

Dated 6 June, 2016



ROYAL BANK OF CANADA
(a Canadian chartered bank)

REGISTRATION DOCUMENT

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 (together with the Bank, the “**RBC Group**”). 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 vi.
- 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 2015 AIF (pages 12, 13, 26 and 27);
- (b) the 2015 Annual Report (pages 83 and 84); and
- (c) the Second Quarter 2016 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, operational, regulatory compliance, 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, 2015 contained in the Issuer’s 2015 Annual Report and incorporated by reference herein (the “**2015 MD&A**”) and in the “Risk management” section of the Issuer’s Second Quarter 2016 Report to Shareholders also incorporated by reference herein (see “*Documents incorporated by Reference*” on page 18); weak oil and gas prices; the high levels of Canadian household debt; exposure to more volatile sectors, such as lending related to commercial real estate and leveraged financing; cybersecurity; anti-money laundering; 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; and environmental 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 2015 MD&A contained in its 2015 Annual Report, as updated by the "Overview and outlook" section of the Issuer's Second Quarter 2016 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 in the Issuer's 2015 MD&A contained in its 2015 Annual Report and in the "Risk management" section in the Issuer's Second Quarter 2016 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.

Top and emerging risks occur as a result of exogenous factors, such as changes in the macroeconomic or regulatory environment, or endogenous factors, such as changes to the Issuer's strategic imperatives, or failure to adapt to an evolving competitive or operational environment.

A top risk is an existing, significant risk that can potentially affect the Issuer's earnings or capital within a one-year time horizon.

An emerging risk has a lower probability of occurring within a one-year horizon, but, in the event it materializes, can have a significant adverse impact on the Issuer's ability to achieve its goals.

The table below sets out the risk factors that the Issuer currently considers its top and emerging risks but it should be highlighted that the risks set out in the table are not exhaustive and investors should consider all the risk factors disclosed in the Risk Factors section below.

Top Risks	Emerging Risks
Weak oil and gas prices	Financial instability arising from growth of the shadow banking system
High levels of Canadian household debt	Increased exposure to central clearing counterparties
Cybersecurity	Disruptive financial technology companies
Fraud	Conduct risk
Anti-Money Laundering	Litigation risk
Processing and execution risk	Increasing complexity of regulation
Exposure to more volatile sectors	

Details of the more pressing top risks the Issuer is facing are discussed below.

Weak oil and gas prices

Oil prices have continued to be low throughout 2015. This has had a severe, direct impact on the energy sector and has led, indirectly, to a softening of the housing market in Alberta. The Issuer has performed a number of low oil price stress tests, which focus specifically on the impact to its retail and wholesale portfolios. While the Issuer could see a rise in provisions for credit losses, the overall magnitude depends upon how long oil prices stay low and how the Issuer's corporate clients undertake management actions of their own. In the Issuer's view, its exposure to weak oil and gas prices remains within its risk appetite.

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 contributing to an upward trend 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 and/or extended downturn in domestic activity. 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 actively manages

its lending portfolios and stress tests them against various scenarios. 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

Cybersecurity has become an increasingly problematic issue, not only for the financial services sector, but for other industries in Canada and around the globe. Cyber-attacks in the industry are increasing in sophistication and 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.

Anti-Money Laundering

The Issuer is subject to a dynamic set of anti-money laundering/anti-terrorist financing, economic sanctions and anti-bribery/anti-corruption (AML) laws and regulations across the multiple jurisdictions in which it operates. As the scope of criminal activities such as tax evasion, human trafficking, bribery and corruption continues to expand, regulators worldwide are intensifying regulatory requirements and increasing enforcement actions and penalties for those who fail to comply. As a consequence, money laundering, terrorist financing, economic sanctions violations, bribery and corruption (Money Laundering) pose significant legal, regulatory, financial and reputational risk to the Issuer.

Exposure to more volatile sectors

The Issuer's wholesale loan growth has been strong in recent years, largely driven by Capital Markets. Demand for lending related to commercial real estate and leveraged financing has been particularly strong. In the event of significant economic deterioration, this may have an adverse affect on the Issuer's results of operations and financial condition.

