

ROYAL BANK OF CANADA
Form 11-K
June 28, 2018

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO-FEE REQUIRED]

For the calendar year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number

CITY NATIONAL BANK PROFIT SHARING PLAN

555 South Flower Street, Eighteenth Floor

Los Angeles, California 90071

(Full title of the plan and the address of the plan)

CITY NATIONAL BANK

555 South Flower Street, Eighteenth Floor

Los Angeles, California 90071

(Name of issuer of the securities held pursuant to the plan

and the address of its principal executive office)

REQUIRED INFORMATION

Item 1. Not Applicable

Item 2. Not Applicable

Item 3. Not Applicable

Item 4. In lieu of the requirements of Items 1-3 above, plan financial statements and supplemental information prepared in accordance with the financial reporting requirements of ERISA are attached.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Financial Statements and Supplemental Information

December 31, 2017 and 2016

(With Report of Independent Registered Public Accounting Firm Thereon)

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

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All other supplemental information omitted are not applicable or are not required based on disclosure requirements of the Employee Retirement Income Security Act of 1974 and regulations issued by the Department of Labor.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefits Committee of

City National Bank Profit Sharing Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the City National Bank Profit Sharing Plan (the Plan) as of December 31, 2017 and 2016, the related statements of changes in net assets available for benefits for the years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on the Plan s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Opinion on the Supplemental Information

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The supplemental information included in Schedule H, line 4(i) Schedule of Assets (Held at End of Year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with DOL's Rules and Regulations for Reporting and Disclosure under ERISA. In our opinion, the supplemental information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Moss Adams LLP

Irvine, California

June 28, 2018

We have served as the Plan's auditor since 2016.

CITY NATIONAL BANK

PROFIT SHARING PLAN

Statements of Net Assets Available for Benefits

December 31, 2017 and 2016

	2017		2016
Assets:			
Participant directed investments, at fair value:			
Cash and cash equivalents	\$ 75,738,427	\$	85,944,273
U.S. Government securities			8,004
Mutual funds	605,440,529		490,559,604
Common stock	103,652,892		80,538,767
Preferred stock	165,169		168,805
Corporate debt	58,873		71,357
Common collective trust	87,855,739		65,838,706
Partnerships	821,059		580,104
Other assets	39,226		(19,170)
Total investments	873,771,914		723,690,450
Receivables:			
Employer contribution			53
Participant contribution			107
Notes receivable from participants	14,347,124		12,967,245
Total receivables	14,347,124		12,967,405
Noninterest-bearing cash	138,165		37,420
Net assets available for benefits	\$ 888,257,203	\$	736,695,275

See accompanying notes to financial statements.

CITY NATIONAL BANK

PROFIT SHARING PLAN

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2017 and 2016

	2017	2016
Additions to net assets attributable to:		
Investment income:		
Interest	\$ 586,218	\$ 540,703
Dividends	22,155,325	12,978,286
Net appreciation in fair value of investments	102,736,701	51,461,081
	125,478,244	64,980,070
Contributions:		
Employer	34,604,338	24,168,971
Participants	41,264,510	37,955,969
Total additions	201,347,092	127,105,010
Deductions from net assets attributable to:		
Benefits paid to participants	49,471,121	62,175,287
Administrative expenses	314,043	455,057
Total deductions	49,785,164	62,630,344
Net increase	151,561,928	64,474,666
Net assets available for benefits:		
Beginning of year	736,695,275	672,220,609
End of year	\$ 888,257,203	\$ 736,695,275

See accompanying notes to financial statements.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(1) Description of the Plan

The following description of the City National Bank Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution profit sharing plan with a 401(k) component, which provides retirement benefits for eligible employees of City National Bank (CNB) and its subsidiaries and certain affiliates (the Company) that have agreed to participate in the Plan. The Plan is administered by City National Bank (the Plan Sponsor) who acts by and through its administrative committee, the Benefits Committee. The Benefits Committee comprises officers of the Plan Sponsor, City National Bank, an indirect, wholly-owned subsidiary of Royal Bank of Canada (RBC). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

On November 2, 2015, RBC completed its acquisition of City National Corporation (CNC), the former holding company for CNB. CNC was merged with and into RBC USA Holdco Corporation (Holdco), a Delaware corporation, with Holdco surviving the merger as a wholly-owned subsidiary of RBC. Prior to November 2, 2015, CNC was the Company or Plan Sponsor and the Plan was called the CNC Profit Sharing Plan.

The Department of Labor (DOL) conducted an investigation of the Plan, which began during the year ended December 31, 2009 for plan years ended December 31, 2006 through December 31, 2011.

The DOL issued its findings by letter dated September 29, 2012 in which the DOL addressed the appearance of violations of ERISA, subject to the possibility that additional information may revise its views. By letter dated December 6, 2012, CNC responded to the DOL. Representatives of the DOL and CNC met on May 29, 2013. During the May 29, 2013 meeting, both the DOL and CNC agreed to provide additional information and to continue discussions. Subsequent to that meeting, CNC provided additional information to the DOL.

