Royal Bank of Canada
Investor Presentation

Q2/2020

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 2020 Report to Shareholders and Supplementary Financial Information are available on our website at: http://www.rbc.com/investorrelations.
Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in this presentation, in other filings with Canadian regulators or the SEC, in reports to shareholders, and in other communications, including statements by our President and Chief Executive Officer. Forward-looking statements in this presentation include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, investment activity in the oil & gas sector, 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 projected economic indicators for 2020 with respect to Canada, the United States and the Euro Area. 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, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risk sections of our 2019 Annual Report and the Risk Management and Significant Developments: COVID-19 sections of our Q2 2020 Report to Shareholders; including information technology and cyber risk, privacy, data and third party related risks, geopolitical uncertainty, Canadian housing and household indebtedness, regulatory changes, digital disruption and innovation, climate change, 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, environmental and social risk 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, financial results and financial condition.

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 2019 Annual Report, as updated by the Economic, market and regulatory review and outlook and Significant Developments: COVID-19 sections of our Q2 2020 Report to Shareholders. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections of our 2019 Annual Report and the Risk management section of our Q2 2020 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.
The RBC story

Diversified business model with leading client franchises

- Well-diversified across businesses, geographies and client segments
- Able to capitalize on opportunities created by changing market dynamics and economic conditions
- Wide breadth of products and capabilities to meet our clients’ financial needs and build deep, long-term relationships

Market leader with a focused growth strategy

- Market leader in Canada and one of the largest financial institutions globally
- Clear strategy for continued long-term growth in Canada, the U.S. and select global markets

Financial strength underpinned by prudent risk and cost management

- Track record of earnings and dividend growth while maintaining a disciplined approach to risk and cost management
- Credit ratings amongst the highest globally
- Strong capital position and a high-quality liquid balance sheet

Innovation is in our DNA

- Long history of innovation and proven ability to adapt to industry trends
- Investments in technology allow us to drive efficiencies and deliver an exceptional client experience
- Focused on simplifying, digitizing and personalizing our products to make it easier for clients and employees to do business, and to lower costs

Leading corporate citizen

- Committed to accelerating clean economic growth – contributed $25.9 billion of our $100 billion sustainable financing target by 2025 to help support a transition to a low-carbon economy
- Through RBC Tech for Nature, we are providing $9.2 million in donations to 119 partners to develop technology based solutions to solve pressing environmental challenges
- Released RBC’s inaugural 2019 Enterprise D&I Report, first stand-alone TCFD Report, 2019 ESG Report and SASB Index, as well as, an enhanced Modern Slavery Act Statement
- Donated $130 million in FY2019 to nearly 5,000 charitable organizations globally
- Launched RBC Future Launch at Home – a new, online resource hub that provides access to virtual programming and learning opportunities for youth across Canada. This hub will deliver utility for youth and help them navigate and exit the COVID-19 pandemic better prepared for the future of work

Market leader with a focused strategy for growth

Largest in Canada(1)
A market leader across all key businesses

Top 15 Globally(1)
One of the 15 largest global banks by market capitalization with operations in 36 countries

17 Million Clients
Served by 84,000+ employees worldwide

Purpose
Help clients thrive and communities prosper

Vision
To be among the world’s most trusted and successful financial institutions

Strategic Goals

**In Canada:** To be the undisputed leader in financial services

**In the United States:** To be the preferred partner to corporate, institutional and high net worth clients and their businesses

**In Select Global Financial Centres:** To be a leading financial services partner valued for our expertise

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(1) Based on market capitalization as at April 30, 2020.
Diversified business and geographic model with client-leading franchises

**Earnings by Business Segment**

- Personal & Commercial Banking: 48%
- Wealth Management: 21%
- Capital Markets: 19%
- Investor & Treasury Services: 5%
- Insurance: 7%

**Revenue by Geography**

- Canada: 61%
- U.S.: 23%
- International: 16%

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(1) Amounts exclude Corporate Support. These are non-GAAP measures. For more information, refer to Results by business segment section of our 2019 Annual Report.
Strong financial profile

Maintaining a strong capital position with a disciplined approach to risk

Resilient Earnings

Net income ($ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>YTD 2019</th>
<th>YTD 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.5</td>
<td>12.4</td>
<td>12.9</td>
<td>6.4</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Premium Return on Equity (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>YTD 2019</th>
<th>YTD 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.0</td>
<td>17.6</td>
<td>16.8</td>
<td>17.1</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Strong Capital Position

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1/20</th>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Capital</td>
<td>14.8%</td>
<td>15.0%</td>
<td>15.2%</td>
<td>14.9%</td>
<td>14.6%</td>
</tr>
<tr>
<td>CET1</td>
<td>11.8%</td>
<td>11.9%</td>
<td>12.1%</td>
<td>12.0%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

Strong Leverage and Liquidity Ratios

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<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage Ratio</td>
<td>4.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity Coverage Ratio</td>
<td>130%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Credit Ratings Amongst the Highest Globally

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>DBRS</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legacy senior long-term debt (2)</td>
<td>Aa2</td>
<td>AA-</td>
<td>AA (high)</td>
<td>AA+</td>
</tr>
<tr>
<td>Senior long-term debt (3)</td>
<td>A2</td>
<td>A</td>
<td>AA</td>
<td>AA</td>
</tr>
<tr>
<td>Outlook</td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
<td>Negative</td>
</tr>
</tbody>
</table>

(1) Return on Equity (ROE). This measure does not have a standardized meaning under GAAP. For further information, refer to the Key performance and non-GAAP measures section of Q2 2020 Report to Shareholders. (2) Ratings (as at May 26, 2020) for senior long-term debt issued prior to September 23, 2018 which is subject to conversion under the Bail-in regime. (3) Ratings (as at May 26, 2020) for senior long-term debt issued on or after September 23, 2018 which is excluded from the Canadian Bank Recapitalization (Bail-in) regime.

(1) Return on Equity (ROE). This measure does not have a standardized meaning under GAAP. For further information, refer to the Key performance and non-GAAP measures section of Q2 2020 Report to Shareholders. (2) Ratings (as at May 26, 2020) for senior long-term debt issued prior to September 23, 2018 which is subject to conversion under the Bail-in regime. (3) Ratings (as at May 26, 2020) for senior long-term debt issued on or after September 23, 2018 which is excluded from the Canadian Bank Recapitalization (Bail-in) regime.
Prudent risk management

A disciplined approach and diversification have underpinned credit quality

Loan Book Diversified by Portfolio

- Residential Mortgages: 46%
- Wholesale: 38%
- Personal Loans: 13%
- Small Business: 1%
- Credit Cards: 2%

PCL Ratio on Impaired Loans

![Graph showing PCL ratio on impaired loans]

Breakdown by Region of Total Loans and Acceptances

- Canada: 80%
- U.S.: 16%
- Other International: 4%

Breakdown of Canadian Total Loans and Acceptances

- Ontario: 49%
- B.C. and Territories: 16%
- Manitoba/Sask.: 6%
- Quebec: 11%
- Alberta: 13%

(1) Loans and acceptances outstanding as at April 30, 2020. Does not include letters of credit or guarantees. (2) Effective November 1, 2017, we adopted IFRS 9, which introduced a three-stage expected credit loss impairment model that differs significantly from the incurred loss model under IAS 39. Stage 3 allowances are held against impaired loans and effectively replace the allowance for impaired loans under IAS 39. Provision for Credit Losses (PCL) ratio is PCL as a percentage of average net loans & acceptances (annualized). (3) Average annual actual loss rate from fiscal 2003 through to the most recent full year. The information is updated on an annual basis and is based on consolidated results. The Average historical actual loss rate on a continuing operations basis is 0.32%.
Track-record of delivering value to our shareholders

Financial performance objectives measure our performance against our goal of maximizing total shareholder returns

Medium-Term Financial Performance Objectives (3-5 years)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted EPS Growth(^{(1)})</td>
<td>7%+</td>
</tr>
<tr>
<td>Return on Equity(^{(2)})</td>
<td>16%+</td>
</tr>
<tr>
<td>Capital Ratios (CET1)</td>
<td>Strong</td>
</tr>
<tr>
<td>Dividend Payout Ratio</td>
<td>40% - 50%</td>
</tr>
</tbody>
</table>

Achieved Solid TSR\(^{(3)}\) Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>RBC</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Year</td>
<td>1%</td>
<td>(3)%</td>
</tr>
<tr>
<td>5 Year</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>10 Year</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Strong Dividend Growth\(^{(4)}\)

![Dividend Growth Chart]

