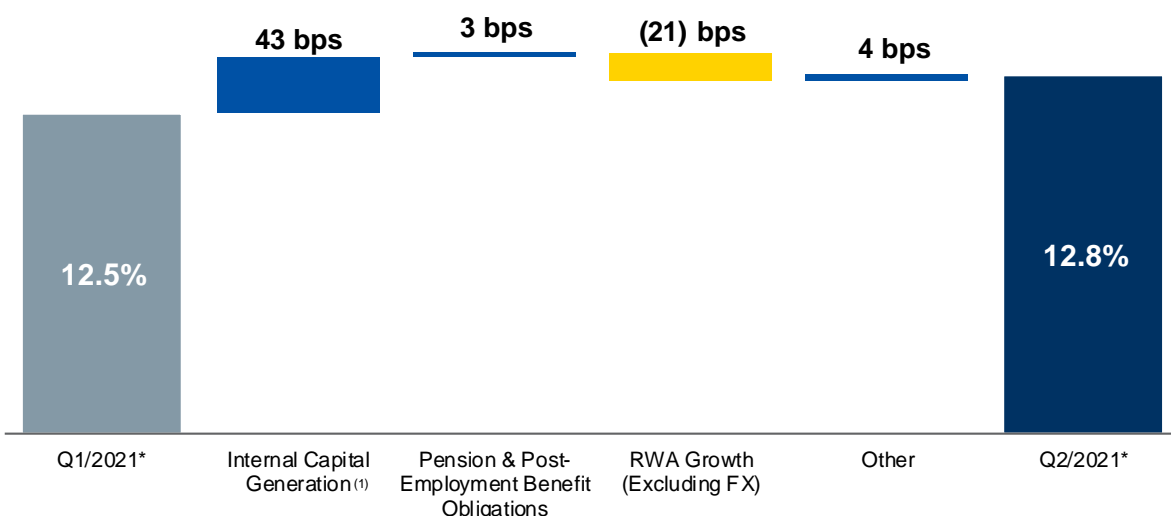
- PCL on loans ratio<sup>(7)</sup> of (5) bps, down 170 bps YoY (down 12 bps QoQ)
  - PCL on performing loans (slide 21):** \$(260) million release reflects improvements in our macroeconomic and credit quality outlook, largely in Canadian Banking and Capital Markets
  - PCL on impaired loans (slide 23):** Down 26 bps YoY (down 2 bps QoQ) to 11 bps

## Tax Rate

- Effective tax rate of 22.6%, up 7.8 pts YoY
  - Effective tax rate (adjusted for TEB) of 24.5%<sup>(8)</sup>, up 3.7 pts<sup>(8)</sup> from last year

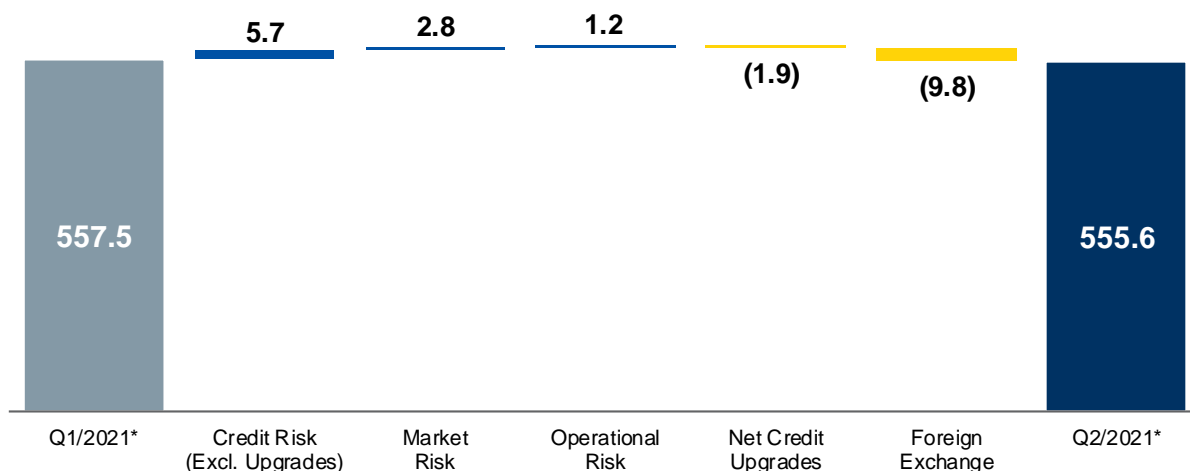
# Strong capital and earnings growth continue to drive shareholder returns

## CET1 Movement



- CET1 ratio of 12.8%, up 30 bps QoQ, reflecting:
  - + Record internal capital generation
  - + Favourable pension & post-employment benefit impact
  - Organic RWA growth supporting client-driven business activities
- Cumulative IFRS 9 capital modification benefit of 16 bps
- Wholesale parameter updates expected to increase CET1 ratio by approximately 70-80 bps, partially offset by a decrease of approximately 10-15 bps from the increase in SVaR multipliers in Q3/2021<sup>(2)</sup>
- Leverage ratio of 5.0%, up 20 bps QoQ

## RWA Movement (\$ billions)



- RWA decreased \$1.9 billion, mainly reflecting:
  - + Favourable FX translation
  - + Net credit upgrades in wholesale lending and counterparty credit risk (CCR) portfolios
    - Post Q1/2020, RWA increased ~\$10 billion as a result of cumulative net credit downgrades in the wholesale loan book and CCR portfolio
  - Business growth driven by wholesale lending, client-driven trading activity and residential mortgages

\*Represents rounded figures. For more information, refer to the Capital Management section of our Q2/2021 Report to Shareholders.

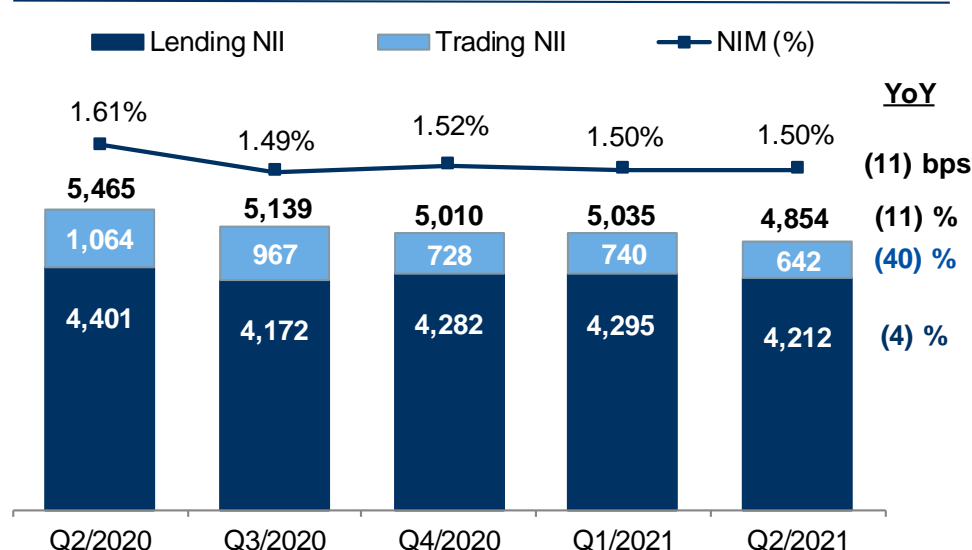
(1) Internal capital generation represents net income available to shareholders, less common and preferred share dividends and distributions on other equity instruments.

(2) Amounts subject to change based on portfolio size or portfolio mix held.

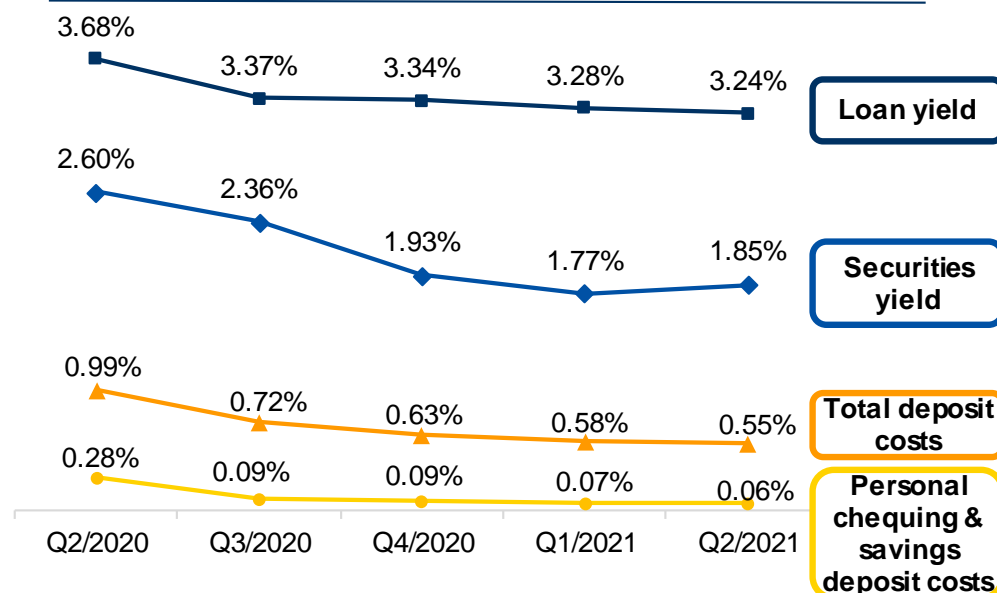
# Net interest income: Strong volume growth more than offset by lower interest rates

- Net interest income down 11% YoY as strong volume growth was more than offset by the impact of lower interest rates. Trading net interest income was impacted by lower repo & secured financing revenue
- All-bank NIM on average earning assets was down 11 bps YoY (flat QoQ)
- Liquidity Coverage Ratio of 133%, down 8 pts QoQ

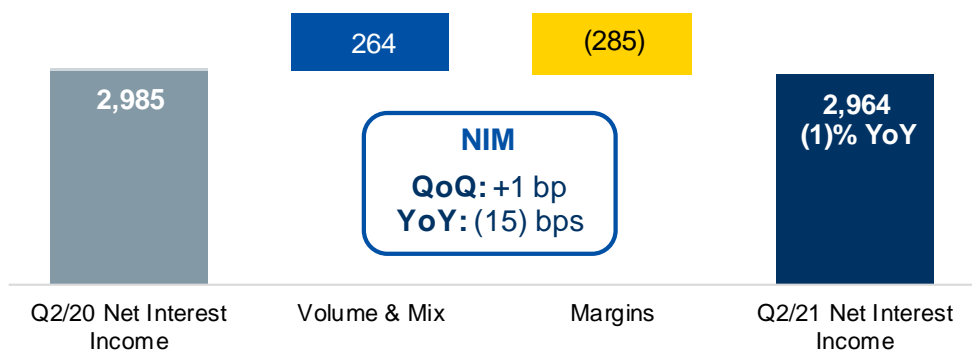
## Net Interest Income (\$ millions)



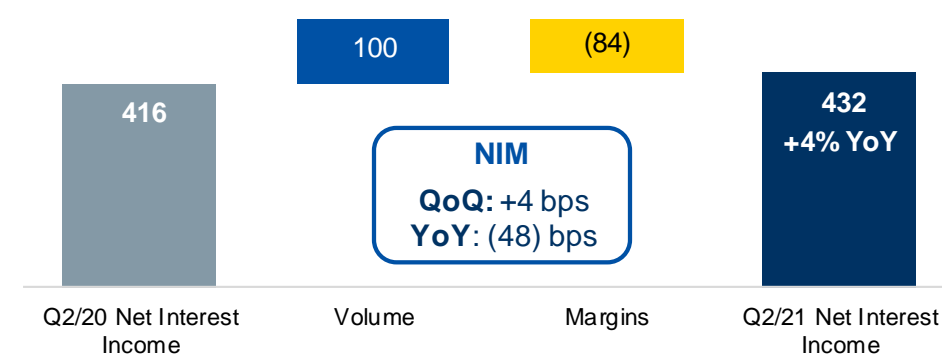
## Average Rates <sup>(1)</sup>



## Canadian Banking Net Interest Income (\$ millions)



## City National Net Interest Income (US\$ millions)

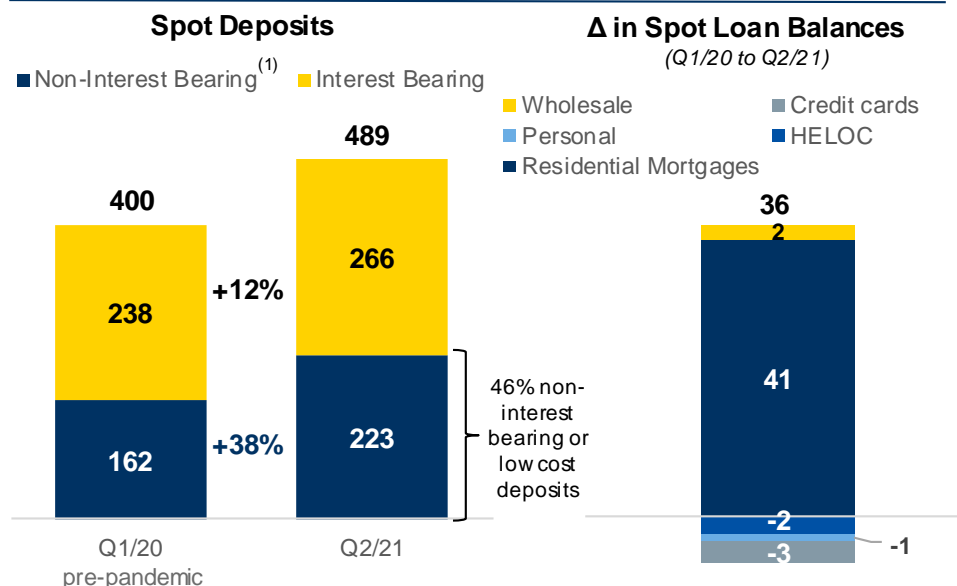


(1) Contains non-GAAP measures. See note 15 on slide 38.