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On April 24, 2015, the DOL filed a complaint against CNC and others in the U.S. District Court for the Central District of California Western Division. The DOL alleged the following causes of action: (1) disloyal, imprudent, and prohibited transactions between the Plan and plan service providers City National Bank and CNC, who were also Plan fiduciaries; (2) disloyal, imprudent and prohibited transactions between the Plan and City National Asset Management, a division of City National Bank; and City National Securities, a wholly owned subsidiary of City National Bank; and (3) co-fiduciary liability with alleged damages of approximately \$4 million plus lost opportunity costs. CNC received the summons and complaint and engaged counsel. On April 5, 2016, the Court granted partial summary judgment in favor of the DOL and ordered CNB to retain an independent fiduciary to conduct an accounting of the amount of revenue sharing paid to CNB as a result of the Plan's investments. CNB's motion for reconsideration was denied on June 7, 2016. After a mutually agreed-upon independent fiduciary completed its accounting of revenue sharing, the parties filed cross motions for partial summary judgment on damages. On February 8, 2017, the Court ruled in favor of plaintiffs and entered judgment in the amount of \$7.3 million. CNB filed a notice of appeal on March 28, 2017, and briefing in the Ninth Circuit Court of Appeals is now completed with the Court to set oral arguments in late 2018. The Plan Sponsor is responsible for the payment of any amounts that may be incurred with respect to this matter. The impact on the Plan will be limited to gains that may be reported as a result of any payment made by the Plan Sponsor to the Plan. Such amounts cannot be determined at this time.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

OneAmerica Retirement Services LLC is the recordkeeper for the Plan. CNB was the directed trustee for the Plan through March 31, 2017 and Matrix Trust Company was appointed directed trustee effective April 1, 2017. Matrix Trust Company is also the custodian for assets of the Plan. Plan participant Individually Directed Accounts (IDAs) are held at TD Ameritrade, unless a participant requests a different provider.

(b) Contributions

Employees of the Company who are entitled to paid vacation time and have completed one hour of service are eligible to participate in the Plan as of their hire date. Company profit sharing contributions to the Plan (referenced as Employer Contributions in the Plan) are equal to a percentage of employee eligible compensation based on the change in Net Profits (as defined by the Plan) over the prior fiscal year, subject to an overall maximum Company contribution of 8% of Consolidated Net Profits reduced by matching contributions made for such fiscal year (which are not made by forfeitures). For Plan years 2017 and 2016, a profit sharing contribution of 6.27% and 5.46%, respectively, of each participant's eligible compensation was made by the Company. Participants direct the investment of their contributions into various investment options offered by the Plan. Company contributions are invested at the participant's discretion in the same manner as the salary reduction contributions described below.

Under the 401(k) feature of the Plan, participants can contribute, under a salary reduction agreement, up to 50% of their eligible compensation as defined, but not to exceed the dollar amount allowed by law, which was \$18,000 for the years ended December 31, 2017 and 2016. The Company matches these employee deferrals up to a maximum amount of 50% of the first 6% of eligible compensation contributed to the Plan each payroll period. Participants age 50 and over may make unmatched catch-up deferrals in accordance with Internal Revenue Code (IRC) regulations and limitations, not to exceed the dollar amount allowed by law, which was \$6,000 for the years ended December 31, 2017 and 2016. Participants may also contribute amounts representing distributions (rollovers) from other tax-favored plans.

(c) Participant Accounts

Each participant account is credited with the participant's contributions, allocations of the Company's matching contribution and profit sharing contribution (if any), earnings or losses and administrative expenses as applicable. Earnings of the various funds are allocated to the participant balances according to the ratio that a participant's account balance or shares held in a given fund bears to the total of all account balances or shares held in the fund.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(d) Vesting

Participant contributions and the Company's matching contributions are immediately fully vested. A participant shall become fully vested in his or her entire accrued benefit upon the participant's normal retirement date (as defined by the Plan), death, or total disability (as defined by the Plan). The Company's profit sharing contributions, for participants whose employment terminates prior to his or her normal retirement date for reasons other than death or total disability shall vest in accordance with the following schedule:

Years of service	Vested percentage
Less than 2 years	0%
2	25
3	50
4	75
5 or more	100

Any non-vested amounts in a terminated participant's account will be forfeited in accordance with Plan provisions and used in the following sequence: first, to make any Plan contributions due to participants that have returned from qualified military service that are consistent with applicable law and the terms of the Plan; second, to make any Plan contributions required to correct administrative errors; third, to reduce matching contributions otherwise payable by the Company in the year that the forfeiture first becomes available; fourth, to restore previously forfeited account balances, if any; and fifth, to reduce matching contributions in the following year. As of December 31, 2017 and 2016, forfeited non-vested accounts totaled \$9,987 and \$5,492, respectively.

