

Royal Bank of Canada First Quarter Results

February 26, 2014

All amounts are in Canadian dollars and are based on financial statements prepared in compliance with International Accounting Standard 34 *Interim Financial Reporting* unless otherwise noted. Our Q1 2014 Report to Shareholders and Supplementary Financial Information are available on our website at rbc.com/investorrelations.



Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. We may make forward-looking statements in this presentation and in the accompanying management’s comments and responses to questions during the February 26, 2014 analyst conference call (Q1 presentation), in filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in this presentation include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals. The forward-looking information contained in this presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, and our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, regulatory compliance, operational, strategic, reputation and competitive risks and other risks discussed in the Risk management and Overview of other risks sections of our 2013 Annual Report and in the Risk management section of our Q1 2014 Report to Shareholders; the impact of regulatory reforms, including relating to the Basel Committee on Banking Supervision’s (BCBS) global standards for capital and liquidity reform, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the regulations issued and to be issued thereunder, over-the-counter derivatives reform, the payments system in Canada, the U.S. *Foreign Account Tax Compliance Act* (FATCA), and regulatory reforms in the United Kingdom (U.K.) and Europe; the high levels of Canadian household debt; cybersecurity; the business and economic conditions in Canada, the U.S. and certain other countries in which we operate; the effects of changes in government fiscal, monetary and other policies; our ability to attract and retain employees; the accuracy and completeness of information concerning our clients and counterparties; the development and integration of our distribution networks; model, information technology and social media risk; and the impact of environmental issues.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward looking-statements contained in this Q1 presentation are set out in the Overview and outlook section and for each business segment under the heading Outlook and priorities in our 2013 Annual Report, as updated by the Overview section in our Q1 2014 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 management and the Overview of other risks sections in our 2013 Annual Report and in the Risk management section of our Q1 2014 Report to Shareholders.

Information contained in or otherwise accessible through the websites mentioned does not form part of this Q1 presentation. All references in this Q1 presentation to websites are inactive textual references and are for your information only.

Overview

Gordon M. Nixon

Chief Executive Officer



Q1/2014 performance highlights

Solid earnings growth

- Solid net income of \$2.1 billion, up 2% YoY and relatively flat QoQ
 - Adjusted⁽¹⁾ net income of \$2.2 billion, up 7% YoY and 2% QoQ
- Continued strength in Canadian Banking
- Higher earnings from Capital Markets, Investor & Treasury Services and Wealth Management

Strong capital position

- “All-in” Common Equity Tier 1 ratio of 9.7%

Dividend increase

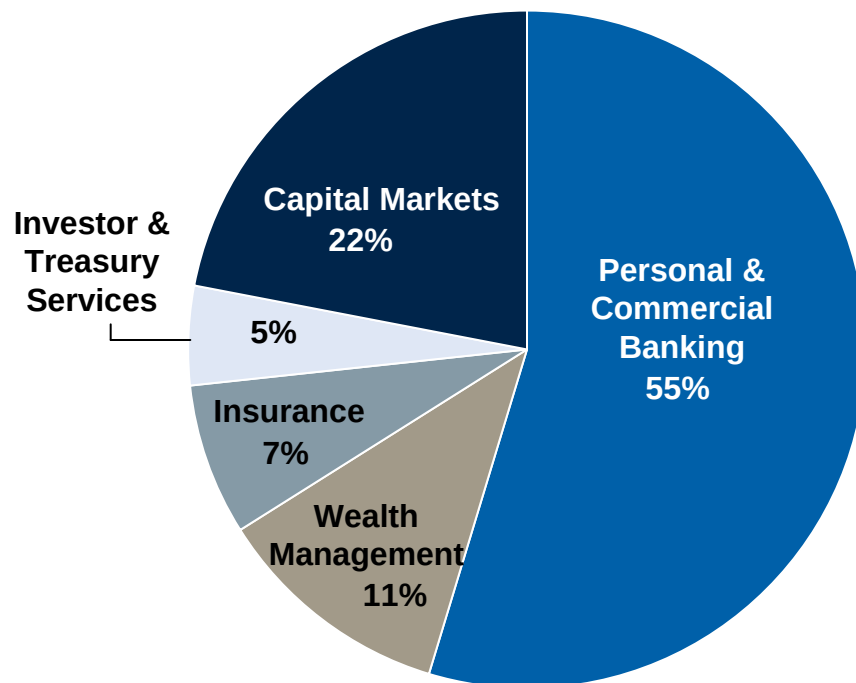
- Announced a quarterly dividend increase of \$0.04 or 6% to \$0.71 per share

RBC's key strengths

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

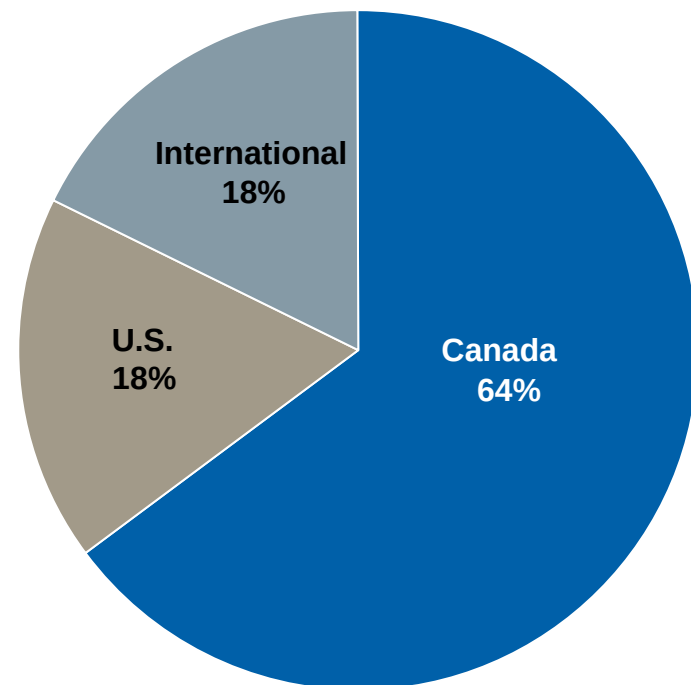
Earnings by business segment⁽¹⁾

Latest twelve months ended January 31, 2014



Revenue by geography⁽¹⁾

Latest twelve months ended January 31, 2014



Strategic priorities



Strategic goals

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

Strategic priorities

Personal & Commercial Banking	Wealth Management	Insurance	Investor & Treasury Services (I&TS)	Capital Markets
▪ Offering a differentiated experience: value for money, advice, access and service ▪ Making it easier to do business with us and be the lower cost producer ▪ Converging into an integrated multi-channel network ▪ Enhancing client experience and improving efficiency in the Caribbean and U.S.	▪ Building a high-performing global asset management business ▪ Focusing on high net worth and ultra-high net worth clients to build global leadership ▪ Leveraging RBC and RBC Wealth Management strengths and capabilities	▪ Improving distribution efficiency and deepening client relationships ▪ Making it easier for clients to do business with us ▪ Pursuing select international opportunities to grow our reinsurance business	▪ Providing excellence in custody and asset servicing, with an integrated funding and liquidity management business ▪ Focusing on organic growth through client relationships, cross-selling and promoting the RBC brand ▪ Leveraging I&TS as a driver of enterprise growth strategies	▪ Maintaining our leadership position in Canada ▪ Expanding and strengthening client relationships in the U.S. ▪ Building on core strengths and capabilities in Europe and Asia ▪ Optimizing capital use to earn high risk-adjusted returns on assets and equity

