



Address to Shareholders

by

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to the

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Royal Bank of Canada**

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Check against delivery

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Thank you, Katie.

And welcome to RBC's annual meeting.

I'm proud that we're celebrating in the city where it all started 150 years ago – Halifax, Nova Scotia.

We enter our 150th year in a position of strength – coming off one of the most remarkable years in our history.

In 2018, we achieved record earnings, while reaching new heights in customer satisfaction and employee engagement. We earned \$12.4 billion, and achieved 11% earnings per share growth – and met or exceeded all of our medium-term financial objectives.

We raised our dividend by 8% and returned a further \$1.5 billion of capital to shareholders through buybacks. In total, we delivered 58% of our profits back to shareholders last year.

At the same time, we maintained a strong capital position, prudently managing risk and continuing to make significant investments in technology and talent to drive future growth.

These outstanding results demonstrate our ability to execute against our clear strategic goals, while transforming our bank for the digital world.

This momentum has carried over into 2019.

Amid challenging market conditions, we posted solid first quarter earnings of \$3.2 billion and increased our dividend by 4%.

This is a clear testament to the strength of our diversified franchise and our ability to provide advice and insights to clients during periods of market uncertainty.

It is our belief that we have the vision, scale, and strategy to create even more value for our clients in the years ahead, driving long-term sustainable growth for you – our shareholders – in the future.

Thank you for your support.

The road to 150 / Purpose

The foundations of our success have been laid over time, in fact you can trace them back to our origins here in Halifax in 1869.

I want to take a few moments to reflect on how we got here. And why our past is helping us shape our future.

Throughout RBC's history, we've held a few foundational principles that continue to define us today. They are grounded in our **Purpose** – it's why we come to work each day – helping clients thrive and communities prosper.

We know our success is only as sustainable as our clients' success. We also shoulder an important responsibility to help create positive social and economic impact within our communities.

It's core to our business and our culture. And it's well documented that organizations who articulate a core purpose outperform the market over time.

When our founders incorporated the Merchants' Bank of Halifax in 1869, Canada was a young country still trying to find its place in the world. Over the next few decades, the bank grew for the same reason the country did – we placed our faith in entrepreneurs.

In our earliest days, we thrived by supporting the aspirations of enterprises in Atlantic Canada who weren't afraid to take risks and launch new ventures – demonstrating a relentless focus on **helping clients thrive** that continues to this day.

One such client was Starr Manufacturing in Dartmouth – which revolutionized how ice skates were designed in the 1860s.

The Acme Skate, invented by a young employee named John Forbes, was wildly popular because they were the first to attach blades securely to a skater's boot using a mechanical lever.

They allowed skaters to start, turn and stop much more easily, contributing to the rise in popularity of ice skating, and development of Canada's national sport: hockey.

By the 1870s, the skate was the most sought after on the market, with millions of pairs exported to the world. Six of the seven starters on the 1902 Stanley Cup winning Montreal Hockey Club wore them. And even the king of Spain is believed to have owned a pair.

Over the past 150 years, we've thrived by supporting businesses that have innovation built in their DNA. Enterprises that have reimaged industries, solved society's biggest challenges, and ultimately helped make life better for people.

It was true then with companies like Starr Manufacturing. And it remains true today.

That's why we've gone where our clients have gone – expanding across Canada, the United States, and to select global markets. And through our own bold ambition, the U.S. is now our second market and a key driver of RBC's overall growth.

I want to offer a sincere thank you to the 16 million clients who continue to put their trust in RBC. With client expectations shifting in today's digital world, we've been on a journey to transform our bank.

We started building world class capabilities in artificial intelligence much earlier than our peers.

Today this means we're able to deliver more personalized insights for our retail, commercial, and corporate clients – all while maintaining the trust those clients have invested in us to safeguard their data.

Leveraging new technologies and creating an exceptional digital client experience is only part of our strategy. We fundamentally believe that in order to stay connected with our customers and maintain relevance, we need to reimagine the role we play in our clients' lives.

In 2018, we unveiled a bold new strategy through RBC Ventures with innovative services to help solve common problems faced by Canadians in their daily lives – at home, in mobility, in health, and in business.

These services are helping us develop deeper relationships with RBC clients, and build connections with new clients.

We have bold ambitions to acquire up to 5 million new relationships – in part through Ventures – and grow clients up to three times our current rate. And with 13 Ventures currently in market we are well on our way.

We've set similarly bold goals in our unwavering commitment to **helping communities prosper**. This has been an absolutely foundational part of our story.

And it's why throughout our history, RBC has donated more than \$1 billion in 37 countries.