(e) Benefit Payments

In accordance with Plan provisions, a participant may elect to receive a distribution of his or her entire vested accrued benefit upon the participant's separation of service or attainment of age 59 ½. Under certain other conditions, such as for financial hardships defined by the Plan, a participant may request a withdrawal of his or her contributions.

In general, for distributions other than for financial hardship or withdrawal of employee after-tax contributions, the method of payment shall be based on the participant's election and may be made in the form of a lump-sum payment, installments (if eligible as defined by the Plan), or direct transfer to an Individual Retirement Account (IRA) or tax-favored plan that accepts the transfer. A participant may also elect a

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combination of lump-sum payment and direct transfer. Distributions shall be made in cash or in-kind in accordance with the participant's election and Plan provisions.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(f) Notes Receivable from Participants

In accordance with provisions of the Plan's Loan Program, loans to participants may be made in an amount not less than \$1,000 and not to exceed the lesser of 50% of the participant's vested account balance, or \$50,000 reduced by the highest outstanding balance during the previous 12 months. Participants may only have one loan outstanding at a time. Such loans are collateralized by the participant's vested balance in the Plan and bear the prevailing interest rate used by lending institutions for loans made under similar circumstances. Interest rates ranged from 4.25% to 9.25% and maturity dates ranged from January 2018 to January 2033 as of December 31, 2017. The terms of these loans cannot exceed five years except that if the loan is used to purchase the principal residence of the participant, the loan term may be extended for up to a period of 15 years. Principal and interest are paid ratably through payroll deductions.

(g) Plan Termination

The Company has not expressed any intent to terminate the Plan; however, it may do so at any time, subject to the provisions of ERISA. In the event of Plan termination, participants automatically become fully vested in their accrued benefits.

(h) Plan Amendments

Effective January 1, 2016, the Plan was amended to (1) align the Employer Contribution (i.e., profit sharing) component with the Company's new fiscal year, which changed from calendar year to the 12-month period beginning November 1 and ending October 31; (2) to account for a short fiscal year for purposes of the 2016 profit sharing contribution; and (3) to modify the definition of Net Profit to align with the Company's new fiscal year and financial structure under RBC.

Effective January 1, 2017, the Plan was amended to align definitions and testing methods used in discrimination testing with RBC's US defined contribution plan to: (1) remove from the definition of Highly Compensated Employee reference to the top-paid group as the group consisting of the top 20% of Employees, to (2) change the Actual Deferral Percentage Limitation and the Limitations on Employee 401(m) Contributions from *preceding year* to *current year* method for testing purposes, and (3) to clarify repayment of participant loans applicable to participant transfers within the Controlled Group.

(2) **Significant Accounting Policies**

(a) ***Basis of Presentation***

The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Certain prior year amounts have been reclassified to conform to the current period presentation.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(b) *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the statements of net assets available for benefits and the additions and deductions in the statements of changes in net assets available for benefits, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(c) *Investment Valuation and Income Recognition*

Publicly traded securities are carried at fair value based on the published market quotations. Shares of mutual funds are valued at quoted market prices, which represent the net asset value (NAV) of shares held by the Plan at year-end. Common collective trust fund is valued at the NAV of units of the collective trust. Refer to Note 3 for a discussion of fair value measurements. Purchases and sales of investments are recorded on a settlement-date basis, which does not materially differ from trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes both realized and unrealized gains and losses.

(d) *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

(e) *Payment of Participant Benefits*

Participant benefits are recorded when paid.

(f) *Administrative Expenses*

A portion of the administrative expenses of the Plan are paid by participants, and a portion is paid by the Company.

A participant's share of the administrative expense is charged on a per capita basis determined by dividing the applicable expenses by the number of participants.

Individual expenses, such as loan and Individually Directed Account (IDA) fees, are charged to the applicable participant accounts based on whether a participant takes advantage of certain Plan features. For example, the Plan's service providers charge a fee for processing loan applications and IDA transactions.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(g) Risks and Uncertainties

The Plan provides for various investment options in money market funds, mutual funds, common stocks, corporate debt, and government securities. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the various risk factors, in the near term, could materially affect participants' account balances and the amounts reported in the financial statements.

(h) Concentrations

Investment in the common stock of Royal Bank of Canada comprises 9.3% and 8.7% of the Plan's investments as of December 31, 2017 and 2016, respectively.

(3) Fair Value Measurements

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Plan considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The inputs used in valuation techniques are prioritized as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

If the determination of fair value measurement for a particular asset or liability is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2017 and 2016.

Mutual funds and cash equivalents: Valued at the quoted NAV of shares held by the Plan at year-end.

