**Dated 5 June, 2015**




# ROYAL BANK OF CANADA

***(a Canadian chartered bank)***

# REGISTRATION DOCUMENT

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# INTRODUCTION

**What is this document?**

According to Article 5.3 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), a prospectus may be drawn up as a single document or separate documents. A prospectus composed of separate documents shall divide the required information into a registration document, a securities note and a summary note. This document constitutes a registration document ("**Registration Document**") for the purposes of Article 5.3 of the Prospectus Directive and has been prepared for the purpose of giving information with respect to Royal Bank of Canada (the "**Bank**" or the "**Issuer**") and its subsidiaries. The Registration Document contains information describing the Bank's business activities as well as certain financial information and material risks faced by it which, according to the particular nature of the Bank and the debt or derivative securities which it may offer to the public or apply to have admitted to trading on a regulated market during the period of twelve months after the date hereof, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Bank. Some of the information is incorporated by reference into the Registration Document.

Information on any debt or derivative securities issued by the Bank may be found in a separate securities note containing disclosure on such debt or derivative securities (and, where appropriate, in the relevant summary note applicable to the relevant debt or derivative securities) which, together with this Registration Document, constitutes a prospectus issued in compliance with Article 5.3 of the Prospectus Directive.

**How do I use this Registration Document?**

You should read and understand fully the contents of this Registration Document, including any documents incorporated by reference. This Registration Document contains important information about the Issuer, as well as describing certain risks relating to the Issuer and its business. An overview of the various sections comprising this Registration Document is set out below.

- The *Caution Regarding Forward-Looking Statements* section sets out considerations that should be taken into account when reading any statement relating to future events and circumstances.

- A *Table of Contents* section, with corresponding page references, is set out on page v.

- The *Risk Factors* section describes the principal material risks that the Issuer believes could affect its results of operations or financial conditions and its ability to satisfy its obligations under any debt or derivative securities issued by it.

- The *Documents Incorporated by Reference* section sets out the information that is deemed to be incorporated by reference into this Registration Document. This Registration Document should be read together with all information which is deemed to be incorporated into the Registration Document by reference.

- The *Description of Royal Bank of Canada* section provides certain information about the Bank, including its history and development, principal activities and markets, principal markets in which it competes, organisational structure, Issuer ratings, summary financial information, directors, major shareholders and material contracts.

- The *General Information* section sets out further information on the Issuer which the Issuer is required to include under applicable rules. These include the availability of certain relevant documents for inspection and confirmations from the Bank.

**Responsibility for the information contained in this Registration Document**

The Bank accepts responsibility for the information in this Registration Document. To the best of the knowledge of the Bank, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Registration Document has been filed with, and approved by, the Financial Conduct Authority (the "**FCA**") under Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**").

**Credit Rating Agency Regulation notice**

Each of Moody's Investors Service, Inc. ("**Moody's USA**"), Standard & Poor's Financial Services LLC ("**S&P USA**"), Fitch, Inc. ("**Fitch**") and DBRS Limited ("**DBRS**") has provided issuer ratings for the Issuer as specified under "*Description of Royal Bank of Canada – Issuer Ratings*".

In accordance with Article 4.1 of the Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**"), please note that the following documents (as defined in the section entitled "*Documents Incorporated by Reference*") incorporated by reference in this Registration Document contain references to credit ratings from the same rating agencies as well as Kroll Bond Rating Agency ("**KBRA**"), which provided an unsolicited rating:

(a) the 2014 AIF (pages 11, 12 and 26);

(b) the 2014 Annual Report (pages 77 and 78); and

(c) the Second Quarter 2015 Report to Shareholders (pages 47 and 48).

None of S&P USA, Moody's USA, Fitch, DBRS or KBRA (the "**non-EU CRAs**") is established in the European Union or has applied for registration under the CRA Regulation. However, Standard and Poor's Credit Market Services Europe Ltd., Moody's Investors Service Ltd., DBRS Ratings Limited and Fitch Ratings Limited, which are affiliates of S&P USA, Moody's USA, Fitch and DBRS, respectively, established in the European Union and registered under the CRA Regulation have endorsed the ratings of their affiliated non-EU CRAs. KBRA is certified under the CRA Regulation. See "*Description of Royal Bank of Canada – Issuer Ratings*".

**Use of certain defined terms in this Registration Document**

All references in this Registration Document to "**$**", "**C$**", "**CAD**" or "**Canadian dollars**" are to the lawful currency of Canada. In this Registration Document, the term "**PRA**" shall mean the Prudential Regulation Authority.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Issuer makes 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. Forward-looking statements may be made in this Registration Document and in the documents incorporated by reference in this Registration Document, in filings with Canadian regulators, the United States Securities and Exchange Commission or other securities regulators, in reports to shareholders and in other communications. The forward-looking statements contained in this Registration Document and in the documents incorporated by reference in this Registration Document include, but are not limited to, statements relating to the Issuer's financial performance objectives, vision and strategic goals, the economic and market review and outlook for Canadian, U.S., European and global economies, the regulatory environment in which the Issuer operates, the outlook and priorities for each of the Issuer's business segments, and the risk environment including the Issuer's liquidity and funding risk. The forward-looking information contained in this document is presented for the purpose of assisting the holders and potential purchasers of the debt or derivative securities issued by the Issuer and financial analysts in understanding the Issuer's financial position and results of operations as at and for the periods ended on the dates presented and the Issuer's 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 the Issuer to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Issuer's predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the Issuer's assumptions may not be correct and that the Issuer's financial performance objectives, vision and strategic goals will not be achieved. Readers are cautioned not to place undue reliance on these statements as a number of risk factors could cause the Issuer's actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond the Issuer's control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, regulatory compliance, operational, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the "Risk management" and "Overview of other risks" sections of the Issuer's Management's Discussions and Analysis for the year ended October 31, 2014 contained in the Issuer's 2014 Annual Report and incorporated by reference herein (the "**2014 MD&A**") and in the "Risk management" section of the Issuer's Second Quarter 2015 Report to Shareholders also incorporated by reference herein (see "*Documents incorporated by Reference*" on page 16); anti-money laundering; growth in wholesale credit; the high levels of Canadian household debt; cybersecurity; the business and economic conditions in Canada, the U.S. and certain other countries in which the Issuer operates; the effects of changes in government fiscal, monetary and other policies; tax risk and transparency; the Issuer's ability to attract and retain employees; the accuracy and completeness of information concerning the Issuer's clients and counterparties; the development and integration of the Issuer's distribution networks; model, information technology, information management, social media, environmental and third party and outsourcing risk.

Readers are cautioned that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect the Issuer's results. When relying on the Issuer's forward-looking statements to make decisions with respect to the Issuer, 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 Registration Document and in the documents incorporated by reference herein are set out in the "Overview and outlook" section and for each business segment under the heading "Outlook and priorities" of the Issuer's 2014 MD&A contained in its 2014 Annual Report, as updated by the "Overview and outlook" section of the Issuer's Second Quarter 2015 Report to Shareholders, which sections are incorporated by reference herein. Except as required by law, none of the Issuer, any dealer appointed in relation to any issue of debt or derivative securities by the Issuer or any other person undertakes to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Issuer.

Additional information about these and other factors can be found in the "Risk management" and "Overview of other risks" sections of the Issuer's 2014 MD&A contained in its 2014 Annual Report and in the "Risk management" section of the Issuer's Second Quarter 2015 Report to Shareholders, which sections are incorporated by reference herein.