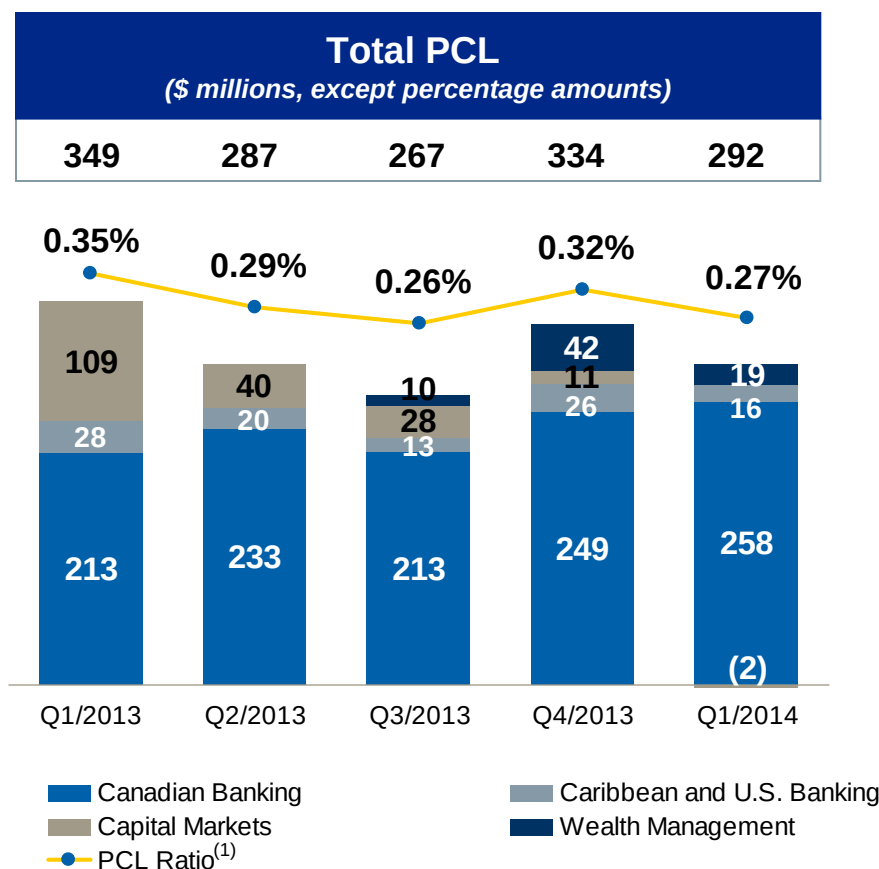
Risk Review

Mark Hughes

Chief Risk Officer



Provision for credit losses (PCL)



Personal & Commercial Banking

- PCL relatively flat QoQ
 - Improved credit quality in the Caribbean largely offset by higher provisions in Canadian Banking

Capital Markets

- PCL decreased \$13 million QoQ mainly reflecting recoveries on a few accounts in the current quarter compared to provisions on a couple of accounts last quarter

Wealth Management

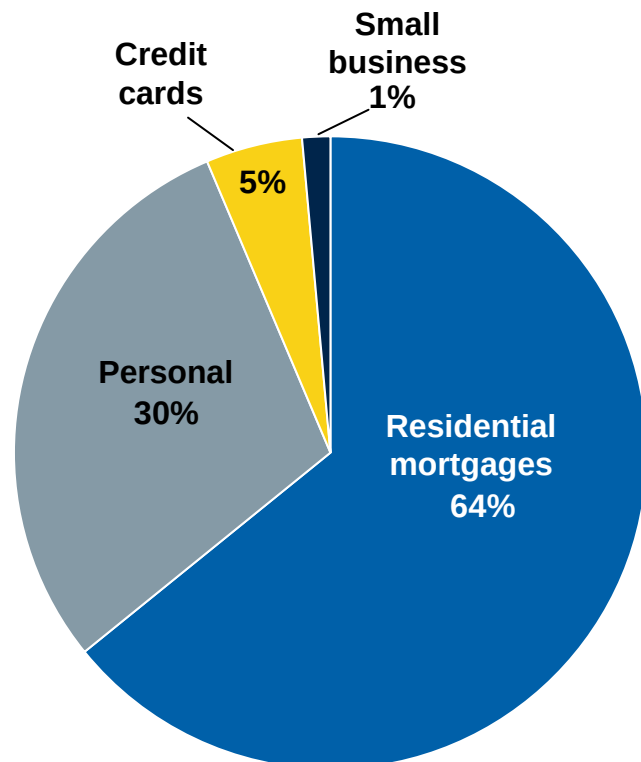
- PCL of \$19 million reflecting additional provisions relating to the same accounts that impacted Q4/2013, which are now fully provisioned

Selected PCL Ratios	Q1/2013	Q2/2013	Q3/2013	Q4/2013	Q1/2014
Personal & Commercial Banking	0.29%	0.31%	0.26%	0.32%	0.31%
Canadian Banking	0.26%	0.29%	0.25%	0.29%	0.30%
Capital Markets	0.82%	0.31%	0.20%	0.08%	(0.01%)

Canadian Banking retail portfolio credit quality

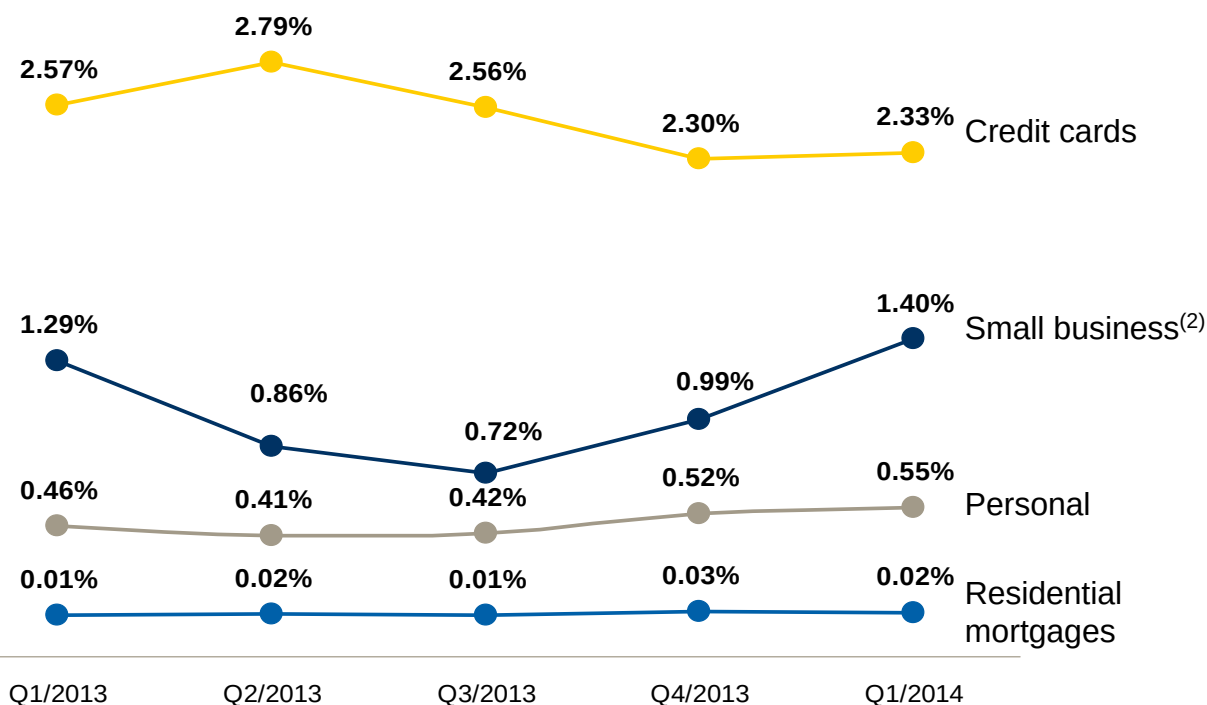


Average retail loans (\$288 billion)



PCL Ratio⁽¹⁾ by product

- Higher provisions in small business, personal loans and credit cards portfolios
 - Small business represents 1% of total portfolio



Credit quality across all products remains stable

Financial Review

Janice Fukakusa

Chief Administrative Officer and Chief Financial Officer



Q1/2014 financial highlights

(\$ millions, except for EPS and ROE)	Q1/2014		Q4/2013		Q1/2013
	As Reported	Excluding specified items ⁽¹⁾	As Reported	Excluding specified items ⁽¹⁾	As Reported
Revenue	\$8,454	\$8,454	\$7,919	\$7,919	\$7,858
Net income	\$2,092	\$2,184	\$2,101	\$2,132	\$2,047
Diluted earnings per share (EPS)	\$1.38	\$1.44	\$1.39	\$1.41	\$1.34
Return on common equity (ROE) ⁽²⁾	18.1%	18.9%	18.8%	19.1%	20.0%