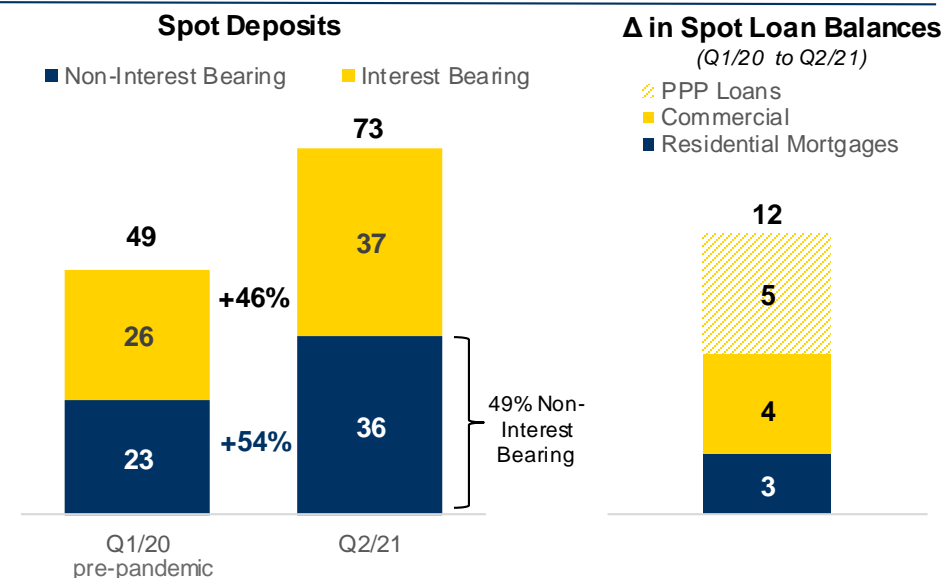
# Well positioned for rising interest rates

- Lower interest rates have negatively impacted deposit margins in Canadian Banking, and asset yields at City National (CNB)
- Strong mortgage growth and lower credit card balances in Canadian Banking shifted the product mix towards lower-yielding assets
- ~50% of Canadian Banking and CNB deposit base is non-interest bearing or low-rate deposits

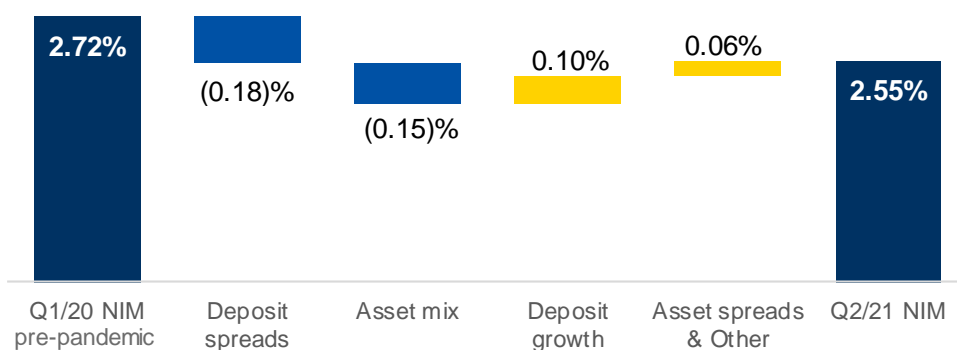
## Canadian Banking (\$ billions)



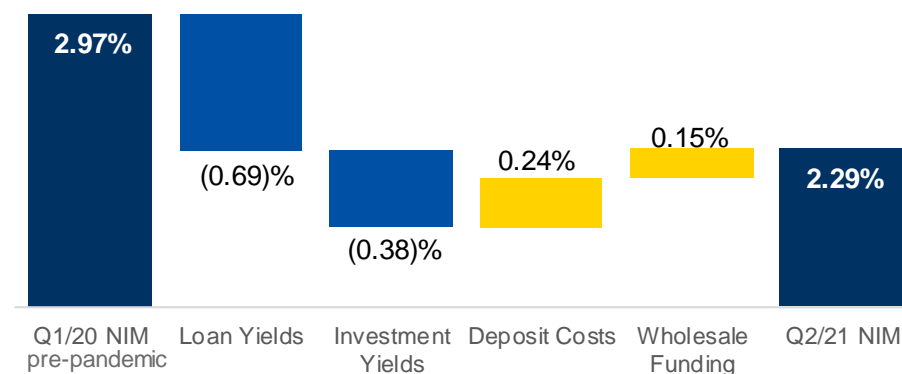
## City National (US\$ billions)



## Canadian Banking NIM on Average Earning Assets



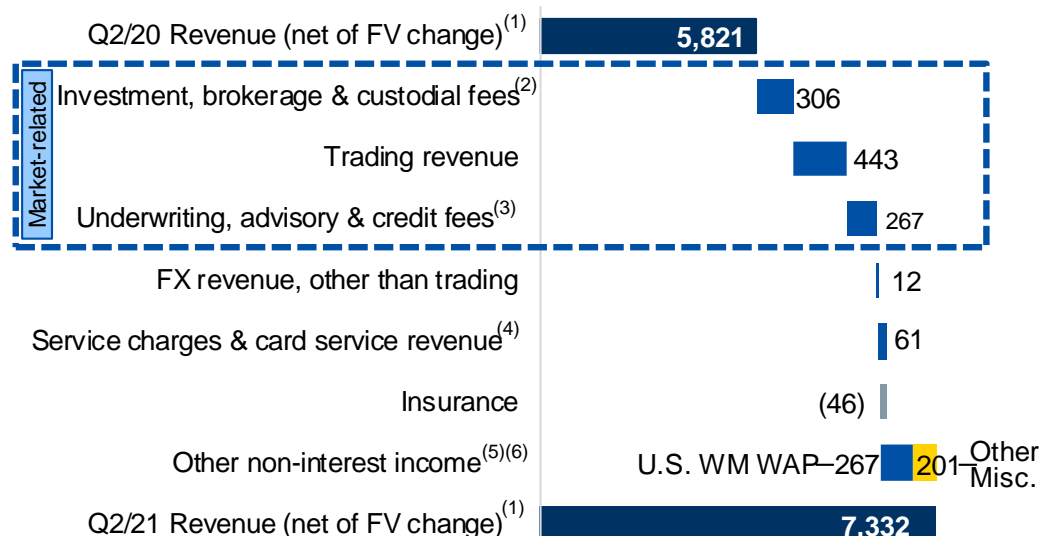
## CNB NIM on Average Earning Assets



(1) Reflects non-interest bearing deposits that are presented in Note 6 of our Q2/21 Report to Shareholders, in addition to personal deposits with an interest rate between 0.1 basis point and 5 basis points.

# Non-interest income: Diversified revenue streams offset interest rate headwinds

## Non-Interest Income<sup>(1)</sup> (\$ millions)



## Q2/2021 Highlights

- **Non-interest income was up 39% YoY; up 26% net of Insurance FV change<sup>(1)</sup>**
- + Higher trading revenue in Capital Markets as the prior year included loan underwriting markdowns of \$229 million impacting fixed income trading, and higher equity trading due to robust client activity; partially offset by lower trading revenue in Investor & Treasury Services
- + Higher investment management & custodial fees and mutual fund revenue, largely in Wealth Management and Canadian Banking
- + Record performance in Investment Banking reflecting robust fee activity in M&A and ECM
- + Higher card service revenue
- + Other non-interest income:
  - + Favourable change in the fair value of hedges related to our U.S. share-based compensation plans in U.S. Wealth Management (U.S. WM WAP gains / losses)<sup>(6)</sup>, which are largely offset in expenses
  - + Higher non-interest income in Corporate Support was largely offset in net interest income

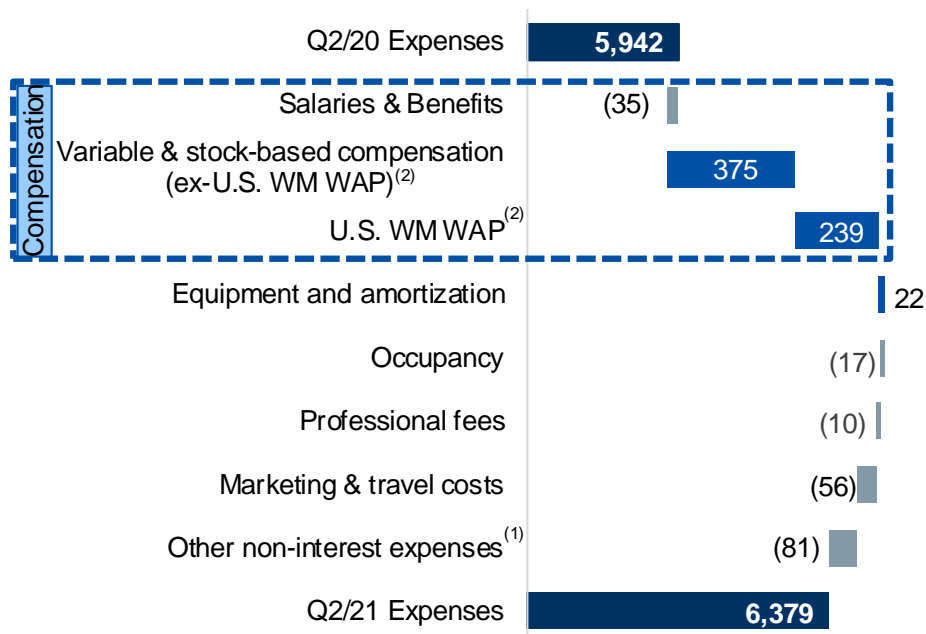
## Non-Interest Income by Segment<sup>(1)</sup> (\$ millions)

\$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
<b>Personal &amp; Commercial Banking</b>	<b>1,442</b>	<b>15%</b>	<b>3%</b>
Canadian Banking	1,377	16%	4%
<b>Wealth Management</b>	<b>2,728</b>	<b>31%</b>	<b>-</b>
Wealth Management (Excl. WM WAP) <sup>(6)</sup>	2,594	17%	2%
U.S. WM WAP <sup>(6)</sup>	134	n.m. <sup>(7)</sup>	(20)%
Capital Markets	1,597	86%	6%
Insurance (Net of FV change)	1,104	(4)%	(25)%
I&TS and Corporate Support	461	(4)%	(1)%
<b>Total (net of FV chg.)<sup>(1)</sup></b>	<b>7,332</b>	<b>26%</b>	<b>(3)%</b>
Total (net of FV chg. & Excl. WAP) <sup>(1,6)</sup>	7,198	21%	(3)%

(1) This is a non-GAAP measure. See note 12 on slide 38. (2) Comprised of investment management & custodial fees, Securities brokerage commissions and Mutual fund revenue. (3) Comprised of Underwriting and other advisory fees and Credit fees. (4) Comprised of service charges and card service revenue. (5) See note 16 on slide 38. (6) This is a non-GAAP measure. See note 13 on slide 38. (7) Not meaningful.

# Non-interest expense: Higher variable compensation commensurate with results

## Non-Interest Expense (\$ millions)



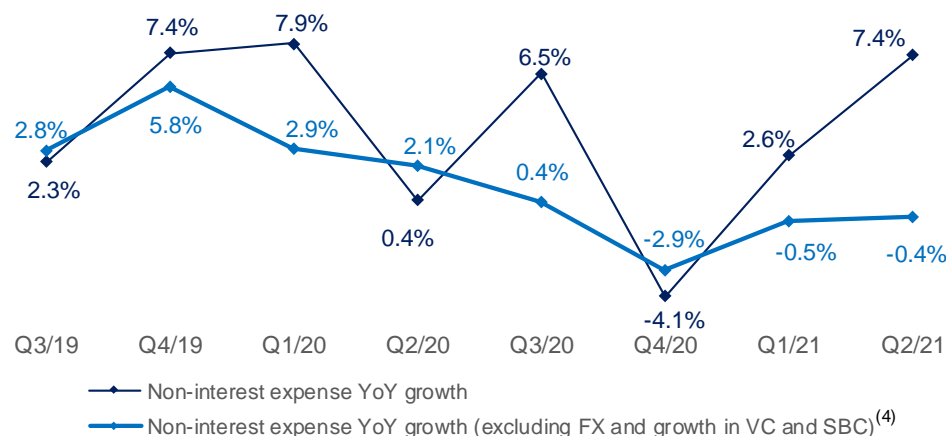
## Q2/2021 Highlights

- Non-interest expense was up 7% YoY
- Down 4% YoY excluding variable and stock-based compensation (which includes changes in U.S. WM WAP)<sup>(2)</sup>
  - Higher variable compensation commensurate with improved results in Wealth Management and Capital Markets
  - Favourable market conditions supported a change in the fair value of our U.S. share-based compensation plans in U.S. Wealth Management (U.S. WM WAP (gains)/ losses) in stock-based compensation, largely offset in Other revenue
- + Lower marketing, travel and related costs as a result of COVID-19
- + Lower other expenses, including a favourable sales tax adjustment in the current quarter

## Non-Interest Expense by Segment (\$ millions)

\$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
<b>Personal &amp; Commercial Banking</b>	<b>1,915</b>	<b>(2)%</b>	<b>(3)%</b>
Canadian Banking	1,770	(1)%	(3)%
<b>Wealth Management</b>	<b>2,495</b>	<b>15%</b>	<b>(3)%</b>
Wealth Management (Ex-U.S. WM WAP) <sup>(2)</sup>	2,371	4%	(1)%
U.S. WM WAP <sup>(2)</sup>	124	n.m. <sup>(3)</sup>	(21)%
Capital Markets	1,468	14%	2%
Insurance	140	(5)%	(6)%
I&TS and Corporate Support	361	(7)%	(12)%
<b>Total</b>	<b>6,379</b>	<b>7%</b>	<b>(2)%</b>

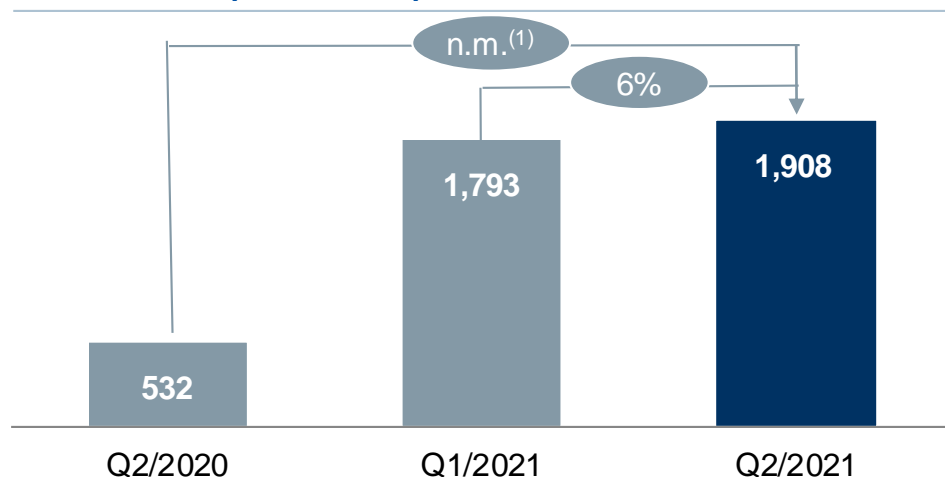
## Non-Interest Expense (YoY)



(1) See note 17 on slide 39. (2) This is a non-GAAP measure. See note 3 on slide 38. (3) Not meaningful. (4) This is a non-GAAP measure. See note 4 on slide 38.