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# RISK FACTORS

*The Issuer is exposed to a variety of risks that could affect its results of operations or financial condition and believes that the following factors are material for the purpose of assessing risks associated with the Issuer. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring or the likelihood or extent to which any such contingencies may affect the ability of the Issuer to pay interest, principal or other amounts on or in connection with any debt or derivative securities issued by it.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in debt or derivative securities issued by it, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any debt or derivative securities issued by it or deliver the specified assets in connection with physical delivery debt or derivative securities issued by it may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any debt or derivative securities issued by it are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its results of operations or financial condition or affect the ability of the Issuer to pay interest, principal or other amounts on or in connection with any debt or derivative securities issued by it or deliver the specified assets in connection with physical delivery debt or derivative securities issued by it. Prospective investors should also read the detailed information set out elsewhere in this document (including information incorporated by reference) and any applicable securities note (and, where appropriate, summary note), final terms or pricing supplement to reach their own views prior to making any investment decisions.*

**Factors which are material for the purpose of assessing risks associated with the Issuer**

Prospective investors should consider the following risks to which the Issuer's businesses are exposed.

**1. Top and emerging risks**

The Issuer's view of risks is not static. An important component of the Issuer's enterprise risk management approach is to ensure that top risks which are evolving or emerging risks are appropriately identified, managed and incorporated into existing enterprise risk management assessment, measurement and monitoring and escalation processes.

***Regulatory developments***

Certain regulatory reforms will impact the way in which the Issuer operates, both in Canada and abroad, and the full impact of some of these reforms on the Issuer's business will not be known until final rules are implemented and market practices have developed in response. The Issuer continues to respond to these and other developments and is working to minimize any potential adverse business or economic impact. The following regulatory reforms have potential to increase the Issuer's operational, compliance, and technology costs and adversely affect the Issuer's profitability.

*Basel Committee on Banking Supervision ("**BCBS**") global standards for capital and liquidity reform (Basel III)*

The Basel Committee's standards for capital and liquidity (commonly referred to as "Basel III") establish minimum requirements for common equity, increased capital requirements for counterparty credit exposures, a new global leverage ratio and measures to promote the build up of capital that can be drawn down in periods of stress. Banks around the world continue to adopt these new standards in accordance with domestic implementation and these could have an adverse impact on the Issuer's results and activities.

In January 2013, the BCBS released final rules for the short-term liquidity standard, the Liquidity Coverage Ratio ("**LCR**"), with implementation commencing in 2015. Subsequently in October 2014, the BCBS released final rules for the long-term liquidity standard, the NSFR, with implementation commencing in 2018.

In January 2014, the BCBS released final rules for the global leverage requirement, which takes effect as a 3% minimum supplemental capital requirement on January 1, 2018.

During the year, U.S. regulators approved final rules to apply a U.S. based supplemental leverage requirement and LCR requirement to large banking organizations operating in the U.S. The Issuer anticipates subsequent rules will be introduced to apply U.S.-specific LCR and leverage requirements to the Issuer's U.S. Intermediate Holding Company and U.S. branch network.

Basel III requirements are being implemented in the European Union through a revised Capital Requirements Directive ("**CRD IV**") and accompanying Capital Requirements Regulation ("**CRR**"), both of which became effective January 1, 2014 and are to be phased-in gradually through 2019. CRD IV/CRR also introduces improvements to the transparency of activities of banks and investment funds in different countries, adds a host of governance standards (including standards for executive compensation and bonuses, board oversight of risk and board diversity), and implements a common reporting framework for regulatory reporting. These changes may also result in higher capital requirements for the Issuer's European subsidiaries.

*Dodd-Frank – Volcker rule*

On December 10, 2013 U.S. authorities finalized section 619 of the Dodd-Frank Act relating to broad prohibitions and restrictions on proprietary trading and certain banking entity relationships with hedge funds and private equity funds (the "**Volcker Rule**"). The final Volcker Rule extended the general compliance deadline to July 21, 2015 and provided some flexibility for foreign institutions as it relates to activities conducted outside the U.S. The Volcker Rule impacts the Issuer's global activities as its reach extends to the Issuer and each of its subsidiaries and affiliates (subject to certain exceptions). The majority of the Issuer's trading businesses will continue to be permissible under the Volcker Rule and the Issuer is in the process of building the requisite monitoring program and reporting metrics to demonstrate compliance. The Issuer has exited or is in the process of exiting certain activities that cannot be restructured to comply with the Volcker Rule. For a limited number of business activities, the Issuer is continuing discussions with regulators and others in the industry in order to assess the best means of restructuring those

activities to comply with the Volcker Rule. The combined impact of these changes is not expected to materially affect the Issuer's overall results.

*Dodd-Frank – Enhanced Supervision of Foreign Banking Organizations*

On February 18, 2014, the U.S. Federal Reserve finalized their new oversight regime for non-U.S. banks with subsidiaries, affiliates and branches operating in the U.S. (the "**Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations**"), pursuant to section 165 of the Dodd-Frank Act. The rule is intended to address the perceived systemic risk that large foreign banks could pose to the U.S. financial markets. As a foreign banking organization with more than US$50 billion in U.S. non- branch assets, the Issuer is required to establish a separately capitalized U.S. Intermediate Holding Company (the "**IHC**"), into which all of the Issuer's U.S. legal entities must be placed and for which certain U.S.-based requirements will apply. The IHC will be subject to Federal Reserve oversight comparable to U.S. bank holding companies. As a result, changes to the Issuer's existing practices will be required to provide the governance and infrastructure needed to support these U.S.-specific requirements in areas of financial reporting, capital and liquidity, risk management, and stress testing. In addition, there will be limitations on capital distributions from the IHC to the Issuer, and such distributions will be subject to supervisory approval. The requirements will be phased in between 2015 and 2018, with the Issuer needing to form its IHC by July 1, 2016. An implementation plan outlining the Issuer's approach for meeting these requirements including forming the IHC has been filed with the Federal Reserve. The Federal Reserve has stated that it plans to issue, at a later date, separate rules to apply early remediation requirements and limits on exposures to single counterparties. The final rule also deferred application of U.S.-based leverage requirements, which differ from the Basel III leverage ratio, to January 1, 2018. The Issuer will incur costs to comply with these additional U.S. based financial reporting, risk management and governance requirements (both initially and on an ongoing basis) and the Issuer may have less flexibility in its capital and liquidity structures which historically have been managed on a global (vs. regional) basis. These impacts are not expected to materially affect the Issuer's financial performance or overall results.

*Canadian bail-in regime*

On August 1, 2014, the Government of Canada proposed a "bail-in" regime for the six domestic systemically important banks (D-SIBs**)**. Bail-in regimes are being implemented in a number of jurisdictions following the 2008 financial crisis in an effort to limit taxpayer exposure to potential losses of a failing institution and ensure the institution's shareholders and creditors remain responsible for bearing such losses. The proposed regime would grant the Government of Canada the power to permanently cancel an institution's existing common shares and/or convert an institution's long-term senior debt into common shares. Either power would only be exercisable once the institution was, or was about to be, no longer viable and full conversion of the institution's non-viable contingent capital (NVCC) instruments into common shares had already occurred. Deposits (including those insured by the Canada Deposit Insurance Corporation), shorter-term unsecured wholesale debt, and derivatives would not be subject to conversion or cancellation. Higher Loss Absorbency requirements would also apply to ensure affected banks maintain sufficient capital to absorb the proposed conversions. In the federal budget plan released on April 21, 2015, the Government of Canada confirmed its intention to

move forward with the Taxpayer Protection and Bank Recapitalization Regime, although no firm timetable was provided. The proposed changes could adversely impact the Issuer's cost of funding.

*Total loss-absorbing capacity ("**TLAC**")*

On November 10, 2014, the Financial Stability Board (FSB) proposed minimum common international standards related to the TLAC of global systemic banks. The standards are intended to address the sufficiency of global systemically important banks' ("**G-SIBs**") capital to absorb losses in a resolution, in a manner that minimizes impact on financial stability and ensures continuity of critical economic functions. To date, the Issuer and the other Canadian banks have not been designated as G-SIBs. It is uncertain how these proposed standards will be integrated into Canada's bail-in regime as discussed above, which also remains to be finalized but they could adversely impact the Issuer's cost of funding.