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, which comprise the Issuer's wholesale credit portfolio and residential mortgages, 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 debt securities and deposits with financial institutions, repo-style transactions, and derivatives.

Geographically, as at October 31, 2015, Canada represented 54% of the Issuer's credit exposure while the United States represented 26%, 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 of 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 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 sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they come due. Liquidity risk arises from mismatches in the timing and value of on-balance sheet and off-balance sheet cash flows that results from banking activities.

Core funding, comprising, capital, longer-term wholesale liabilities and a diversified pool of personal and, to a lesser extent, commercial and institutional deposits is the foundation of the Issuer's structural liquidity position. 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 is distinct from 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. 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 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.

The Issuer's operations exposes it to many different types of operational risk, which may adversely affect its businesses and financial results. The following list of such different risks is not exhaustive, as other factors could also adversely affect the Issuer's results.

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. Although the Issuer's goal is to attract and retain qualified employees, there is no assurance that it will be able to do so.

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.

Development and integration of 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, the Issuer's results of operations and financial condition may be negatively affected.

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.

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 (e.g. cybersecurity incidents) 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.

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.

Processing and execution risk

Processing and execution risk is the risk of failure to effectively design, implement and execute a process. Exposure to this risk is global, existing in every location and operation, and in the actions of every employee, of the Issuer. Examples of processing and execution events range from selecting the wrong interest rates, duplicating wire payment instructions, transposing figures, processing a foreign exchange transaction incorrectly, underinsuring a property and incorrectly investing funds. The potential impacts of such events include financial loss, legal and regulatory consequences and reputational damage.

Social media risk

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

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. Third party and outsourcing risk has received increased oversight from regulators and attention from the media.

7. Regulatory compliance risk

Regulatory compliance risk is the risk of potential non-conformance with laws, rules, regulations and prescribed practices 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 has been further defined as risks associated with financial crime (which includes, but is not limited to, money laundering, bribery and sanctions), privacy, market conduct, consumer protection, business conduct and prudential requirements.

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 the Issuer 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, criminal charges, 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 it 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, criminal convictions or loss of licences 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.

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 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.

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. Legal and regulatory environment risk

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 following regulatory reforms have potential to increase the Issuer's operational, compliance, and technology costs and adversely affect the Issuer's profitability.

Global and domestic standards for capital and liquidity

The Basel Committee on Banking Supervision (“**BCBS**”) 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 the new standards in accordance with domestic implementation.

In January 2013, the BCBS released final rules for the short-term liquidity standard (the “**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. On April 6, 2016, the BCBS proposed revisions to the design and calibration of the leverage ratio. This included the adoption of a modified version of the standardized approach for measuring counterparty credit risk exposures (“**SA-CCR**”) to determine derivative exposures, alignment of the credit conversion factors for off-balance sheet items with those proposed for the revised standardized approach to credit risk under the Basel III risk-based framework, and additional requirements intended to align unsettled trade exposures for entities under settlement-date accounting and trade-date accounting.

On April 29, 2016, the Office of the Superintendent of Financial Institutions (“**OSFI**”) released proposed updates to the regulatory capital requirements for loans secured by residential real estate. These updates will ensure that capital requirements remain prudent in periods where housing prices are high relative to household income and introduces a risk-sensitive floor on internal ratings-based capital requirements to take into account periods where the value of properties pledged as collateral becomes less certain.

On March 24, 2016, BCBS proposed new measures to reduce the complexity of the current Basel III internal-ratings based regulatory capital framework and improve comparability across institutions and jurisdictions, as well as address excess variability in certain capital requirements, particularly in areas with unreliable estimates.

On March 4, 2016, the BCBS proposed a revised Basel III operational risk capital framework, the Standardized Measurement Approach (“**SMA**”), to provide simplicity, comparability, and risk sensitivity to the current framework. The SMA is intended to simplify to the framework by replacing three existing standardized approaches, as well as the Advanced Measurement Approach. The BCBS expects this proposal to have a relatively neutral impact on capital for most banks.