U.S. Government securities: Valued using quoted prices and other inputs directly or indirectly observable for the asset. Prices for securities without market feeds are obtained through a third-party valuation source.

Common and preferred stock: Valued at the closing prices reported in active markets on which the individual securities are traded. Prices for securities without market feeds are obtained through a third-party valuation source using quoted prices.

Corporate debt: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Partnerships: Valued at the closing prices reported in active markets on which the individual securities are traded.

Other assets: Primarily consist of options, which are valued by third-party vendors based on observable market inputs.

Common collective trust fund: Valued at the NAV of units of the collective trust. The NAV, as provided by the trustee of the common collective trust fund, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investments for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

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The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in a different fair value measurement at the reporting date.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

As of December 31, 2017 and 2016, the Plan's investments measured at fair value consisted of the following instruments and classifications within the fair value hierarchy:

Asset type	Fair value measurement as of December 31, 2017, using input type			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 75,608,477	\$ 129,950	\$	\$ 75,738,427
Mutual funds	605,440,529			605,440,529
Common stock	103,291,677	361,215		103,652,892
Preferred stock	165,169			165,169
Corporate debt		58,873		58,873
Partnerships	821,059			821,059
Other assets		39,226		39,226
Total assets in the fair value hierarchy	785,326,911	589,264		785,916,175
Investments measured at net asset value (a)				87,855,739
Total investments, at fair value	\$ 785,326,911	\$ 589,264	\$	\$ 873,771,914

Asset type	Fair value measurement as of December 31, 2016, using input type			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 85,944,273	\$	\$	\$ 85,944,273
U.S. Government securities		8,004		8,004
Mutual funds	490,559,604			490,559,604
Common stock	80,333,529	205,238		80,538,767
Preferred stock	168,805			168,805
Corporate debt		71,357		71,357
Partnerships	580,104			580,104
Other assets		(19,170)		(19,170)
Total assets in the fair value hierarchy	657,586,315	265,429		657,851,744
Investments measured at net asset value (a)				65,838,706
Total investments, at fair value	\$ 657,586,315	\$ 265,429	\$	\$ 723,690,450

(a) In accordance with Topic 820, certain investments that are measured at fair value using the net asset value per share (or its equivalent), as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

(4) **Party-in-Interest Transactions**

Certain Plan investments are shares of CNR Mutual Funds managed by City National Rochdale and shares of common stock of Royal Bank of Canada. CNR is a wholly owned subsidiary of City National Bank, which is an indirect, wholly-owned subsidiary of Royal Bank of Canada, and thus, these are party-in-interest transactions.

**CITY NATIONAL BANK
PROFIT SHARING PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(5) Income Taxes

The Company received a favorable tax determination letter on May 8, 2017 from the IRS stating that the Plan is qualified under IRC Section 401(a) and that the Trust is exempt from federal income taxes under provisions of Section 501(a). Although the determination received in 2017 did not include Plan amendments executed after January 7, 2016, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

U.S. GAAP requires plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan may be subject to audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(6) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of the assets available for benefits between the financial statements and Form 5500 as of December 31, 2017 and 2016:

	2017	2016
Net assets available for benefits per the financial statements	\$ 888,257,203	\$ 736,695,275
Less interest income on notes receivable from participants	4,417	2,912
Net assets available for benefits per Form 5500	\$ 888,252,786	\$ 736,692,363

The following is a reconciliation of the net increase in net assets available for benefits between the financial statements and the Form 5500 for the years ended December 31, 2017 and 2016:

	2017	2016
Net increase in net assets available for benefits per the financial statements	\$ 151,561,928	\$ 64,474,666

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Less interest income on notes receivable from participants		1,505		(2,155)
Net increase in net assets available for benefits per Form 5500	\$	151,560,423	\$	64,476,821