*Over-the-Counter ("**OTC**") Derivatives Reform*

Reforms in the OTC derivatives markets continue on a global basis, with the governments of the G20 nations proceeding with plans to transform the capital regimes, national regulatory frameworks and infrastructures in which the Issuer and other market participants operate. The Issuer, along with other Canadian banks, will experience changes in its wholesale banking business, some of which will impact the Issuer's client- and trading-related derivatives revenues in Capital Markets. As part of this, the Issuer has implemented a compliance framework to adhere to new requirements in Canada (including new trade reporting rules effective October 31, 2014), the U.S., Europe, Asia-Pacific, and Australia.

In September 2013, the BCBS and the International Organization of Securities Commissions (IOSCO) released joint guidelines that include a requirement for non-exempt financial entities to exchange initial and variation margin (i.e. margin held as collateral to protect against potential counterparty default). Throughout 2014, European, Japanese, and U.S. regulators proposed domestic rules based on these guidelines. Effective September 1, 2016, the Issuer expects it will be required to comply with these guidelines and will work with national authorities to prepare for compliance as Canadian rules are developed.

On December 31, 2012, the Issuer registered as a swaps dealer in the U.S. pursuant to U.S. Commodity Futures Trading Commission (CFTC) requirements. To avoid the imposition of duplicative prudential requirements (and mitigate some of the expected compliance and operating costs), the Issuer is continuing to work with Canadian and U.S. authorities to encourage reliance on the Canadian framework.

In Europe, OTC regulation is being phased in since the European Market Infrastructure Rules (EMIR) came into force in March 2013. EMIR requires firms to clear certain OTC standardized derivative contracts through central counterparties, establish risk mitigation controls for OTC derivatives transactions that cannot be cleared, and report both cleared and non-cleared contracts to trade repositories. The review of Markets in Financial Instruments Directive (MiFID II) (in effect January 2017) is another key initiative seeking to achieve greater trade transparency, enhanced investor protection and more oversight of OTC derivatives and fixed income products,

primarily through the introduction of new types of regulated trading platforms and increased governance over certain trading activities.

*The Payments System in Canada*

The Federal government is continuing to review a number of aspects of the Canadian payments system, in areas such as governance, mobile payments, debit and credit cards, and the overall regulatory framework.

On November 4, 2014, MasterCard Canada and Visa Canada announced voluntary commitments to reduce merchant credit card fees to an average effective rate of 1.5% for the next five years, effective April 30, 2015. As a result of these commitments, the Minister of Finance signaled the government's intention to not regulate credit card interchange rates at this time. However, the government also released on April 13, 2015 an enhanced voluntary Code of Conduct for the Credit and Debit Card Industry in Canada to extend its provisions to mobile payments and introduce new fee disclosure, dispute resolution mechanism, and branding requirement. The Issuer will continue to assess the impact as further details are made available. The Issuer believes that it is well positioned to make any adjustments required in response to these commitments and will continue to support its personal and business clients with competitive credit card products.

These and other potential changes could have implications for the Issuer from a technological, systems, operational and regulatory perspective. While the government's review is still at an early stage, risks associated with the implementation of these reforms could include implications to the Issuer's revenue and business strategy through potential measures such as enhanced disclosure requirements, and the introduction of some form of dispute resolution mechanism for merchants. The Issuer continues to provide input into the government's consultations in this area, arguing for fair and consistent regulation of all participants in the payments system to protect safety and soundness while promoting innovation.

*Consumer protection*

On September 19, 2014, the Supreme Court of Canada rendered its judgment in the 2003 Quebec class action lawsuit, Marcotte v. Bank of Montreal. The Court specifically found that certain provisions of Quebec's Consumer Protection Act apply to credit cards issued by federally chartered banks. The Supreme Court agreed with the banks that foreign currency conversion fees cardholders pay when they transact in other currencies are not "credit charges", and therefore not subject to certain restrictions imposed by the Consumer Protection Act, but ruled that the disclosure requirements of the legislation do apply. Accordingly, five banks and one credit union must reimburse and pay punitive damages to credit cardholders for failing to properly disclose these fees. Neither Royal Bank of Canada nor any of the three other banks named in the lawsuit are required to pay any damages or reimbursement given that, at all relevant times, the conversion fee was disclosed in accordance with the applicable legislative provisions. The Supreme Court decision is important in that it narrows the circumstances in which exclusive federal jurisdiction over banking renders provincial/territorial legislation inoperative, opening the door further for the activities of the Issuer and other federally-regulated institutions to be subject to both federal and provincial/territorial legislation.

The Supreme Court decision may also influence the work being undertaken by the Federal government in the area of consumer protection more generally. In December 2013 the government began consulting on the development of a principles-based federal consumer protection framework focused on setting standards for the protection of consumers and the Issuer participated in that Department of Finance consultation. The recent federal budget plan released on April 21, 2015 now proposes to amend the Bank Act to strengthen and modernize Canada's financial consumer protection framework, including expanded corporate governance requirements so that board of directors' duties relate to all consumer protection measures. Likely in response to the Supreme Court of Canada decision noted above, the government also intends that the Bank Act provide the exclusive set of rules governing consumer protection for banks.

*Foreign Account Tax Compliance Act (FATCA)*

The U.S. Foreign Account Tax Compliance Act (FATCA) came into effect on July 1, 2014 and generally requires non-U.S. financial institutions to provide information to the U.S. Internal Revenue Service ("**IRS**") about U.S. persons and financial accounts in which they have an interest in order to identify persons who may be evading U.S. taxes through the use of foreign accounts. On February 5, 2014, the Canadian government concluded an intergovernmental agreement ("**IGA**") with the U.S. government providing some relief to Canadian financial institutions and their clients. Under the terms of the IGA, Canadian financial institutions will report information directly to CRA rather than directly to the IRS. The CRA will then exchange the information with the IRS through provisions in the existing Canada-U.S. Tax Convention. The IGA also generally eliminates the requirement for Canadian financial institutions to withhold and remit to the IRS a 30% tax on U.S.-source payments paid or credited to individual account holders who fail to provide information requested to determine their U.S. status. Instead, the accounts for those individuals will be treated as U.S. reportable accounts and included in the reporting to the tax authorities.

*Regulatory reform in the U.K. and Europe*

The regulatory framework in the U.K. and elsewhere in Europe continues to undergo significant reform and reorganization. The U.K. Financial Services (Banking Reform) Act was finalized in December 2013 and regulators continue to adopt regulations to implement the new legislation. Key changes focus on heightened requirements for governance, consumer protection, and bank executive remuneration. The approved persons regime applies more stringent oversight, certification, and disclosure requirements to those performing senior management functions at a subject bank. U.K. authorities are also consulting on a new remuneration code for the U.K. that sets out new rules on remuneration to strengthen the alignment between long-term risk and reward in the banking sector. European authorities have also published guidelines aimed at ensuring a consistent approach for complaints handling across the European Union.

In July 2014, U.K. legislation confirmed that the Issuer's U.K. entities will be exempt from the requirement to separate the Issuer's retail banking and investment banking activities by virtue of meeting the prescribed de minimis threshold for applicability

***Anti-money laundering, anti-terrorist financing, anti-bribery and anti-corruption***

The Issuer is subject to a highly complex and dynamic set of anti-money laundering, anti-terrorist financing, and anti-bribery and anti-corruption (collectively, "**AML**") laws, regulations and expectations across the multiple jurisdictions in which it operates. These requirements are of critical importance to members of the international financial community, law enforcement agencies and regulatory bodies. The regulatory landscape for AML practices remains in a state of rapid change in response to globalization, proliferation of technologies to conduct financial transactions, and new and changing money laundering and terrorist financing strategies. The scope of AML activities continues to expand with evolving criminal activities, such as tax evasion, human trafficking, bribery, and corruption. Money laundering, terrorist financing, and, increasingly, bribery and corruption pose significant potential risks for the Issuer. The Issuer's reputation is at risk with regulators, clients and other stakeholders in the event of AML related incidence, particularly in light of the current regulatory environment. The regulatory tolerance for major AML Program failures is low as demonstrated by recent penalties and enforcement actions.