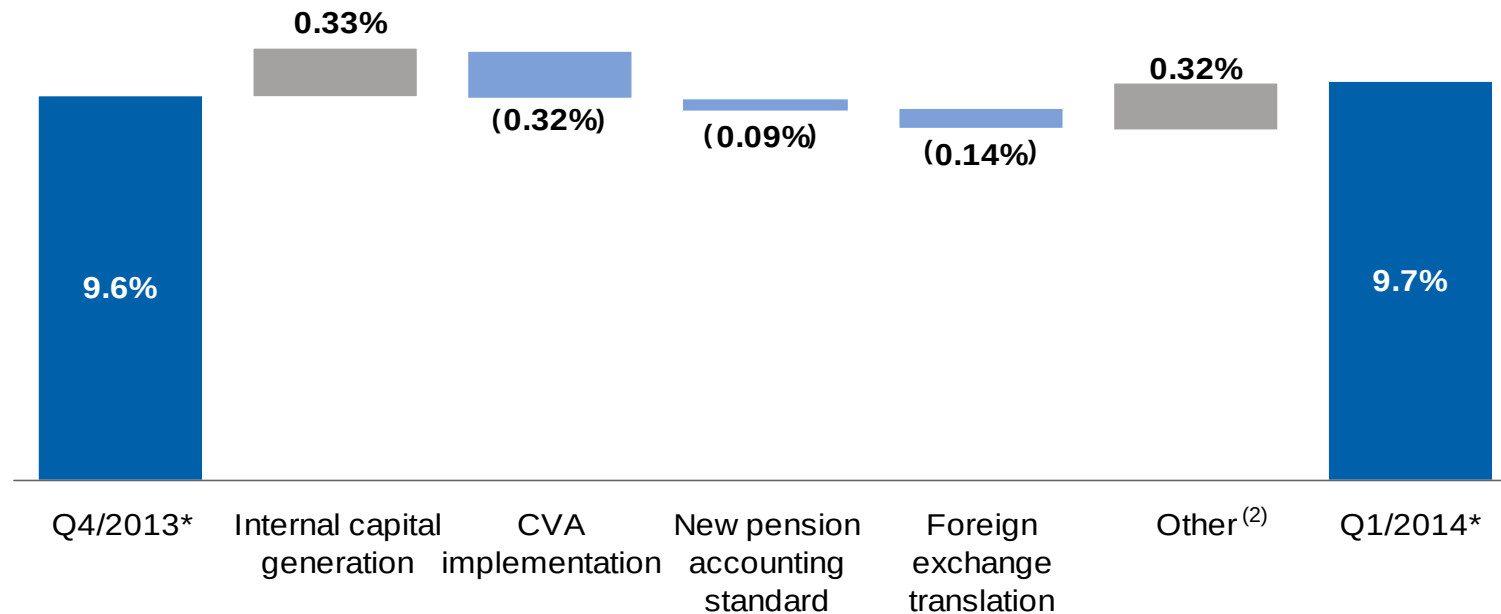
Earnings up \$137 million or 7% YoY excluding specified items⁽¹⁾

- Solid volume growth across all Canadian Banking businesses
- Lower PCL and effective tax rate in Capital Markets; solid but moderately lower global markets and investment banking revenue from robust Q1/2013 levels
- Improved business performance in Investor & Treasury Services
- Higher average fee-based client assets in Wealth Management

Earnings up \$52 million or 2% QoQ excluding specified items⁽¹⁾

- Continued volume growth across all Canadian Banking businesses
- Higher trading revenue, M&A activity and lending revenue in Capital Markets
- Higher average fee-based client assets and semi-annual performance fees in Wealth Management

Basel III Common Equity Tier 1 (CET1) ratio⁽¹⁾



- Strong internal capital generation
- Credit valuation adjustment (CVA) capital charge and a new pension accounting standard, both of which became effective this quarter

Maintaining a strong capital position

First Quarter 2014 Results

* Represents rounded figures.

(1) For additional information, refer to the Capital management section of our Q1 2014 Report to Shareholders.

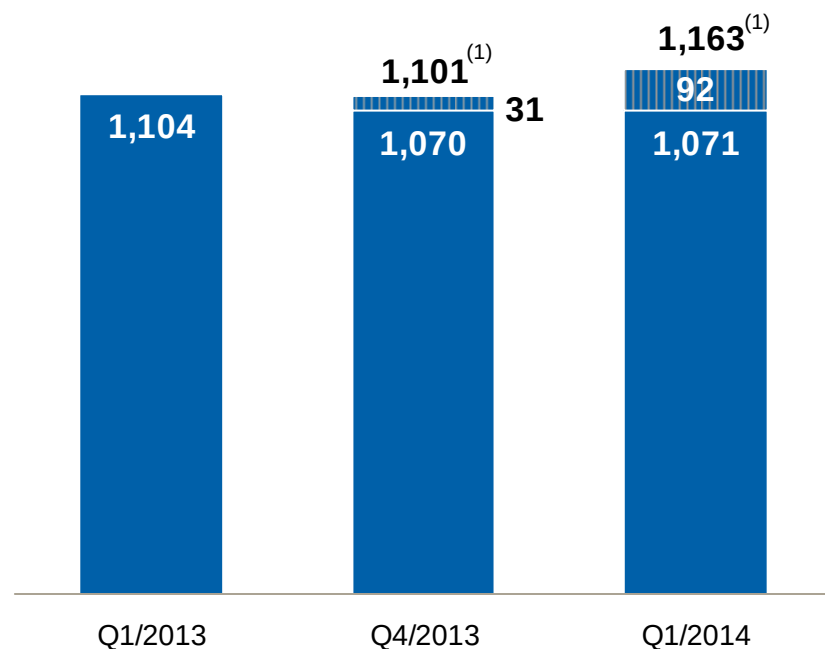
(2) Other includes the impact of capital repatriation from our Insurance business (17 bps).

Personal & Commercial Banking



Net Income

(\$ millions)



Percentage Change	YoY	QoQ
Reported NIAT	(3%)	0%
Adjusted NIAT ⁽¹⁾	5%	6%

Q1/2014 Highlights

Canadian Banking

- Net income of \$1,137 million, up 4% YoY and 5% QoQ

	Amount (\$ billions)	YoY	QoQ
Loans	\$340	6%	1%
Deposits	\$260	7%	2%

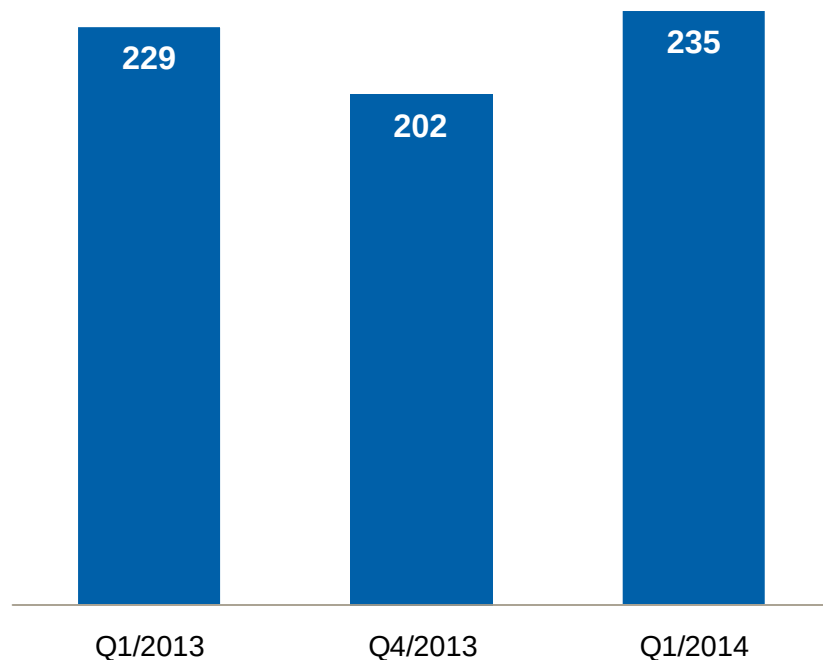
- Solid volume growth across all businesses including Ally Canada
- NIM of 2.73%, up 3 bps QoQ (*refer to slide 19*)
- Operating leverage of 0.5%
- Efficiency ratio of 43.7%, improved 20 bps YoY and 130 bps QoQ