These papers were published on a consultative basis in order to obtain feedback and comments from various stakeholders. As such, the revisions proposed within the above documents are not

yet final. The Issuer will continue to monitor regulatory developments published by the BCBS and OSFI as they arise.

In the U.S., Basel III requirements have been implemented or proposed for large U.S. domestic banks through separate rulemakings. In September 2014, regulators approved final rules to apply a U.S.-based supplemental leverage requirement and LCR requirement to large U.S. domestic banks, and on May 3, 2016, regulators proposed rules to apply a U.S.-based NSFR requirement to large U.S. domestic banks. Regulators have expressed their intention to establish separate requirements for the U.S. operations of Foreign Banking Organizations (“**FBOs**”) through future rulemakings. As a result, the Issuer expects its U.S. Intermediate Holding Company (“**IHC**”) and U.S. branches and agencies will become subject, in whole or in part, to additional U.S. based rules regarding capital, liquidity, and other enhanced standards.

Basel III requirements have been implemented in the European Union (the “**EU**”) 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 firms 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 have not had a significant impact on capital requirements for the Issuer’s European subsidiaries. The LCR has now been implemented in the EU, while the reporting phase of the Basel III leverage ratio began on January 1, 2016.

Dodd-Frank – Enhanced Supervision of Foreign Banking Organizations

On February 18, 2014, the U.S. Federal Reserve (“**Fed**”) finalized a 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**”, or “**FBO Rule**”), intended to address the perceived systemic risk that large foreign banks could pose to U.S. financial markets. As an FBO with more than US\$50 billion in U.S. non-branch assets, the Issuer is required to establish a separately capitalized U.S. IHC, into which all of its U.S. legal entities must be placed and for which certain U.S.-based requirements will apply. The IHC will be subject to Fed 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, was filed with the Fed initially on December 22, 2014. A modified implementation plan was subsequently filed on April 30, 2015 to reflect the planned integration of City National into the IHC. The Fed has stated that it plans to issue, at a later date, separate rules to apply early remediation requirements. The final rule also deferred application of U.S.-based liquidity and leverage requirements. On October 7, 2015, the Fed approved the Issuer’s request for one-year extensions for the IHC to comply with the Fed’s capital plan and

stress test requirements. Specifically, the IHC will now be required to comply with the Fed's capital plan requirement beginning January 1, 2017, and with the Fed's stress test requirement beginning January 1, 2018. This extension was granted in consideration of the Fed's October 7, 2015 approval of the Issuer's acquisition of City National. The Fed agreed with the Issuer's view that the extension will allow for a more complete integration of City National into the Issuer's capital plan and stress test development efforts, and that the extension is unlikely to present an undue risk to financial stability.

On March 4, 2016, the Fed re-proposed a separate but related rule to limit credit exposures of large banking organizations (including FBOs and IHCs) to any single counterparty. Under the new proposal, the net credit exposure of the Issuer's combined U.S. operations (IHC + U.S. branches and agencies) to any unaffiliated counterparty or group of related counterparties will be limited to 25% of the Issuer's consolidated Tier I capital (15% for exposures to G-SIBs) and the net credit exposure of the Issuer's IHC to any unaffiliated counterparty or group of related counterparties will be limited to 25% of the IHC's Tier I Regulatory Capital. The Issuer expects it will need to modify its existing systems and put in place appropriate monitoring and reporting mechanisms in order to comply with these prescribed limits by the implementation deadline established after final rule issuance. As proposed, compliance will be required to be met daily, with monthly reporting to the Fed evidencing compliance.

The Issuer has incurred, and will continue to incur, costs to comply with these additional U.S.-based financial reporting, risk management and governance requirements and it may have less flexibility in its capital and liquidity planning which historically has been managed on a global basis. These impacts are not expected to materially affect the Issuer's overall results.