(1) Compound annual growth rate. (2) Average. (3) Annualized TSR is calculated based on the TSX common share price appreciation plus reinvested dividend income. Source: Bloomberg, as at April 30, 2020. RBC is compared to our global peer group. The peer group average excludes RBC for the list of peers, please refer to our 2019 Annual Report. Peer average includes Power Financial Corporation, common shares of which were delisted from the TSX effective as of the close of business on February 18, 2020. (4) Dividends declared per common share. Our current quarterly dividend is $1.08.
Business Segments
Personal & Commercial Banking

- The financial services leader in Canada
  - #1 or #2 market share in all key product categories
  - Most branches and one of the largest mobile sales networks across Canada
  - Superior cross-sell ability
- In 16 countries and territories in the Caribbean
  - 3rd largest bank by assets\(^{(1)}\) in English Caribbean
- Innovative direct banking to U.S. cross-border clients
- Ongoing investments to digitize our banking channels

Q2/2020 Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients (MM)</td>
<td>14.0+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branches</td>
<td>1,257</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATMs</td>
<td>4,491</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Digital (Online and Mobile) Users(^{(2)}) (MM)</td>
<td>7.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (FTE)</td>
<td>35,000+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Loans &amp; Acceptances(^{(1)}) ($BN)</td>
<td>471.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits(^{(1)}) ($BN)</td>
<td>428.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUA(^{(1)}) ($BN)</td>
<td>275.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net Income ($ millions)

- 2017: 5,755
- 2018: 6,028
- 2019: 6,402
- YTD 2019: 3,120
- YTD 2020: 2,218

Revenue by Business Line\(^{(3)}\)

- Canadian Banking: 95%
- Personal Banking: 71%
- Business Banking: 24%
- Caribbean & U.S. Banking: 5%

\(^{(1)}\) Based on average balances. \(^{(2)}\) This figure represents the 90-day active customers in Canadian Banking only. \(^{(3)}\) For the quarter ended April 30, 2020.
## Personal & Commercial Banking – Canadian Banking

### Strategic Priorities – *Building A Digitally-Enabled Relationship Bank™*

| Transform How We Serve Our Clients | • Make it easier for clients to access products and services digitally  
| • Create capacity and capability to focus on advice, complex servicing and sales, and problem resolution  
| • Focus on innovating our branch network |
| --- | --- |
| Accelerate Client Growth | • Grow commercial market share through industry-specific credit strategies  
| • Target high-growth retirement segment and business succession planning  
| • Continue to increase client acquisitions including key segments: high net worth, newcomers and students and young adults while deepening existing client relationships |
| Rapidly Deliver Digital Solutions | • Continue to deliver leading digital capabilities and functionality through our award-winning mobile app  
| • Create partnerships to innovate, making it easier to bank with RBC  
| • Invest in research and development to understand and meet rapidly changing client expectations |
| Innovate to Become a More Agile and Efficient Bank | • Accelerate investments to simplify, digitize and automate for clients and employees  
| • Change or eliminate products and processes that do not add economic or client value  
| • Invest in employees to enhance digital, agile and change capabilities |

### Recent Awards

<table>
<thead>
<tr>
<th>RETAIL BANKER INTERNATIONAL</th>
<th>J.D. POWER</th>
<th>THE INTERNATIONAL BUSINESS AWARDS</th>
<th>IPSOS FINANCIAL SERVICE EXCELLENCE</th>
<th>CELENT MODEL BANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>North American Retail Bank of the year for the 2nd consecutive year, and Best Loyalty and Rewards Strategy</td>
<td>Highest in Customer Satisfaction Among the Big Five Retail Banks, a position RBC has now held for 4 out of the past 5 years</td>
<td>Stevie Award for Innovation of the Year for RBC Rewards</td>
<td>For the second year in a row, RBC is an award winner for all 11 Ipsos Financial Service Excellence Awards among the Big 5 Banks, including Customer Service Excellence</td>
<td>Awarded ‘Celent Model Bank of the Year 2020’ in recognition of RBC’s digital strategy and capabilities; it is the top global award bestowed by Celent</td>
</tr>
</tbody>
</table>

### Personal & Commercial Banking – Canadian Banking

#### Solid Volume Growth ($ millions)(1)

<table>
<thead>
<tr>
<th>Year</th>
<th>RBC</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>326</td>
<td>393</td>
</tr>
<tr>
<td>2018</td>
<td>343</td>
<td>417</td>
</tr>
<tr>
<td>2019</td>
<td>375</td>
<td>440</td>
</tr>
<tr>
<td>Q2/19</td>
<td>370</td>
<td>435</td>
</tr>
<tr>
<td>Q2/20</td>
<td>410</td>
<td>464</td>
</tr>
</tbody>
</table>

#### #1 or #2 Market Share in All Key Categories(3)

<table>
<thead>
<tr>
<th>Product</th>
<th>Market share</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Lending(4)</td>
<td>24.1%</td>
<td>1</td>
</tr>
<tr>
<td>Personal Core Deposits + GICs</td>
<td>19.7%</td>
<td>2</td>
</tr>
<tr>
<td>Credit Cards(5)</td>
<td>28.2%</td>
<td>1</td>
</tr>
<tr>
<td>Long-Term Mutual Funds(6)</td>
<td>32.1%</td>
<td>1</td>
</tr>
<tr>
<td>Business Loans ($0-$25MM)(7)</td>
<td>27.0%</td>
<td>1</td>
</tr>
<tr>
<td>Business Deposits(8)</td>
<td>25.2%</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Superior Cross-Sell Ability

Percent of clients with transaction accounts, investments and borrowing products(2)

- RBC: 19%
- Peer Average: 12%

#### Continue to Improve Our Efficiency Ratio(9)

<table>
<thead>
<tr>
<th>Year</th>
<th>RBC</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>46.9%</td>
<td>46.9%</td>
</tr>
<tr>
<td>2018</td>
<td>46.4%</td>
<td>46.4%</td>
</tr>
<tr>
<td>2019</td>
<td>47.7%</td>
<td>47.7%</td>
</tr>
<tr>
<td>YTD 2020</td>
<td>47.7%</td>
<td>47.7%</td>
</tr>
</tbody>
</table>

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(1) Based on average balances. (2) Canadian Financial Monitor by Ipsos – 18,000 Canadian individuals – data based on Financial Group results for the 12-month period ending April 2020; Cross-sell calculation methodology has been updated from previous quarters since Q2/19. TFSA is considered an Investment. Peers include BMO, BNS, CIBC and TD. (3) Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA), and is at January 2020 and November 2019 except where noted. Market share is of total Chartered Banks except where noted. (4) Personal Lending market share of 6 banks (RBC, BMO, BNS, CIBC, TD and NA) and includes residential mortgages (excl. acquired portfolios) and personal loans as at November 2019, excludes Credit Cards. (5) Credit cards market share is based on 6 banks (RBC, BMO, BNS, CIBC, TD and NA) as at November 2019. (6) Long-term mutual fund market share is compared to 7 banks (RBC, BMO, BNS, CIBC, TD, NA, and HSBC) and is at January 2020; (7) Business Loans market share is of 6 Chartered Banks (RBC, BMO, BNS, CIBC, TD and NA) on a quarterly basis and is as of September 2019. (8) Business Deposits market share excludes Fixed Term, Government and Deposit Taking Institution balances. (9) Effective Q4/2017, service fees and other costs incurred in association with certain commissions and fees earned are presented on a gross basis in non-interest expense. Comparative amounts have been reclassified to conform with this presentation. (10) Peers include BMO, BNS, CIBC and TD; 2017 through 2019 reflects annual numbers.
Wealth Management

Strategic Priorities

- **Global Asset Management**: Deliver investment performance and extend leadership position in Canada, while continuing to build and grow in the U.S. and other key global markets.
- **Canadian Wealth Management**: Continue to deepen client relationships and deliver a differentiated client experience that is increasingly digitally-enabled and supported by data-driven insights.
- **U.S. Wealth Management**: Leverage the combined strengths of City National Bank, RBC Wealth Management U.S. and Capital Markets to accelerate growth in the U.S.
- **International Wealth Management**: In the British Isles, accelerate organic market share growth to be a top-tier wealth manager, providing solutions and insight to successful wealth creators. In Asia, continue to drive growth in Asia’s global families by leveraging the global strengths and capabilities of RBC.