Caribbean & U.S. Banking

- Results reflect the loss related to RBC Jamaica sale and provisions related to post-employment benefits and restructuring charges in the Caribbean in Q4/2013 and Q1/2014

Net Income

(\$ millions)



Percentage Change	YoY	QoQ
NIAT	3%	16%

Q1/2014 Highlights

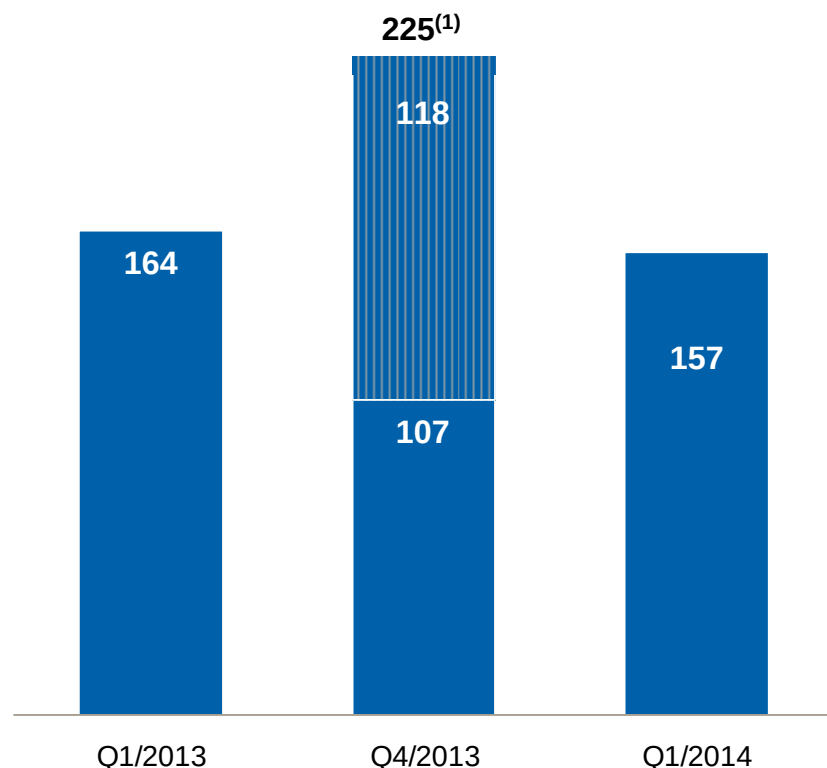
- Net income up 3% YoY and 16% QoQ
 - Higher average fee-based client asset growth due to capital appreciation and strong net sales
 - Semi-annual performance fees earned this quarter
- Positive impact from foreign exchange translation on growth in client assets, loans and deposits
- PCL of \$19 million reflecting additional provisions relating to the same accounts that impacted Q4/2013, which are now fully provisioned

	Amount (\$ billions)	YoY	QoQ
AUA	\$675	14%	6%
AUM	\$412	16%	6%
Loans ⁽¹⁾	\$15	33%	9%
Deposits ⁽¹⁾	\$35	14%	5%

- Strong loan and deposit growth across most businesses

Net Income

(\$ millions)



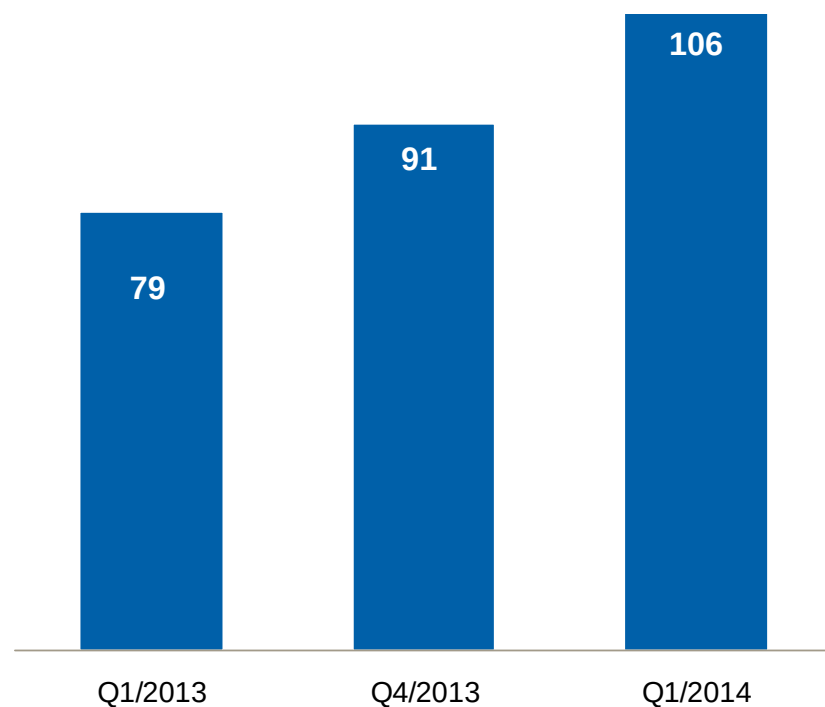
Q1/2014 Highlights

- Net income down \$7 million or 4% YoY and up \$50 million or 47% QoQ
- Excluding Q4/2013 charge related to new tax legislation in Canada, net income was down \$68 million or 30%⁽¹⁾ QoQ
 - Higher disability and weather-related claims costs partially offset by earnings from two new U.K. annuity contracts (YoY and QoQ)
 - Prior quarter favourably impacted by actuarial adjustments and gain on sale of travel agency insurance business

Percentage Change	YoY	QoQ
Reported NIAT	(4%)	47%
Adjusted NIAT ⁽¹⁾	n.a.	(30%)

Net Income

(\$ millions)



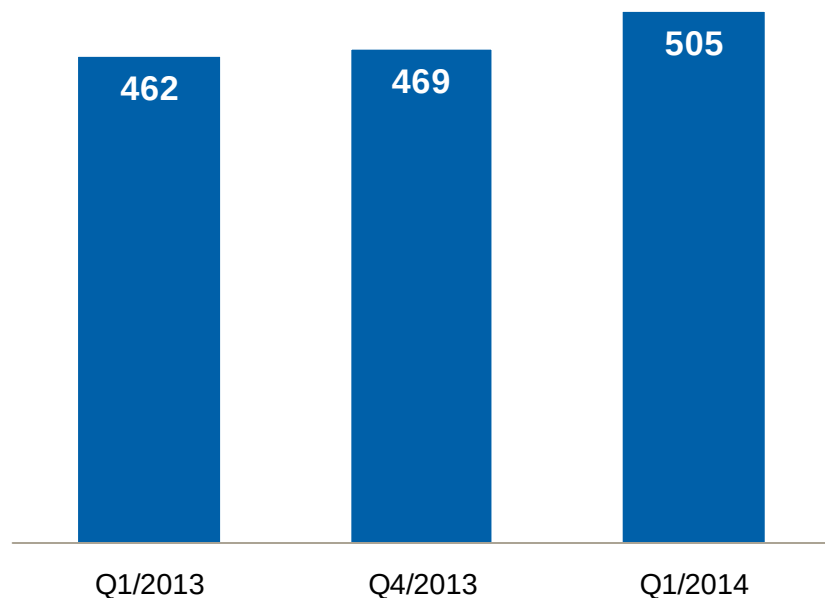
Percentage Change	YoY	QoQ
NIAT	34%	16%

Q1/2014 Highlights

- Net income up \$27 million or 34% YoY
 - Continuing benefits from efficiency management activities
 - Higher net interest income on growth in client deposits
 - Favourable impact of foreign exchange translation
- Net income up \$15 million or 16% QoQ
 - Higher funding and liquidity revenue from tightening credit spreads
 - Higher net interest income on growth in client deposits