Canadian bail-in regime

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. On April 20, 2016, the Government of Canada (the "GoC") introduced legislation to create a bank recapitalization or "bail-in" regime for the six domestic systemically important banks ("D-SIB"). Under the regime, if the Superintendent of Financial Institutions is of the opinion that a D-SIB has ceased or is about to cease to be viable and its viability cannot be restored through the exercise of the Superintendent's powers, the GoC can, among other things, appoint the Canada Deposit Insurance Corporation (the "CDIC") as receiver of the bank and direct CDIC to convert certain shares and liabilities of the bank into common shares of the bank or any of its affiliates. The shares and liabilities that will be subject to the conversion, as well as the terms and conditions of conversion, are to be prescribed by regulations to be made at a future date. The legislation also provides that the Superintendent will require such designated D-SIBs to maintain a minimum capacity to absorb losses. Higher Loss Absorbency requirements would apply to ensure affected banks maintain sufficient capital to absorb the proposed conversions. The legislation may be amended prior to being approved by Parliament. While the specific parameters around conversion and loss-absorbency are not yet known, the Issuer expects these changes may increase its cost of long-term unsecured funding. However, these changes are not expected to materially impact the Issuer's overall results.

Total loss-absorbing capacity (“TLAC”)

On November 9, 2015, the Financial Stability Board (“FSB”) finalized minimum common international standards related to the total loss-absorbing capacity (“TLAC”) of global systemically important banks (“G-SIBs”). The standards are intended to address the sufficiency of G-SIBs’ capital to absorb losses in a resolution situation in a manner that minimizes impact on financial stability and ensures continuity of critical and long-term debt functions. Under the final standards, G-SIBs would be expected to meet a 16% Risk Weighted Asset (“RWA”) requirement by 2019, increasing to 18% by 2022. In addition, G-SIBs would be expected by 2019 to maintain a TLAC leverage ratio exposure of 6% of the Basel III leverage ratio denominator, increasing to 6.75% by 2022. The Issuer would become subject to these enhanced requirements if it is designated as a G-SIB by the FSB in the future. To date, neither the Issuer nor any other Canadian bank has been designated as a G-SIB. It is also uncertain how these standards will be integrated into any bail-in regime that could potentially be introduced in Canada.

On October 30, 2015, the Fed proposed rules establishing TLAC, long-term debt, and “clean holding company” requirements for U.S. G-SIBs and the IHCs of non-U.S. G-SIBs. The Issuer is not covered at this time by the proposal, but the Issuer’s U.S. IHC would become subject to these U.S. requirements should the Issuer be designated as a G-SIB in the future.

Over-the-counter derivatives reform

Reforms to over-the-counter (“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, is experiencing changes in its wholesale banking business, some of which impacts the Issuer’s client- and trading-related derivatives revenue in Capital Markets. Certain of the rules that impact the Issuer include:

On January 30, 2015, OSFI issued revised Guideline B-7 Derivatives Sound Practices, translating the G20 reforms into its expectations for Federally Regulated Financial Institutions (“FRFIs”), including Canadian banks.

In March 2015, the BCBS and the International Organization of Securities Commissions (“IOSCO”) established minimum standards for margin requirements for non-centrally cleared derivatives requiring non-exempt financial entities and systemically important non-financial entities to exchange initial and variation margin on bilateral OTC derivatives. Throughout 2014 and 2015, regulators around the globe proposed domestic rules based on these guidelines.

On February 29, 2016, OSFI issued domestic rules implementing the joint BCBS/IOSCO guidelines, with compliance required by September 1, 2016. These new requirements represent a fundamental change in how non-centrally cleared OTC derivatives are traded and require all in-scope counterparties to be documented before the deadline. The amount of initial margin required may increase if banks are not able to rely on internal-models-based approaches and instead must use standardized (less-risk sensitive) approaches.