Recent Awards

- **Best Private Bank for Innovative Client Solution**
  (Family Wealth Report Awards, 2020)
- **#1 in Investor Satisfaction with U.S. Full-Service Brokerage Firms**
  (J.D. Power, 2020)
- **Outstanding Global Private Bank – North America**
  (Private Banker International Global Wealth Awards, 2019)
- **Best Private Bank in Canada**
  (PWM/The Banker Global Private Banking Awards, 2019)
- **Best Private Bank for Digitally Empowering Relationship Managers, North America**
  (PWM Wealth Tech Awards, 2019)

Net Income ($ millions)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>YTD 2019</th>
<th>YTD 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,838</td>
<td>2,265</td>
<td>2,550</td>
<td>1,182</td>
<td>1,047</td>
</tr>
</tbody>
</table>

Cash Earnings ($ millions)\(^{(2)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>YTD 2019</th>
<th>YTD 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,017</td>
<td>2,458</td>
<td>2,735</td>
<td>1,282</td>
<td>1,133</td>
</tr>
</tbody>
</table>

(1) 2019 net income includes the gain on sale of the private debt business of BlueBay ($134 million after-tax). (2) Cash earnings exclude the after-tax effect of amortization of intangibles. This is a non-GAAP measure. For more information see slide 56.
Wealth Management – Global Asset Management

Building a high-performing global asset management business

- Driving top-tier profitability in our largest Wealth Management business
  - $484.5BN in client assets
  - Investor asset mix of 49% Retail / 51% Institutional client assets

- Extending our lead in Canada
  - Largest retail fund company in Canada, ranked #1 in market share capturing 32.3% amongst banks and 16.1% all-in
  - Strategic alliance between RBC Global Asset Management and BlackRock Canada connects clients to the largest and broadest ETF lineup in Canada
  - 3rd largest institutional pension asset manager in Canada

- Delivering strong investment capabilities to support growth
  - Top performing investment firm with ~61% of AUM outperforming the benchmark on a 3-year basis
  - Continued growth of investment capabilities and innovative solutions for both institutional clients and retail investors

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**Canadian Retail AUM ($ billions)**

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</thead>
<tbody>
<tr>
<td></td>
<td>228.8</td>
<td>230.6</td>
<td>218.8</td>
<td>237.1</td>
<td>244.2</td>
<td>250.3</td>
<td>258.1</td>
<td>232.5</td>
</tr>
<tr>
<td>15.1%</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.1%</td>
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<tr>
<td>15.4%</td>
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<tr>
<td>15.5%</td>
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<tr>
<td>15.6%</td>
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<tr>
<td>15.8%</td>
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<tr>
<td>16.1%</td>
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</tr>
</tbody>
</table>

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**Diversified Asset Mix**

Q2/2020 AUM by Client Segment ($ billions)

- Canadian Retail
- Canadian Institutional
- U.S. Institutional
- International Institutional

- $484.5BN
- 49%
- 16%
- 14%
- 21%

---

(1) Investment Funds Institute of Canada (IFIC) as at March 2020 and RBC reporting. Comprised of long-term funds and money market funds. (2) Benefits Canada as at May 2019. (3) As at March 2020, gross of fees. (4) RBC GAM, based on period-end spot balances.
Wealth Management

Canadian Wealth Management

- Maintain profitable growth with strong pre-tax margin
- #1 High Net Worth and Ultra High Net Worth market share in Canada\(^{(1)}\)
- Canadian leader in fee-based assets per advisor\(^{(1)}\)
- Consistently driving revenue per advisor of over $1.6MM per year, 30% above Canadian industry average\(^{(1)}\)
- Strong asset growth complemented by favourable market conditions
- Leveraging enterprise linkages to extend market share gains

U.S. Wealth Management (including City National)

**RBC Wealth Management U.S.**

- 7\(^{th}\) largest full-service wealth advisory firm in the U.S. as measured by number of financial advisors and 6\(^{th}\) largest by assets under administration\(^{(2)}\)
- Enhancing the client-advisor experience through a digitally-enabled, goals-based planning approach, and strengthening the range of advisory solutions and product offerings
- Continuing to attract and onboard new advisors and clearing relationships while improving advisory productivity and operational efficiency

**City National**

- A premier U.S. private and commercial bank that creates a platform for long-term growth in the U.S.
- Operates with a high-touch, branch-light client service model in selected high-growth markets, including: Los Angeles, the San Francisco Bay area, Orange County, San Diego, New York, Boston, and Washington DC
- Expanding the CNB business model to selected high-growth markets

**International Wealth Management**

- Growing market share in target markets
- Enhancing "One RBC" cross-platform connectivity
- Focusing on client service excellence
- Increasing business effectiveness and talent capabilities

---

\(^{(1)}\) Strategic Insight (formerly Investor Economics), January 2020. \(^{(2)}\) Source: U.S. wealth advisory firms quarterly earnings releases (10-Q).
Insurance

Strategic Priorities

- **Improve Distribution Effectiveness and Efficiency:** By enhancing our proprietary distribution channels, and focusing on the delivery of technology and operational solutions
- **Deepen Client Relationships:** By continuing to be an innovative, client-focused provider of a full suite of insurance solutions for mass underserved, mass affluent and high net worth clients
- **Simplify. Agile. Innovate.:** By accelerating our digital initiatives’ time-to-market, improving quality and cost effectiveness
- **Pursue Select International Opportunities:** By continuing to grow our core reinsurance business within our risk tolerance

Highlights

Among the largest Canadian bank-owned insurance organizations, serving more than five million clients globally

- #1 in individual disability sales with 37%\(^{(1)}\) market share
- RBC term insurance business continues to grow faster than the market, ranked #5 with 9% market share, and 26% YoY growth in CY2019\(^{(1)}\)
- #2 in Segregated fund net sales\(^{(2)}\)
- RBC Guaranteed Investment Funds continue to be one of the fastest growing segregated fund providers in Canada with a YoY growth of 24.7%\(^{(2)}\)
- #2 best performing segregated fund family for CY2019\(^{(3)}\)
- #3 in sales in the Canadian group annuity market in Jan-Mar 2020\(^{(4)}\)

Net Income ($ millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian</td>
<td>726</td>
<td>775</td>
<td>806</td>
<td>320</td>
<td>361</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Premiums and Deposits

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian</td>
<td>4,546</td>
<td>4,647</td>
<td>4,604</td>
<td>2,050</td>
<td>2,063</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td></td>
<td></td>
<td>2,420</td>
<td>2,690</td>
</tr>
</tbody>
</table>

---
Investor & Treasury Services

- Specialist provider of asset services, a leader in Canadian cash management and transaction banking services, and a provider of treasury services to institutional clients worldwide
  - Ranked #1 Transfer Agent of the Year\(^{(1)}\)
  - Ranked #1 Asset Servicer in North America\(^{(2)}\)
  - Named Best Trade Finance Bank in Canada for the eighth consecutive year\(^{(3)}\)
- Short-term funding and liquidity management for RBC

### Strategic Priorities

- Grow income and market share among Canadian asset managers, investment counsellors, pension funds, insurance companies, and transaction banking clients
- Compete in segments and markets which offer the highest risk-adjusted returns
- Provide our clients seamless digital journeys and secure, robust and continuous service
- Design and re-engineer our services to improve client satisfaction, efficiency and risk controls
- Use technology and data insights to solve our clients’ current and future challenges

#### Net Income ($ millions)

- 2017: 741
- 2018: 741
- 2019: 475
- YTD 2019: 312
- YTD 2020: 369

#### Efficiency Ratio

- 2017: 60%
- 2018: 62%
- 2019: 74%
- YTD 2020: 61%

---

Capital Markets

- A premier global investment bank with core operations across Canada, the U.S., the U.K./Europe, and APAC
  - 9th largest global investment bank by fees\(^{(1)}\)
- Strategically positioned in the largest financial centres, focused on the world’s largest and most mature capital markets encompassing ~80% of the global investment banking fee pool\(^{(1)}\)
- RBC Capital Markets is recognized by the most significant corporations, institutional investors, asset managers, private equity firms, and governments around the globe as an innovative, trusted partner with an in-depth expertise in capital markets, banking and finance