***Growth in wholesale credit***

The Issuer's wholesale loan growth has been strong in recent years, largely driven by Capital Markets. Loan growth in the U.S. has been strong given the Issuer's strategy of expanding and strengthening client relationships in that market along with strong demand. Growth has been across various sectors with strong growth in commercial real estate and leveraged financing. In the event of significant economic deterioration, this may have an adverse effect on the Issuer's results of operations and financial condition.

***High levels of Canadian household debt***

Canadian household debt remains elevated as persistently low interest rates continue to fuel strong home sales, supporting home prices and limiting moderation in mortgage credit growth. The risks surrounding elevated credit balances largely stem from households' continued ability to manage existing debt repayments when interest rates rise and a greater share of disposable income is needed to make payments. Additional risk stems from the potential for high household debt to amplify the impact of an external shock to the Canadian economy. The combination of increasing unemployment, rising interest rates, and a downturn in real estate markets would pose a risk to the credit quality of the Issuer's retail lending portfolio and may negatively affect the Issuer. The Issuer's stress testing shows that the vast majority of its mortgage clients have sufficient capacity to absorb interest rate increases in the ranges currently forecasted.

***Cybersecurity***

The Issuer leverages advancements in technology to support its business model and enhance the experience of its clients on a global basis. As a result, the Issuer is exposed to risks related to cybersecurity and the increasing sophistication of cyber-attacks in the marketplace. Attacks in the industry are often focused on compromising sensitive data for inappropriate use or disrupting business operations. Such an attack could compromise the Issuer's confidential information as well as that of its clients and third parties with whom it interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage.

## 2. Credit risk

Credit risk is the risk of loss associated with an obligor's potential inability or unwillingness to fulfill its contractual obligations. Credit risk may arise directly from the risk of default of a primary obligor of the Issuer (e.g. issuer, debtor, counterparty, borrower or policyholder), or indirectly from a secondary obligor of the Issuer (e.g. guarantor or reinsurer). Credit risk includes counterparty credit risk from both trading and non-trading activities. The failure to effectively manage credit risk across all the Issuer's products, services and activities can have a direct, immediate and material impact on the Issuer's earnings and reputation.

Credit risk is inherent in a wide range of the Issuer's businesses. This includes lending to businesses, sovereigns, public sector entities, banks and other financial institutions and certain individuals and small businesses that are managed on an individual client basis, which comprise the Issuer's wholesale credit portfolio and residential mortgages and personal, credit card and small business loans which, comprise the Issuer's retail credit portfolio. The Issuer's gross credit exposure includes: loans and acceptances outstanding, undrawn commitments, and other exposures including contingent liabilities such as letters of credit and guarantees, available-for-sale ("**AFS**") debt securities and deposits with financial institutions, repo-style transactions, and derivatives.

Geographically, as at October 31, 2014, Canada represented 58% of the Issuer's credit exposure while the United States represented 22%, Europe 14% and the other international regions 6%. Accordingly, deterioration in general business and economic conditions in Canada and the United States could adversely affect the credit quality of the Issuer's borrowers and counterparties and could thus affect the value of the Issuer's assets and require an increase in loan impairment charges and provisions. Even though efforts are made to manage such risks diligently, there can be no assurances that these risks will not materialize.

## 3. Market risk

Market risk is defined to be the impact of market prices upon the financial condition the Issuer. This includes potential gains or losses due to changes in market determined variables such as interest rates, credit spreads, equity prices, commodity prices, foreign exchange rate and implied volatilities. For example, changes in interest rates and credit spreads may affect the interest rate margin realized by the Issuer between lending and borrowing costs. Changes in foreign exchange rates may affect the value of assets, liabilities, income and expenses of the Issuer denominated in foreign currencies and may affect the Issuer's reported consolidated financial condition or its income from foreign exchange dealings. Potential losses from trading activity due to market volatility would also impact the Issuer's ability to pay interest, principal or other amounts on or in connection with any debt or derivative securities issued by it.

The measures of financial condition impacted by market risk, and ways in which market risk manifests itself, are as follows: positions whose revaluation gains and losses are reported in revenue, Common Equity Tier 1 ("**CET1**") capital, CET1 ratio, and the economic value of the Issuer.

## 4. Liquidity and funding risk

Liquidity and funding risk ("**liquidity risk**") is the risk that the Issuer may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they come due. The nature of banking services inherently exposes the Issuer to various types of liquidity risk. The most common sources of liquidity risk arise from mismatches in the timing and value of cash inflows and outflows, both from on- and off-balance sheet exposures.

The Issuer's core funding comprises capital, longer-term wholesale liabilities and a diversified pool of personal and, to a lesser extent, commercial and institutional deposits. The Issuer's ability to access unsecured funding markets and to engage in certain collateralized business activities on a cost-effective basis are primarily dependent upon maintaining competitive credit ratings. Credit ratings and outlooks provided by rating agencies reflect their views and are based on their methodologies. Ratings are subject to change from time to time, based on a number of factors including, but not limited to, the Issuer's financial strength, competitive position and liquidity and other factors not completely within the Issuer's control. A lowering of the Issuer's credit ratings may have potentially adverse consequences for the Issuer's funding capacity or access to the capital markets, may also affect the Issuer's ability, and the cost, to enter into normal course derivative or hedging transactions and may require the Issuer to post additional collateral under certain contracts, any of which may have an adverse effect on its results of operations and financial condition. However, the Issuer estimates, based on periodic reviews of ratings triggers embedded in its existing businesses and of its funding capacity sensitivity, that a minor downgrade would not significantly influence the Issuer's liability composition, funding access, collateral usage and associated costs.

## 5. Insurance risk

Insurance risk refers to the potential financial loss that may arise where the amount, timing and/or frequency of benefit payments under insurance or reinsurance contracts are different than expected. Insurance risk is primarily associated with adverse experience with respect to mortality, morbidity, longevity, claim frequency, claim severity, policyholder behaviour and expense. Insurance risk arises from all of the Issuer's insurance businesses. Insurance risk does not include other risks covered by other parts of the Issuer's risk management framework (e.g., credit, market and operational risk) where those risks are ancillary to, or accompany the risk transfer.

## 6. Regulatory compliance risk

Regulatory compliance risk is the risk of potential non-conformance with laws, rules, regulations, prescribed practices, contracts or ethical standards in any jurisdiction in which the Issuer operates. Issues regarding compliance with laws and regulations can arise in a number of areas in a large complex financial institution such as the Issuer, and are often the result of inadequate or failed internal processes, people or systems. Regulatory compliance risk also includes risks associated with money laundering, bribery, privacy, market conduct, consumer protection, and business conduct.

Laws and regulations are in place to protect the financial and other interests of the Issuer's clients, investors and the public. As a large scale global financial institution, the Issuer is subject to numerous laws and to extensive and evolving regulation by governmental agencies, supervisory authorities and self-regulatory organizations in Canada, the U.S., Europe and other jurisdictions in which it operates. In recent years such regulation has become increasingly extensive and complex. In addition, the enforcement of regulatory matters has intensified. Recent resolution of such matters involving other global financial institutions have involved the payment of substantial penalties, agreements with respect to future operation of their business, actions with respect to relevant personnel and guilty pleas with respect to criminal charges.