On April 13, 2016, the Securities and Exchange Commission (“**SEC**”) adopted final rules requiring securities-based swap dealers (“**SBSDs**”) to establish a supervisory regime for their securities-based swaps activities, including designating a Chief Compliance Officer. The final rule also requires SBSBs to disclose risks, conflicts, and other material information about a swap to a counterparty, and ensure any recommendations made to a counterparty are suitable. The U.S. Commodity Futures Trading Commission (“**CFTC**”) is expected to issue a final rule in 2016 establishing margin requirements for uncleared cross-border swaps, a rule on capital requirements for swap dealers by mid-2016 and final rules on algorithmic trading by the end of 2016.

To avoid the imposition of duplicative prudential and other regulatory requirements and mitigate some of the related compliance and operating costs, CFTC has issued guidance that permits the Issuer and other Canadian banks who registered as swaps dealers in the U.S. to substitute compliance with a limited subset of CFTC swap dealers rules by complying with Canadian rules in several areas. The Issuer continues to work with Canadian and U.S. authorities to encourage further reliance on the Canadian framework in this regard. Pending the issuance of expanded CFTC substituted compliance determinations, the Issuer, along with other Canadian swap dealers, continues to engage with the CFTC to ensure the continued availability of no-action relief in connection with certain U.S. rules that are beyond the scope of the existing substituted compliance determinations and guidance.

In Europe, OTC reforms are being implemented through the European Market Infrastructure Regulation (“**EMIR**”) and the review of Markets in Financial Instruments Directive and accompanying Regulation (together, “**MI FID II/MI FIR**”). EMIR requires firms to clear certain OTC standardized derivative contracts through central counterparties, establish risk mitigation controls for non-cleared OTC derivatives transactions, and report both cleared and non-cleared contracts to trade repositories. MiFID II/MiFIR is expected to take effect in January 2018 and will introduce an on-venue trading obligation, subject to a determination of sufficient liquidity by the European Securities and Markets Authority (“**ESMA**”), for certain OTC derivatives that ESMA has deemed to be subject to the clearing obligation under EMIR.

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 found that certain provisions of Quebec’s Consumer Protection Act apply to credit cards issued by federally-chartered banks. The extent to which provincial/territorial regulation of other banking activities will be upheld is yet to be determined.

Common reporting standard

In April 2013, in an effort to combat international tax evasion, the G20 countries committed to introduce a global standard for the automatic exchange of financial information. In July 2014, the Organisation for Economic Co-operation and Development published the Standard for Automatic Exchange of Financial Account Information in Tax Matters, which consists of a Model Competent Authority Agreement to be used by governments to enter into agreements with jurisdictions with

which they will automatically exchange financial account information (Reportable Jurisdictions), and a Common Reporting Standard (“**CRS**”) that provides standard procedures to be followed by financial institutions globally to identify reportable accounts. Information related to such accounts will be submitted by financial institutions to their local governments on an annual basis, who will then automatically exchange that information with the appropriate Reportable Jurisdictions.

As of November 1, 2015, over 90 countries have committed to introduce the requirements of CRS into local law, effective in either 2016 or 2017, with the first exchanges of information to begin in the year following implementation. The majority of jurisdictions in which the Issuer operates have committed to implement CRS, with a notable exception being the U.S.

The Issuer’s businesses operating in CRS jurisdictions will be required to make changes to existing business processes in order to comply with CRS due diligence requirements related to the identification and reporting of reportable accounts. In addition to changes to new account opening procedures, a review of pre-existing accounts in accordance with defined procedures will also be required and may require contacting certain pre-existing clients to request additional information and/or documentation. The Issuer will also incur additional costs in order to comply with these due diligence requirements.

U.K. and European regulatory reform

Effective March 2016, a U.K. subsidiary and certain U.K. branches of the Issuer became subject to the Senior Managers and Certification Regime, which seeks to increase personal accountability through the assignment of prescribed responsibilities to those individuals performing a Senior Management Function (“**SMF**”) who are also subject to a statutory duty to take reasonable steps to prevent regulatory breaches in their areas of responsibility. The certification regime requires firms to assess the fitness and propriety of certain employees (“**Certified Persons**”) who could pose a risk of significant harm to the firm or its customers. The new conduct rules to which SMFs and Certified Persons are now subject will apply to all in-scope employees from March 2017.