### Revenue by Business ($ millions)\(^{(2)}\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FICC</td>
<td>1,084</td>
<td>1,136</td>
<td>1,166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lending &amp; Other</td>
<td>1,129</td>
<td>1,236</td>
<td>1,347</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repo &amp; Secured Financing</td>
<td>1,860</td>
<td>2,006</td>
<td>2,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Equities</td>
<td>2,140</td>
<td>2,107</td>
<td>1,672</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Banking</td>
<td>2,253</td>
<td>2,122</td>
<td>2,150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Revenue by Geography\(^{(3)}\)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>695</td>
<td>650</td>
<td>1,054</td>
<td>1,096</td>
<td>767</td>
</tr>
<tr>
<td>Canada</td>
<td>650</td>
<td>1,054</td>
<td>842</td>
<td>1,177</td>
<td>1,594</td>
</tr>
<tr>
<td>U.K. &amp; Europe</td>
<td>842</td>
<td>1,177</td>
<td>1,594</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia, Asia</td>
<td>1,177</td>
<td>1,594</td>
<td></td>
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</tr>
</tbody>
</table>

### Net Income ($ millions)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>FICC</td>
<td>2,525</td>
<td>2,777</td>
<td>2,666</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Banking</td>
<td></td>
<td></td>
<td></td>
<td>1,429</td>
<td>987</td>
</tr>
<tr>
<td>Lending &amp; Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repo &amp; Secured Financing</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Global Equities</td>
<td></td>
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</tbody>
</table>

\(^{(1)}\) Dealogic – Fiscal 2020 Q2. \(^{(2)}\) Global Markets segment revenue has been restated to align select portfolios previously disclosed in Repo and Secured Financing to FICC and Global Equities. Revenue by business only includes Corporate & Investment Banking and Global Markets, excluding CM Other. \(^{(3)}\) For three months ended April 30, 2020
# Capital Markets

## Strategic Priorities

### To be among the world’s most successful investment banks by serving clients in the most attractive markets

- Maintain our leadership position in Canada
- A leader in the U.S., our largest market with the best opportunity for growth
- A leader in the U.K., Europe and Asia-Pacific in targeted areas aligned with our global expertise

### Deepen client relationships as an innovative, trusted partner

- Support our clients by partnering with them to understand their strategic objectives and delivering solutions to achieve their goals
- Continue to grow and strengthen our senior coverage teams
- Focus on long-term client relationships aligned with our global capabilities
- Continue to drive technology innovations through our data strategy, electronification and artificial intelligence initiatives

### Drive collaboration, simplify our business and optimize capital use to earn high risk-adjusted returns on assets and equity

- Collaborate to deliver clients our full suite of global products and services
- Continue to focus on deepening client relationships by driving cross business collaboration with U.S. Wealth Management (incl. City National)
- Continue disciplined approach to managing costs and risk, maintain a balance between investment banking and trading revenue, and align our resources around top client opportunities

## Recent Awards

- Best Investment Bank in Canada - 12th consecutive year\(^{(1)}\)
- Share and Quality Leader in Canadian Equities and Fixed Income\(^{(2)}\)
- Top 10 in the All-American Research Survey\(^{(3)}\)

## Recent Big Deals

- **T-Mobile**
  - RBC Capital Markets acts as Bookrunner and Joint Lead Arranger on $23 billion of financing to back T-Mobile’s acquisition of Sprint

- **GFL**
  - RBC Capital Markets acts as Joint Active Bookrunner on the $2.2 billion Initial Public Offering of GFL - ranked as one of the largest Canadian IPOs of all time

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Capital Markets

Capital Markets Total Average Assets
($ billions)

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Average</td>
<td>649</td>
<td>677</td>
<td>696</td>
<td>716</td>
<td>821</td>
</tr>
</tbody>
</table>

26% YoY Growth

Geographic Diversification Across Loan Book
Average Loans Outstanding by Region ($ billions)(1)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>25</td>
<td>56</td>
<td>78</td>
<td>79</td>
<td>1,017</td>
</tr>
<tr>
<td>U.S.</td>
<td>87</td>
<td>86</td>
<td>83</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>Other International</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>16</td>
<td>18</td>
</tr>
</tbody>
</table>

Earnings Volatility vs. Canadian and U.S. Peers (Standard Deviation / Avg Earnings)(2)

<table>
<thead>
<tr>
<th>Segment</th>
<th>RBC</th>
<th>CDA Peers</th>
<th>US Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Volatility</td>
<td>12.5%</td>
<td>16.4%</td>
<td>19.3%</td>
</tr>
</tbody>
</table>

(1) Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. This chart has been restated to exclude certain intergroup exposures that are not part of the corporate lending business. This is a non-GAAP measure. For more information see slide 56. (2) Canadian peers include BMO, TD, CIBC, BNS and NA, US peers include JPM, GS, BAC and MS.
Risk Review
Elevated provisioning to withstand uncertain macroeconomic environment

Movement in Allowance for Credit Losses on Loans ($ billions)

<table>
<thead>
<tr>
<th>Allowance for Credit Losses (Q1/20)</th>
<th>PCL on Performing Loans</th>
<th>PCL on Impaired Loans</th>
<th>Net write-offs, FX &amp; Other movements</th>
<th>Allowance for Credit Losses (Q2/20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.5</td>
<td>$2.1</td>
<td>$0.6</td>
<td>($0.3)</td>
<td>0.84% ACL to L&amp;A $5.9</td>
</tr>
</tbody>
</table>

Our approach

- Top-down model driven analysis
- Bottom-up analysis by client and sector
- Forward looking assumptions including potential impacts of COVID-19 pandemic
- Benefits of support programs
- Additional management judgement
- Refer to slide 24 for allocation of ACL by product type

~75% of the increase in ACL on performing loans came from unfavourable changes in macroeconomic assumptions, including scenario weight changes
- Refer to slide 23 for macroeconomic scenario assumptions
- Remainder from portfolio composition (renewals, drawdowns, downgrades) and volume growth

PCL on Performing Loans (Stage 1 & 2) – Segment and Loan Breakdown

- Canadian Banking 55%
- Caribbean & U.S. Banking 9%
- Wealth Management 3%
- Capital Markets 32%
- Retail 34%
- Wholesale 66%
- Other 1%
IFRS 9 range of macroeconomic scenario assumptions (as of April 30)

For further details, refer to Note 5 of our Q2 2020 Report to Shareholders. (1) Represents the seasonally-adjusted annual rate indexed to 2012 Canadian dollars. (2) Represents the seasonally-adjusted annual rate indexed to 2012 U.S. dollars. (3) Represents the average quarterly unemployment level over the period.
Allocation of ACL by product type: Mortgages a large part of our balance sheet

<table>
<thead>
<tr>
<th>Product</th>
<th>Stage 1 &amp; 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential mortgages</td>
<td>0.1%</td>
<td>22.1%</td>
<td>0.12%</td>
</tr>
<tr>
<td>Other Retail</td>
<td>1.5%</td>
<td>46.1%</td>
<td>1.61%</td>
</tr>
<tr>
<td>Personal</td>
<td>0.9%</td>
<td>46.9%</td>
<td>1.03%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>4.3%</td>
<td>-</td>
<td>4.35%</td>
</tr>
<tr>
<td>Small business</td>
<td>0.7%</td>
<td>41.9%</td>
<td>1.19%</td>
</tr>
<tr>
<td>Retail</td>
<td>0.4%</td>
<td>30.6%</td>
<td>0.52%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>0.4%</td>
<td>26.1%</td>
<td>0.58%</td>
</tr>
<tr>
<td>Total ACL</td>
<td>0.4%</td>
<td>27.8%</td>
<td>0.53%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Stage 1 &amp; 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential mortgages</td>
<td>0.1%</td>
<td>21.9%</td>
<td>0.15%</td>
</tr>
<tr>
<td>Other Retail</td>
<td>2.0%</td>
<td>46.5%</td>
<td>2.19%</td>
</tr>
<tr>
<td>Personal</td>
<td>1.2%</td>
<td>47.7%</td>
<td>1.39%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>6.6%</td>
<td>-</td>
<td>6.58%</td>
</tr>
<tr>
<td>Small business</td>
<td>1.4%</td>
<td>41.1%</td>
<td>1.87%</td>
</tr>
<tr>
<td>Retail</td>
<td>0.6%</td>
<td>31.2%</td>
<td>0.68%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>0.9%</td>
<td>30.0%</td>
<td>1.15%</td>
</tr>
<tr>
<td>Total ACL</td>
<td>0.7%</td>
<td>30.4%</td>
<td>0.84%</td>
</tr>
</tbody>
</table>

(1) Items not subject to impairment are loans held at FVTPL: Residential mortgages (Q2/20: $405MM, Q1/20: $534MM); Wholesale (Q2/20: $10.1BN, Q1/20: $10.7BN).
Exposure to wholesale sectors most vulnerable to COVID-19 impacts