Net Income

(\$ millions)



Percentage Change	YoY	QoQ
NIAT	9%	8%

Q1/2014 Highlights ⁽¹⁾

- Net income up \$43 million or 9% YoY
 - Lower PCL and effective tax rate
 - Favourable impact of foreign exchange translation
 - Solid but moderately lower global markets and investment banking revenue compared to robust levels in Q1/2013, which included a gain on disposition of LME⁽²⁾ shares
 - Continued growth in lending activity
- Net income up \$36 million or 8% QoQ
 - Higher trading revenue
 - Higher M&A activity and lending revenue
 - Favourable impact of foreign exchange translation
 - Higher variable compensation on improved results

Appendices



Canadian Banking – retail momentum



Canadian Market Share	Q1/2014		Q1/2013	
	Rank	Market Share ⁽¹⁾	Rank	Market Share ⁽¹⁾
Consumer Lending⁽²⁾	1	23.6%	1	22.4%
Personal Core Deposits + GICs	2	20.0%	2	19.5%
Long-Term Mutual Funds⁽³⁾	1	14.1%	1	14.2%
Business Loans ⁽⁴⁾				
\$0 - \$250 thousand	1	28.7%	1	26.6%
\$250 thousand - \$25 million	1	24.4%	1	24.2%
Business Deposits⁽⁵⁾	1	25.8%	1	25.5%

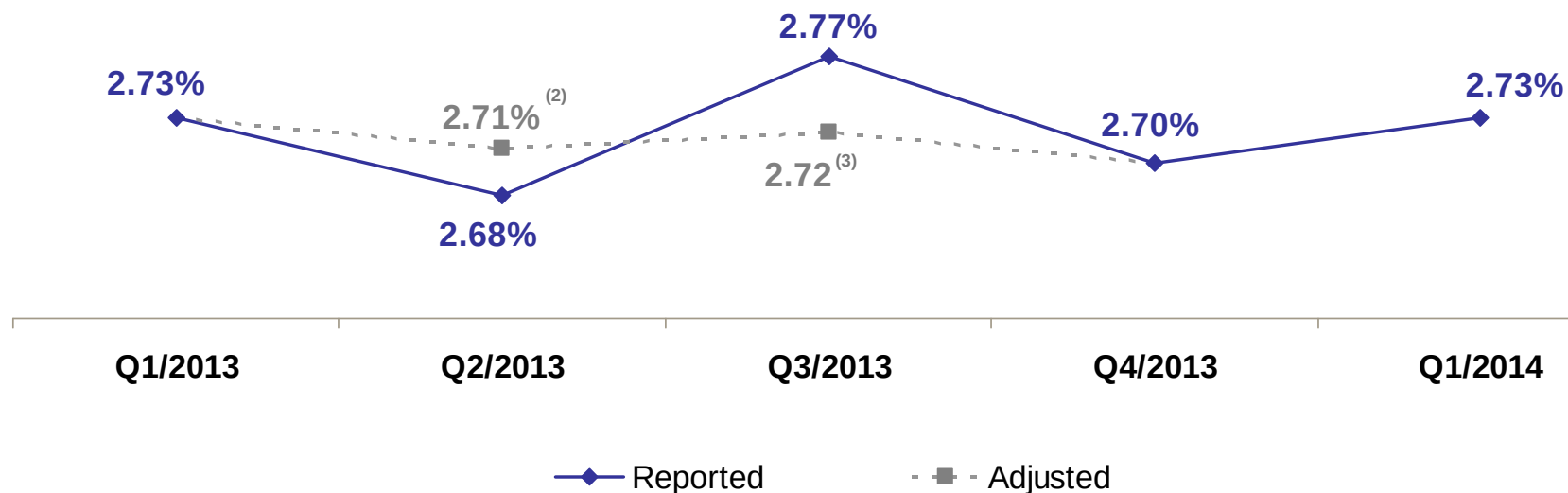
- Personal core deposits and GICs market share up 50 bps YoY
- Long-term mutual fund market share down 10 bps YoY

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

Leadership in most personal products and in all business products

Canadian Banking – net interest margin ⁽¹⁾

- Net interest margin increased 3 bps QoQ and was flat YoY reflecting favourable funding mix
- Margins are expected to continue to reflect the competitive and low interest rate environment

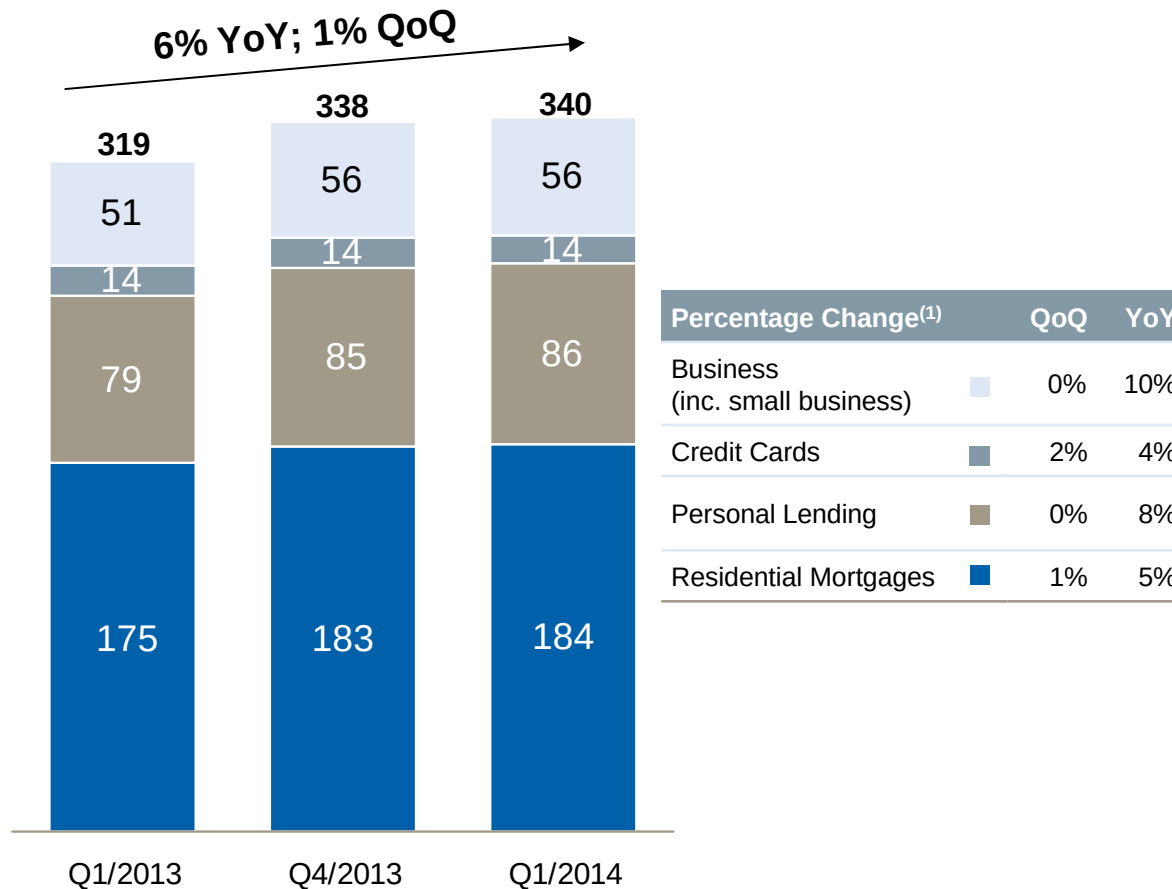


(1) Net interest margin: net interest income as a percentage of average total earning assets. (2) Q2/2013 NIM was unfavourably impacted by accounting volatility (2 bps) and our Ally Canada acquisition (1 bp). Excluding these items, Q2/2013 NIM was 2.71%. (3) Q3/2013 NIM was favourably impacted by fair value purchase accounting adjustments related to Ally Canada (3 bps) and reversal of prior quarter accounting volatility (2 bps). Excluding these adjustments, Q3/2013 NIM was 2.72%. Adjusted NIM is a non-GAAP measure. For additional information see slide 30.