Operating in this increasingly complex regulatory environment and intense regulatory enforcement environment, the Issuer is and has been subject to a variety of legal proceedings, including civil claims and lawsuits, regulatory examinations, investigations, audits and requests for information by various governmental regulatory agencies and law enforcement authorities in various jurisdictions, and the Issuer anticipates that its ongoing business activities will give rise to such matters in the future. Changes to laws, including tax laws, regulations or regulatory policies, as well as the changes in how they are interpreted, implemented or enforced, could adversely affect the Issuer, for example by lowering barriers to entry in the businesses in which the Issuer operates, increasing the Issuer's costs of compliance or limiting its activities and ability to execute its strategic plans. Further, there is no assurance that the Issuer always will be or will be deemed to be in compliance with laws, regulations or regulatory policies. Accordingly, it is possible that the Issuer could receive a judicial or regulatory judgment or decision that results in fines, damages, penalties, and other costs or injunctions, convictions or loss of licenses or registrations that would damage the Issuer's reputation and negatively impact its earnings. In addition, the Issuer is subject to litigation arising in the ordinary course of its business and the adverse resolution of any litigation could have a significant adverse effect on the Issuer's results or could give rise to significant reputational damage, which in turn could impact its future business prospects.

**7. Operational risk**

Operational risk is the risk of loss or harm resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk is embedded in all of the Issuer's activities, including but not limited to internal and external fraud, errors by employees or third parties, theft, regulatory non-compliance, business disruption, information security breaches, exposure related to outsourcing and damage to physical assets as well as the practices and controls used to manage other risks. Failure to manage operational risk can result in direct or indirect financial loss, reputational impact, regulatory censure, or failure in the management of other risks such as credit or market risk.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List of the United Kingdom Listing Authority or as a supervised firm regulated by the FCA or PRA.

**8. Strategic risk**

Strategic risk is the risk that the Issuer or particular business areas of the Issuer will make inappropriate strategic choices, or will be unable to successfully implement selected strategies or related plans and decisions. Business strategy is the major driver of the Issuer's risk profile and consequently the strategic choices the Issuer's makes in terms of business mix determines how the Issuer's risk profile changes. The Issuer's ability to execute on its objectives and strategic goals will influence its financial performance. If the Issuer is unable to successfully implement selected strategies or related plans and decisions, if the Issuer makes inappropriate strategic choices or if the Issuer makes a change to its strategic goals, its financial results could be adversely affected.

**9. Reputation risk**

Reputation risk is the risk that an activity undertaken by the Issuer or its representatives will impair its image in the community or lower public confidence in it, resulting in the loss of business, legal action or increased regulatory oversight. The impairment of the Issuer's image in the community or lowered public confidence in the Issuer can result from the actual or perceived manner in which the Issuer conducts its business activities, from the Issuer's financial performance, or from actual or perceived practices in the banking and financial industry.

Reputation risk can arise from a number of events and primarily occurs in connection with credit risk, regulatory, legal and operational risks and failure to maintain strong risk conduct. Operational failures and non-compliance with laws and regulations can have a significant reputational impact on the Issuer.

**10. Competitive Risk**

The competition for clients among financial services companies in the markets in which the Issuer operates is intense. Client loyalty and retention can be influenced by a number of factors, including new technology used or services offered by the Issuer's competitors, relative service levels, relative prices, product and service attributes, the Issuer's reputation, actions taken by the Issuer's competitors, and adherence with competition and anti-trust laws. Other companies, such as insurance companies and non-financial companies, are increasingly offering services traditionally provided by banks. For example, the Issuer's payments business is facing intense competition from emerging non-traditional competitors. This competition could also reduce the Issuer's net interest income, fee revenue and adversely affect the Issuer's results.

**11. Systemic Risk**

Systemic risk is the risk that the financial system as a whole, or a major part of it – either in an individual country, a region, or globally – is put in real and immediate danger of collapse or serious damage with the likelihood of material damage to the real economy, and that this will result in financial, reputation or other risks for the Issuer. Systemic risk is considered to be the least controllable risk facing the Issuer.

## 12. Business and economic conditions

The Issuer's earnings are significantly affected by the general business and economic conditions in the geographic regions in which it operates. These conditions include consumer saving and spending habits as well as consumer borrowing and repayment patterns, business investment, government spending, exchange rates, sovereign debt risks, the level of activity and volatility of the capital markets, strength of the economy and inflation. For example, an economic downturn may result in high unemployment and lower family income, corporate earnings, business investment and consumer spending, and could adversely affect the demand for the Issuer's loan and other products and result in higher provisions for credit losses. Given the importance of the Issuer's Canadian operations, an economic downturn in Canada or in the U.S. impacting Canada would largely affect the Issuer's personal and business lending activities in the Issuer's Canadian banking businesses, including cards, and could significantly impact the Issuer's results of operations.

The Issuer's earnings are also sensitive to changes in interest rates. A continuing low interest rate environment in Canada, the U.S. and globally would result in net interest income being unfavourably impacted by spread compression largely in Personal & Commercial Banking and Wealth Management. While an increase in interest rates would benefit the Issuer's businesses that are currently impacted by spread compression, a significant increase in interest rates could also adversely impact household balance sheets. This could result in credit deterioration which might negatively impact the Issuer's financial results, particularly in some of its Personal & Commercial Banking and Wealth Management businesses.

Capital Markets and Investor & Treasury Services would be negatively impacted if global capital markets deteriorate resulting in lower average fee-based client assets and transaction volumes and trading volatility. In Wealth Management, weaker market conditions would lead to lower average fee-based client assets and transaction volumes. Worsening of financial and credit market conditions may adversely affect the Issuer's ability to access capital markets on favourable terms and could negatively affect the Issuer's liquidity, resulting in increased funding costs and lower transaction volumes in Capital Markets and Investor & Treasury Services.

## 13. Government fiscal, monetary and other policies

The Issuer's businesses and earnings are affected by the fiscal, monetary or other policies that are adopted by the Bank of Canada and various other Canadian regulatory authorities, the Board of Governors of the Federal Reserve System in the U.S. and other U.S. government authorities, as well as those adopted by international regulatory authorities and agencies in jurisdictions in which the Issuer operates. Such policies can also adversely affect the Issuer's clients and counterparties in Canada, the U.S. and internationally, which may increase the risk of default by such clients and counterparties and thereby adversely affect the Issuer.

## 14. Tax risk and transparency

Tax risk refers to the risk of loss related to unexpected tax liabilities. The tax laws and systems that are applicable to the Issuer are complex and wide ranging. As a result, the Issuer ensures that any decisions or actions related to tax always reflect the Issuer's assessment of the long-

term costs and risks involved, including their impact on the Issuer's relationship with clients, shareholders, and regulators, and the Issuer's reputation.

The Issuer's tax strategy is designed to ensure transparency and support the Issuer's business strategy, and is aligned with the Issuer's corporate vision and values. The Issuer seeks to maximize shareholder value by ensuring that its businesses are structured in a tax efficient manner while considering reputational risk by being in compliance with all laws and regulations.

With respect to assessing the needs of the Issuer's clients, the Issuer considers a number of factors including the purposes of the transaction. The Issuer ensures that it only supports bona fide client transactions with a business purpose and economic substance. Should the Issuer become aware of client transactions that are aimed at evading their tax obligations, the Issuer will not proceed with the transaction.

Given that the Issuer has offices in 40 countries worldwide, complex tax legislation and accounting principles can often result in differing legal interpretations between the respective tax authorities the Issuer deals with and the Issuer. Should this occur, the Issuer is committed to an open and transparent dialogue with the tax authorities to ensure a quick assessment and prompt resolution of the issue. Failure to adequately manage tax risk and resolve issues with tax authorities could adversely impact the Issuer's results and/or significantly impact the Issuer's reputation.