RBC’s Total Loans & Acceptances
As of Q2/2020

- While the impact of COVID-19 had, and will likely continue to have, a broad impact on the economy, some sectors are more vulnerable due to business closures, social distancing measures and other government restrictions.
- Our most vulnerable wholesale sectors represents 7% of total loans & acceptances outstanding.
- Credit performance will depend on the length of continued business closures, the speed and extent of recovery, and the mitigating impact of government support.
- Q2/2020 wholesale ACL represents 1.1% of wholesale loans & acceptances outstanding, nearly twice the level in Q1/2020.
Limited oil & gas exposure and robust risk management

**Oil & Gas Exposure**
($billions; % of total loans and acceptances outstanding)

- 12% exposure to drilling & services; nearly all secured (equipment or guarantees)
- 73% of our oil & gas sector is to exploration & production (E&P) companies
  - Lending to E&P companies is predominantly through borrowing base lending structures
- 26% of our outstanding exposure to the oil & gas sector is to investment grade clients (57% based on exposure at default)
- ~50% of our oil & gas exposure is most sensitive to oil prices

**Portfolio Characteristics**

**QoQ growth driven by higher draws on existing and new facilities to provide liquidity to existing investment grade clients**

**Oil & Gas Exposure by Industry Segment & Geography**
(Loans and acceptances outstanding as of Q2/2020)

- 59% of PCL on impaired wholesale loans (Stage 3) related to our oil & gas exposure
- 27% of wholesale GIL related to oil & gas sector
- **ACL coverage ratio**: 4% of oil & gas loans & acceptances outstanding
  - ACL is slightly above cumulative provisions taken during the last oil & gas downturn (FY2015-FY2017)

**Q2/2020 Credit Performance**

- 59% of PCL on impaired wholesale loans (Stage 3) related to our oil & gas exposure
- 27% of wholesale GIL related to oil & gas sector
- **ACL coverage ratio**: 4% of oil & gas loans & acceptances outstanding
  - ACL is slightly above cumulative provisions taken during the last oil & gas downturn (FY2015-FY2017)
Overview of wholesale sectors most vulnerable to COVID-19

**Commercial Real Estate**
(Loans & acceptances outstanding as of Q2/2020)

- Our overall commercial real estate (CRE) exposure is well diversified by industry segment and region
- Our vulnerable exposure to CRE is retail-related and represents 20% of our CRE exposure and 1.6% of total loans & acceptances outstanding
- CRE-retail related exposures are most impacted by COVID-19 closures
  - A significant portion of our portfolio comprises of Class-A malls and grocery-anchored retail
  - Low LTVs, guarantees and debt service coverage built to withstand high vacancy rates serve as mitigants

**Consumer Discretionary**
(Loans & acceptances outstanding as of Q2/2020)

- Our vulnerable exposure to the consumer discretionary sector represents 2.4% of total loans & acceptances outstanding
- 83% of the sector is impacted by COVID-19 closures and other government restrictions
  - Majority of our exposure is secured by assets or guarantees
Overview of wholesale sectors most vulnerable to COVID-19

**Transportation**
Loans & acceptances outstanding as of Q2/2020

- Our vulnerable exposure to the transportation sector represents 1.1% of total loans & acceptances outstanding
- 87% of the sector is impacted by COVID-19, particularly airlines and aircraft companies
  - Airlines and aircraft companies represent 37% of our exposure to the transportation sector

**Telecommunication & Media**
Loans & acceptances outstanding as of Q2/2020

- Our vulnerable exposure to the telecommunication & media sector represents 0.3% of total loans & acceptances outstanding
- Our media exposure is impacted by COVID-19, particularly theatres, movie production and movie distribution companies
### Canadian Banking Outstanding Lending Exposure (1)
(Average balances as of Q2/2020; $ billions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2/2020</th>
<th>Q1/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Mortgages</td>
<td>272</td>
<td></td>
</tr>
<tr>
<td>HELOCs</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Personal Lending (excl. HELOCs)</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Small Business</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Commercial (2)</td>
<td>84</td>
<td>82</td>
</tr>
</tbody>
</table>

### Canadian Banking FICO Score Distribution – Retail
(As of Q2/2020)

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;620</td>
<td>4%</td>
</tr>
<tr>
<td>620-680</td>
<td>9%</td>
</tr>
<tr>
<td>681-720</td>
<td>11%</td>
</tr>
<tr>
<td>&gt;720</td>
<td>76%</td>
</tr>
</tbody>
</table>

### PCL on Impaired Loans ($MM)

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Mortgages</td>
<td>$6</td>
<td>$10</td>
<td>$9</td>
</tr>
<tr>
<td>Personal Lending</td>
<td>$116</td>
<td>$129</td>
<td>$138</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>$122</td>
<td>$137</td>
<td>$139</td>
</tr>
<tr>
<td>Small Business</td>
<td>$9</td>
<td>$12</td>
<td>$14</td>
</tr>
<tr>
<td>Commercial (2)</td>
<td>$110</td>
<td>$12</td>
<td>$39</td>
</tr>
</tbody>
</table>

### PCL on Impaired Loans (bps)(1)

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Mortgages</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Personal Lending</td>
<td>59</td>
<td>64</td>
<td>70</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>269</td>
<td>274</td>
<td>307</td>
</tr>
<tr>
<td>Small Business</td>
<td>76</td>
<td>88</td>
<td>102</td>
</tr>
<tr>
<td>Commercial (2)</td>
<td>58</td>
<td>6</td>
<td>19</td>
</tr>
</tbody>
</table>

### 90+ Days Past Due (bps)

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Mortgages</td>
<td>18</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Personal Lending</td>
<td>31</td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>73</td>
<td>81</td>
<td>96</td>
</tr>
<tr>
<td>Small Business</td>
<td>95</td>
<td>111</td>
<td>128</td>
</tr>
<tr>
<td>Commercial (2)</td>
<td>67</td>
<td>64</td>
<td>57</td>
</tr>
</tbody>
</table>

### Average FICO Score

- Residential Mortgages: 783
- Personal Lending: 769
- Credit Cards: 719
- Small Business: 719
- Commercial (2): 57

---

(1) Calculated using average net of allowance on impaired loans. (2) Commercial excludes Small Business.
Canadian residential portfolio has strong underlying credit quality

Q2/2020 Highlights

- Strong underlying quality of uninsured residential mortgage portfolio
  - 49% of uninsured portfolio have a FICO score >800
- Greater Toronto Area and Greater Vancouver Area average FICO scores remain above the Canadian average
- Only 3% of our residential lending portfolio has an LTV >80% and FICO score of 720 or lower, and is predominantly all insured

Canadian Residential Mortgage Portfolio

As at Q2/2020 ($ billions)

<table>
<thead>
<tr>
<th>LTV(2)</th>
<th>51%</th>
<th>48%</th>
<th>63%</th>
<th>56%</th>
<th>57%</th>
<th>57%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$135.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>72%</td>
<td></td>
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</tr>
<tr>
<td>$54.4</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>28%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>$39.4</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>27%</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$35.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$18.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$15.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>53%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario</td>
<td>B.C. &amp; Territories</td>
<td>Alberta</td>
<td>Quebec</td>
<td>Manitoba &amp; Sask.</td>
<td>Atlantic</td>
<td>堡垒</td>
</tr>
</tbody>
</table>

Canadian Banking Residential Lending Portfolio

As at Q2/2020

<table>
<thead>
<tr>
<th></th>
<th>Total ($312BN)</th>
<th>Uninsured ($234BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>$274.0BN</td>
<td>$196.2BN</td>
</tr>
<tr>
<td>HELOC</td>
<td>$37.7BN</td>
<td>$37.7BN</td>
</tr>
<tr>
<td>LTV (2)</td>
<td>53%</td>
<td>52%</td>
</tr>
<tr>
<td>GVA</td>
<td>47%</td>
<td>46%</td>
</tr>
<tr>
<td>GTA</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Average FICO Score(2)</td>
<td>794</td>
<td>800</td>
</tr>
<tr>
<td>90+ Days Past Due(2)(3)</td>
<td>20 bps</td>
<td>16 bps</td>
</tr>
<tr>
<td>GVA</td>
<td>12 bps</td>
<td>11 bps</td>
</tr>
<tr>
<td>GTA</td>
<td>8 bps</td>
<td>8 bps</td>
</tr>
</tbody>
</table>

Canadian Banking Residential Lending Portfolio

As at Q2/2020

<table>
<thead>
<tr>
<th>LTV (2)</th>
<th>51%</th>
<th>48%</th>
<th>63%</th>
<th>56%</th>
<th>57%</th>
<th>57%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;80%</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65%-80%</td>
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</tr>
<tr>
<td>50%-65%</td>
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</tr>
<tr>
<td>&lt;50%</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