Canadian Banking – volume growth

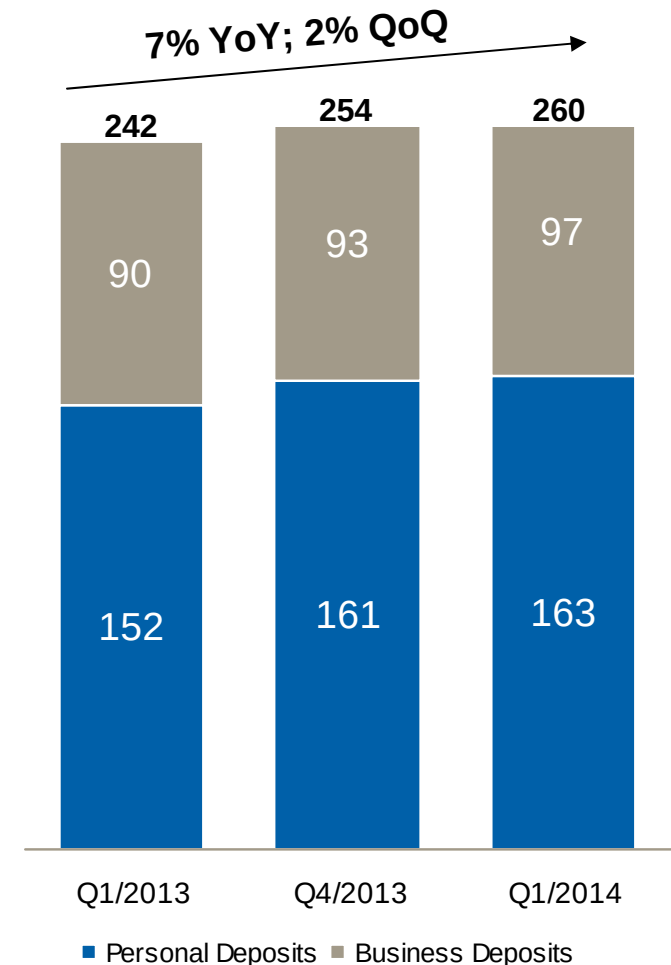
Average Loans & Acceptances⁽¹⁾⁽³⁾

(\$ billions)



Average Deposits⁽²⁾⁽³⁾

(\$ billions)



Combined loan and deposit YoY growth of 7%

First Quarter 2014 Results

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

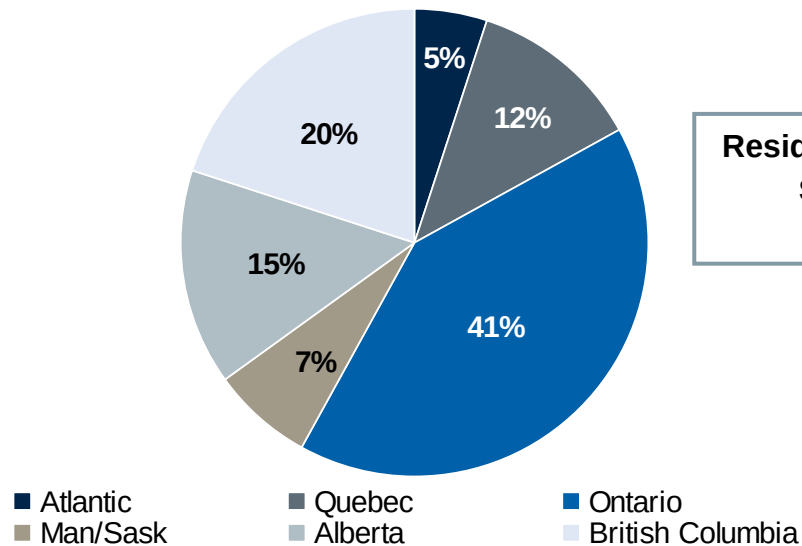
(2) Total deposits and percentage change may not reflect the average deposits for each deposit type shown due to rounding.

(3) At January 31, 2014, Ally Canada contributed personal loans & acceptances of \$4 billion, business loans & acceptances of \$3 billion and deposits of \$1 billion.

Canadian Banking – residential mortgage portfolio

Geographic Diversification

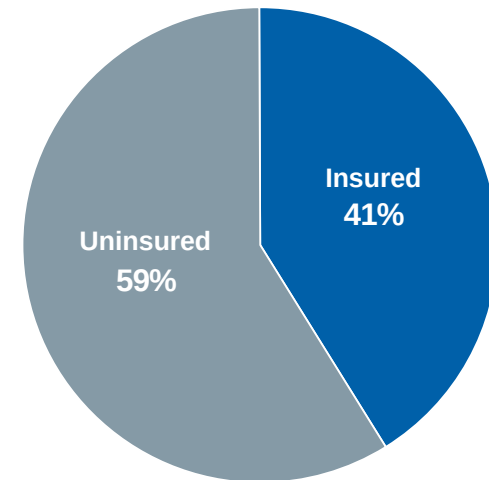
As at January 31, 2014



Residential Mortgages:
\$184 billion⁽¹⁾
LTV: 56%⁽²⁾

Insured vs. Uninsured mortgages

As at January 31, 2014



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

First Quarter 2014 Results

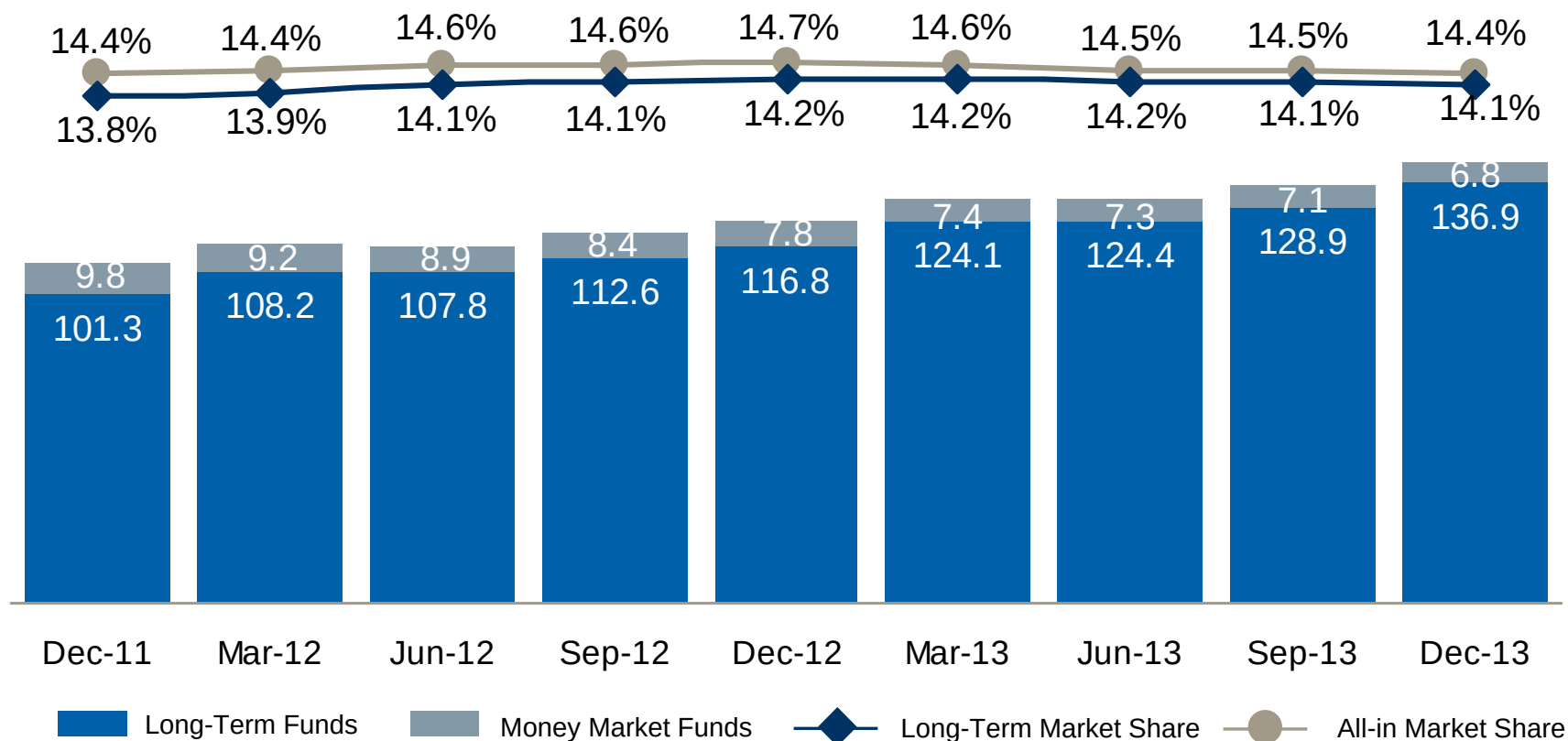
(1) Excludes mortgages of \$5 billion related to commercial clients which are reported as business loans. (2) Loan to value (LTV) represents the ratio of outstanding mortgage balance (including Homeline product) to original property value indexed using Teranet – National Bank National Composite House Price Index. Q1/2014 portfolio LTV for our uninsured mortgages is the combination of each individual mortgage LTV weighted by the mortgage balance.