**15. Ability to attract and to retain employees**

Competition for qualified employees is intense within the financial services industry and from non-financial industries looking to recruit. The Issuer's ability to attract and retain employees could affect its results. Although the Issuer's goal is to attract and retain qualified employees, there is no assurance that it will be able to do so.

**16. Accuracy and completeness of information on clients and counterparties**

When deciding to extend credit or enter into other transactions with clients and counterparties, the Issuer may rely on information provided by or on behalf of clients and counterparties, including audited financial statements and other financial information. The Issuer may also rely on representations of clients and counterparties as to the completeness and accuracy of that information. The Issuer's financial results could be adversely impacted if the financial statements and other financial information relating to clients and counterparties on whom it relies do not comply with generally accepted accounting principles or are materially misleading. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List of the United Kingdom Listing Authority or as a supervised firm regulated by the FCA or the PRA.

**17. Development and integration of the Issuer's distribution networks**

The Issuer regularly explores opportunities to expand its distribution networks, either through acquisitions or organically by adding, for example, new bank branches, insurance offices, online savings accounts and automated teller machines in high-growth, receptive markets. However, if

the Issuer is not able to develop or integrate these distribution networks effectively, its results of operations and financial condition may be negatively affected.

**18. Model risk**

The use of models plays an important role in many of the Issuer's business activities. The Issuer uses a variety of models for many purposes, including the valuation of financial products, risk measurement and management of different types of risk. Model risk is the risk of error in the design, development, implementation or subsequent use of models, which may adversely affect the Issuer.

**19. Information technology risk**

The Issuer uses information technology for business operations and the enablement of strategic business goals and objectives. Information technology risk is the risk to the Issuer's business associated with the use, ownership, operation, involvement, influence and adoption of information technology within the enterprise. It consists of information technology related events that could potentially have an adverse impact on the Issuer's business. Such events could result in business interruption, service disruptions, theft of intellectual property and confidential information, additional regulatory scrutiny, litigation and reputational damage.

**20. Information management risk**

Information management risk is the risk of loss or harm resulting from the failure to manage information appropriately throughout its lifecycle. Exposure to this risk exists when information is acquired or created, processed, used, shared, accessed, retained or disposed. With respect to personal information, the failure to manage information appropriately can result in the misuse of personal information or privacy breaches. With respect to client information, the inability to process information accurately and on a timely basis can result in service disruptions. With respect to corporate and proprietary information, the mismanagement of information can result in the disclosure of confidential information, the unavailability of information when it is required and the reliance on inaccurate information for decision-making purposes. Such events could lead to legal and regulatory consequences, reputational damage and financial loss.

**21. Social media risk**

The scale and profile of social media has grown to present a number of risks. These risks, which could adversely affect the Issuer, include brand and reputational damage, information leaks, non-compliance with regulatory requirements and governance risk.

**22. Environmental risk**

Environmental risk is the risk of loss to financial, operational or reputational value resulting from the impact of environmental issues. It arises from the business activities and operations of both the Issuer and the Issuer's clients. For example, the environmental issues associated with the Issuer's clients' purchase and sale of contaminated property or development of large-scale projects may give rise to credit, regulatory and reputation risk. Operational and legal risks may arise from environmental issues at the Issuer's branches, offices or data processing centres.

## 24. Third party and outsourcing risk

Failing to effectively manage the Issuer's service providers may expose the Issuer to service disruptions, regulatory action, financial loss, litigation or reputational damage.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this document and as at the date of this document have been approved by or filed with the FCA are hereby incorporated in, and form part of, this Registration Document:

(a) the entire Annual Information Form dated December 2, 2014 (the "**2014 AIF**"), including, without limitation, the following sections:

(i) "Description of the Business – General Summary" on page 3;

(ii) "Competition" on page 3; and

(iii) "Appendix A - Principal Subsidiaries" on page 25;

(b) the following sections of the Bank's 2014 Annual Report (the "**2014 Annual Report**") for the year ended October 31, 2014:

(i) the audited consolidated financial statements, which comprise the consolidated balance sheets as at October 31, 2014 and October 31, 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity, and statements of cash flows for each of the years in the three-year period ended October 31, 2014, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), together with the Report of Independent Registered Public Accounting Firm thereon on pages 108 through 198 (the "**2014 Audited Consolidated Financial Statements**") (excluding, for greater certainty, Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm thereon on pages 110 and 111, respectively);

(ii) the entire Management's Discussion and Analysis for the year ended October 31, 2014 (the "**2014 MD&A**"), including, without limitation, a description of risk factors related to the Bank and its business, and the steps taken to manage such risks, under the heading "Risk management" on pages 46 to 82 and "Overview of other risks" on pages 82 to 85 and information about trends, commitments, events and uncertainties for the Bank and each business segment known to the Bank's management which is provided under the heading "Economic and market review and outlook – data as at December 2, 2014" on pages 12 and 13, "Outlook and priorities" on pages 23, 28, 31, 34 and 36 together with the caution provided under the heading "Caution regarding forward-looking statements" on page 10,

the remainder of the 2014 Annual Report is either not relevant for investors or covered elsewhere in this document and is not incorporated by reference; and

(c) the following sections of the Bank's Second Quarter 2015 Report to Shareholders (the "**Second Quarter 2015 Report to Shareholders**"):

(i) information about legal and arbitration proceedings to which the Bank is a party provided in Note 12 on pages 88 to 89;

(ii) the entire Management's Discussion and Analysis (the "**Second Quarter 2015 MD&A**") on pages 2 to 54, including, without limitation, information about trends, commitments, events and uncertainties for the Bank known to the Bank's management which is provided on pages 4 to 5 and 23 to 24 under the headings "Economic, market and regulatory review and outlook - data as at May 27, 2015" and "Quarterly results and trend analysis" together with the caution provided under the heading "Caution regarding forward-looking statements" on page 2; and

(iii) the unaudited interim condensed consolidated financial statements for the three- and six-month periods ended April 30, 2015 with comparative unaudited interim condensed consolidated financial statements for the three- and six-month periods ended April 30, 2014 and the three-month period ended January 31, 2015 (the "**Second Quarter 2015 Unaudited Interim Condensed Consolidated Financial Statements**"), prepared in accordance with IFRS, set out on pages 56 to 91, which have not been audited or reviewed by auditors pursuant to the International Standard on Review Engagements (UK and Ireland) 2410,

the remainder of the Bank's Second Quarter 2015 Report to Shareholders either is not relevant for investors or is covered elsewhere in this document and is not incorporated by reference;

provided that any statement contained in a document, all or the relative portion of which is incorporated by reference, shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein, in the Bank's Second Quarter 2015 Report to Shareholders noted in (c) above or in any supplement hereto filed under Article 16 of the Prospectus Directive or section 87G of FSMA, as the case may be, including any document incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Information, documents or statements expressed to be incorporated by reference into, or that form part of one or more of, the documents noted above form part of this document but do not form part of the Registration Document of the Issuer approved by the United Kingdom Listing Authority for purposes of the Prospectus Directive.

Copies of this Registration Document and the documents incorporated by reference herein and any supplement hereto approved by the United Kingdom Listing Authority can be (1) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html* under the name of the Issuer and the headline "Publication of Prospectus" and (2) obtained on written request and without charge from the Issuer at 200 Bay Street, 4th Floor, North Tower,

Toronto, Ontario, Canada M5J 2W7, Attention: Vice President & Head, Investor Relations and from the office of The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, England, Attention: Manager, EMEA Corporate & Sovereign Department and at the specified offices of any other paying agent (together with The Bank of New York Mellow, London Branch, the "**Paying Agents**") appointed in connection with the issuance of securities with respect to which the Registration Document forms part of the Prospectus prepared by the Issuer or relating to such securities.