FICO Scores

- >720
- 681-720
- 620-680
- <620

% of Total Canadian Banking Residential Lending Portfolio

(1) Canadian residential mortgage portfolio of $299BN comprised of $274BN of residential mortgages, $7BN of mortgages with commercial clients ($4BN insured) and $18BN of residential mortgages in Capital Markets held for securitization purposes. (2) Based on $274BN in residential mortgages and HELOC in Canadian Banking ($388BN). Based on spot balances. Totals may not add due to rounding. (3) The 90+ day past due rate includes all accounts that are either 90 days or more past due or are in impaired status.
Client relief programs: Supporting our clients through the pandemic

Since the onset of the pandemic, RBC has approved over 492,500 clients globally to participate in its various payment deferral programs

- Providing up to six months payment deferrals in Canada, with more than 60% of deferment requests for multiple months
- Providing up to 90-days payment relief for CNB clients
- Pace of deferral requests has decelerated in recent weeks
- Delinquencies and consequent losses will be suppressed for the next few quarters, given high volumes of deferment

Payment Deferral Programs by Product in Canadian Banking and CNB

(As at Q2/2020)

<table>
<thead>
<tr>
<th></th>
<th>% of Accounts Approved for Deferral</th>
<th>Balances Approved for Deferral ($BN)</th>
<th>% of Balances Approved for Deferral</th>
<th>Deferral Details (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Loan Deferrals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Canadian Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential mortgages(1)</td>
<td>14%</td>
<td>$47.2</td>
<td>18%</td>
<td>Mortgages account for 45% of all Canadian Banking consumer deferrals but over 90% of consumer balances</td>
</tr>
<tr>
<td>Insured</td>
<td>15%</td>
<td>$14.0</td>
<td>18%</td>
<td>Avg. LTV: 66%; Avg. FICO: 723</td>
</tr>
<tr>
<td>Uninsured</td>
<td>14%</td>
<td>$33.2</td>
<td>18%</td>
<td>Avg. LTV: 58%; Avg. FICO: 754</td>
</tr>
<tr>
<td>Credit cards</td>
<td>2%</td>
<td>$1.3</td>
<td>7%</td>
<td>Avg. FICO: 670</td>
</tr>
<tr>
<td>Personal loans(2)</td>
<td>1%</td>
<td>$2.7</td>
<td>4%</td>
<td>Avg. FICO: 689</td>
</tr>
<tr>
<td>CNB Residential mortgages</td>
<td>5%</td>
<td>US$1.1</td>
<td>8%</td>
<td>Avg. LTV: 61%; Avg. FICO: 743</td>
</tr>
<tr>
<td><strong>Commercial Loan Deferrals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Banking Commercial &amp; Small business loans(1)</td>
<td>5%</td>
<td>$15.3</td>
<td>17%</td>
<td><strong>Top industry concentrations</strong>: Commercial Real Estate, Other Services and Consumer Discretionary</td>
</tr>
<tr>
<td>CNB Commercial loans</td>
<td>3%</td>
<td>US$1.8</td>
<td>7%</td>
<td><strong>Top industry concentrations</strong>: Consumer Discretionary and Commercial Real Estate</td>
</tr>
</tbody>
</table>

(1) Canadian commercial and small business loan deferrals include $1BN of retail residential mortgage deferral balances with commercial clients. (2) Personal Loans includes personal direct lending, auto loans and secured lines of credit. (3) LTV and FICO are as of March 2020.
Technology @ RBC
Investors value RBC for its industry-leading franchises and innovative approach

Creating More Value for Clients
- **7.5MM** active digital users
- **1.9MM** clients onboarded onto MyAdvisor with a personalized plan
- **4.8MM** active mobile clients on the RBC Mobile app

Data & Artificial Intelligence Insights
- **5** Borealis AI labs connected with top universities across Canada, with **85** PhDs
- **1.1BN+** insights read by clients on NOMI in the RBC Mobile app\(^{(1)}\)

Driving Efficiency & Operational Excellence
- **701MM** client transactions daily

Innovation Ecosystem & Partnerships
- **6** innovation labs globally
- **19** RBC Ventures in market
- **Top 3** for places to Work in Tech in Toronto\(^{(2)}\)

---

\(^{(1)}\) 1.1BN insights read on a launch to date basis. \(^{(2)}\) Based on HIRED’s 2019 Global Brand report.
Our technology platforms are enabling all businesses to exceed client expectations.
We have developed a rich innovative ecosystem that attracts top talent.
Transforming the distribution network in Canadian Banking

**Active Digital Users**
- Q2/19: 7,030
- Q1/20: 7,354
- Q2/20: 7,544

**Digital Adoption Rate**
- Q2/19: 52.0%
- Q1/20: 52.5%
- Q2/20: 53.9%

**Active Mobile Users**
- Q2/19: 4,144
- Q1/20: 4,619
- Q2/20: 4,819

**Mobile Sessions**
- Q2/19: 66,571
- Q1/20: 76,633
- Q2/20: 91,649

**Self-Serve Transactions**
- Q2/19: 87.4%
- Q1/20: 88.8%
- Q2/20: 92.0%

**Branches**
- Q2/19: 1,207
- Q1/20: 1,206
- Q2/20: 1,205

---

(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.

---

TECHNOLOGY @ RBC

36
We are making great progress going ‘beyond banking’
Economic Backdrop
Canada’s balance sheet is well positioned to provide support

COVID-19 government support (% of GDP)

G7 Government Debt (% of GDP)

Central bank balance sheets (% of GDP)

Bank of Canada asset purchase programs
Change in BoC holdings vs. end of 2019, ($ billions)

(1) Includes direct government spend, loans and guarantees. (2) Note: ~$165 billion in term repos not shown. (3) Quantitative easing program indicates $5 billion weekly purchases continuing for one year.
Canada’s fiscal position

- Strong rating as a result of fiscal prudence, conservative bank lending practices and a solid economy
- Lowest net debt-to-GDP ratio among G7 peers

**Canadian GDP by Industry**

*November 2019*

(1) Statistics Canada, RBC Economics Research.

- Finance, Insurance & Real Estate: 20%
- Manufacturing: 14%
- Wholesale and Retail Trade: 12%
- Scientific, Technical & Educational Services: 10%
- Public Administration and Utilities: 10%
- Mining, Oil & Gas Extractions: 8%
- Construction: 8%
- Health Care: 5%
- Transportation, Warehousing: 5%
- Other: 5%
- Canada’s GDP by Industry (November 2019)
Contrary to previous downturns, social distancing measures to limit the spread of the novel coronavirus (COVID-19) are dramatically weighing on activity in service-sector industries that are normally a buffer in an economic downturn. Fiscal/monetary policy measures will do little to limit the near-term economic shutdown, which is being driven explicitly by social distancing policies. But supporting more households/businesses to stay solvent should help to speed the recovery once the virus is under better control.

Global demand and supply-chain disruptions are weighing on virtually all other sectors of the economy as well. Oil prices were already under pressure from global demand concerns but fell sharply further in March due to a dispute over appropriate production levels between Saudi Arabia and Russia. The combined effect pushed West Texas intermediate (WTI) oil prices down below $20/bbl. We expect investment activity in the oil & gas sector to fall dramatically by the summer, and do not assume a recovery in the foreseeable future.

We expect Canadian GDP to contract 6.4% in 2020 and bounce back 3.4% in 2021 as COVID-19 containment measures ease. Annual headline inflation will fall to 0.4% for 2020 by our count, due to broad-based decline in demand and drop in oil prices. Employment has declined by 1 million in March, with another 2 million drop following in April\(^1\). We expect the unemployment rate in Canada to average almost 10% in 2020.