CITY NATIONAL BANK

PROFIT SHARING PLAN

EIN: 95-1780067 PN: 001

Attachment to 2017 Form 5500

Schedule H Part IV, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2017

(a)	(b) Identity of issuer, borrower, lessor or similar party	shares	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
CASH EQUIVALENTS					
*	City National Rochdale Gov Mm-Sv	505,518	City National Rochdale Gov Mm-Sv	^	505,518
	TD Asset Management Money Market Portfolio	4,601,527	TD Asset Management Money Market Portfolio	^	4,601,527
	Vanguard Federal Money Market	70,501,432	Vanguard Federal Money Market	^	70,501,432
TOTAL CASH EQUIVALENTS					75,608,477
SAVINGS AND CD S					
	BMO Harris Bank Na	25,000	BMO Harris Bank Na	^	24,995
	Compass Bank	20,000	Compass Bank	^	19,987
	Discover Bank	20,000	Discover Bank	^	19,994
	Merchants Bnk Of Indiana	15,000	Merchants Bnk Of Indiana	^	14,994
	Merchants Bnk Of Indiana	25,000	Merchants Bnk Of Indiana	^	24,997
	Pacific Western Bank	25,000	Pacific Western Bank	^	24,983
TOTAL SAVINGS AND CD S					129,950
CORPORATE OBLIGATIONS					
	Compass Bank	5,000	Compass Bank	^	4,999
	Qwest Corporation	25,000	Qwest Corporation	^	27,499
	Reliance Steel & Alum	25,000	Reliance Steel & Alum	^	26,375
TOTAL CORPORATE OBLIGATIONS					58,873
PREFERRED STOCKS					
	Colony Northstar Inc 8.25%	3,000	Colony Northstar Inc 8.25%	^	76,260
	Istar Finl Inc Pfd Ser D	2,000	Istar Finl Inc Pfd Ser D	^	50,740
	JPMorgan Chase & Co 5.45%	1,504	JPMorgan Chase & Co 5.45%	^	38,169
	Nate s Foods Co Series E - RESTRICTED	72,196	Nate s Foods Co Series E - RESTRICTED	^	0
TOTAL PREFERRED STOCKS					165,169
COMMON STOCKS					
	180 Degree Capital Corp	300	180 Degree Capital Corp	^	591
	3m Co.	53	3m Co.	^	12,475
	58.Com Inc-ADR	5	58.Com Inc-ADR	^	358
	Abbott Laboratories	100	Abbott Laboratories	^	5,707
	Abbvie Inc	170	Abbvie Inc	^	16,441
	Acadia Pharmaceuticals Inc	300	Acadia Pharmaceuticals Inc	^	9,033
	Achaogen Inc	300	Achaogen Inc	^	3,222
	Acology Inc	10,000	Acology Inc	^	205

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Adamis Pharmaceuticals Corp	4,300	Adamis Pharmaceuticals Corp	^	18,920
Adobe Systems Inc.	517	Adobe Systems Inc.	^	90,599
Advanced Micro Devices	570	Advanced Micro Devices	^	5,860
Advaxis Inc	350	Advaxis Inc	^	994
AECOM	100	AECOM	^	3,715
Aerovironment Inc	5	Aerovironment Inc	^	281
Aes Corp	10	Aes Corp	^	108
Aetna Inc	80	Aetna Inc	^	14,431
Aflac Inc	660	Aflac Inc	^	57,935
Agenus Inc	800	Agenus Inc	^	2,608
AGNC Investment Corp	3,247	AGNC Investment Corp	^	65,559
Agnico-Eagle Mines Ltd F	100	Agnico-Eagle Mines Ltd F	^	4,618
Air Lease Corp A	4	Air Lease Corp A	^	192
Akamai Technologies	248	Akamai Technologies	^	16,130

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PROFIT SHARING PLAN

EIN: 95-1780067 PN: 001

Attachment to 2017 Form 5500

Schedule H Part IV, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2017

(a)	(b) Identity of issuer, borrower, lessor or similar party	shares	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	Akoustis Technologies Inc	750	Akoustis Technologies Inc	^	4,672
	Alarm.Com Holdings Inc	20	Alarm.Com Holdings Inc	^	755
	Alcoa Inc	11	Alcoa Inc	^	593
	Alibaba Group Holding-Sp ADR	2,868	Alibaba Group Holding-Sp ADR	^	494,529
	Allergan plc	40	Allergan plc	^	6,543
	Allstate Corp	5	Allstate Corp	^	524
	Ally Financial Inc	203	Ally Financial Inc	^	5,914
	Alphabet Inc CL A	231	Alphabet Inc CL A	^	243,335
	Alphabet Inc CI C	19	Alphabet Inc CI C	^	19,882
	Alternet Systems Inc	15,000	Alternet Systems Inc	^	295
	Altria Group Inc	3,060	Altria Group Inc	^	218,515
	Amazon Com Inc	204	Amazon Com Inc	^	238,572
	American Eagle Outfitters	255	American Eagle Outfitters	^	4,794
	American Electric Power Co	560	American Electric Power Co	^	41,199
	American Express Co.	200	American Express Co.	^	19,862
	American International Group	590	American International Group	^	35,152
	American Water Works Co Inc	784	American Water Works Co Inc	^	71,728
	American Xtal Tech Inc.	100	American Xtal Tech Inc.	^	870
	Amgen Inc	40	Amgen Inc	^	6,956
	Amico Games Corp (delisted 11/10/14)	250	Amico Games Corp (delisted 11/10/14)	^	0
	Amphenol CI A	252	Amphenol CI A	^	22,126
	Amtrust Financial Services	1,207	Amtrust Financial Services	^	12,153
	Analog Devices Inc	50	Analog Devices Inc	^	4,451
	Annaly Capital Management Inc	1,989	Annaly Capital Management Inc	^	23,649
	Anthem Inc	5	Anthem Inc	^	1,125
	Apache Corp	1,000	Apache Corp	^	42,220
	Aphria Inc	270	Aphria Inc	^	3,982
	Apple Inc	5,136	Apple Inc	^	869,199
	Applied Material	4,100	Applied Material	^	209,592
	Applied Optoelectronics Inc	300	Applied Optoelectronics Inc	^	11,346
	Apptio Inc - Class A	400	Apptio Inc - Class A	^	9,408
	Aquabounty Technologies Inc	1	Aquabounty Technologies Inc	^	4
	Aratana Therapeutics Inc	1,600	Aratana Therapeutics Inc	^	8,416
	Archer Daniels Midland	225	Archer Daniels Midland	^	9,018
	Arconic Inc	33	Arconic Inc	^	899
	Ardelyx Inc	150	Ardelyx Inc	^	990
	Arena Pharmaceuticals	145	Arena Pharmaceuticals	^	4,926
	Ares Capital Corp	50,305	Ares Capital Corp	^	790,795