Wealth Management – asset management growth



Canadian mutual fund balances and market share⁽¹⁾

(\$ billions, except percentage amounts)



- For the 10th quarter in a row, RBC Global Asset Management (GAM) ranked #1 in market share, for both all-in and long-term fund assets⁽¹⁾
- Long-term fund assets increased 17% since December 2012, with GAM capturing 18% of industry sales

Capital Markets – revenue by business

(\$ millions)	Q1/2014	Q4/2013	Q1/2013	QoQ	YoY
Investment banking	417	430	467	(13)	(50)
Lending and other	409	356	373	53	36
Corporate & Investment Banking	\$826	\$786	\$840	\$40	\$(14)
Fixed income, currencies and commodities	539	446	644	93	(105)
Global equities	267	270	222	(3)	45
Repo and secured financing	183	172	169	11	14
Global Markets (teb)	\$989	\$888	\$1,035	\$101	\$(46)
Other	\$(5)	\$9	\$32	\$(14)	\$(37)
Capital Markets total revenue (teb)	\$1,810	\$1,683	\$1,907	\$127	\$(97)

Corporate & Investment Banking

- QoQ increase reflects higher M&A activity and lending revenue, mainly in the U.S.
- YoY decrease mainly due to lower origination primarily in the U.S., lower M&A activity primarily in Canada and Europe and lower loan syndication activity across most regions compared to robust levels last year, partially offset by higher lending in the U.S.

Global Markets

- QoQ increase driven by higher revenue in fixed income, commodities and foreign exchange trading mainly in the U.S. and Canada
- YoY decrease reflects lower fixed income trading and debt origination revenue, including losses on fair value adjustments on certain RBC debt, largely offset by the impact of foreign exchange translation, higher equities trading revenue and higher equity origination
 - Q1/2013 was also favourable impacted by the disposition of our London Metal Exchange shares

Capital Markets – revenue by geography

(\$ millions)	Q1/2014	Q4/2013	Q1/2013	QoQ	YoY
Canada	521	451	426	70	95
U.S.	1,069	941	1,061	128	8
Europe	212	200	295	12	(83)
Asia and Other	45	38	54	7	(9)
Geographic revenue excluding certain items ⁽¹⁾	\$1,847	\$1,630	\$1,836	\$217	\$11
<i>Add / (Deduct):</i>					
BOLI ⁽²⁾	(4)	-	11	(4)	(15)
CVA ⁽³⁾	7	27	68	(20)	(61)
Fair value adjustment on RBC debt ⁽³⁾	(40)	26	(8)	(66)	(32)
Capital Markets total revenue (teb)	\$1,810	\$1,683	\$1,907	\$127	\$(97)

Canada

- QoQ increase due to strong commodities and foreign exchange trading revenue, and private equity investment gains, partially offset by weaker M&A activity

U.S.

- QoQ increase reflects strong fixed income trading revenue, higher M&A activity and core lending growth

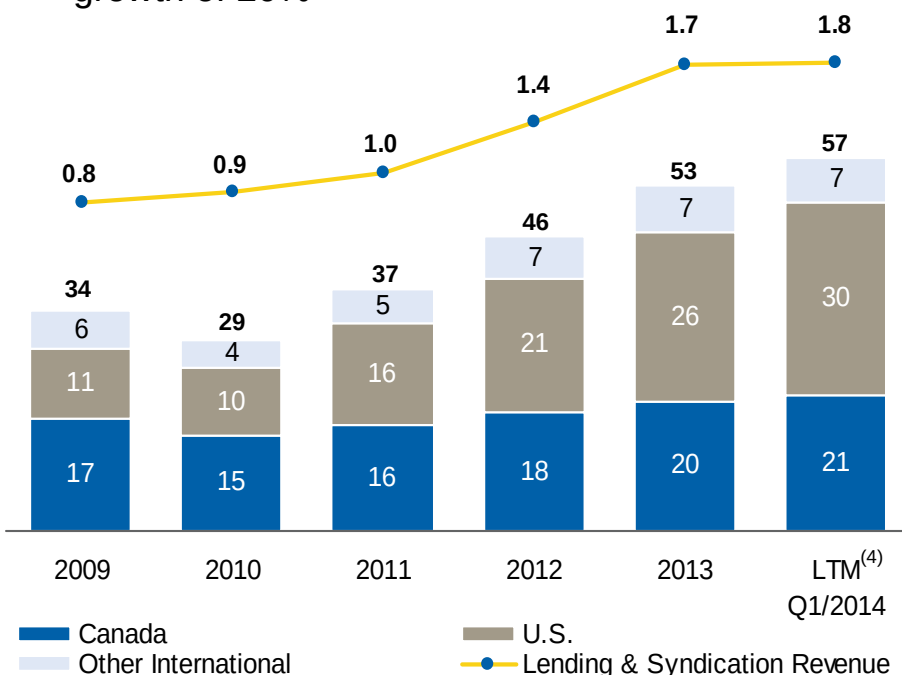
Europe

- QoQ increase mainly due to investment gains on legacy portfolios

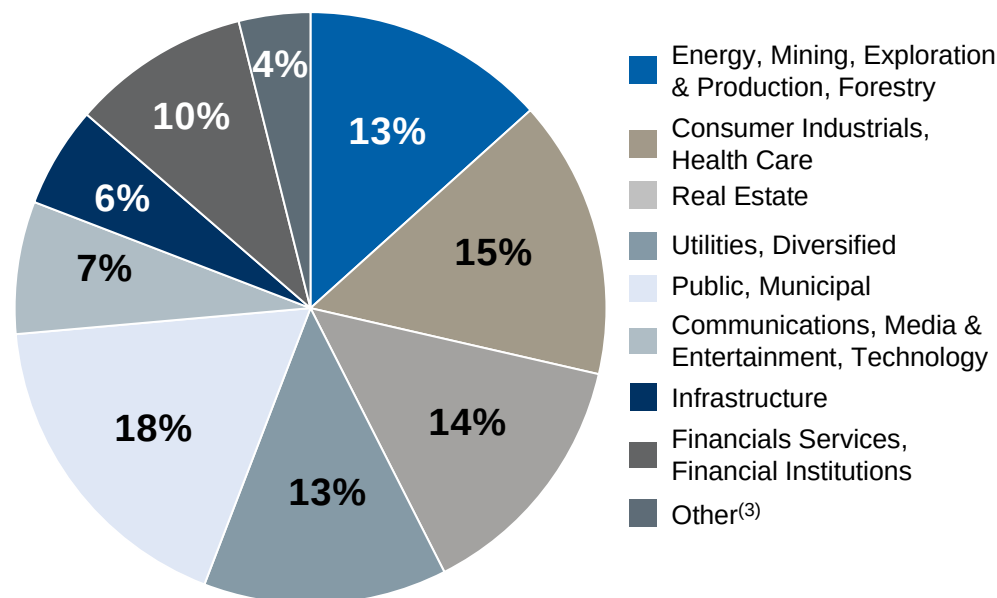
Capital Markets – loan portfolio

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

- In the last 2 years, our lending and syndication revenue grew by 31%, exceeding our loan book growth of 20%⁽²⁾