---

1. Statistics Canada.
2020 Economic Outlook

Projected Economic Indicators for 2020

<table>
<thead>
<tr>
<th>GDP Growth</th>
<th>Inflation</th>
<th>Unemployment Rate</th>
<th>Interest Rate (3 mth T-bills)</th>
<th>Current Account Balance/GDP</th>
<th>Budget Surplus/GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>(6.4%)</td>
<td>0.4%</td>
<td>9.7%</td>
<td>0.20%</td>
<td>(3.7%)</td>
</tr>
<tr>
<td>U.S.</td>
<td>(5.5%)</td>
<td>0.5%</td>
<td>8.4%</td>
<td>0.15%</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>Euro Area</td>
<td>(5.4%)</td>
<td>NA</td>
<td>11.9%</td>
<td>NA</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

**Canada**
- The Canadian economy is forecast to contract by 6.4% in 2020. We expect dramatic declines in GDP over the first half of the year (-10% Q1, -32% Q2 at annualized q/q rate). That profile is contingent on governmental authorities being able to allow some limited easing in social distancing restrictions before end-of-quarter. We expect an initial sharp, but only partial, bounce-back in activity in Q3 and Q4. Tourism industries, restaurants, etc. will remain under pressure. And the oil & gas sector is likely to remain under pressure. We expect the recovery will remain partial – and the unemployment rate still elevated – through 2021.
- The Bank of Canada (BoC) cut its overnight rate by 150 basis points, to 0.25%, in less than a month and initiated a round of quantitative easing for the first time in the bank's history in addition to a slew of liquidity and credit easing measures. We do not preclude further action by the BoC (e.g. purchasing non-federal government bonds, moving rates below 0 etc.), but we do not see it as a base – even though near-term prospects are quite dire as noted above.

**U.S.**
- We are penciling in a 35% drop in US Q2 GDP. We expect a partial, but not full, bounce-back in the second half of the year. The economy is expected to contract 5.5% in 2020. A large number of workers will be able to be re-hired relatively quickly once activity begins to recover. But we expect not all industries will recover quickly. Government measures will likely help many bridge the gap but several businesses are likely close up shop permanently.
- The Federal Reserve cut rates by 150 basis points in just 2 weeks, and is restarting quantitative easing alongside other measures to support lending. These measures include US$700bn of planned Treasury and MBS purchases, a reduction in the discount window borrowing rate (of 50 bps over and above the funds rate cut) and an elimination of reserve requirements.

**Euro Area**
- As in other regions, we expect the COVID-19 outbreak to weigh significantly on GDP in the Euro area in Q2, with gradual rebound coming in the second half of the year. The euro area composite PMI registered its lowest print on record in March – far surpassing the previous low seen in February 2009 at the height of the global financial crisis and signaled deep recession. Euro area GDP growth is expected to slow by 5.4% in 2020.
- The European Central Bank held their policy rate steady in March (-50 bps deposit rate) but announced a new LTRO program and increased planned asset purchases as part of the existing QE program, along with other measures to inject liquidity into financial markets.

---

Canadian Housing Market
## Structural backdrop to the Canadian and U.S. housing market

<table>
<thead>
<tr>
<th><strong>Regulation</strong></th>
<th><strong>Canada</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th><strong>U.S.</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government influences mortgage underwriting policies primarily through control of insurance eligibility rules</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fully insured if loan-to-value (LTV) is over 80%</td>
<td></td>
<td>Agency insured only if conforming and LTV under 80%</td>
</tr>
<tr>
<td>– Must meet 5-year fixed rate mortgage standards</td>
<td></td>
<td>No regulatory LTV limit – can be over 100%</td>
</tr>
<tr>
<td>– Government-backed, on homes under $1MM</td>
<td></td>
<td>Not government-backed if private insurer defaults</td>
</tr>
<tr>
<td>– Down-payment over 20% on non-owner occupied properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– CMHC last increased mortgage loan insurance premiums in 2017 by ~15% for new mortgages with LTV over 90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Minimum down payment for new government-backed insured mortgages is 10% for portion of the value of a home being purchased that is between $500,000 – $999,000, and 5% below $500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-financing cap of 80% on non-insured</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Consumer Behaviour</strong></th>
<th><strong>Canada</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th><strong>U.S.</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage interest not tax deductible</td>
<td></td>
<td>Mortgage interest is tax deductible</td>
</tr>
<tr>
<td>Greater incentive to pay off mortgage</td>
<td></td>
<td>Less incentive to pay down mortgage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Lender Behaviour</strong></th>
<th><strong>Canada</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th><strong>U.S.</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong underwriting discipline; extensive documentation</td>
<td></td>
<td>Wide range of underwriting and documentation requirements</td>
</tr>
<tr>
<td>Most mortgages are held on balance sheet</td>
<td></td>
<td>Most mortgages securitized</td>
</tr>
<tr>
<td>Conservative lending policies have historically led to low delinquency rates</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Lenders’ Recourse</strong></th>
<th><strong>Canada</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th><strong>U.S.</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to foreclose on non-performing mortgages, with no stay periods</td>
<td></td>
<td>Stay period from 90 days to one year to foreclose on non-performing mortgages</td>
</tr>
<tr>
<td>Full recourse against borrowers&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td></td>
<td>Limited recourse against borrowers in key states</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Current regulation and lenders recourse. <sup>(2)</sup> Alberta and Saskatchewan have some limited restrictions on full recourse.
## Legislation and policies – promoting a healthy housing market

<table>
<thead>
<tr>
<th>Date</th>
<th>Agency/Region</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2020 (postponed due to COVID-19) – Department of Finance</td>
<td>The benchmark rate used in the insured mortgage qualification stress test changing to the median contract rate on all insured mortgages, making the stress test more responsive to actual market rates. OSFI is considering a similar change for uninsured mortgages</td>
<td></td>
</tr>
<tr>
<td>February 2018 – Government of British Columbia</td>
<td>The B.C. government introduced a 30-point plan to address housing affordability issues. It included a new speculation tax (2% of assessed value) on homeowners who do not pay income tax in the province and increased in the foreign buyer tax to 20% from 15%</td>
<td></td>
</tr>
<tr>
<td>January 2018 – OSFI</td>
<td>Qualifying rate for uninsured mortgages raised to 2 percentage points above the contract rate or the five-year posted rate, whichever is higher</td>
<td></td>
</tr>
<tr>
<td>April 2017 – Government of Ontario</td>
<td>Introduced the ‘Fair Housing Plan’: 16 measures to address risks in the housing market including a 15% speculation tax on non-residents purchasing homes in the Greater Golden Horseshoe region</td>
<td></td>
</tr>
<tr>
<td>January 2017 – City of Vancouver</td>
<td>Vancouver introduced a tax of 1% of the assessed value of each home which is vacant (principal residence is exempt)</td>
<td></td>
</tr>
</tbody>
</table>
| October 2016 – Department of Finance | Qualifying rate for high-ratio mortgages with a term of five years or more is changed to the 5-year posted rate  
Portfolio-insured low-ratio mortgage loans must meet the eligibility criteria of high-ratio insured mortgage  
A principal residence sale must be reported in the seller’s tax return, even if any capital gain is protected by the principal residence exemption |
| July-August 2016 – OSFI & the Government of British Columbia | OSFI increased scrutiny on mortgage underwriting standards: greater emphasis on internal controls, risk management practices and market developments  
BC government introduced a property transfer tax of 15% on foreign buyers registering the purchase of a home in Metro Vancouver |
Legislation and policies – promoting a healthy housing market

**December 2015 – Department of Finance**
- Minimum down payment for new government-backed insured mortgages increased from 5% to 10% for portion of the value of a home being purchased that is between $500,000 and $999,999 (came into effect February 2016)

**April 2014 – CMHC**
- Discontinued offering mortgage insurance on 2nd homes and to self-employed individuals without 3rd party income validation

**July 2012 – CMHC**
- Maximum amortization on government-backed insured mortgages reduced to 25 years from 30 years
- Maximum amount that can be borrowed on a mortgage refinancing lowered to 80% from 85%
- CMHC insurance availability is limited to homes with a purchase price of <$1 million lowered from $3.5 million
- Set the borrower's maximum gross debt service ratio at 39% and maximum total debt service ratio at 44%

**March 2011 – CMHC**
- Maximum amortization on government-backed insured mortgages reduced to 30 years from 35 years
- Maximum amount that can be borrowed on a mortgage refinancing lowered to 85% from 90%

**February 2010 – Department of Finance**
- Borrowers with insured mortgage terms of less than five years must meet the standards for a five-year fixed rate mortgage
- Maximum amount that can be borrowed on a mortgage refinancing lowered to 90% from 95%
- Minimum 20% down payment is required in order to qualify for government-backed mortgage insurance on non-owner-occupied properties

**July 2008 – Department of Finance**
- Maximum amortization on government-backed insured mortgages reduced to 35 years from 40 years
- A minimum 5% down payment is required in order to qualify for government-backed insured mortgages
- Additional – minimum credit score requirements, new loan documentation standards, setting a maximum of 45% on borrowers total debt service ratio
The Toronto and Vancouver downtown condo markets