Our ability to make a positive and lasting social impact starts with our 84,000+ colleagues around the world.

RBC employees commit countless hours every year to giving back and volunteering where they're needed most. I'm tremendously proud to say we've led the largest corporate giving campaign in Canada for 22 consecutive years.

And it's in this spirit that in 2017 we launched our 10-year, \$500-million commitment to empowering youth for the jobs of tomorrow through RBC Future Launch.

As one example here in Halifax, our partnership with Saint Mary's University created a new experiential-based learning and entrepreneurship program that will give hundreds of students across many disciplines access to meaningful work experiences in the region.

Preparing our youth for a more automated future is one of the most pressing challenges facing our world today.

So too is climate change. And that's why we're leading efforts to support clean economic growth and the transition to a low carbon economy.

RBC has a strategy aimed at helping clients and communities in this effort, and we believe that capital can be a force for positive change. For example, in 2018, we were very active in supporting clients in renewable energy, clean transportation, and other low carbon sectors, with over \$13 billion in financing and advisory transactions.

As we continue on this journey, we're supporting it with a clear new business target: **\$100 billion in sustainable financing by 2025**.

This goal supports investments in sustainable companies and projects that today are widely recognized as contributing to the low carbon, sustainable economy of the future.

We're also balancing this strategy with additional investments to our natural resource and energy sector clients so they can continue to invest in innovation and technologies that help them remain leaders on the global stage.

Underpinning all of this, is our **Values**.

Along with having a clear Purpose, a strong values-driven culture has always been part of the fabric of RBC, with a strong commitment to diversity and inclusion.

It's why we've supported the Canadian Museum of Immigration at Pier 21 – the place where over one million people entered Canada throughout the 20th century. Many contributing immeasurably to our way of life.

Immigration – and inclusion – play a critical role in business growth and success.

Over the last several decades, increasing the participation from all parts of society has helped Canada grow its economy – just as it's helped grow RBC's business.

Seeking out people with different backgrounds and experiences has helped us better innovate, better attract top talent, and better represent the communities in which we live and work.

Our commitment to inclusion has been built over generations, and today we are one of the most diverse and inclusive organizations globally.

I'm proud to report that in 2018, women represented 50% of senior executive appointments. And we lead our Canadian peers in the representation of minorities and women in executive roles, with our numbers putting us among the best globally.

We know we have more work to do, but I'm proud of our progress.

I want to thank all of our colleagues. You're helping us continually develop an inclusive culture within our organization and foster change in society more broadly.

The next 150: A roadmap for a prosperous Canada

Up to this point, I've reflected on our history and the core principles that contributed to our success.

But now, I want to look broadly – to our home country.

Canadians have built a country that the world admires: Social programs, economic opportunities, education and free expression, commerce and creativity.

There is no other collection of 37 million people who have created the impact that Canadians have.

As Canada's largest company – and a top 15 global bank by market cap – the strength of our home market has been fundamental to our success.

This is a great place to do business – the bedrock for a prosperous RBC. And this has been true for generations.

But now, we're at a critical time in our country's history.

We need to be honest with ourselves – about our economic growth and our ability to compete globally in an era of disruption.

When I travel overseas, I often hear concerns from investors about Canada's falling position in the world. And the numbers back up that sentiment.

Since 2005, the stock of foreign investment in Canada has grown by only 5% a year – well behind the 8% for all OECD nations.

Our exports of non-energy goods have been stagnant for a decade. Our resources sector is coping with a growing crisis. And over the last 20 years, our productivity growth has dropped by nearly half.

And yet, we know what our country looks like when Canada is at its best.

We saw it in the 1920s, when the Bluenose raced from our shores in the Port of Halifax.

We saw it in the 1940s, when Viola Desmond challenged racial segregation at a local cinema.

We saw it in 1980, when Terry Fox began his epic journey in Newfoundland.

And we saw in 2010, when Sidney Crosby showed us – again – the meaning of champion.

We know what it means when Canada is at its best.

It's about winning, and importantly, how you win. And it's about competing, improving, aspiring to bigger things, and constantly aiming to be our best.

Canadians do that every day as individuals and as communities: In our hospitals. Our colleges and universities. And our small businesses.

They show the world how to lead, whether they're developing clean water technologies for remote communities or keeping the peace in some of the world's most troubled places.

And they remind us what we look like when Canada is at its best.

But Canada has lost some of that momentum. Our competitiveness is challenged. Our capacity to grow and advance our economy is stalling.

And as the world around us is rapidly changing, this is the time to pull together and not pull apart.

We need a new approach.

So how do we get there?