Loans Outstanding by Industry⁽¹⁾ Q1/2014



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

Capital Markets– trading revenue

(\$ millions)	Q1/2014	Q4/2013	Q1/2013	QoQ	YoY
Capital Markets total revenue (teb)	\$1,810	\$1,683	\$1,907	\$127	\$(97)
Capital Markets non-trading revenue ⁽¹⁾	1,077	1,022	1,119	55	(42)
Capital Markets trading revenue (teb)	\$733	\$661	\$788	\$72	\$(55)
<i>Add / (Deduct):</i>					
BOLI ⁽²⁾	4	-	(11)	4	15
CVA ⁽³⁾	(7)	(27)	(68)	20	61
Fair value adjustment on RBC debt ⁽³⁾	40	(26)	8	66	32
Capital Markets trading revenue (teb) excl. certain items⁽⁴⁾	\$770	\$608	\$717	\$162	\$53

First Quarter 2014 Results

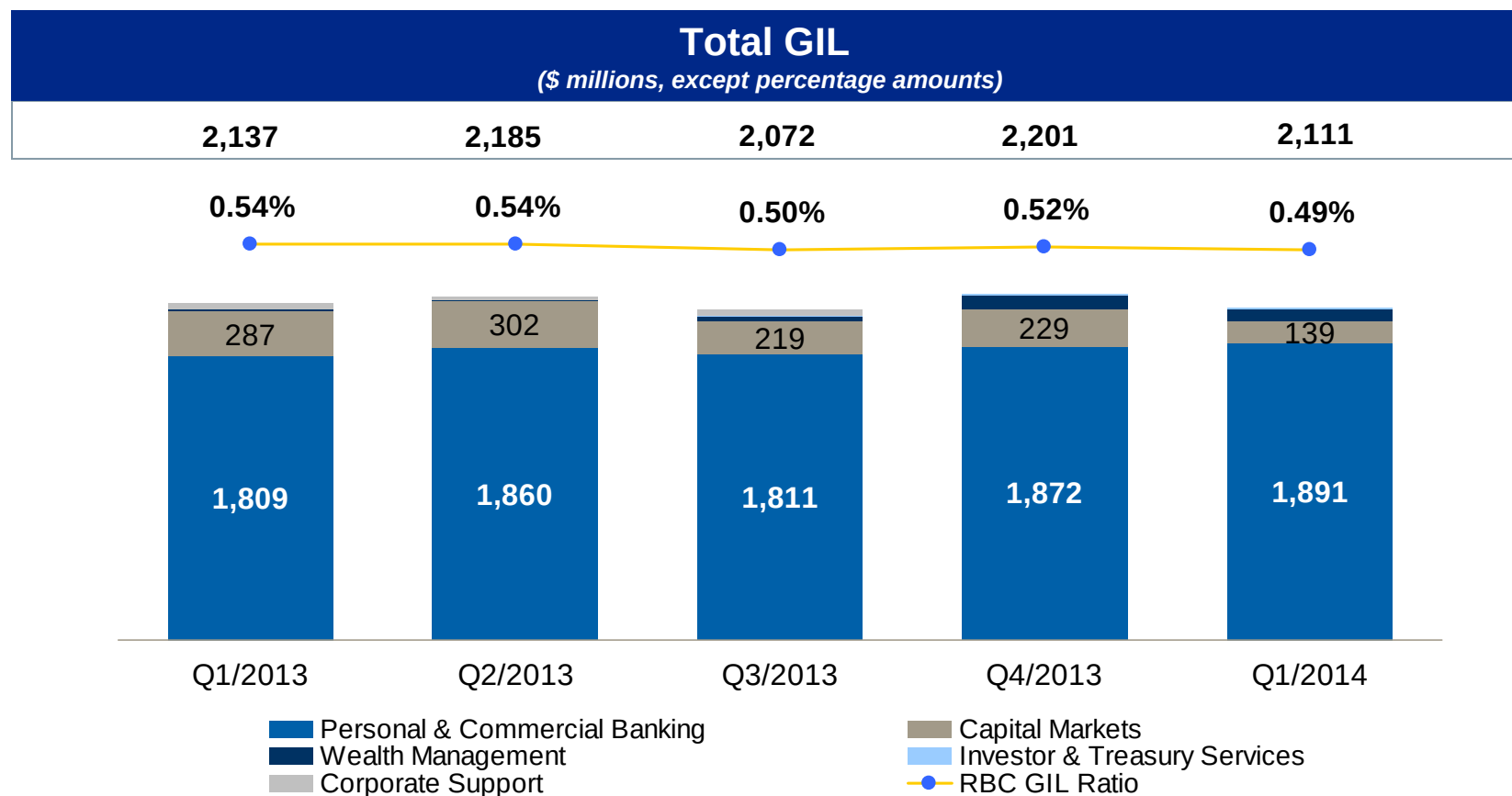
(1) Non-trading revenue primarily includes Corporate & Investment Banking and Global Markets origination and cash equities businesses.

(2) Excluded from U.S.

(3) Excluded from all geographies.

(4) These are non-GAAP measures. For additional information see slide 30.

Gross impaired loans (GIL)



GIL Ratio by Segment ⁽¹⁾	Q1/2013	Q2/2013	Q3/2013	Q4/2013	Q1/2014
Personal & Commercial Banking	0.55%	0.55%	0.53%	0.54%	0.54%
Canadian Banking	0.35%	0.36%	0.33%	0.35%	0.35%
Capital Markets	0.54%	0.56%	0.40%	0.40%	0.23%

Other – other income



(\$ millions)	Q1/2014	Q4/2013	Q1/2013	QoQ	YoY
Other income – segments	112	95	113	17	(1)
FV adjustments on RBC debt	(2)	3	(7)	(5)	5
CDS on corporate loans	(3)	(10)	(13)	7	10
Funding related items	91	1	(4)	90	95
Other misc. items	(40)	(30)	26	(10)	(66)
Total Other – other income	\$158	\$59	\$115	\$99	\$43

Specified items impacting results

Consolidated Results (\$ millions, except for earnings per share (EPS) amounts)	Reported	Loss related to RBC Jamaica sale	Provision for post- employment benefits and restructuring charge	Adjusted ⁽¹⁾
For the three months ended January 31, 2014				
Consolidated				
Net income	\$2,092	\$60	\$32	\$2,184
Basic EPS	\$1.39	\$0.04	\$0.02	\$1.45
Diluted EPS	\$1.38	\$0.04	\$0.02	\$1.44
ROE	18.1%			18.9%
Personal & Commercial Banking				
Net Income	\$1,071	\$60	\$32	\$1,163
For the three months ended October 31, 2013				
Consolidated				
Net income	\$2,101	-	\$31	\$2,132
Basic EPS	\$1.40	-	\$0.02	\$1.42
Diluted EPS	\$1.39	-	\$0.02	\$1.41
ROE	18.8%			19.1%
Personal & Commercial Banking				
Net Income	\$1,070	-	\$31	\$1,101

Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations. Readers are cautioned that non-GAAP measures, such as earnings excluding the loss related to the sale of RBC Jamaica as previously announced on January 29, 2014 and provisions related to post-employment benefits and restructuring charges in the Caribbean, Insurance earnings excluding a charge related to new tax legislation in Canada, adjusted net interest margin, and Capital Markets trading and geographic revenue excluding specified items do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about our non-GAAP measures can be found under the “Key performance and non-GAAP measures” section of our Q1 2014 Report to Shareholders and our 2013 Annual report.

Definitions can be found under the “Glossary” sections in our Q1 2014 Supplementary Financial Information and our 2013 Annual Report.

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