# Strong volume growth and solid cost discipline in Personal & Commercial Banking

## Net Income (\$ millions)



Canadian Banking \$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
<b>Revenue</b>	<b>4,341</b>	<b>4%</b>	<b>-</b>
Personal Banking	3,308	5%	-
Business Banking	1,033	-	(1)%
Non-Interest Expense	1,770	(1)%	(3)%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>2,571</b>	<b>8%</b>	<b>2%</b>
Provisions for Credit Losses (PCL)	35	(98)%	(77)%
<b>Net Income</b>	<b>1,872</b>	<b>n.m.<sup>(1)</sup></b>	<b>7%</b>
ROE <sup>(3)</sup>	35.4%	22.9 pts	1.8 pts
Net Interest Margin	2.55%	(15) bps	1 bp
Efficiency Ratio	40.8%	(1.9) pts	(1.1) pts
Average loans & acceptances, net (\$BN)	488.4	6%	1%
Average deposits (\$BN)	476.9	16%	1%
Assets Under Administration (\$BN) <sup>(4)</sup>	333.6	24%	6%

## Q2/2021 Highlights

### Canadian Banking

- **Net income up \$1.2 billion YoY**
  - + Lower PCL, strong average volume growth and higher fee-based revenue, partially offset by lower spreads
- **Revenue up 4% YoY**
  - **Net interest income declined 1% YoY**
    - NIM of 2.55%, down 15 bps YoY (up 1 bp QoQ), primarily due to lower interest rates
  - + Strong 11% volume growth with average YoY deposit and loan growth of 16% and 6%, respectively (see slide 28)
- **Non-interest income up 16% YoY**
  - + Higher card service revenue
  - + Higher average balances driving higher mutual fund distribution fees
  - + Higher securities brokerage commissions reflecting increased client activity
- **Expenses well controlled, down 1% YoY**
  - + Lower discretionary spend and a favourable sales tax adjustment in the current quarter
  - Higher staff-related costs
  - + **Positive operating leverage:** Q2/2021: +4.7%; YTD: +1.5%
- **Lower PCL YoY**

### Caribbean & U.S. Banking

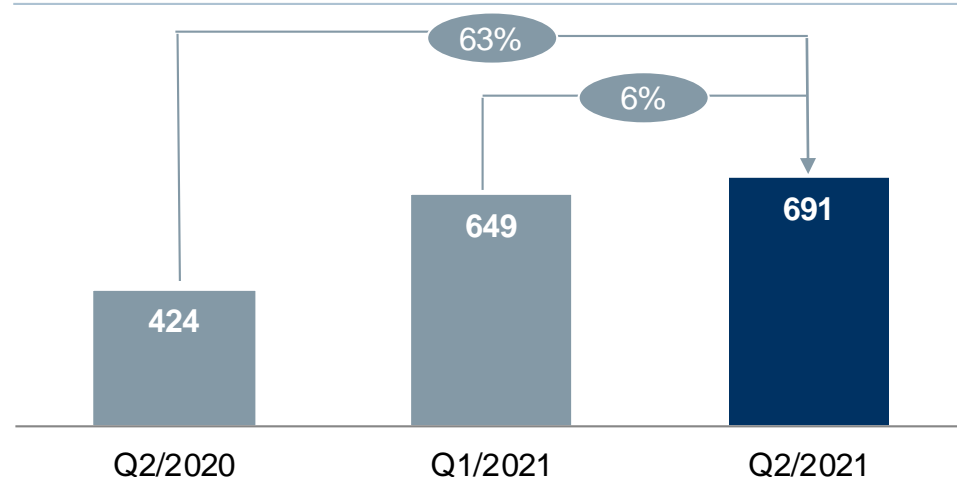
- Net income of \$36 million, up \$153 million YoY, primarily reflecting lower PCL, partially offset by lower spreads and the impact of foreign exchange translation

(1) Not meaningful. (2) This is a non-GAAP measure. See note 5 on slide 38. (3) This is a non-GAAP measure. See note 8 on slide 38. (4) Spot balances.



# Solid results in Wealth Management driven by market performance and net sales

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
Revenue	3,394	20%	-
Wealth Management (Non-U.S.)	1,694	18%	1%
U.S. Wealth Management	1,700	23%	-
Non-Interest Expense	2,495	15%	(3)%
<b>Pre-Provision, Pre-Tax Earnings<sup>(1)</sup></b>	<b>899</b>	<b>38%</b>	<b>9%</b>
Provisions for Credit Losses (PCL)	(2)	(\$93)	\$27
<b>Net Income</b>	<b>691</b>	<b>63%</b>	<b>6%</b>
U.S. Wealth Management (see slide 31)	237	n.m. <sup>(2)</sup>	14%
ROE <sup>(3)</sup>	17.2%	6.8 pts	1.6 pts
Efficiency Ratio	73.5%	(3.4) pts	(2.2) pts
Wealth Management (non-U.S.)	63.4%	(4.8) pts	(1.2) pts
Assets Under Administration (\$BN)	1,227	16%	4%
Assets Under Management (\$BN)	922	18%	4%
Average loans & acceptances, net (\$BN)	83.1	11%	2%
Average deposits (\$BN)	139.7	17%	1%

(\$ billions)	Q2/2021	Q2/2020	Q1/2021
RBC GAM net sales (see slide 30)	14.7	14.8	7.2

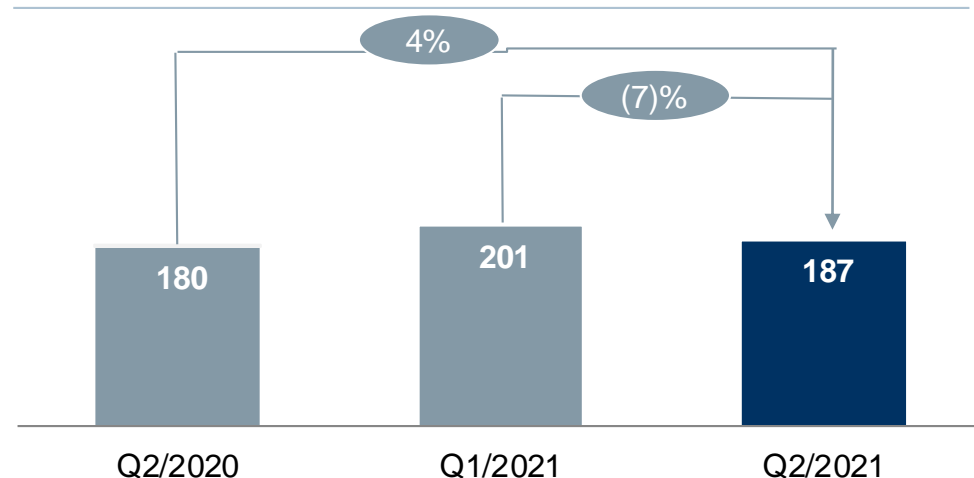
## Q2/2021 Highlights

- **Net income up 63% YoY**
  - + Strong average loan growth and higher average fee-based client assets net of the associated variable compensation, lower PCL and higher transactional revenue, partially offset by the impact of lower interest rates
- **Revenue increased 20% YoY (up 10% ex-U.S. WAP gains/(losses)<sup>(4)</sup>**
  - + **Wealth Management (non-U.S.) revenue up 18%YoY**
    - + Higher average fee-based client assets, reflecting market appreciation and net sales
  - + **U.S. Wealth Management (incl. CNB) revenue up 23%YoY**
    - + **Revenue up 3%ex-U.S. WAP gains/(losses)<sup>(4)</sup>**
      - + Strong average loan growth of 23% (US\$)
      - + Higher average fee-based client assets, reflecting market appreciation and net sales
      - + Higher transactional revenue, mainly driven by client activity
      - Impact of lower interest rates
      - Impact of foreign exchange translation
- **Expenses up 15% YoY**
  - **Expenses up 4%ex-U.S. WAP (gains)/losses<sup>(5)</sup>**
    - Higher variable compensation commensurate with increased commissionable revenue
    - + Impact of foreign exchange translation
- **Lower PCL YoY**

(1) This is a non-GAAP measure. See note 5 on slide 38. (2) Not meaningful. (3) This is a non-GAAP measure. See note 8 on slide 38. (4) This is a non-GAAP measure. See note 13 on slide 38. (5) This is a non-GAAP measure. See note 3 on slide 38.

# Solid results in Insurance

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
Revenue	536	172%	(70)%
Revenue net of insurance FV change <sup>(1)</sup>	1,104	(4)%	(25)%
Non-Interest Expense	140	(5)%	(6)%
PBCAE	149	(184)%	(89)%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>247</b>	<b>9%</b>	<b>(3)%</b>
<b>Net Income</b>	<b>187</b>	<b>4%</b>	<b>(7)%</b>
ROE <sup>(3)</sup>	32.1%	(0.9) pts	(2.4) pts
<b>Premiums and deposits</b>	<b>1,161</b>	<b>1%</b>	<b>(20)%</b>
Canadian Insurance	559	7%	(31)%
International Insurance	602	(4)%	(4)%

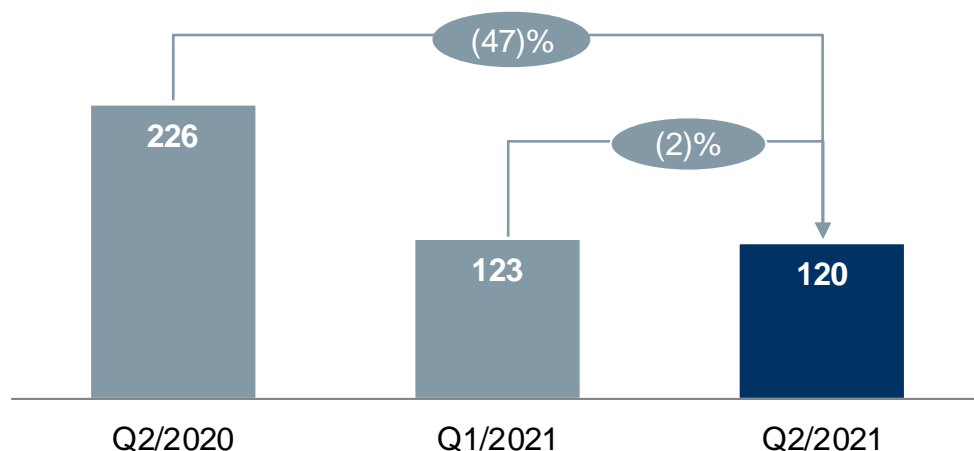
## Q2/2021 Highlights

- **Net income up 4% YoY**
  - + Lower claims costs and the favourable impact of actuarial adjustments were partially offset by the impact of realized investment gains in the prior year and lower new longevity reinsurance contracts
- **Revenue up 172% YoY (down 4% net of Insurance FV change)<sup>(1)</sup>**
  - + Change in fair value of investments backing policyholder liabilities, which is largely offset in PBCAE
  - Impact of realized investment gains in the prior year
  - Lower international life volumes partially offset by higher Canadian insurance sales
- **PBCAE down 184% YoY**
- **Expenses well controlled, down 5% YoY**
  - + Reflecting benefits from ongoing efficiency initiatives

(1) This is a non-GAAP measure. See note 12 on slide 38. (2) This is a non-GAAP measure. See note 5 on slide 38. (3) This is a non-GAAP measure. See note 8 on slide 38.

# Investor & Treasury Services results lower on tough comparable

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
Revenue	534	(25)%	(5)%
Non-Interest Expense	375	(4)%	(6)%
<b>Pre-Provision, Pre-Tax Earnings<sup>(1)</sup></b>	<b>159</b>	<b>(50)%</b>	<b>(3)%</b>
Provisions for Credit Losses (PCL)	(2)	(\$16)	-
<b>Net Income</b>	<b>120</b>	<b>(47)%</b>	<b>(2)%</b>
ROE <sup>(2)</sup>	14.3%	(14.1) pts	(1.0) pts
Efficiency ratio	70.2%	14.9 pts	(0.8) pts
Assets Under Administration (\$BN)	<b>4,530.1</b>	<b>12%</b>	<b>(2)%</b>
<b>Deposits (\$BN)</b>	<b>220.4</b>	<b>13%</b>	<b>8%</b>
Client deposits	64.0	(1)%	1%
Wholesale funding deposits	156.4	20%	11%

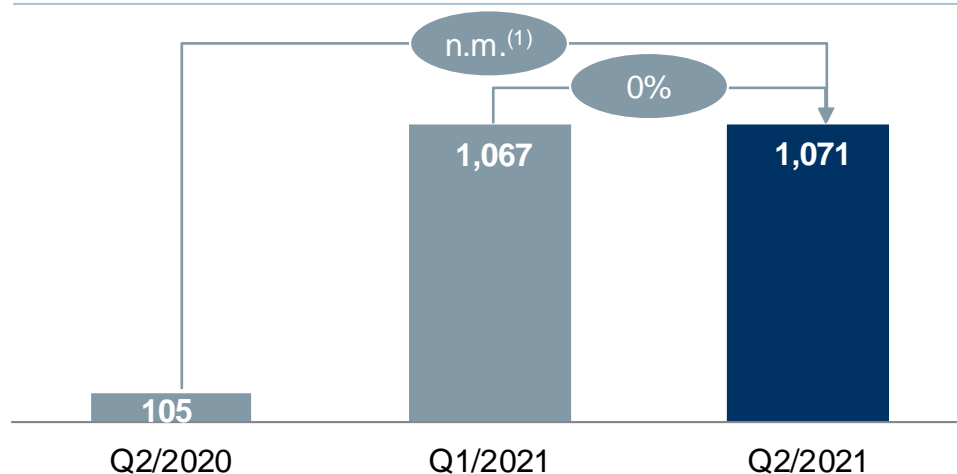
## Q2/2021 Highlights

- **Net income down 47% YoY**
  - Lower revenue from funding and liquidity and client deposits
- **Revenue down 25% YoY**
  - Lower **funding and liquidity** revenue as the prior year benefitted from the impact of interest rate movements and higher gains from the disposition of investment securities
  - Lower **client deposit** revenue largely driven by lower interest rates
  - Lower **asset services** revenue as the prior year reflected increased client activity due to elevated market volatility
- **Expenses down 4% YoY**
  - + Favourable sales tax adjustment in the current quarter
  - + Lower staff-related costs including the benefit from ongoing efficiency initiatives

(1) This is a non-GAAP measure. See note 5 on slide 38. (2) This is a non-GAAP measure. See note 8 on slide 38.

# Record earnings of over \$1 billion in Capital Markets

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q2/2021	Reported	
		YoY	QoQ
<b>Revenue</b>	<b>2,718</b>	<b>18%</b>	<b>-</b>
<b>Corporate and Investment Banking</b>	<b>1,197</b>	<b>66%</b>	<b>8%</b>
Investment Banking	630	n.m. <sup>(1)</sup>	8%
Lending and Other	567	2%	7%
<b>Global Markets</b>	<b>1,562</b>	<b>(8)%</b>	<b>(4)%</b>
Equities	473	46%	9%
FICC	797	(4)%	(9)%
Repo & Secured Financing	292	(45)%	(7)%
Non-Interest Expense	1,468	14%	2%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>1,250</b>	<b>22%</b>	<b>(1)%</b>
Provisions for Credit Losses (PCL)	(127)	(\$1,144)	(\$104)
<b>Net Income</b>	<b>1,071</b>	<b>n.m.<sup>(1)</sup></b>	<b>-</b>
ROE <sup>(3)</sup>	18.9%	17.4 pts	0.4 pts
Efficiency ratio	54.0%	(1.8) pts	0.8 pts
Average loans & acceptances, net (\$BN)	97.3	(17)%	(1)%

## Q2/2021 Highlights

- **Net income up \$966 million YoY**
  - + Lower PCL and record Corporate and Investment Banking revenue, partially offset by higher taxes and compensation
- **Revenue up 18% YoY**
  - + **Corporate and Investment Banking** revenue up 66% YoY
    - + Prior year was impacted by loan underwriting markdowns of \$229 million, mainly in the U.S. and Europe
    - + Record Investment Banking quarter supported by higher M&A activity, as well as higher equity and debt origination largely in the U.S.
    - + Higher loan syndication activity in North America
  - + **QoQ:** Higher debt and equity origination activity across all regions
- **Global Markets** revenue down 8% YoY
  - Lower fixed income trading revenue across most regions as the prior year benefitted from increased client activity in rates and repo products amidst elevated market volatility
  - Foreign exchange translation
  - + Record quarter for Equities supported by higher equity trading revenue across most regions
  - + Gains from the disposition of certain investment securities
  - **QoQ:** Lower fixed income trading revenue across all regions reflecting the impact of market normalization
- **Expenses up 14% YoY**
  - Higher compensation on improved results
- **Lower PCL YoY**
- **Higher effective tax rate YoY**
  - Increase in proportion of earnings from higher tax rate jurisdictions

(1) Not meaningful. (2) This is a non-GAAP measure. See note 5 on slide 38. (3) This is a non-GAAP measure. See note 8 on slide 38.