Except for certain supplementary financial information in respect of the year ending October 31, 2010 included in the Issuer's 2014 MD&A incorporated by reference herein (which has been prepared in accordance with Canadian generally accepted accounting principles), the financial information of the Bank incorporated by reference or otherwise contained in this document has been prepared in accordance with IFRS.

# DESCRIPTION OF ROYAL BANK OF CANADA

***The information appearing below is supplemented by the more detailed information contained in the documents incorporated by reference in this Registration Document. See paragraphs (a) – (d) of the section entitled "Documents Incorporated by Reference".***

**History and Development of the Issuer**

Royal Bank of Canada (the "**Bank**") is a Schedule I bank under the *Bank Act* (Canada) (the "**Bank Act**"), which constitutes its charter. The Bank was created as Merchants Bank in 1864 and was incorporated under the "Act to Incorporate the Merchants' Bank of Halifax" assented to June 22, 1869. The Bank changed its name to The Royal Bank of Canada in 1901 and to Royal Bank of Canada in 1990.

The Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, Canada M5J 2J5 and the telephone contact number is +1 (416) 974-5151. Its head office is located at 1 Place-Ville Marie, Montreal, Quebec, Canada.

**Principal Activities and Markets**

The Bank and its subsidiaries operate under the master brand name RBC. All references to "the Bank" in the section entitled "**Royal Bank of Canada**" refer to the Bank and its subsidiaries, unless the context otherwise requires.

The Bank's business and powers are set out in Part VIII of the Bank Act. In particular, section 409 provides that, subject to the Bank Act, the Bank shall not engage in or carry on business other than the business of banking and such business as generally appertains thereto.

The Bank is Canada's largest bank and one of the largest banks in the world, based on market capitalization. The Bank is one of North America's leading diversified financial services companies, and provides personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis. The Bank employs approximately 78,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 39 other countries. As at April 30, 2015, the Bank has total assets of approximately C$1,032.17 billion and total equity attributable to shareholders of approximately C$56.43 billion.

The Bank's reporting segments are Personal & Commercial Banking, Wealth Management, Insurance, Investor & Treasury Services, Capital Markets and Corporate Support. Additional information about the Bank's business and each segment (including segment results) can be found under "Overview and outlook" beginning on page 11 and under "Business segment results" beginning on page 18 of the Issuer's 2014 Annual Report, which pages are incorporated by reference herein.

The Bank's common shares are listed on the Toronto Stock Exchange in Canada, New York Stock Exchange in the U.S. and the SIX Swiss Exchange in Switzerland. The trading symbol is "RY". Its preferred shares are listed on the Toronto Stock Exchange.

Except as indicated in Notes 20 and 21 of the 2014 Audited Consolidated Financial Statements, there are no convertible bonds or options on the Bank's common or preferred shares outstanding which have been issued by the Bank or by group companies of the Bank.

Except for the number of Treasury Shares as at April 30, 2015 specified in the Bank's Interim Condensed Consolidated Balance Sheet in the Second Quarter 2015 Unaudited Interim Condensed Consolidated Financial Statements incorporated herein by reference, neither the Bank nor any third party on its behalf owns any of its issued common or preferred shares.

**Competition**

The principal markets in which the Bank competes as at October 31, 2014 are described in the 2014 MD&A incorporated by reference herein.

**Organizational Structure**

The Bank's principal subsidiaries as at October 31, 2014 are listed in "Appendix A" of the Issuer's 2014 AIF, which is incorporated by reference herein.

## ISSUER RATINGS

Each of the Bank's debt and preferred share ratings as at the date of this Registration Document received from a rating agency with which it cooperated are listed below:

| Rating Agency | Long-term Senior Debt | Bank Subordinated Debt[1] | Short-term Debt | Preferred Shares[2] | Outlook |
|---|---|---|---|---|---|
| Moody's USA | Aa3 | A3 | P-1 | Baa2 (hyb) | Negative |
| S&P USA | AA- | A | A-1+ | BBB- | Negative |
| Fitch | AA | AA- | F1+ | - | Stable |
| DBRS | AA | AA (low) | R-1 (high) | Pfd-2 (high) | Negative |

See page 26 of the 2014 AIF incorporated by reference into this Registration Document for a definition of the categories of each of the credit ratings referred to above.

Credit ratings are not recommendations to purchase, sell or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are determined by the rating agencies based on criteria established from time to time by them, and are subject to revision or withdrawal at any time by the rating organization.

[1] The Issuer's Basel III-compliant subordinated notes issued after January 1, 2014 have different ratings from these ratings. They are rated "A-" by S&P USA, "Baa1 (hyb)" by Moody's USA and "A (low)" by DBRS.

[2] The Issuer's Basel III-compliant preferred shares issued after January 1, 2014 received different credit ratings from the ratings shown in the above table. They are rated "Pfd-2" by DBRS; "P-2" by S&P USA using the S&P Canadian scale for preferred shares and "BBB" using S&P USA's global scale for preferred shares.

## PRESENTATION OF FINANCIAL RESULTS

With the exception of the figures for return on common equity, the information in the tables appearing under "*Financial Summary*" below was prepared in accordance with IFRS.

## FINANCIAL SUMMARY

With the exception of the figures for return on common equity, information in the tables below for the years ended October 31, 2014 and 2013 and for the three month periods ended April 30, 2015 and 2014 have been extracted from the Issuer's 2014 Audited Consolidated Financial Statements and the Second Quarter 2015 Unaudited Interim Condensed Consolidated Financial Statements, respectively, all of which have been prepared in accordance with IFRS and are incorporated by reference in this Registration Document. The amounts under return on common equity for the three month periods ended April 30, 2015 and April 30, 2014 have been extracted from the Issuer's Second Quarter 2015 MD&A and the amounts under return on common equity for the years ended October 31, 2014 and October 31, 2013 have been extracted from the Issuer's 2014 Annual Report.

An audit comprises audit tests and procedures deemed necessary for the purpose of expressing an opinion on financial statements taken as a whole. An audit opinion has not been expressed on individual balances of accounts or summaries of selected transactions in the table below.

## Selected Consolidated Balance Sheet Information

| | As at April 30, 2015 | As at April 30, 2014 (restated) | As at October 31, 2014 | As at October 31, 2013 (restated) |
|---|---|---|---|---|
| | | *(in millions of Canadian dollars)* | | |
| Loans, net of allowance for loan losses | 448,310 | 421,436 | 435,229 | 408,850 |
| Total assets[1,2] | 1,032,172 | 895,896 | 940,550 | 859,745 |
| Deposits [2] | 651,551 | 590,959 | 614,100 | 563,079 |
| Other liabilities [2] | 313,799 | 245,882 | 263,413 | 239,250 |
| Subordinated debentures | 7,795 | 6,486 | 7,859 | 7,443 |
| Trust capital securities | 0 | 0 | 0 | 0 |
| Preferred share liabilities [1] | 0 | 0 | 0 | 0 |
| Non-controlling interest in subsidiaries | 1,816 | 1,793 | 1,813 | 1,795 |
| Equity attributable to shareholders [1,2] | 56,431 | 50,183 | 52,690 | 47,665 |

[1.] During Third Quarter 2014, the classification of First Preferred Shares Series AZ was changed from liabilities to equity.

[2.] Comparative amounts have been revised from those previously presented.