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Arista Networks Inc	51	Arista Networks Inc	^	12,015
Array Biopharma Inc	1,050	Array Biopharma Inc	^	13,440
ARRIS Intl Inc	100	ARRIS Intl Inc	^	2,569
Artistdirect Inc (Delisted 8/5/2009)	80	Artistdirect Inc (Delisted 8/5/2009)	^	0
Asanko Gold Inc	50	Asanko Gold Inc	^	35
At&t Inc	7,577	At&t Inc	^	294,609
Athenahealth Inc	100	Athenahealth Inc	^	13,304
Aurora Cannabis Inc	251	Aurora Cannabis Inc	^	1,915
Autodesk Inc	25	Autodesk Inc	^	2,621
Avadel Pharmaceuticals PLC	300	Avadel Pharmaceuticals PLC	^	2,460
Avangrid Inc	70	Avangrid Inc	^	3,541
Avid Technology Inc.	8	Avid Technology Inc.	^	43
Axovant Sciences Ltd	300	Axovant Sciences Ltd	^	1,581
B&G Foods Inc A	80	B&G Foods Inc A	^	2,812

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December 31, 2017

(a)	(b) Identity of issuer, borrower, lessor or similar party	shares	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	Baker Hughes A GE Co.	302	Baker Hughes A GE Co.	^	9,555
	Banco Bilbao Vizcaya ADR	1	Banco Bilbao Vizcaya ADR	^	9
	Banco Santander Adr	9,274	Banco Santander Adr	^	60,653
	Bank Of America Corp	24,007	Bank Of America Corp	^	708,682
	Bankunited Inc	115	Bankunited Inc	^	4,683
	Barclays Plc ADR	47	Barclays Plc ADR	^	512
	Bed Bath And Beyond Inc	1	Bed Bath And Beyond Inc	^	22
	Bellicum Pharmaceuticals Inc	8,000	Bellicum Pharmaceuticals Inc	^	67,280
	Berkshire Hathaway Inc Cl B	1,524	Berkshire Hathaway Inc Cl B	^	302,087
	BHP Limited	101	BHP Limited	^	4,645
	Big Lots Inc	680	Big Lots Inc	^	38,182
	Biogen Inc	510	Biogen Inc	^	162,471
	Blackrock 2001 Term Tr Inc	102	Blackrock 2001 Term Tr Inc	^	52,398
	Boeing Company	155	Boeing Company	^	45,711
	Bofi Holding Inc	1	Bofi Holding Inc	^	30
	Bp Plc Spons Adr	721	Bp Plc Spons Adr	^	30,301
	Bristol-Myers Squibb Co	2,252	Bristol-Myers Squibb Co	^	137,990
	Bristow Group Inc	1,640	Bristow Group Inc	^	22,091
	Brixmor Property Group Inc	380	Brixmor Property Group Inc	^	7,091
	Brookdale Senior Living Inc	1,300	Brookdale Senior Living Inc	^	12,610
	Cabot Oil & Gas Corp. Class A	1,159	Cabot Oil & Gas Corp. Class A	^	33,147
	Cameco Corp	303	Cameco Corp	^	2,793
	Canada Goose Holdings Inc	100	Canada Goose Holdings Inc	^	3,157
	Canadian Solar Inc	25	Canadian Solar Inc	^	421
	Cannaroyalty Corp	3,500	Cannaroyalty Corp	^	10,465
	Canopy Growth Corp	255	Canopy Growth Corp	^	6,032
	Capricor Therapeutics Inc	10	Capricor Therapeutics Inc	^	16
	Capstead Mtg Corp	5,000	Capstead Mtg Corp	^	43,250
	Casa Systems Inc	150	Casa Systems Inc	^	2,664
	Cbl & Associates Properties	1,500	Cbl & Associates Properties	^	8,490
	Celgene Corp	1,906	Celgene Corp	^	198,910
	Celldex Therapeutics Inc	40,000	Celldex Therapeutics Inc	^	113,600
	CenturyLinkl Inc	930	CenturyLinkl Inc	^	15,512
	Cerner Corp	100	Cerner Corp	^	6,739
	Ceva Inc	25	Ceva Inc	^	1,154
	Charles Schwab Corporation	240	Charles Schwab Corporation	^	12,329
	Charter Communications New Cl A	15	Charter Communications New Cl A	^	5,039
	Chesapeake Energy Corp	2,802	Chesapeake Energy Corp	^	11,096