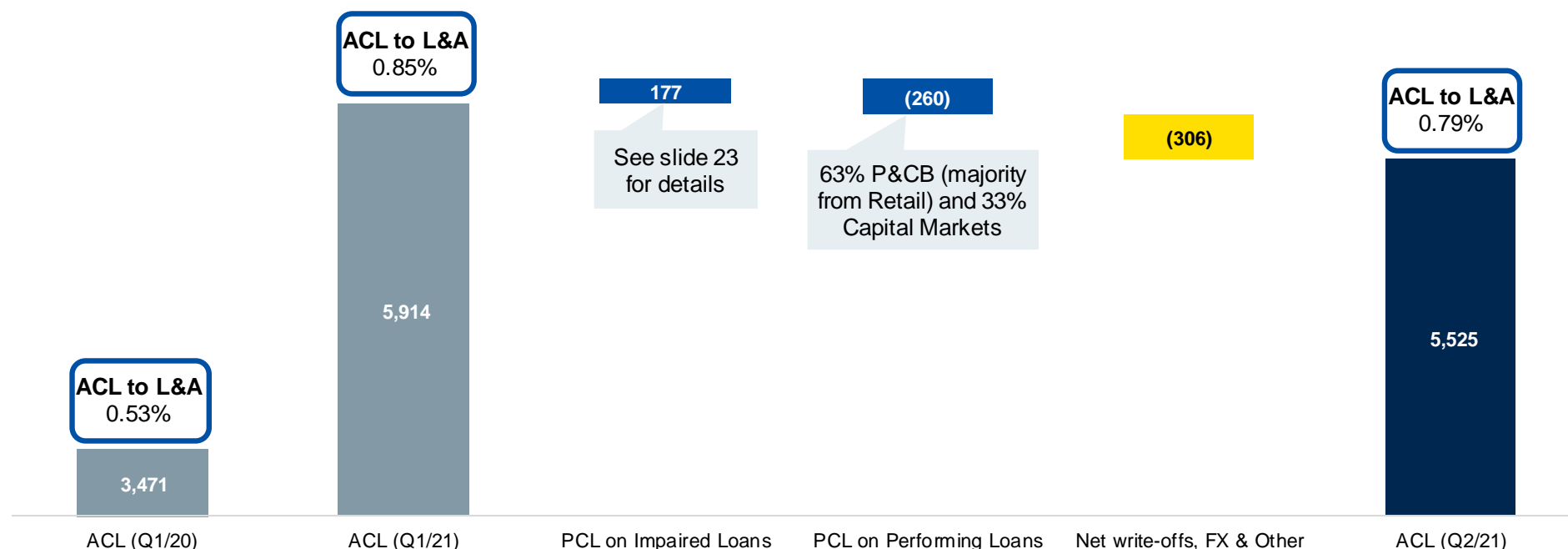
# Risk Review

Graeme Hepworth  
Chief Risk Officer



# ACL reflects ongoing uncertainty related to COVID-19

## Movement in Allowance for Credit Losses on Loans<sup>(1)</sup> (\$ millions)

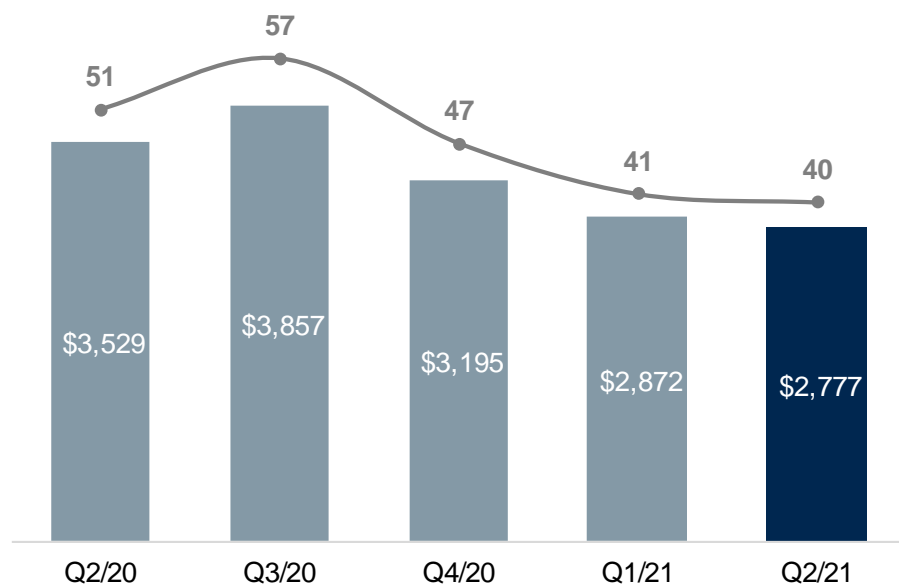


- ACL on loans of \$5.5 billion was down \$389 million QoQ
- ACL as a percentage of loans and acceptances of 0.79% was down 6 bps QoQ, but remains elevated relative to 0.53% at Q1/2020 reflecting the ongoing uncertainty related to the impact of the COVID-19 pandemic
- The \$260 million release of reserves on performing loans in Q2/2021 reflects improvements in our macroeconomic and credit quality outlook
  - Though we continue to move along the forecast curve into recovery and vaccine distribution progresses, defaults continue to be temporarily suppressed by government support programs
  - The release of reserves on performing loans is primarily driven by Canadian Banking (\$155 million), largely in the Cards and Commercial portfolios, and Capital Markets (\$87 million)

(1) Totals may not add due to rounding.

# GIL below pre-pandemic levels with continued muted new formations

## Gross Impaired Loans (GIL) (\$ millions, bps)



## Key Drivers of GIL (QoQ)

- Total GIL decreased \$95 million (down 1 bp QoQ)

### Capital Markets

- GIL decreased \$157 million, primarily reflecting resolution of previously impaired loans, largely in the Oil & Gas sector, partially offset by higher new formations largely in the Real Estate and Related sector

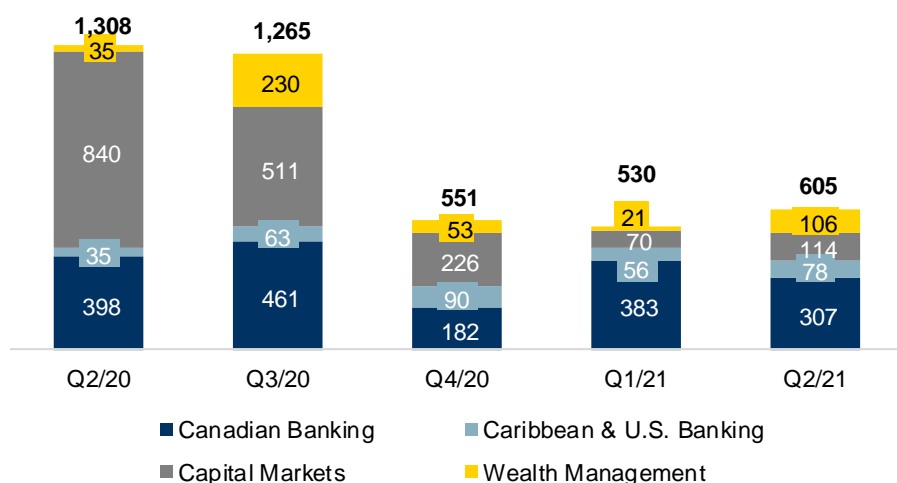
### Wealth Management (including CNB)

- GIL increased \$49 million, on higher new formations at CNB, primarily in the Consumer Discretionary, and Information Technology sectors

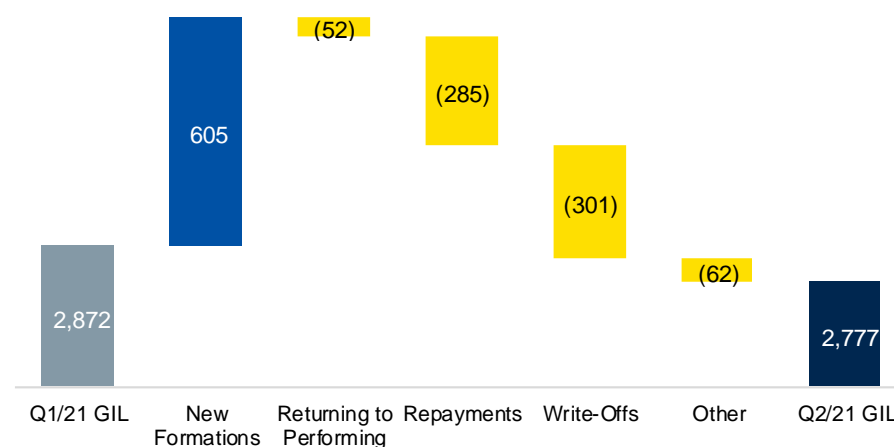
### Canadian Banking

- GIL was stable, as relatively small increases in GIL across retail products were offset by a decrease in commercial GIL

## New Formations (\$ millions) <sup>(1)</sup>



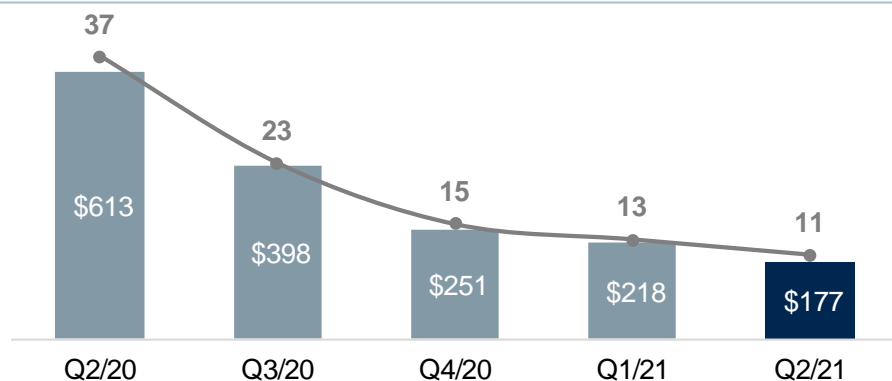
## Net Formations (\$ millions)



(1) See note 18 on slide 39.

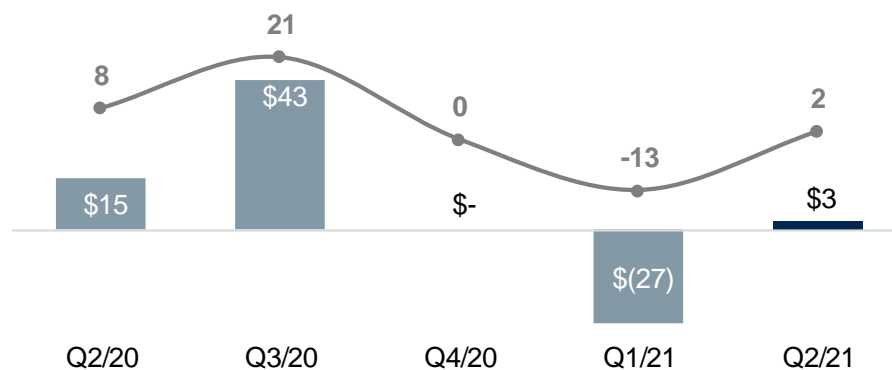
# PCL on impaired loans at its lowest level in over 15 years

## Total RBC (\$ millions, bps)



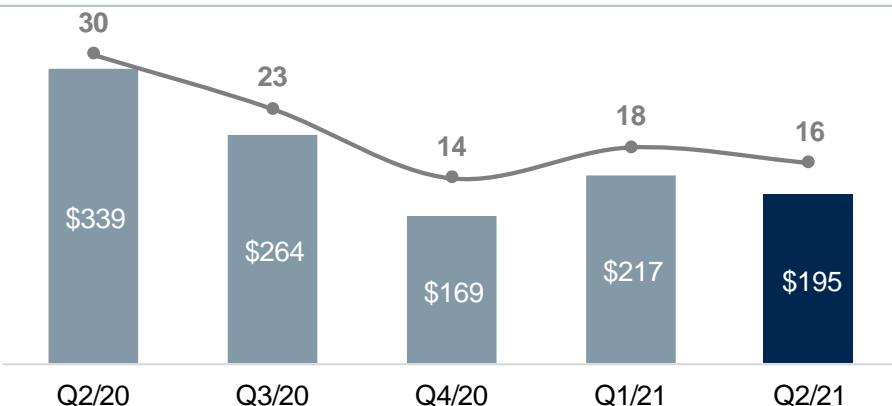
- Lower provisions QoQ in Capital Markets and Canadian Banking, partially offset by higher provisions in Wealth Management

## Wealth Management (\$ millions, bps)



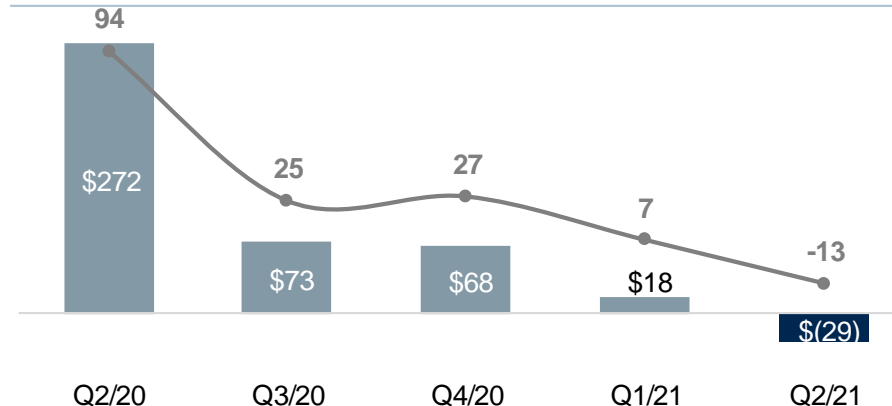
- Higher provisions QoQ, due to a provision on a new impaired loan at CNB in the Consumer Discretionary sector, and higher recoveries in Q1/2021