In July 2015, a revised Deposit Guarantee Scheme Directive (“**DGSD**”) took effect. The DGSD strengthens depositor protection across the EU through harmonization of the amount protected (€100,000/GBP 75,000) and related disclosure requirements. In the U.K., further obligations relating to Single Customer View reporting and continuous access to funds will come into effect in late 2016. The requirements impact the Issuer’s deposit-taking businesses in Europe by requiring changes to current reporting and disclosure requirements, as well as revisions to current procedures and processes.

MiFID II/MiFIR will have a significant impact across all of the Issuer’s businesses operating in the EU given the wide-ranging nature of the reforms, which will introduce changes with respect to pre- and post-trade transparency; market structure; trade and transaction reporting; algorithmic and high-frequency trading; and conduct of business. Technical standards and delegated acts (the “**final rules**”) are expected to be finalized in 2016. Transposition of MiFID II in Member State law is now due to be completed by July 2017 following a one year delay in implementation to January 2018. The complexity of MiFID II/MiFIR implementation for the Issuer’s businesses

operating in the EU will be increased by the need to address obligations arising under other overlapping regulatory initiatives. This will include the reporting obligations to be implemented under the recast Transparency Directive (effective November 2015) and Securities Financing Transaction Regulation (expected to come into force in early 2018, 12 months after the final rules are adopted); the EMIR clearing obligation (to be phased-in over the course of 2016-17); and the Market Abuse Regulation (effective July 2016), which is intended to increase market integrity and investor protection across the EU.

11. 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.

12. 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.

13. 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 extended 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. In addition, macroeconomic headwinds, such as depressed oil prices, uncertainty in the Alberta oil sands and slower growth in the global economy may lead to higher PCL in the Issuer's wholesale and retain loan portfolios and impact the general business and economic conditions in the regions the Issuer operates in. 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 its Canadian banking businesses 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 the Issuer's personal and commercial banking and Wealth Management businesses.

The Issuer's Capital Markets and Investor & Treasury Services businesses 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.

14. 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.

15. 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 reflects its assessment of the long-term costs and risks involved, including their impact on the Issuer's relationship with clients, shareholders, and regulators, and its reputation.

The Issuer's tax strategy is designed to ensure transparency and support its 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. The Issuer's framework seeks to ensure that it:

- Acts with integrity and in a straightforward, open and honest manner in all tax matters;
- Ensures tax strategy is aligned with the Issuer's business strategy supporting only bona fide transactions with a business purpose and economic substance;

- Ensures the Issuer's full compliance and full disclosure to tax authorities of its statutory obligations; and
- Endeavours to work with the tax authorities to build positive long-term relationships and where disputes occur, address them constructively.

With respect to assessing the needs of its clients, the Issuer considers a number of factors including the purposes of the transaction. The Issuer seeks to ensure 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 operates globally, complex tax legislation and accounting principles can result in differing legal interpretations between the respective tax authorities the Issuer deals with and the Issuer and the Issuer is at risk of tax authorities disagreeing with prior positions the Issuer has taken for tax purposes. 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 issues. Failure to adequately manage tax risk and resolve issues with tax authorities in a satisfactory manner could adversely impact the Issuer's results, potentially to a material extent in a particular period, and/or significantly impact the Issuer's reputation.

16. 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 its 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.