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Chevron Corp	1,378	Chevron Corp	^	172,536
Chimera Investment Corp	30	Chimera Investment Corp	^	554
China Lending Corp	101	China Lending Corp	^	314
China Mobile Ltd ADR	60	China Mobile Ltd ADR	^	3,032
Chineseinvestors.Com Inc	2,600	Chineseinvestors.Com Inc	^	2,119
Chipotle Mexican Grill - Cl A	165	Chipotle Mexican Grill - Cl A	^	47,690
Cincinnati Financial Corp	40	Cincinnati Financial Corp	^	2,999
Cintas Corp	369	Cintas Corp	^	57,501
Cisco Systems Inc	445	Cisco Systems Inc	^	17,044
Citigroup Inc	4,031	Citigroup Inc	^	299,917
CME Group Inc	370	CME Group Inc	^	54,038
Cms Energy Corp	350	Cms Energy Corp	^	16,555
Cnooc Ltd Spd Adr	52	Cnooc Ltd Spd Adr	^	7,477
Coca-Cola Company	1,095	Coca-Cola Company	^	50,239

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PROFIT SHARING PLAN

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Schedule H Part IV, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2017

(a)	(b) Identity of issuer, borrower, lessor or similar party	shares	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	Cogentix Medical Inc	100	Cogentix Medical Inc	^	315
	Cognex Corp	30	Cognex Corp	^	1,835
	Cognizant Tech Solutns Cl. A	32	Cognizant Tech Solutns Cl. A	^	2,273
	Colgate-Palmolive	894	Colgate-Palmolive	^	67,452
	Comcast Corp Cl A	3,065	Comcast Corp Cl A	^	122,753
	Concho Resources Inc	190	Concho Resources Inc	^	28,542
	Conocophillips	2,612	Conocophillips	^	143,394
	Consolidated Edison	300	Consolidated Edison	^	25,485
	Control4 Corp	3,000	Control4 Corp	^	89,280
	Costco Wholesale Corp-New	613	Costco Wholesale Corp-New	^	114,092
	Credit Suisse Group Spon Adr	1	Credit Suisse Group Spon Adr	^	18
	Crispr Therapeutics AG	200	Crispr Therapeutics AG	^	4,696
	Crown Castle Intl Corp	127	Crown Castle Intl Corp	^	14,098
	CubeSmart	2,000	CubeSmart	^	57,840
	CV Sciences Inc	500	CV Sciences Inc	^	309
	CVS Health Corp	320	CVS Health Corp	^	23,220
	Cyber-Ark Software Ltd/Israe	175	Cyber-Ark Software Ltd/Israe	^	7,243
	Danaher Corp Del	510	Danaher Corp Del	^	47,338
	Deep Rock Oil & Gas Inc (delisted)	101	Deep Rock Oil & Gas Inc (delisted)	^	0
	Deere & Co.	5	Deere & Co.	^	783
	Dell Technologies Cl V	55	Dell Technologies Cl V	^	4,470
	Delta Air Lines Inc	100	Delta Air Lines Inc	^	5,600
	Deutsche Bank Ag Ord	1,891	Deutsche Bank Ag Ord	^	35,977
	Devon Energy Corp New	100	Devon Energy Corp New	^	4,140
	Diebold Nixdorf Inc	200	Diebold Nixdorf Inc	^	3,270
	Digatrade Financial Corp	101	Digatrade Financial Corp	^	54
	Digital Power Corp (dpw 01/02/18)	675	Digital Power Corp (dpw 01/02/18)	^	2,167
	Disney Walt Co	1,004	Disney Walt Co	^	107,940
	DNIB Unwind Inc (delisted 10/11/16)	15,000	DNIB Unwind Inc (delisted 10/11/16)	^	0
	Dolby Laboratories Inc A	248	Dolby Laboratories Inc A	^	15,376
	Dominion Energy Inc	340	Dominion Energy Inc	^	27,560
	DowDuPont Inc	400	DowDuPont Inc	^	28,488
	Dragon Victory International	1	Dragon Victory International	^	4
	Dryships Inc	424	Dryships Inc	^	1,497
	Duke Energy Corp	835	Duke Energy Corp	^	70,232
	Dynacor Gold Mines Inc	800	Dynacor Gold Mines Inc	^	1,048
	Dynavax Technologies Corp	600	Dynavax Technologies Corp	^	11,220
	Ecolab Inc	247	Ecolab Inc	^	33,142