## Canadian Banking (\$ millions, bps)



- Retail:** Lower provisions QoQ, primarily in personal lending and residential mortgages, partially offset by higher write-offs on cards
- Commercial:** Lower provisions QoQ, mainly due to a provision on an Other Services account taken in Q1/2021

## Capital Markets (\$ millions, bps)



- Lower provisions QoQ, largely due to reversals on previously impaired loans in the Oil & Gas and Other Services sectors, partially offset by a provision on a new impaired loan in the Real Estate and Related sector



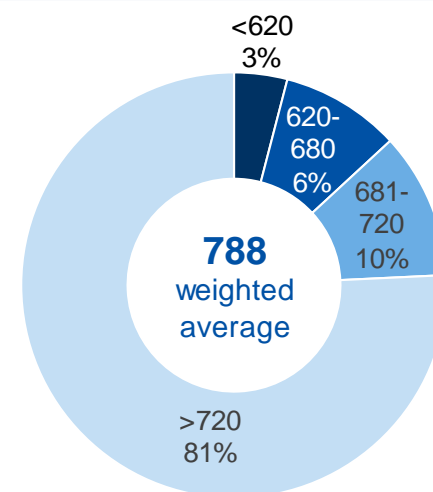
# Strong underlying credit quality in Canadian Banking (CB)

## Canadian Banking PCL on Impaired Loans and Gross Impaired Loans

	Q2/21 Avg Loan Balances (\$BN)	PCL on Impaired Loans (bps) <sup>(1)</sup>			Gross Impaired Loans (bps)			Avg FICO Score (Q2/21)
		Q2/20	Q1/21	Q2/21	Q2/20	Q1/21	Q2/21	
Residential Mortgages <sup>(2)</sup>	310.6	1	2	1	17	15	16	793
Personal Lending	75.9	70	43	37	36	27	28	780
Credit Cards	16.0	307	156	203	96 <sup>(3)</sup>	73 <sup>(3)</sup>	78 <sup>(3)</sup>	740
Small Business <sup>(4)</sup>	11.1	102	60	30	128	155	104	n.a.
Commercial <sup>(4)</sup>	78.5	19	20	18	57	74	69	n.a.
<b>Total</b>	<b>492.1</b>	<b>30</b>	<b>18</b>	<b>16</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>788</b>

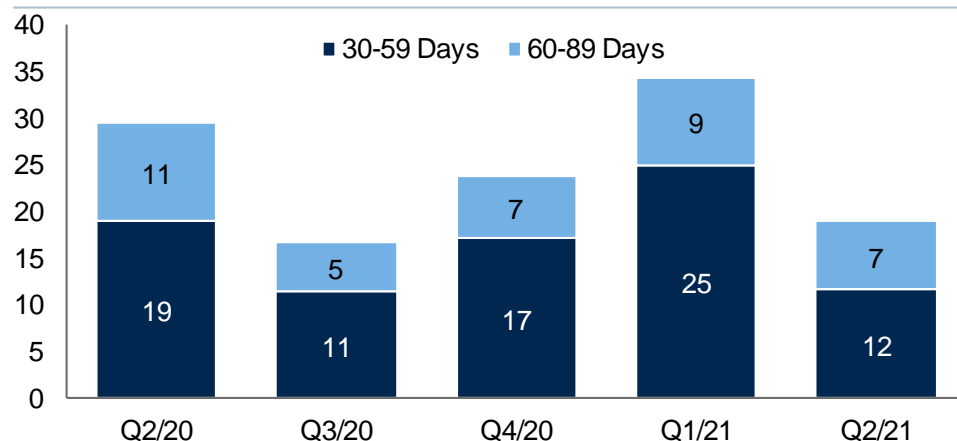
- PCL on impaired loans decreased 2 bps QoQ, and remains below pre-pandemic levels due to ongoing government support
- Higher write-offs on cards attributed to the end of deferral programs in Q4/20, with card balances impaired after 180 days past due

## CB Retail FICO Score Distribution (Q2/21)



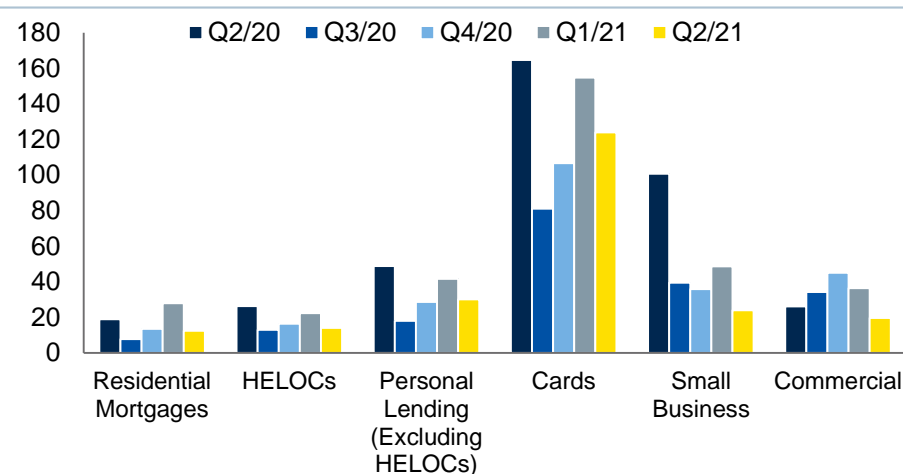
- Credit quality remains high with just 3% of the portfolio with a FICO score below 620

## CB Delinquencies By Days Past Due (bps) <sup>(5)</sup>



- 30-89 day delinquencies of 19 bps decreased 15 bps QoQ, with 30-59 day delinquencies down 13 bps QoQ, and 60-89 day delinquencies down 2 bps QoQ

## CB 30-89 Day Delinquencies by Product (bps) <sup>(5)</sup>



- Delinquencies were lower QoQ across all retail products, as well as in commercial banking

(1) See note 19 on slide 39. (2) Includes \$10.9BN of mortgages on multi-unit residential buildings originated in P&CB Business Banking. (3) Represents 90+ Days Past Due, as there are no GIL balances for Credit Cards. (4) In Q2/21, following capital treatment guideline change, ~\$5.4BN of exposure previously classified as Commercial was reclassified as Small Business exposure. (5) See note 20 on slide 39.

# Canadian residential portfolio has strong underlying credit quality

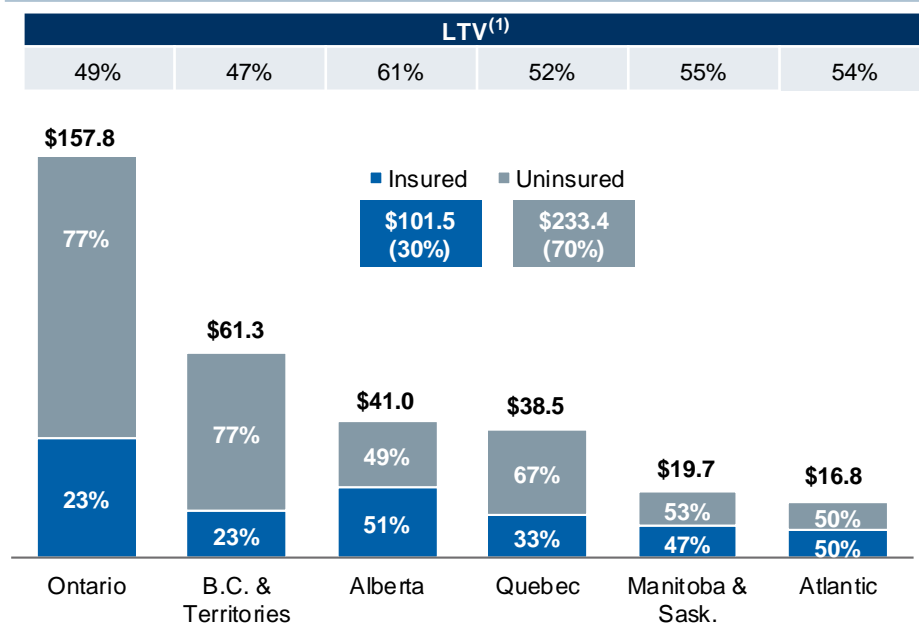
## Q2/2021 Highlights

- Strong underlying quality of uninsured residential lending portfolio<sup>(1)</sup>
  - 54% of uninsured portfolio have a FICO score >800
- GTA and GVA average FICO scores remain above the Canadian average
- Only 2% of our residential lending portfolio has an LTV >80% and FICO score of 720 or lower, and is predominately all insured
- Condominium outstanding balance is 11% of residential lending portfolio

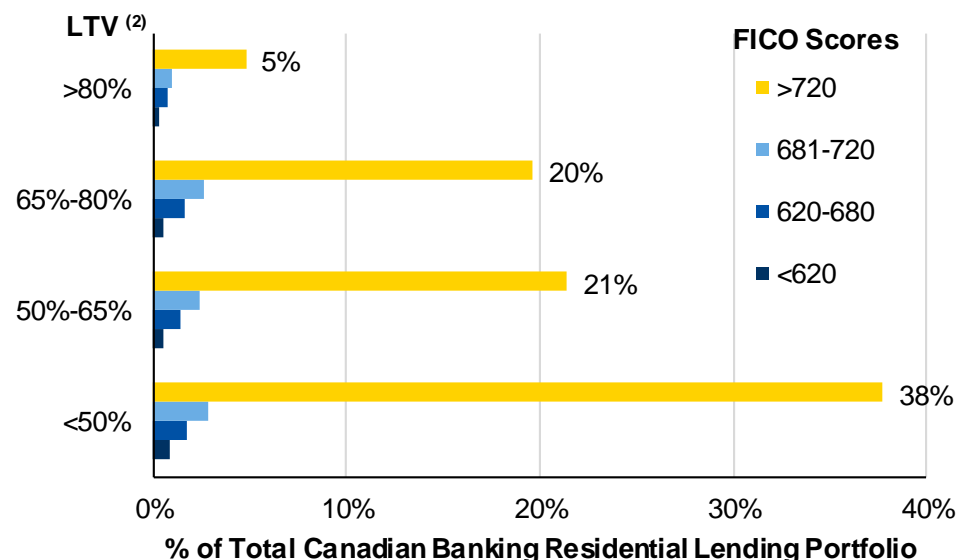
## Canadian Banking Residential Lending Portfolio<sup>(1)</sup>

	Total (\$338.5BN)	Uninsured (\$263.7BN)
<b>Mortgage</b>	<b>\$303.3BN</b>	<b>\$228.5BN</b>
<b>HELOC</b>	<b>\$35.2BN</b>	<b>\$35.2BN</b>
<b>LTV <sup>(2)</sup></b>	<b>51%</b>	<b>50%</b>
GVA	46%	46%
GTA	48%	48%
<b>Average FICO Score<sup>(1)</sup></b>	<b>802</b>	<b>808</b>
<b>90+ Days Past Due<sup>(1)(3)</sup></b>	<b>16 bps</b>	<b>13 bps</b>
GVA	9 bps	9 bps
GTA	8 bps	8 bps

## Canadian Residential Mortgage Portfolio<sup>(2)</sup> (\$ billions)



## Canadian Banking Residential Lending Portfolio<sup>(1)</sup>



(1) See note 21 on slide 39. (2) See note 22 on slide 39. (3) The 90+ day past due rate includes all accounts that are either 90 days or more past due or are in impaired status.

# Appendices

# ESG performance highlights: Putting our Purpose into practice

Royal Bank of Canada is a **purpose-driven, principles-led** organization

## How we deliver value



### Building & attracting talent and driving a diverse & inclusive culture

- **46%** women executives<sup>(1)</sup> and **42%** women<sup>(1)</sup> on RBC's Board of Directors
- **21%** of executives<sup>(1)(2)</sup> are Black, Indigenous and People of Colour (BIPOC)
- **#4** globally in the Refinitiv Diversity & Inclusion Index, ranking over **9,000** listed companies
- Increasing our staffing goals for BIPOC executives from 20% to **30%** with a focus on increasing Black and Indigenous representation<sup>(3)</sup>



### Sustainable finance and responsible investment

- **\$73.3 billion**<sup>(4)</sup> in sustainable finance in 2020, building towards our target of **\$500 billion by 2025**
- Focused strategy to integrate ESG across all businesses in Capital Markets led by a dedicated Sustainable Finance Group
- Total value of socially responsible investments and impact assets under management grew to **\$12.5 billion**<sup>(4)</sup>
- Published policy restrictions on lending to sensitive sectors, including coal and the Arctic



### Climate change: accelerating clean economic growth

- Enterprise climate change strategy, [RBC Climate Blueprint](#), aims to support clients in the net-zero transition
- Joined pilot project on climate risk scenarios stress testing led by the Bank of Canada and OSFI
- Joined **PCAF**<sup>(5)</sup> to advance the measurement of our indirect emissions
- Committed to **net-zero emissions in our lending by 2050** and carbon neutral in our global operations since 2017
- **Over 125 organizations** supported with over **\$27 million** in funding through [RBC Tech for Nature](#) since 2019



### Preparing youth for the future of work

- Through [RBC Future Launch](#), we are dedicating **\$500 million** over **10 years** to help young people gain meaningful employment through work experience, skills development and networking; we have reached over **2.5 million**<sup>(4)</sup> Canadian youth through **500+** partner programs since 2017
- Committing to invest **\$50 million** from 2020 to 2025 to create meaningful and transformative pathways to prosperity for **25,000** BIPOC youth<sup>(3)</sup>

RBC is recognized as an “**Outperformer**” or “**Leader**” by our top tier ESG rating agencies<sup>(6)</sup> and indices, including:



FTSE4Good

Banking industry ranking  
in **98<sup>th</sup>** percentile



ESG Risk Rating of  
**16.9 (low risk)**



“**A**” Rating



Now a Part of **S&P Global**

Overall score **78**  
**90<sup>th</sup>** percentile

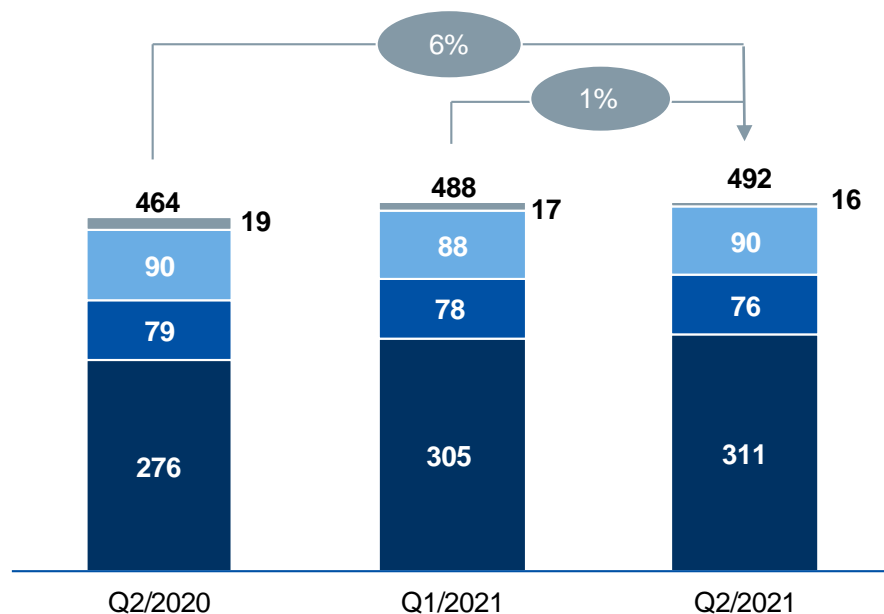


“**A-**” score for our  
2020 Climate  
Change response

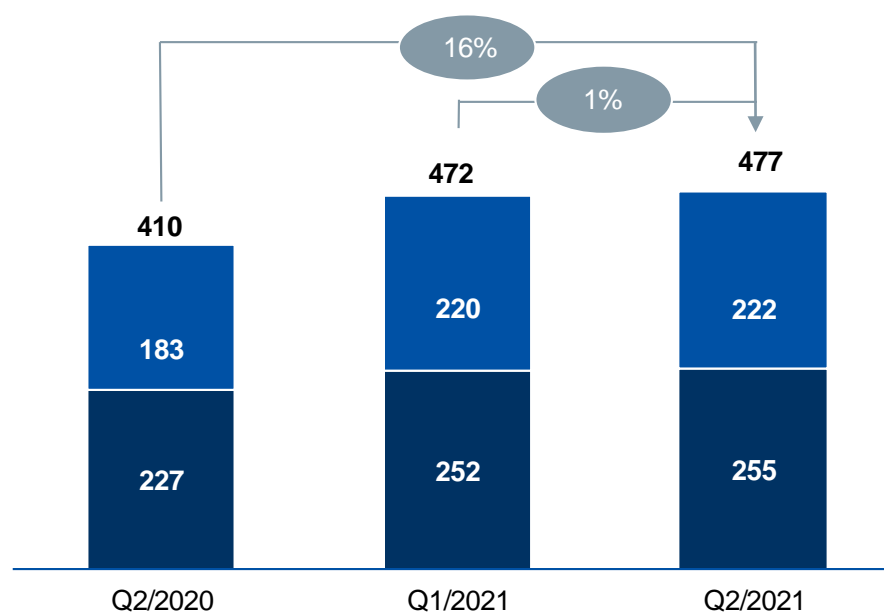
(1) See note 23 on slide 39. (2) See note 24 on slide 39. (3) [RBC's Actions Against Systemic Racism](#). (4) As of FY2020. (5) [Partnership for Carbon Accounting Financials \(PCAF\)](#). (6) See note 25 on slide 39.

# Strong volume growth in Canadian Banking

## Average Gross Loans & Acceptances<sup>(1)</sup> (\$ billions)



## Average Deposits<sup>(1)</sup> (\$ billions)



Percentage Change <sup>(1)</sup>		YoY	QoQ
Residential Mortgages	■	12.6%	1.8%
HELOC	■	(6.9)%	(3.3)%
Other Personal	■	(1.7)%	(1.0)%
Credit Cards	■	(13.5)%	(5.9)%
Business (Including Small Business)	■	(0.6)%	1.4%

Percentage Change <sup>(1)</sup>		YoY	QoQ
Personal Deposits	■	12.0%	1.0%
Business Deposits	■	21.6%	1.3%

(1) Totals may not add and percentage change may not reflect actual change due to rounding. (2) Real estate secured lending (RESL) includes residential mortgages and HELOC.

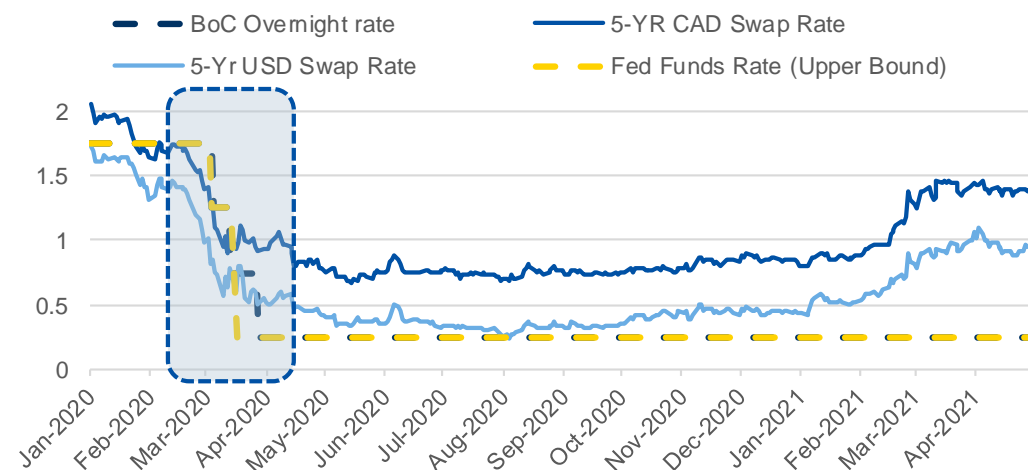
# Net Interest Income sensitivity

## Interest Rate Risk in the Banking Book (IRRBB) Sensitivities – NII risk<sup>(1)</sup> (\$ millions)

		NII risk					
		Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Impact of +100 bps move in rates	Canadian dollar impact	377	566	640	571	560	471
	U.S. dollar impact	91	135	142	247	276	387
	<b>Total</b>	<b>468</b>	<b>701</b>	<b>782</b>	<b>818</b>	<b>836</b>	<b>858</b>
Impact of -100 bps move in rates	Canadian dollar impact	(508)	(571)	(485)	(472)	(530)	(554)
	U.S. dollar impact	(119)	(155)	(85)	(149)	(184)	(304)
	<b>Total</b>	<b>(627)</b>	<b>(726)</b>	<b>(570)</b>	<b>(621)</b>	<b>(714)</b>	<b>(858)</b>

- **Q2/2021:** The quarter-over-quarter change in NII sensitivity, in particular for the 100 bps down shock, was largely attributable to continued growth in low cost deposits in the current quarter
- As at April 30, 2021, an immediate and sustained +100 bps shock would have had a positive impact to our net interest income of \$858 million over a 12-month period

## Lower rate environment in Canada and the U.S. <sup>(2)</sup>

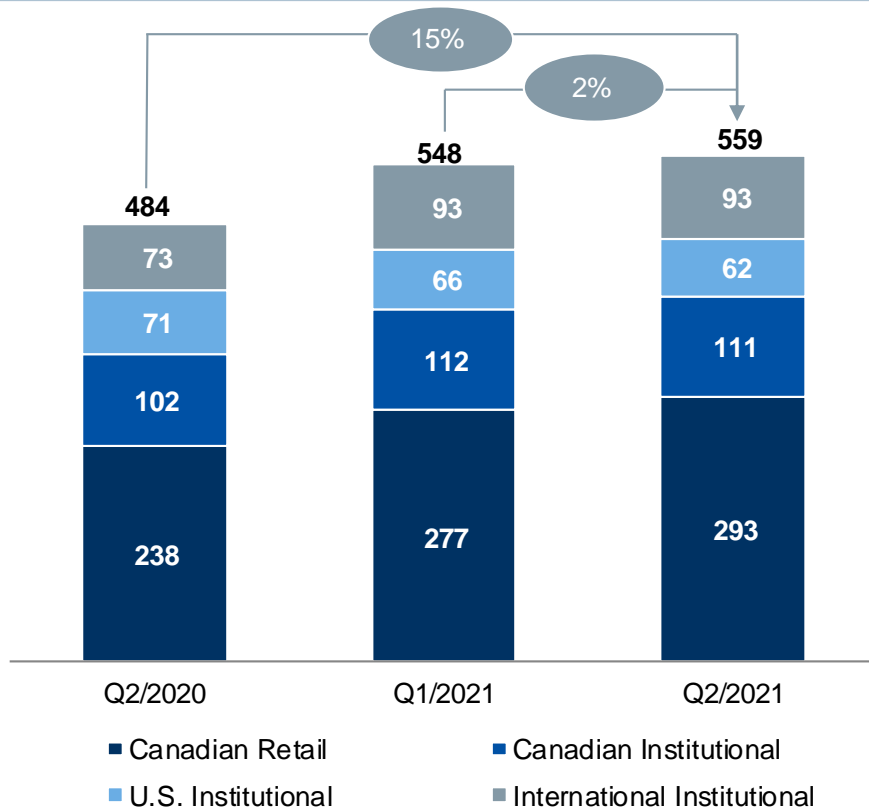


- Through March 2020, the Bank of Canada and U.S. Fed Funds rate each declined by 150 bps

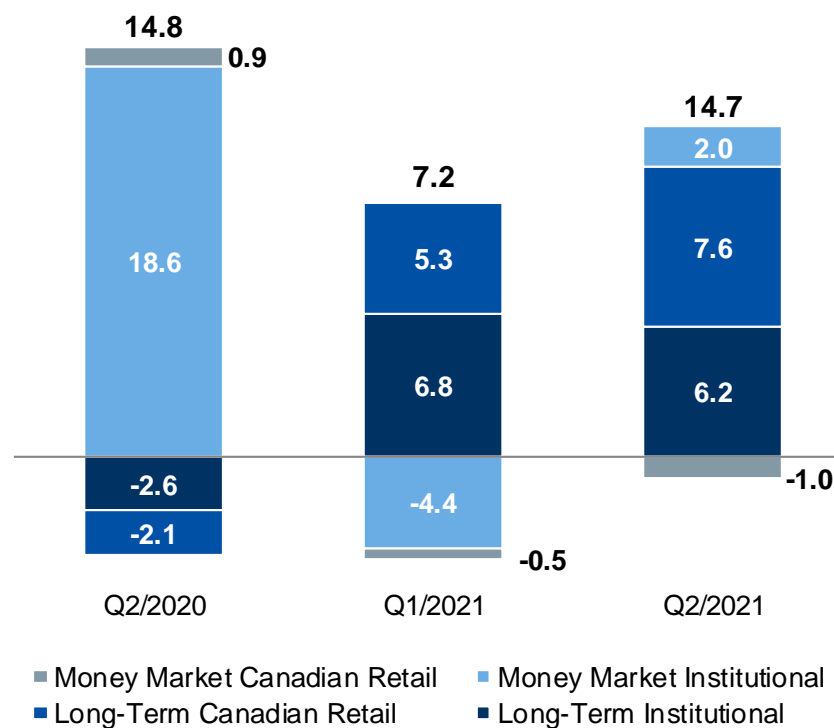
(1) Represents the 12-month NII exposure (before-tax) to an instantaneous and sustained shift in interest rates. (2) Bloomberg data.

# Strong net sales at RBC Global Asset Management

## RBC Global Asset Management AUM (\$ billions)



## RBC Global Asset Management Net Sales (\$ billions)



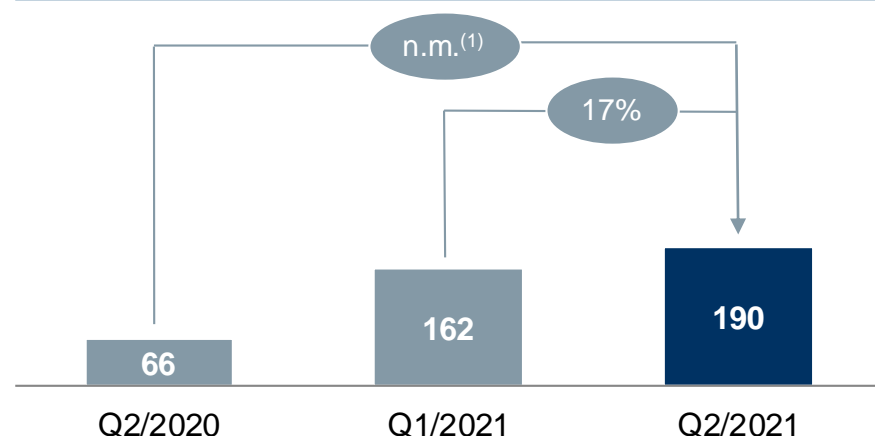
## Maintaining our leading Canadian retail market share

- RBC Global Asset Management (GAM) ranks #1 in market share by Canadian Retail Mutual Fund AUM with 16.1% of all-in<sup>(1)</sup> share
- Amongst the bank fund companies, RBC GAM Canadian Retail Mutual Fund AUM has market share of 32.3%<sup>(1)</sup>
- RBC GAM captured 18.9% of total industry Canadian Retail Mutual Fund net sales for the past 12 months<sup>(1)</sup>

<sup>(1)</sup> See note 9 on slide 38.

# Lower rates more than offset growth in U.S. Wealth Management (incl. CNB)

## Net Income (US\$ millions)



US\$ millions (unless otherwise stated) <sup>(2)</sup>	Q2/2021	YoY	QoQ
Revenue	1,359	35%	2%
Revenue excl. U.S. WAP gains/(losses) <sup>(3)</sup>	1,251	14%	5%
Expenses	1,135	32%	(1)%
Expenses excl. U.S. WAP (gains)/losses <sup>(4)</sup>	1,036	10%	1%
<b>Pre-Provision, Pre-Tax Earnings<sup>(5)</sup></b>	<b>224</b>	<b>58%</b>	<b>27%</b>
Adjusted Pre-Provision, Pre-Tax Earnings <sup>(5)(6)</sup>	260	45%	23%
Provisions For Credit Losses	(2)	(103)%	(91)%
<b>Net Income</b>	<b>190</b>	<b>188%</b>	<b>17%</b>
Adjusted Net Income <sup>(6)</sup>	216	132%	15%
Assets Under Administration (AUA) \$BN	530	32%	9%
Assets Under Management (AUM) \$BN	166	35%	9%
<b>CNB Net Interest Income</b>	<b>432</b>	<b>4%</b>	<b>2%</b>
CNB NIM	2.29%	(48) bps	4 bps
CNB Average Wholesale Loans (\$BN)	37	28%	3%
CNB Average Retail Loans (\$BN)	17	13%	6%
CNB Average Deposits (\$BN)	71	34%	4%
<b>CNB Net Income</b>	<b>114</b>	<b>571%</b>	<b>11%</b>
CNB Adjusted Net Income <sup>(6)</sup>	140	218%	9%

## Q2/2021 Highlights (US\$)

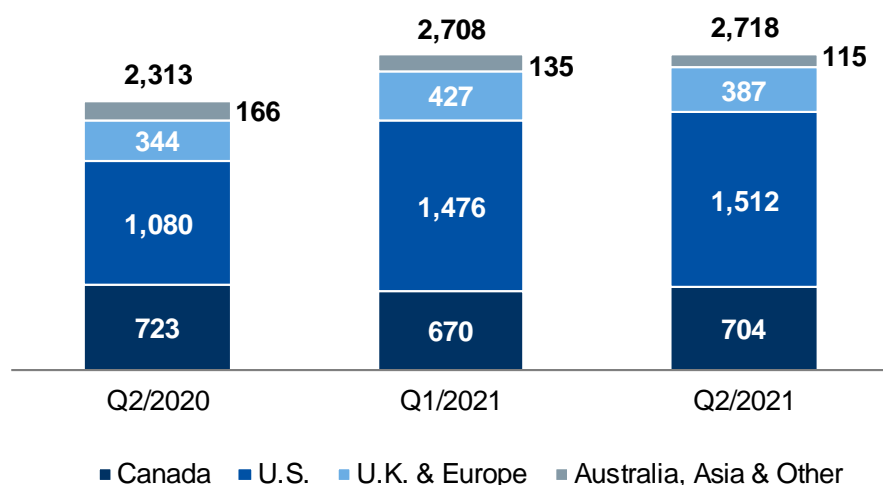
- **Net income up \$124 million YoY**
  - + Strong volume growth, lower PCL, and higher fee-based client assets, partly offset by lower rates and spreads
- **Revenue up 35% YoY**
  - + Changes in the fair value of the hedges related to U.S. share-based compensation plans, largely offset in Non-interest expense
  - + Higher average fee-based client assets driven by market appreciation and net sales
  - + Higher transactional revenue, mainly driven by client activity
  - + Net interest income at CNB up 4% YoY
    - CNB NIM down 48 bps YoY
      - + Up 4 bps QoQ mainly due to higher income from PPP<sup>(7)</sup> loan paydowns and lower deposit costs
    - + 20% CNB loan growth (+10% ex-PPP<sup>(7)</sup> loans) driven by double-digit growth in both wholesale and retail loans
    - + 34% CNB deposit growth YoY
- **Expenses up 32% YoY**
  - Higher costs to support underlying business growth
- **Lower PCL YoY**

(1) Not meaningful. (2) All balance sheet figures (except for AUA and AUM) represent average balances. (3) This is a non-GAAP measure. See note 26 on slide 39. (4) This is a non-GAAP measure. See note 27 on slide 39. (5) This is a non-GAAP measure. See note 5 on slide 38. (6) This is a non-GAAP measure. See note 28 on slide 39. (7) Paycheck Protection Program (PPP).