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 1, 2015 (the “**2015 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 26;
- (b) the following sections of the Bank’s 2015 Annual Report (the “**2015 Annual Report**”) for the year ended October 31, 2015:
 - (i) the audited consolidated financial statements, which comprise the consolidated balance sheets as at October 31, 2015 and October 31, 2014, 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, 2015, 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 116 through 206 (the “**2015 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 118 and 119, respectively);
 - (ii) the entire Management’s Discussion and Analysis for the year ended October 31, 2015 (the “**2015 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 48 to 89 and “Overview of other risks” on pages 89 to 91 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 1, 2015” on pages 11 and 12, “Outlook and priorities” on pages 23, 28, 32, 35 and 37 together with the caution provided under the heading “Caution regarding forward-looking statements” on page 9,

the remainder of the 2015 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 2016 Report to Shareholders (the "**Second Quarter 2016 Report to Shareholders**"):
- (i) information about legal and arbitration proceedings to which the Bank is a party provided in Note 11 on pages 84 to 85;
 - (ii) the entire Management's Discussion and Analysis (the "**Second Quarter 2016 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 6 and 22 to 23 under the headings "Economic, market and regulatory review and outlook - data as at May 25, 2016" 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, 2016 with comparative unaudited interim condensed consolidated financial statements for the three- and six-month periods ended April 30, 2015 and the three-month period ended January 31, 2016 (the "**Second Quarter 2016 Unaudited Interim Condensed Consolidated Financial Statements**"), prepared in accordance with IFRS, set out on pages 56 to 87, 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 2016 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 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 Mellon, 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 2015 MD&A incorporated by reference herein (which has been derived from consolidated financial statements of the Issuer 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 derived from consolidated financial statements of the Issuer 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) – (c) 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.

RBC Group and its Principal Activities and Markets

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 RBC Group is Canada’s largest bank and one of the largest banks in the world, based on market capitalization. The Bank is the ultimate parent and main operating company in the RBC Group. The RBC Group 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 RBC Group has over 80,000 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 36 other countries. As at April 30, 2016, the RBC Group has total assets of approximately C\$1,150.4 billion and total equity attributable to shareholders of approximately C\$67.5 billion.

The RBC Group’s reporting segments are Personal & Commercial Banking, Wealth Management, Insurance, Investor & Treasury Services, Capital Markets and Corporate Support. Additional information about the RBC Group’s business and each segment (including segment results) can be found under “Overview and outlook” beginning on page 10 and under “Business segment results” beginning on page 19 of the Issuer’s 2015 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 2015 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, 2016 specified in the Bank's Interim Condensed Consolidated Balance Sheet in the Second Quarter 2016 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, 2015 are described in the 2015 MD&A incorporated by reference herein.

Organizational Structure

The Bank's principal subsidiaries as at October 31, 2015 are listed in "Appendix A" of the Issuer's 2015 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-	Stable
Fitch	AA	AA-	F1+	-	Negative
DBRS	AA	AA (low)	R-1 (high)	Pfd-2 (high)	Negative

See page 27 of the 2015 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 derived from consolidated financial statements of the Issuer 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, 2015 and 2014 and for the three- and six-month periods ended April 30, 2016 and 2015 have been extracted from the Issuer’s 2015 Audited Consolidated Financial Statements and the Second Quarter 2016 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 have been extracted from the Issuer’s Second Quarter 2016 MD&A and the Issuer’s 2015 MD&A.

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, 2016	As at April 30, 2015	As at October 31, 2015	As at October 31, 2014
	<i>(in millions of Canadian dollars)</i>			
Loans, net of allowance for loan losses	508,194	448,310	472,223	435,229
Total assets	1,150,357	1,032,172	1,074,208	940,550
Deposits	741,454	651,551	697,227	614,100
Other liabilities	330,331	313,799	304,845	263,413
Subordinated debentures	9,564	7,795	7,362	7,859
Trust capital securities	0	0	0	0
Preferred share liabilities	0	0	0	0
Non-controlling interest in subsidiaries	588	1,816	1,798	1,813
Equity attributable to shareholders	67,538	56,431	62,146	52,690