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Edison Intl	1,500	Edison Intl	^	94,860
Editas Medicine Inc	150	Editas Medicine Inc	^	4,609
Edwards Lifesciences	699	Edwards Lifesciences	^	78,784
Elbit Systems Ltd F	65	Elbit Systems Ltd F	^	8,664
Electronic Arts	135	Electronic Arts	^	14,183
Eli Lilly & Company	695	Eli Lilly & Company	^	58,700
Emerald Health Therapeutics	250	Emerald Health Therapeutics	^	1,072
Energous Corp	1,615	Energous Corp	^	31,412
Ensco PLC	3,015	Ensco PLC	^	17,819
EPR Properties	40	EPR Properties	^	2,618
Equifax Inc.	1	Equifax Inc.	^	118
Essex Property Trust Inc	161	Essex Property Trust Inc	^	38,861
Eurobank Ergasias Sa-Uns ADR	4,685	Eurobank Ergasias Sa-Uns ADR	^	2,413
Eversource Energy	50	Eversource Energy	^	3,159

CITY NATIONAL BANK

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December 31, 2017

(a)	(b) Identity of issuer, borrower, lessor or similar party	shares	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	Exact Sciences Corp	19,000	Exact Sciences Corp	^	998,260
	Exelon Corp	1,500	Exelon Corp	^	59,115
	Expedia Group Inc	5	Expedia Group Inc	^	599
	Exxon-Mobil Corporation	2,241	Exxon-Mobil Corporation	^	187,403
	Eyegate Pharmaceuticals	5,000	Eyegate Pharmaceuticals	^	5,350
	Facebook Inc-A	6,047	Facebook Inc-A	^	1,067,054
	Fannie Mae	500	Fannie Mae	^	1,325
	Fireeye Inc	1,789	Fireeye Inc	^	25,404
	Firstenergy Corp	2,500	Firstenergy Corp	^	76,550
	Flexion Therapeutics Inc	400	Flexion Therapeutics Inc	^	10,016
	Fmc Corp	10	Fmc Corp	^	947
	Footlocker Inc.	100	Footlocker Inc.	^	4,688
	Ford Motor Co New	162	Ford Motor Co New	^	2,025
	Fortinet Inc	20	Fortinet Inc	^	874
	Franco Nevada Corp	100	Franco Nevada Corp	^	7,995
	Freeport-Mcmoran Inc	20,001	Freeport-Mcmoran Inc	^	379,219
	Freeseas Inc (freed 02/06/18)	1	Freeseas Inc (freed 02/06/18)	^	0
	Garrison Capital Inc	3,000	Garrison Capital Inc	^	24,330
	General Cannabis Corp	101	General Cannabis Corp	^	654
	General Electric Co	4,678	General Electric Co	^	81,628
	General Mills	75	General Mills	^	4,447
	General Motors Co	125	General Motors Co	^	5,124
	Gilead Sciences Inc	1,588	Gilead Sciences Inc	^	113,780
	Glaxosmithkline Plc Ads	1,037	Glaxosmithkline Plc Ads	^	36,798
	Glencore Xstrata -Unsp ADR	200	Glencore Xstrata -Unsp ADR	^	2,082
	Global Blockchain Techno Corp	46,001	Global Blockchain Techno Corp	^	63,941
	Global Blood Therapeutics In	5,000	Global Blood Therapeutics In	^	196,750
	Global Cannabis Applications Corp	7,500	Global Cannabis Applications Corp	^	2,625
	Global Payout Inc	1,000	Global Payout Inc	^	66
	Goldcorp Inc.	2,500	Goldcorp Inc.	^	31,925
	Goldman Sachs Group Inc	536	Goldman Sachs Group Inc	^	136,551
	Gramercy Property Trust	149	Gramercy Property Trust	^	3,972
	Gs Enviroservices Inc (delisted 10/04/17)	250	Gs Enviroservices Inc (delisted 10/04/17)	^	0
	Gulfport Energy Corp	600	Gulfport Energy Corp	^	7,656
	GW Pharmaceuticals -ADR	1,050	GW Pharmaceuticals -ADR	^	138,610
	Habit Restaurants Inc/The-A	325	Habit Restaurants Inc/The-A	^	3,104
	Hain Food Group Inc	451	Hain Food Group Inc	^	19,118
	Halliburton Company	525	Halliburton Company	^	25,674

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Hanni Financial Corp	100	Hanni Financial Corp	^	3,035
Hartford Financial Services Group	1	Hartford Financial Services Group	^	56
Hasbro Inc.	50	Hasbro Inc.	^	4,545
Hawaiian Electric Industries	490	Hawaiian Electric Industries	^	17,713