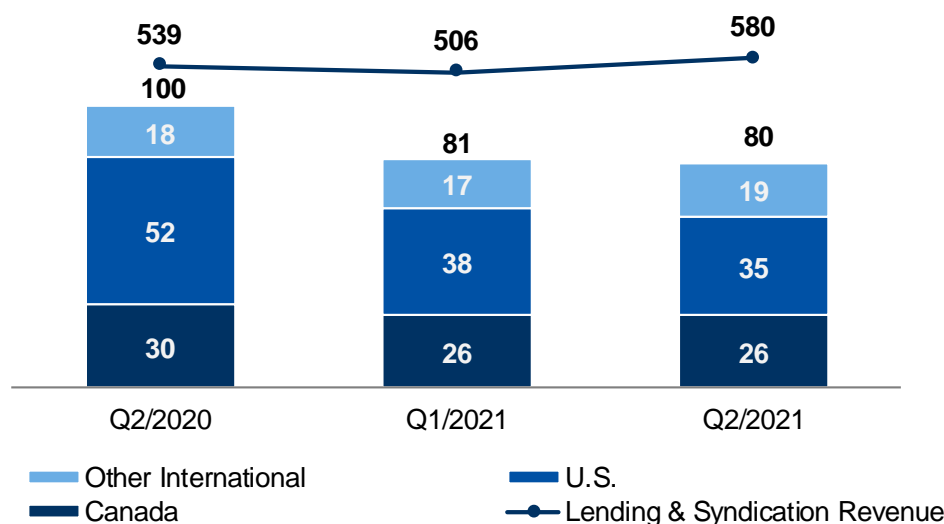
# Capital Markets revenue and loan breakdown by geography

## Capital Markets Revenue Breakdown by Geography (\$ millions)



- **Canada:** Down YoY mainly driven by lower fixed income trading, partially offset by higher equity and commodities trading as well higher lending
- **U.S.:** Up YoY, driven by higher fixed income and equity trading, as well as higher equity origination and M&A fees
- **U.K. & Europe:** Up YoY, due to higher equity trading, equity origination, and M&A fees, partially offset by lower fixed income trading
- **Australia, Asia & Other:** Down YoY, driven by lower fixed income trading and lower equity origination

## Capital Markets Lending & Syndication Revenue (\$ millions) & Average Loans Outstanding by Region<sup>(1)</sup> (\$ billions)



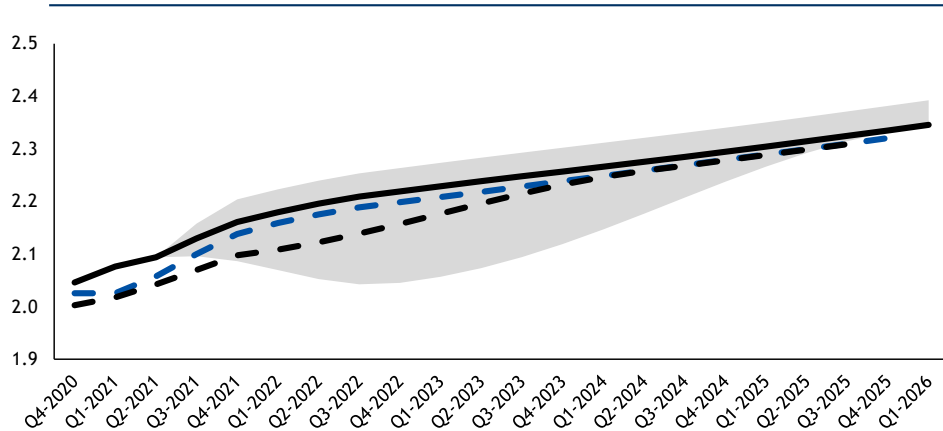
- Continue to deepen and optimize client relationships
- Diversification driven by strict limits on a single name basis, country, industry, and product levels across all businesses, portfolios, transactions, and products
- Consistent lending standards throughout the cycle
- Approximately 58% of our total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

<sup>(1)</sup> This is a non-GAAP measure. See note 29 on slide 39. <sup>(2)</sup> Total exposure represents exposure at default (EAD) which is the expected gross exposure upon the default of an obligor.

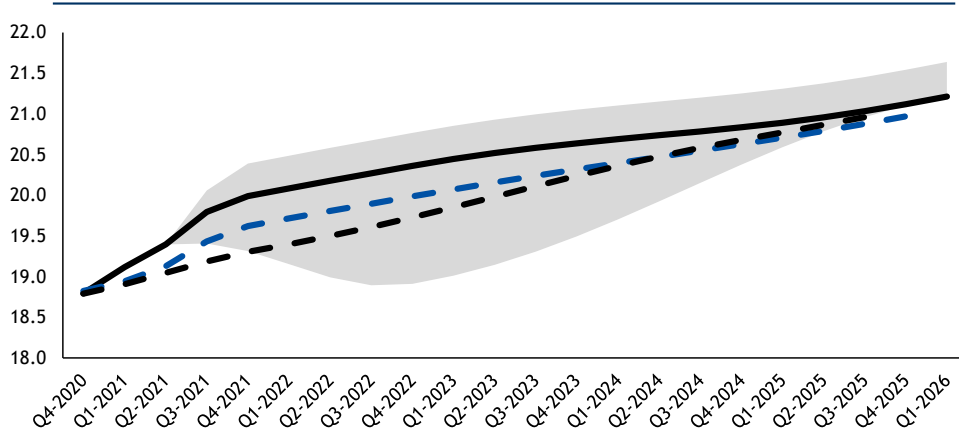
# IFRS 9 range of macroeconomic scenario assumptions (as of April 30)

Range of alternative scenarios (April 30, 2021) Base case (April 30, 2021) Base case (January 31, 2021) Base case (October 31, 2020)

## Canada Real GDP (\$ Trillions)<sup>(1)</sup>



## U.S. Real GDP (US\$ Trillions)<sup>(2)</sup>

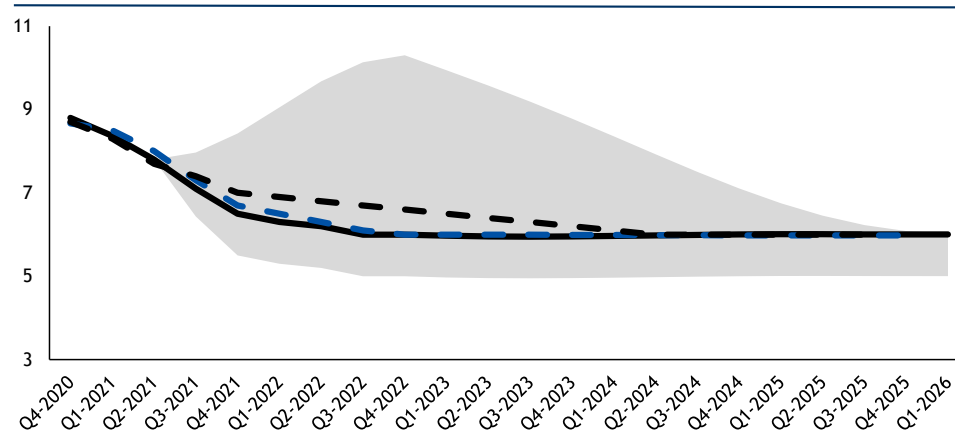


## Oil price (West Texas Intermediate in US\$)

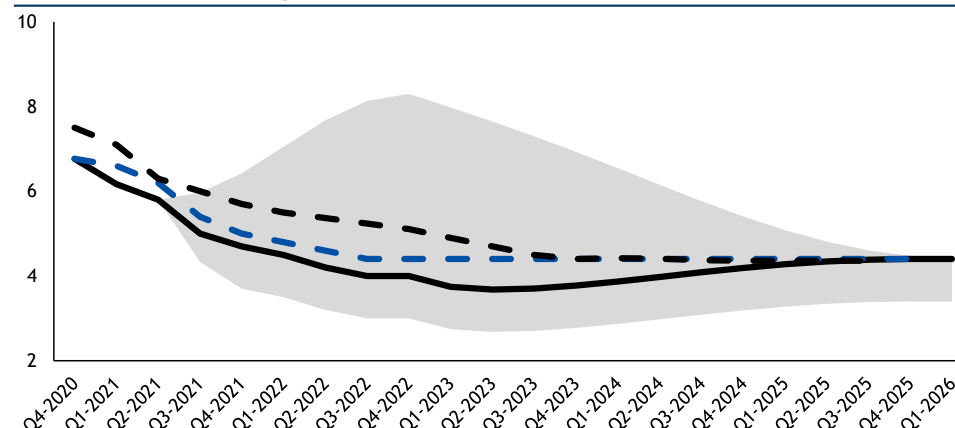
In our base forecast, we expect oil prices to average \$61 per barrel over the next 12 months and \$53 per barrel in the following 2 to 5 years. The range of average prices in our alternative downside and upside scenarios is \$25 to \$74 per barrel for the next 12 months and \$35 to \$55 per barrel for the following 2 to 5 years.

For further details, refer to Note 5 of our Q2 2021 Report to Shareholders. (1) Represents the seasonally-adjusted annual rate indexed to 2012 Canadian dollars over the calendar quarters presented. (2) Represents the seasonally-adjusted annual rate indexed to 2012 U.S. dollars over the calendar quarters presented. (3) Represents the average quarterly unemployment level over the period.

## Canada Unemployment Rate (%)<sup>(3)</sup>



## U.S. Unemployment Rate (%)<sup>(3)</sup>



## Canadian housing price index

In our base forecast, we expect housing prices to increase by 3.0% over the next 12 months, with a compound annual growth rate of 3.7% for the following 2 to 5 years. The range of annual housing price growth (contraction) in our alternative downside and upside scenarios is (29.6)% to 10.9% over the next 12 months and 4.2% to 11.1% for the following 2 to 5 years.

## Exposure to wholesale sectors most vulnerable to COVID-19 impacts

- Our most vulnerable wholesale exposure represents \$31.3 billion or 4.5% of total loans & acceptances outstanding
  - Vulnerable wholesale exposure is down 10% QoQ, due primarily to repayments of COVID-19 related draws

Select Wholesale Sectors	Sector Group Information (Q2/21)						Sector Exposure Most Vulnerable to COVID-19 (Q2/21)			
	Loans & Acceptances Outstanding		PCL on Impaired Loans		GIL		Loans & Acceptances Outstanding			Select Vulnerable Segments
	\$BN <sup>(3)</sup>	QoQ Growth	\$MM	bps <sup>(1)</sup>	\$MM	bps	\$BN	QoQ Growth	% of Sector Group	
Commercial Real Estate (CRE) <sup>(2)</sup>	\$57.3	(2)%	\$27	19 bps	\$382	67 bps	\$10.0	(6)%	18%	Retail
Consumer Discretionary	\$13.9	(7)%	\$20	57 bps	\$315	227 bps	\$8.4	(5)%	60%	Restaurants; Recreation; Hotels; Retail (excluding grocery and home goods); Jewelry; certain Textiles & Apparel
Oil & Gas	\$6.4	(13)%	\$(25)	(147) bps	\$204	318 bps	\$6.4	(13)%	100%	All segments
Transportation	\$6.2	(17)%	\$8	48 bps	\$151	243 bps	\$3.2	(19)%	51%	Aircraft; Airlines; Airports; Passenger-related Marine Transport; Transit-related Ground Transport
Other Services	\$19.6	(6)%	\$1	2 bps	\$240	123 bps	\$2.1	(27)%	11%	Dental; certain Retail Services; certain Business Services
Telecommunications & Media	\$5.1	+3%	\$1	8 bps	\$6	12 bps	\$1.2	(5)%	23%	Film & TV Production; Theatres
Total	\$108.5	(5)%	\$32	12 bps	\$1,298	116 bps	\$31.3	(10)%	28%	

(1) Q2/21 PCL annualized. (2) Represents data for the Real Estate and Related sector group. (3) Totals may not add due to rounding.