Condensed Consolidated Statement of Income Information

	Six months ended April 30, 2016	Six months ended April 30, 2015	Year ended October 31, 2015	Year ended October 31, 2014
	<i>(in millions of Canadian dollars, except per share amounts and percentage amounts)</i>			
Net interest income	8,221	7,188	14,771	14,116
Non-interest income	10,664	11,286	20,550	19,992
Total revenue	18,885	18,474	35,321	34,108
Provision for credit losses	870	552	1,097	1,164
Insurance policyholder benefits, claims and acquisition expense	1,817	2,015	2,963	3,573
Non-interest expense	9,847	9,356	18,638	17,661
Net income from continuing operations	5,020	4,958	10,026	9,004
Net loss from discontinued operations	0	0	0	0
Net Income	5,020	4,958	10,026	9,004
Earnings per share				
– basic	\$3.26	\$3.34	\$6.75	\$6.03
– diluted	\$3.25	\$3.33	\$6.73	\$6.00
Return on common equity ¹	15.8%	19.3%	18.6%	19.0%

¹ Return on common equity does not have a standardized meaning under GAAP. For further information, refer to the Key performance and non-GAAP measures section of the Bank's Q2 2016 Report to Shareholders.

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 Toronto, Ontario	Director	Chief Executive Officer, Generation Capital and Chairman, Relay Ventures.
Jacynthe Côté Montreal, Québec	Director	Corporate Director
Toos N. Daruvala New York, New York	Director	Senior Advisor and Director Emeritus, McKinsey & Company, Inc.
David F. Denison Toronto, Ontario	Director	Corporate Director
Richard L. George Calgary, Alberta	Director	Partner, Novo Investment Group
Alice D. Laberge Vancouver, British Columbia	Director	Corporate Director
Michael H. McCain Toronto, Ontario	Director	President and Chief Executive Officer, Maple Leaf Foods Inc. and President and Director, McCain Capital Inc.
David I. McKay Toronto, Ontario	President and Chief Executive Officer and Director	Not applicable
Dr. Heather Munroe-Blum Montreal, Québec	Director	Chairperson, Canada Pension Plan Investment Board
Thomas A. Renyi New Harbor, Maine	Director	Corporate Director
Edward Sonshine Toronto, Ontario	Director	Chief Executive Officer, RioCan Real Estate Investment Trust

Kathleen P. Taylor Toronto, Ontario	Chair of the Board and Director	Corporate Director
Bridget A. van Kralingen New York, New York	Director	Senior Vice-President, IBM Global Business Services, IBM Corporation
Thierry Vandal Mamaroneck, New York	Director	President, Axiom Infrastructure US Inc.

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.

Subject to certain exceptions contained in the Bank Act, no person may be a major shareholder of a bank having equity of \$12 billion or more (which includes the Bank). A person is a major shareholder if: (a) the aggregate of the shares of any class of voting shares of the Bank beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20 per cent of that class of voting shares, or (b) the aggregate of shares of any class of non-voting shares of the Bank beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30 per cent of that class of non-voting shares.

Additionally, no person may have a significant interest in any class of shares of a bank (including the Bank) unless the person first receives the approval of the Minister of Finance. For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10 per cent of all of the outstanding shares of that class of shares of such bank.

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 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 16, 2015 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 2015 Audited Consolidated Financial Statements set out on page 192 and 193 of the Bank’s 2015 Audited Consolidated Financial Statements and incorporated by reference herein, as updated by Note 11 to the Second Quarter 2016 Unaudited Interim Condensed Consolidated Financial Statements set out on pages 84 and 85 of the Bank’s Second Quarter 2016 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, 2016, 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, 2015, 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. For financial years ending on or prior to October 31, 2015, the independent auditors of the Issuer were 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 was 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. For the financial year beginning after October 31, 2015, the independent auditors of the Issuer are PricewaterhouseCoopers LLP (“**PwC**”) who are Chartered Professional Accountants, Chartered Accountants and Licensed Public Accountants and are subject to oversight by the CPAB and Public Company Accounting Oversight Board (United States). PwC 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). PwC 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 PwC is set out on the last page hereof.
6. The 2015 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 1, 2015.
7. 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
 - (iv) 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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FORMER INDEPENDENT AUDITOR

to the Bank (for fiscal years ending on or prior to October 31, 2015)

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INDEPENDENT AUDITOR

to the Bank (for the financial year beginning after October 31, 2015)

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