## Condensed Consolidated Statement of Income

| | Quarter ended April 30, 2015 | Quarter ended April 30, 2014 (restated) | Year ended October 31, 2014 | Year ended October 31, 2013 (restated) |
|---|---|---|---|---|
| | *(in millions of Canadian dollars except per share amounts and percentage amounts)* | | | |
| Net interest income | 3,557 | 3,449 | 14,116 | 13,249 |
| Non-interest income* | 5,273 | 4,827 | 19,992 | 17,433 |
| Total revenue* | 8,830 | 8,276 | 34,108 | 30,682 |
| Provision for credit losses | 282 | 244 | 1,164 | 1,237 |
| Insurance policyholder benefits, claims and acquisition expense | 493 | 830 | 3,573 | 2,784 |
| Non-interest expense* | 4,736 | 4,332 | 17,661 | 16,214 |
| Net income from continuing operations | 2,502 | 2,201 | 9,004 | 8,342 |
| Net loss from discontinued operations | 0 | 0 | 0 | 0 |
| Net Income | 2,502 | 2,201 | 9,004 | 8,342 |
| Earnings per share | | | | |
| – basic | $1.68 | $1.47 | $6.03 | $5.53 |
| – diluted | $1.68 | $1.47 | $6.00 | $5.49 |
| Return on common equity | 19.3% | 19.1% | 19.0% | 19.7% |

* Comparative amounts have been revised from those previously presented.

## DIRECTORS

The Directors of the Bank, each of whose address is the executive offices of the Bank, Royal Bank Plaza, 200 Bay Street, South Tower, Toronto, Ontario, Canada M5J 2J5, their function in the Bank and their other principal activities (if any) outside the Bank of significance to the Bank, are as follows:

| Name | Function | Other Principal Activities outside the Bank |
|---|---|---|
| W. Geoffrey Beattie<br>Toronto, Ontario | Director | Chief Executive Officer, Generation Capital |
| Jacynthe Côté<br>Montreal, Québec | Director | Corporate Director |
| Toos N. Daruvala<br>New York, New York | Director | Director and Senior Partner, McKinsey & Company, Inc. |
| David F. Denison<br>Toronto, Ontario | Director | Corporate Director |
| Richard L. George<br>Calgary, Alberta | Director | Partner, Novo Investment Group |
| Alice D. Laberge<br>Vancouver, British Columbia | Director | Corporate Director |
| Michael H. McCain<br>Toronto, Ontario | Director | President and Chief Executive Officer, Maple Leaf Foods Inc. |
| David I. McKay<br>Toronto, Ontario | President and Chief Executive Officer and Director | Not applicable |
| Dr. Heather Munroe-Blum<br>Montreal, Québec | Director | Professor of Medicine and Principal Emerita, McGill University |
| J. Pedro Reinhard<br>Key Biscayne, Florida | Director | President, Reinhard & Associates |
| Thomas A. Renyi<br>New Harbor, Maine | Director | Corporate Director |
| Edward Sonshine<br>Toronto, Ontario | Director | Chief Executive Officer, RioCan Real Estate Investment Trust |

| | | |
|---|---|---|
| Kathleen P. Taylor<br>Toronto, Ontario | Chair of the Board and Director | Corporate Director |
| Bridget A. van Kralingen<br>New York, New York | Director | Senior Vice-President, IBM Global Business Services, IBM Corporation |
| Victor L. Young<br>St. John's, Newfoundland and Labrador | Director | Corporate Director |

There are no conflicts of interests between any duties owed to the Bank by the Directors and the private interests and/or other duties owed by these individuals. If a Director were to have a material interest in a matter being considered by the Board or any of its Committees, such Director would not participate in any discussions relating to, or any vote on, such matter.

## MAJOR SHAREHOLDERS

To the extent known to the Bank, the Bank is not directly or indirectly owned or controlled by any person. The Bank Act prohibits any person from having a "significant interest" in any class of shares of the Bank, that is, from beneficially owning more than 10 per cent. of the outstanding shares of any class either directly or through controlled entities, without the approval of the Minister of Finance of Canada. A person may, with the approval of the Minister of Finance, beneficially own up to 20 per cent. of a class of voting shares and up to 30 per cent. of a class of non-voting shares of the Bank, subject to a "fit and proper" test based on the character and integrity of the applicant subject to any orders that may be issued by the Governor in Council. In addition, the holder of such a significant interest could not have "control in fact" of the Bank subject to any orders that may be issued by the Governor in Council.

## MATERIAL CONTRACTS

The Bank has not entered into any contracts outside the ordinary course of the Bank's business which could materially affect the Bank's obligations in respect of any Notes to be issued by the Bank.

# GENERAL INFORMATION

1. The Registration Document was authorised by (i) resolutions of the Board of Directors of the Issuer passed on February 29, 2012 amending and restating prior resolutions of the Board of the Issuer in respect of the Programme and Administrative Resolutions of the Board of Directors of the Issuer adopted on October 14, 2004 and most recently amended at a meeting held on December 2, 2014, reconvened December 3, 2014, with effect as at January 1, 2015, and (ii) a resolution of the Board of Directors authorizing the issuance of subordinated indebtedness adopted on February 25, 2014 and as amended on October 17, 2014 or any subsequent resolution replacing such resolution as is specified in the relevant Final Terms. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the Registration Document.

2. Other than the litigation disclosed in the "Litigation" section (with the exception of the subsection entitled "Other matters") in Note 27 to the 2014 Audited Consolidated Financial Statements set out on page 185 of the Bank's 2014 Audited Consolidated Financial Statements and incorporated by reference herein, as updated by Note 12 to the Second Quarter 2015 Unaudited Interim Condensed Consolidated Financial Statements set out on pages 88 to 89 of the Bank's Second Quarter 2015 Unaudited Interim Condensed Consolidated Financial Statements and incorporated by reference herein, there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the twelve months prior to the date of this document, individually or in the aggregate, a significant effect on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries taken as a whole.

3. Since April 30, 2015, the last day of the financial period in respect of which the most recent unaudited interim condensed consolidated financial statements of the Issuer have been prepared, there has been no significant change in the financial position of the Issuer and its subsidiaries taken as a whole. Since October 31, 2014, the date of its last published audited consolidated financial statements, there has been no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole.

4. The independent auditors of the Issuer are Deloitte LLP ("**Deloitte**") who are Chartered Professional Accountants, Chartered Accountants and Licensed Public Accountants and are subject to oversight by the Canadian Public Accountability Board ("**CPAB**") and Public Company Accounting Oversight Board (United States). Deloitte is also registered in the Register of Third Country Auditors maintained by the Professional Oversight Board in the United Kingdom, the Irish Auditing and Accounting Supervisory Authority in Ireland and the Supervisory Board of Public Accounting in Sweden, all in accordance with the European Commission Decision of January 19, 2011 (Decision 2011/30/EU). Deloitte is independent of the Bank within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and has no material interest in the Bank. The address for Deloitte is set out on the last page hereof.

5. The 2014 Audited Consolidated Financial Statements prepared in accordance with IFRS, were audited in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) by Deloitte. Deloitte expressed an unmodified opinion thereon in their report dated December 2, 2014.

6. For so long as the Issuer may issue securities with respect to which this Registration Document forms part of a Prospectus prepared by the Bank relating to such securities, copies of the following documents may be inspected during normal business hours at the specified office of the Paying Agents and obtained from the executive and head offices of the Issuer, namely:

   (i) the *Bank Act* (Canada) (being the charter of the Issuer) and by-laws of the Issuer;

   (ii) the Annual Report of the Issuer for the two most recently completed fiscal years, which includes audited annual comparative consolidated financial statements of the Issuer and the auditor's reports thereon;

   (iii) the most recent quarterly report including the unaudited interim condensed consolidated financial statements; and

   (viii) a copy of the Registration Document together with any supplement to the Registration Document.

   In addition, copies of this Registration Document will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html* or the National Storage Mechanism at http://www.morningstar.co.uk/uk/NSM. Copies of the Bank's periodic financial reports may also be available for viewing under the name of the Issuer on SEDAR at www.sedar.com. Please note that websites and urls referred to herein do not form part of the Registration Document.

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