I'd like to share four major steps our country can take to improve our competitiveness and reinvigorate "Brand Canada" for the future:

1) Build new foundations for a global Canada

Just as Canada was able to expand by building canals, railways, and roads over the last two centuries, we have to do much more to connect ourselves to a changing world and enable a generation of Canadian entrepreneurs and exporters to sell their goods and services to the world.

This requires smart infrastructure – both digital and physical – that enable us to get our goods and services to market.

You see that here in the Port of Halifax.

Ports are critical to Canada's global success. That's something all Canadians can get behind.

The same should be true for pipelines.

For our energy sector, pipelines are as essential to success as ports are to our manufacturers — and of course, they're interconnected.

Investment in energy is critical to ensuring Canada remains prosperous for now, and generations to come. We must balance the need to reduce our carbon footprint, with the need to produce more energy to supply growing demand globally.

We're putting our standard of living at risk if we don't strike this balance.

Canada's lost \$100 billion in energy projects in the last two years alone. We simply can't afford to lose any more.

2) Better scale our big ideas to the world

The knowledge economy thrives on brands and intellectual property.

These assets are the new assembly lines of economic production, our ability to bring to market and scale Canadian products, services, and ideas will be critical to accelerating our economy in the future – even for our natural resources.

Canada needs more ambitious thinking that stretches beyond our borders – like the type you find at Nova Scotia's own Acadian Seaplants, a global leader in seaweed and the largest independent marine plant processing company in North America.

The entrepreneurs at Acadian have created their own industry, exporting their seaweed-based food, agriculture and chemical products to more than 80 countries. The company, founded in 1981, has flourished by focusing on the future through R&D, finding top talent, international expansion, and an unwavering focus on sustainability.

They have continuously pushed beyond their borders and set big strategic goals, which is why they have a presence in 12 countries around the world.

This type of thinking is in our source code. Canadian entrepreneurs have always had big ambitions. Now they need to turn them into growth – both at home and abroad.

3) Build a powerhouse of data innovation

Canada is a nation that has thrived on its natural resources. But to prosper in the economy of the future, we'll also need to harness the power of data.

We're in the midst of a data-driven revolution. It's the fuel of tomorrow's smart economy. It will impact every key industry across Canada. And it's unquestionably the most important element of the knowledge economy.

That's why we need a national data policy that both encourages innovation and ensures privacy protection.

The supercluster policy, which you're seeing here in Halifax around the oceans economy, is one we have supported because of its focus on collaboration. When it comes to research and development, Canada ranked only 15th in the OECD for university-industry collaboration.

In the data economy, we need a Team Canada approach.

4) Create a future-focused skills development model

Who's going to put all this data to work? People will.

Canada has one of the highest education rates in the world, with more than 60% of our young people going to college or university.

Yet, despite this supply, Canadian tech firms say they have an insufficient pool of talent. Canada also ranks well outside the top 10 in the OECD for PhDs in STEM fields, and for business graduates.

We're educating young Canadians, but not always for the jobs of tomorrow.

To help change that, we've been promoting the concept of work-integrated learning alongside a coalition of business and academic leaders called the Business/Higher Education Roundtable. Together, the group has set out to create 150,000 meaningful work placements per year to ensure every college and university student has access to these experiences during their education journey.

We applaud the federal government's recent budget for its commitment to work-integrated learning and skills retraining. This investment signals a new approach that will help build strong bridges between classrooms and workplaces.

This is great for students, but it's also great for business and for harnessing young people's talents to inject innovative thinking into the workplace.

Conclusion

Our rich history as a nation proves that we've always been builders.

But if we don't find a way to get going with an ambitious plan for Canadian competitiveness in the digital age, we will all pay a price.

The rest of the world is growing, in population and purchasing power. On every continent, people want — and need — what Canadians produce, and know how to produce better than anyone.

The suggestions I've outlined today are all interconnected and they require us to stand up for the value of business and entrepreneurship — where it's brought us and, most importantly, where it will take us.

We need Canadian business leading the way in partnership with governments and communities. At RBC, we've lived through and led transformations during periods of great change by sticking to our principles.

Although the next 150 years will look very different, I'm confident our Purpose and clear Values will enable us to stay relentlessly focused on helping our **clients** reach new markets and our **communities** reach new heights.

Now is the time for our nation to seize the opportunities ahead. Translate these opportunities into growth. And show the world what Canada can do when we're at our best.

With this kind of momentum, we can write the future and if we can hold the pen, we know the future will be a bright one.

Thank you.

Now, as we continue to honour RBC's 150th anniversary, I'd like to share a special video. We asked our colleagues from around the world to do something special for others in their communities. What they did truly inspires me — and reminds us all how bright the future can be.