# ACL coverage: Lower-risk residential mortgages a large part of our balance sheet

## Allocation of ACL by Product

Q1 / 2021						Q2 / 2021					
% of Loans & Acceptances						% of Loans & Acceptances					
Product	Stage 1	Stage 2	Stage 1 & 2	Stage 3	Total	Stage 1	Stage 2	Stage 1 & 2	Stage 3	Total	
Residential mortgages <sup>(1)</sup>	0.1%	1.9%	0.1%	23.3%	0.15%	0.1%	2.1%	0.1%	22.0%	0.14%	
Other Retail	0.9%	13.9%	2.2%	46.4%	2.36%	0.8%	12.9%	2.1%	38.4%	2.20%	
Personal	0.6%	9.6%	1.3%	48.8%	1.45%	0.6%	9.2%	1.3%	41.4%	1.41%	
Credit cards	2.7%	27.3%	7.3%	-	7.33%	2.4%	25.6%	6.8%	-	6.84%	
Small business <sup>(2)</sup>	1.6%	3.6%	1.9%	40.0%	2.48%	0.9%	4.6%	1.4%	31.9%	1.70%	
<b>Retail</b>	<b>0.2%</b>	<b>8.7%</b>	<b>0.6%</b>	<b>30.9%</b>	<b>0.68%</b>	<b>0.2%</b>	<b>8.9%</b>	<b>0.6%</b>	<b>27.7%</b>	<b>0.65%</b>	
<b>Wholesale<sup>(1,2)</sup></b>	<b>0.5%</b>	<b>4.6%</b>	<b>1.0%</b>	<b>31.3%</b>	<b>1.24%</b>	<b>0.4%</b>	<b>4.8%</b>	<b>0.9%</b>	<b>30.6%</b>	<b>1.14%</b>	
<b>Total ACL</b>	<b>0.3%</b>	<b>6.4%</b>	<b>0.7%</b>	<b>31.1%</b>	<b>0.85%</b>	<b>0.3%</b>	<b>6.7%</b>	<b>0.7%</b>	<b>29.5%</b>	<b>0.79%</b>	

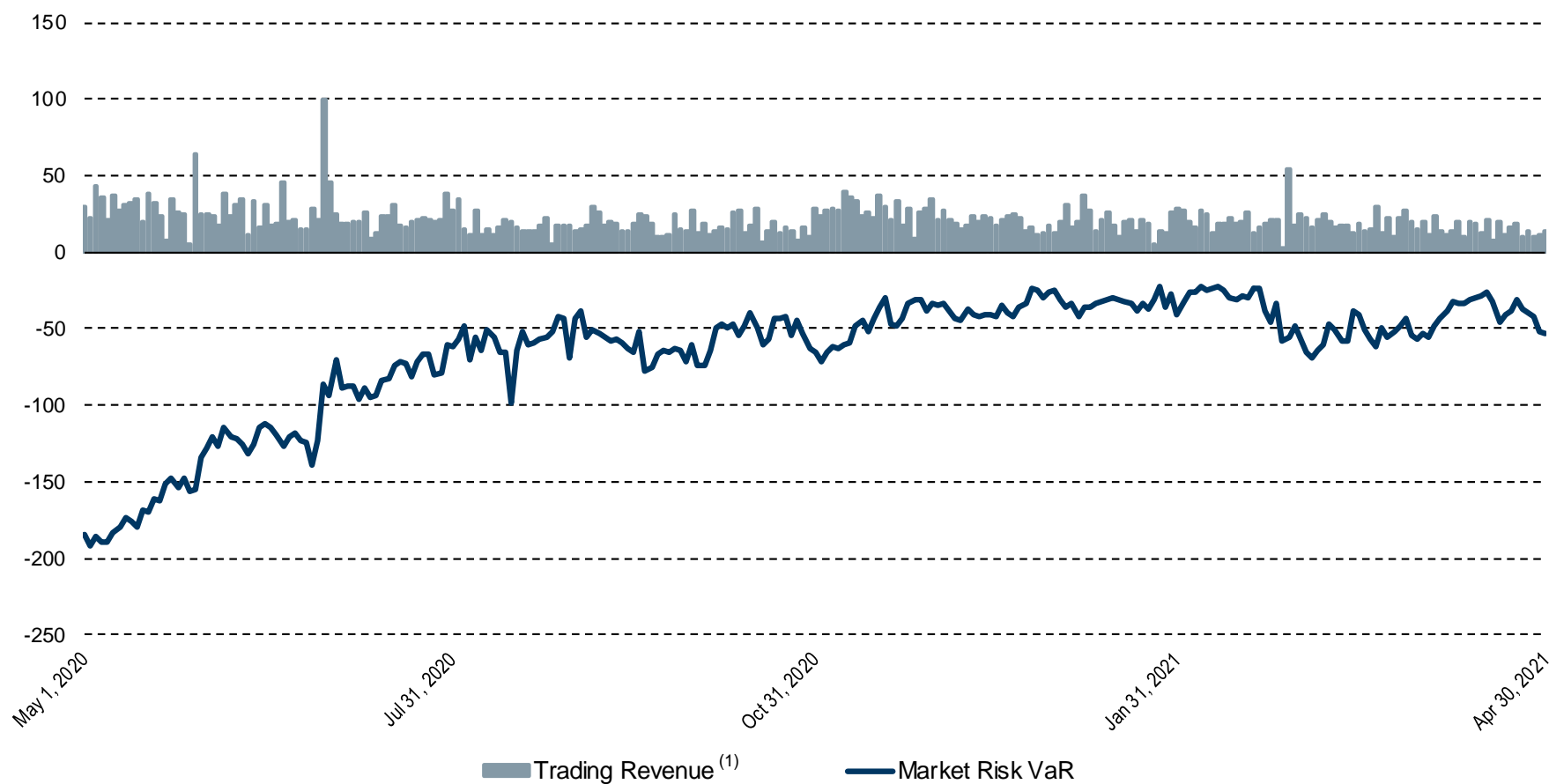
## Allocation of Loans By Product Within Each IFRS 9 Stage

Q1 / 2021						Q2 / 2021					
% of Loans & Acceptances						% of Loans & Acceptances					
Product	Stage 1	Stage 2	Stage 1 & 2	Stage 3	Total (\$BN)	Stage 1	Stage 2	Stage 1 & 2	Stage 3	Total (\$BN)	
Residential mortgages <sup>(1)</sup>	97.3%	2.5%	99.8%	0.2%	351.7	97.8%	2.0%	99.8%	0.2%	357.8	
Other Retail	89.5%	10.2%	99.7%	0.3%	112.6	89.5%	10.2%	99.7%	0.3%	118.2	
Personal	91.5%	8.3%	99.7%	0.3%	90.5	91.6%	8.1%	99.7%	0.3%	90.5	
Credit cards	81.1%	18.9%	100.0%	0.0%	16.4	80.9%	19.1%	100.0%	0.0%	16.6	
Small business <sup>(2)</sup>	82.7%	15.8%	98.4%	1.6%	5.8	85.0%	13.9%	99.0%	1.0%	11.1	
<b>Retail</b>	<b>95.4%</b>	<b>4.3%</b>	<b>99.8%</b>	<b>0.2%</b>	<b>464.3</b>	<b>95.7%</b>	<b>4.0%</b>	<b>99.8%</b>	<b>0.2%</b>	<b>476.0</b>	
<b>Wholesale<sup>(1,2)</sup></b>	<b>87.4%</b>	<b>11.8%</b>	<b>99.2%</b>	<b>0.8%</b>	<b>221.9</b>	<b>88.7%</b>	<b>10.5%</b>	<b>99.2%</b>	<b>0.8%</b>	<b>212.8</b>	
<b>Total Loans</b>	<b>92.8%</b>	<b>6.7%</b>	<b>99.6%</b>	<b>0.4%</b>	<b>686.3</b>	<b>93.6%</b>	<b>6.0%</b>	<b>99.6%</b>	<b>0.4%</b>	<b>688.7</b>	

(1) See note 30 on slide 39. (2) In Q2/21, \$5.4BN of loans previously classified as commercial was reclassified as Small Business loans.

# Market risk trading revenue and VaR

(\$ millions)



- During Q2/2021, there were no days with net trading losses
- VaR remained stable in Q2/2021

<sup>(1)</sup> Includes loan underwriting commitments.

# Impact of foreign currency translation

## Estimated impact of foreign currency translation on key income statement items

(Millions of Canadian dollars, except per share amounts)	For the three months ended	
	Q2/21 vs. Q2/20	Q2/21 vs. Q1/21
<b>Increase (decrease):</b>		
Total revenue	(356)	(95)
PCL	13	6
Non-interest expense	(256)	(71)
Income taxes	(24)	(7)
Net income	(89)	(23)
<b>Impact on EPS</b>		
Basic	(0.06)	(0.02)
Diluted	(0.06)	(0.02)

## Relevant average exchange rates that impact our business

(Average foreign currency equivalent of C\$1.00) <sup>(1)</sup>	For the three months ended			YoY	QoQ
	Q2/20	Q1/21	Q2/21		
U.S. dollar	0.725	0.779	0.798	10%	2%
British pound	0.575	0.574	0.577	0%	1%
Euro	0.659	0.644	0.669	2%	4%

(1) Average amounts are calculated using month-end spot rates for the period.

# Additional Notes (slides 3 to 13)

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## Slide 3

2. Revenue net of insurance fair value change of investments backing policyholder liabilities (Q2/21: -\$568MM; Q2/20: -\$953MM). This is a non-GAAP measure. For more information, see slide 40.
3. Non-interest expense YoY growth excluding variable and stock based compensation, including changes in U.S. Wealth Management wealth accumulation plans (WAP Q2/21: \$124MM, Q1/21: \$157MM; Q2/20: -\$115MM) is a non-GAAP measure. For more information, see slide 40.
4. Non interest expense YoY growth excluding the impact of FX and the growth in variable and stock-based compensation is a non-GAAP measure. For more information, see slide 40.
5. Pre-provision, pre-tax earnings is calculated as income before income taxes plus PCL. This is a non-GAAP measure. For more information, see slide 40.
6. Adjusted for (i) after-tax effect of amortization of other intangibles (Q2/21: \$46MM; Q1/21: \$48MM; Q2/20: \$52MM) and (ii) dilutive impact of exchangeable shares (Q2/21: \$nil; Q1/21: \$nil; Q2/20: \$3MM). These are non-GAAP measures. For more information, see slide 40.
7. PCL on loans ratio is calculated using PCL on loans as a percentage of average net loans and acceptances.
8. Return on equity (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 40.

## Slide 4

9. Investment Funds Institute of Canada (IFIC) April 2021 and RBC reporting. Comprised of long-term and money market prospective qualified mutual funds sold to Retail and Institutional clients.

## Slide 6

10. Excludes Corporate Support. Revenue is on a Tax Equivalent Basis (TEB). These are non-GAAP measures. For more information, see slide 40.
11. Adjusted net income and adjusted pre-provision, pre-tax earnings for every quarter excludes CNB's amortization of intangibles and integration costs, which were US\$26MM/C\$33MM after-tax (US\$36MM/C\$45MM before-tax) in Q2/2021, US\$26MM/C\$34MM after-tax (US\$36MM/C\$46MM before-tax) in Q1/2021 and US\$27MM/C\$37MM after-tax (US\$37MM/C\$50MM before-tax) in Q2/2020. This is a non-GAAP measure. For more information, see slide 40.

## Slide 9

12. Revenue and non-interest income net of Insurance fair value change of investments backing policyholder liabilities (Q2/21: -\$568MM; Q1/21: \$346MM; Q2/20: -\$953MM). This is a non-GAAP measure. For more information, see slide 40.
13. Revenue and non-interest revenue net of U.S. Wealth Management wealth accumulation plans (WAP) gains/(losses), which was \$134MM in Q2/21, \$168MM in Q1/21 and -\$133MM in Q2/20. This is a non-GAAP measure. For more information, see slide 40.
14. Effective tax rate adjusted for TEB (Q2/21: \$135MM; Q1/21: \$128MM, Q2/20: \$132MM) is a non-GAAP measure. For more information, see slide 40.

## Slide 11

15. Loan yield calculated as interest income on loans as a percentage of average total net loans is a non-GAAP measure. Securities yield calculated as interest and dividend income on securities as a percentage of average securities, net of applicable allowance is a non-GAAP measure. Deposit costs calculated as interest expense on deposits and other as a percentage of average deposits is a non-GAAP measure. For more information, see slide 40.

## Slide 13

16. Comprised of Net gain on investment securities, Share of profit (loss) in joint ventures and associates, U.S. WM wealth accumulation plans (WAP) gains / (losses) and Other.

# Additional Notes (slides 14 to 35)

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## Slide 14

17. Other non-interest expenses include YoY change in non-interest expense from the following line items: Telecommunications, Postage and courier, Stationery and printing, Business and capital taxes, Employee training, Donations, Outsourced item processing, Impairment of other intangibles, Impairment of investments in joint ventures and associates and Other.

## Slide 22

18. New formations for collectively assessed portfolios in Canadian Banking and Caribbean Banking are net of amounts returned to performing, repayments, sales, FX, and other movements, as amounts are not reasonably determinable.

## Slide 24

19. Calculated using average net of allowance on impaired loans.
20. Includes restrained accounts, where loans 30-59 days past due result from administrative processes, such as mortgage loans where payments have been restricted pending payout due to sale or refinancing.

## Slide 25

21. Based on \$303.3BN in residential mortgages and \$35.2BN in HELOC in Canadian Banking. Based on spot balances. Totals may not add due to rounding.
22. Canadian residential mortgage portfolio of \$335.0BN comprised of \$303.3BN of residential mortgages in Canadian Banking, \$2.2BN in other Canadian business platforms, \$11.1BN of mortgages with commercial clients (\$7.7BN insured) and \$18.4BN of residential mortgages in Capital Markets held for securitization purposes.

## Slide 27

23. Represents data as at October 31, 2020 for businesses in Canada governed by the "Employment Equity Act (Canada)"; Board composition is reflective as of October 31, 2020.
24. Based on employee self-identification and aligned to the definitions of the Employment Equity Act in Canada.
25. Includes Sustainalytics, FTSE4Good, MSCI, VigeoEIRIS and S&P Corporate Sustainability Assessment. As of FY2020.

## Slide 31

26. Revenue net of U.S. Wealth Management wealth accumulation plans (WAP) gains/(losses) which were US\$108MM in Q2/21, US\$130MM in Q1/21 and (US\$97MM) in Q2/20, is a non-GAAP measure. For more information, see slide 40.
27. Expenses net of U.S. Wealth Management WAP (gains)/losses, which were US\$99MM in Q2/21, US\$122MM in Q1/21 and (US\$83MM) in Q2/20, is a non-GAAP measure. For more information, see slide 40.
28. Adjusted net income and adjusted pre-provision, pre-tax earnings for every quarter excludes CNB's amortization of intangibles, which were US\$26MM after-tax (US\$36MM before-tax) in Q2/21, US\$26MM after-tax (US\$36MM before-tax) in Q1/21 and US\$27MM after-tax (US\$37MM before-tax) in Q2/20. This is a non-GAAP measure. For more information, see slide 40.

## Slide 32

29. Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on a single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. This is a non-GAAP measure. For more information, see slide 40.

## Slide 35

30. Items not subject to impairment are loans held at FVTPL: Residential mortgages (Q2/21: \$243MM, Q1/21: \$255MM); Wholesale (Q2/21: \$8.6BN, Q1/21: \$10.4BN).



## Note to users

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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 Corporate Support, adjusted earnings per share, pre-provision, pre-tax earnings, adjusted pre-provision and pre-tax earnings, Capital Markets average loans and acceptances excluding certain items, non-interest expense excluding variable and stock-based compensation, non-interest expense excluding the impact of FX and the growth in variable and stock-based compensation, revenue and non-interest income net of insurance fair value change of investments backing policyholder liabilities, adjusted net income, revenue and expenses excluding WAP gains/losses, City National adjusted net income and effective tax rate (adjusted for TEB), loan yield calculated as interest income on loans as a percentage of average total net loans, securities yield calculated as interest and dividend income on securities as a percentage of average securities, net of applicable allowance, deposit costs calculated as interest expense on deposits and other than as a percentage of average deposits, and average loans outstanding excluding mortgage investments, securitized mortgages and other non-core items 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 Q2/2021 Report to Shareholders and 2020 Annual Report.

Definitions can be found under the “Glossary” sections in our Q2/2021 Supplementary Financial Information and our 2020 Annual Report.

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