

The hallmark of a high performing board is collective business experience that can be brought to bear in changing circumstances. Over the past two years, global market uncertainty has presented the Board of Directors with both opportunities and challenges, while confirming the relative strength and stability of RBC. During this challenging time for the financial services industry worldwide, RBC has continued to demonstrate the resilience and prudent management that shareholders count on. In RBC's boardroom this period has been marked by thoughtful analysis, active engagement with management and shareholders, and openness to change.

Your board has responded with a sharp focus on the oversight of key risks, while continuing to apply its sound and progressive governance practices and policies. Comprehensive discussion and analysis of exposures to complex risks and reviews of the quality and adequacy of risk controls throughout the year positioned directors to carefully assess the ability of RBC to execute its business strategy in a rapidly changing business and regulatory environment. We actively engage in reviewing the organization's risk profile relative to its risk appetite and provide advice and support to the senior management team in their effort to continuously enhance the strength of RBC's risk capabilities. This includes overseeing a structured approach to defining the type and amount of risk that is appropriate to accept and seeking to ensure there is an appropriate balance of return for the risks that are prudently assumed. The impact of our stewardship in this area translates into a strong, enterprise-wide risk management culture, supported by risk management practices and frameworks that have proven to be effective and robust.

This response has been enabled by the diverse and broad business expertise represented on the Board of Directors which has been augmented by our continuing director education program. Over the past year, in addition to presentations on the organization's risk profile and appetite, and methodologies used in assessing and controlling complex risks, these education sessions have emphasized liquidity and funding risk management, accounting standards, and governance and compensation, further equipping directors to provide current and knowledgeable advice to management.

Your Board of Directors has long been proactive in adopting best practice compensation principles and processes, but the past year has seen particular attention paid to the governance and controls in place for executive compensation. RBC's approach to compensation governance aligns with the Principles for Sound Compensation Practices issued this year by the Financial Stability Board, the forum of international regulators created by the G20 to promote financial stability. While pay for performance remains a key principle underpinning long term shareholder value creation, we remain equally committed to ensuring our compensation program design and governance practices align with sound risk management principles.

Transparency is another fundamental aspect of good governance. Your board takes seriously RBC's commitment to shareholder engagement and clear and comprehensive disclosure. The coming year will mark shareholders' first opportunity to participate in a "say on pay" advisory vote on the executive compensation report in our 2010 proxy circular. The Board of Directors believes shareholders should have the opportunity to review and fully understand the objectives, philosophy and principles that the board has used to make compensation decisions and is confident shareholders will review the compensation disclosure thoughtfully. In addition to the advisory vote, the board looks forward to direct and constructive interaction with shareholders on this and other important issues.

As Chairman, my goal is to instill a common vision and provide leadership for your Board of Directors, advancing our dynamic approach to corporate governance. The board is proud to be actively engaged in the achievements of RBC and extends appreciation to management and employees around the world for their contributions to the success of the organization. While continuing to operate in a challenging environment, the Board of Directors, management and employees remain focused on enhancing the stability and strength of RBC and creating value for shareholders.

On behalf of the Board of Directors,



David P. O'Brien
Chairman of the Board