- Constraints on undeveloped land around Toronto / Vancouver have contributed to a shift to higher-density condo housing
  - Provincial growth plan, including ‘Green belt’ surrounding Toronto, contains urban sprawl and favours condo development
  - Vancouver is restricted in its ability for urban sprawl due to land constraints away from the city centre
- Canada has one of the highest per capita rates of permanent immigration in the world\(^1\)
  - 22% of Canada’s population is foreign born (7.5 MM), highest proportion among the G8 nations\(^1\)
  - 56% of all new immigrants to Canada move to Toronto, Vancouver or Montreal\(^1\)
- RBC’s exposure to condo development is limited – about 3% of our Canadian commercial loan book\(^2\)
  - Condo exposure is 10.8% of Canadian residential lending portfolio\(^2\)(\(^3\))

“Green Belt” Surrounding Greater Toronto Area

Vancouver Limited by Mountains, Sea, U.S. Border

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\(^1\) Statistics Canada, 2016 Census. \(^2\) As at April 30, 2020. \(^3\) Based on $274BN in residential mortgages and HELOC in Canadian Banking ($388BN).
COVID-19 poses a material risk to Canada’s housing market in the near term

- Social distancing measures to combat the COVID-19 pandemic will severely disrupt housing markets across the country in the near term. Home resales slowed dramatically this spring (per Canadian Real Estate Association). However, this is expected to be a temporary shock. Activity is expected to gradually recover, albeit partially, once social distancing measures are relaxed. Exceptionally low interest rates will help the recovery.

- Local markets generally entered the pandemic crisis on a strong footing. Demand-supply conditions had tightened considerably in several local markets, including Toronto, since the spring of 2019, and prices were rising at an accelerating pace. The main exceptions were oil-producing regions where demand was soft and inventories were elevated.

- Generally strong initial market positions and the fact that sellers also moved to, or stayed on, the sidelines, are providing some protection against an erosion of property values. The longer the COVID-19 economic shock lasts, however, the greater the odds downward price pressure will emerge.

- Canada’s longer-term housing market fundamentals continue to be favourable despite near-term turbulence. Immigration will be a major driver of housing demand once a likely in-migration pullback runs its course.

- Lenders maintain strong underwriting discipline and require extensive documentation.
  - Most mortgages held on balance sheet and conservative lending policies have led to low delinquency rates

**Demand-supply conditions have tightened up**

**Debt service ratio expected to eventually stabilize**

(1) Canadian Real Estate Association, RBC Economics. (2) Statistics Canada, RBC Economics. PDI: Personal Disposable Income.
Canadians have significant equity ownership in their homes

- Canadians carry a significant and stable amount of equity in their homes
- The pace of residential mortgage accumulation re-accelerated since mid-2019 after slowing to a 17-year low
- Mortgage delinquency rates remain very low in Canada and have been stable through recent credit cycles. They are likely to rise near term due to COVID-19
- RBC monitors its residential mortgage and broader retail portfolios closely, and performs stress tests for dramatic movements in house prices, GDP, interest rates, and unemployment rates

Growth in residential mortgages is historically low

Residential Mortgage Growth(2)
(Year-over-year % change)

The mortgage delinquency rate is at a 30-year low in Canada

Mortgage Delinquencies(3)
(Mortgages 90+ days in arrears as a % of total mortgages)

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Appendix A – Liquidity & Funding
Strength of a high-quality liquid balance sheet

$1,676 Billion
(as at April 30, 2020)

Assets

- Cash and Reverse Repos
- Trading & Investment Securities
- Residential Mortgages\(^{(1)}\)
- Other Retail Loans
- Wholesale Loans
- Other Assets\(^{(2)}\)

Liabilities & Capital

- Unsecured Funding
- Secured Funding
- Personal Deposits
- Business & Government Deposits
- Securitization\(^{(1)}\) and Covered Bonds
- Capital
- Other Liabilities\(^{(2)}\)

\(^{(1)}\) Securitized agency mortgaged back securities (MBS) are on balance sheet as per IFRS. \(^{(2)}\) Other assets include $141BN of derivatives related assets, largely offset by derivatives related liabilities in Other liabilities. Under IFRS derivative amounts with master netting agreements cannot be offset and the gross derivative assets and liabilities are reported on balance sheet.
Strong deposit growth

Leveraging the strength of our distribution channels and successful deposit initiatives to drive growth

**Canadian relationship deposits**

- Initiated successful strategies to grow relationship deposit base
- Canadian relationship deposits continue to grow
- RBC Canadian personal deposit market share is at 19.8% as of Feb 2020
- RBC Canadian commercial demand deposit market share is at 25.4% as of Feb 2020

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(1) Sourced from Canadian deposit market share, which is based on OSFI (M4 report). The volume change in Oct’16 was mainly due to a re-class of personal deposit to business deposits.

(2) Canadian Business deposits reflect all platform demand deposits and Canadian Banking term deposit balances only.

(3) High Interest Savings Account; includes CAD and USD deposits.

(4) Sourced largely from RBC Wealth Management network.
Well-diversified wholesale funding platform

- Well-diversified across products, currencies, investor segments, and geographic regions
- Raise majority of funding in international markets, preserving significant domestic capacity which can be more readily tapped in stressed market conditions
- Regular issuance in all major markets to promote investor engagement and secondary market liquidity

### Canada
- Canadian Shelf (C$25BN)
- Securitizations (Canadian mortgage bonds, NHA MBS\(^{(1)}\) and credit cards)

### U.S.
- SEC Registered Shelf (US$40BN)

### Europe and Asia
- European Debt Issuance Program (US$40BN)
- Covered Bond Program (EUR 60BN)
- Japanese Issuance Programs (JPY 1 trillion)

### Well Diversified by Product\(^{(2)}\)
- Golden Credit Card Trust 4%
- Covered Bond 32%
- Canadian Senior Debt 20%
- U.S. Medium Term Note 21%
- European Medium Term Note 8%

### Diversified by Geography\(^{(2)}\)
- Canada 33%
- U.S. 33%
- Europe 34%

### Recent Deals
- AUD $2.25 Billion 3 year Covered Bonds at LIBOR+73bps
- CAD $1.5 Billion 5 year unsecured at LIBOR+132bps
- USD $1.25 Billion 3 year unsecured at LIBOR+123bps
- EUR €1 Billion 5 year Covered Bonds at LIBOR+77bps
- USD $300 Million 2.5 year unsecured at LIBOR+23bps
- CHF $200 Million 7 year Covered Bonds at LIBOR+80bps

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\(^{(1)}\) National Housing Act Mortgage Backed Securities. \(^{(2)}\) As at April 30, 2020.
<table>
<thead>
<tr>
<th>RBC Covered Bond Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Globally Active</strong></td>
</tr>
<tr>
<td>- Active program in six different currencies: EUR, CAD, USD, CHF, AUD and GBP</td>
</tr>
<tr>
<td>- C$65BN currently outstanding</td>
</tr>
<tr>
<td><strong>Strong Issuer</strong></td>
</tr>
<tr>
<td>- Largest Canadian bank by market capitalization</td>
</tr>
<tr>
<td>- Strong credit ratings</td>
</tr>
<tr>
<td>- Well capitalized and consistent historical profitability</td>
</tr>
<tr>
<td>- Well diversified business mix</td>
</tr>
<tr>
<td><strong>Canadian Legislative Changes</strong></td>
</tr>
<tr>
<td>- Canadian legislation protects claims of covered bond investors and overrides any other conflicting law related to bankruptcy and insolvency</td>
</tr>
<tr>
<td>- Extensive regulatory oversight and pool audit requirements</td>
</tr>
<tr>
<td>- Mandatory property value indexation</td>
</tr>
<tr>
<td><strong>U.S. Market</strong></td>
</tr>
<tr>
<td>- Active U.S. dollar covered bond issuer</td>
</tr>
<tr>
<td>- Several benchmark bonds outstanding</td>
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<tr>
<td>- Broad U.S. investor base</td>
</tr>
<tr>
<td>- Issued US$18.7BN across eleven deals since September 2012</td>
</tr>
<tr>
<td>- Trace eligible</td>
</tr>
</tbody>
</table>
Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain key performance and non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that key performance measures, such as ROE and non-GAAP measures, including amounts excluding Corporate Support, average loans and acceptances excluding certain items, and cash earnings excluding the after-tax effect of amortization of intangibles, 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 2019 Annual Report and Q2 2020 Report to Shareholders, as well as in our Q2 2020 Supplementary Financial Information.

Definitions can be found under the “Glossary” sections in our Q2 2020 Supplementary Financial Information and our 2019 Annual Report.

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🌐 www.rbc.com/investorrelations