



ROYAL BANK OF CANADA MORGAN STANLEY U.S. FINANCIALS CONFERENCE WEDNESDAY, FEBRUARY 3, 2010

DISCLAIMER

THE FOLLOWING SPEAKERS' NOTES, IN ADDITION TO THE WEBCAST AND THE ACCOMPANYING PRESENTATION MATERIALS, HAVE BEEN FURNISHED FOR YOUR INFORMATION ONLY, ARE CURRENT ONLY AS OF THE DATE OF THE WEBCAST, AND MAY BE SUPERSEDED BY MORE CURRENT INFORMATION. EXCEPT AS REQUIRED BY LAW, WE DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE THE INFORMATION, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

THESE SPEAKERS' NOTES ARE NOT A TRANSCRIPT OF THE WEBCAST AND MAY NOT BE IDENTICAL TO THE COMMENTS MADE DURING THE WEBCAST. YOU CAN REPLAY THE ENTIRE WEBCAST UP TO MAY 3, 2010, WHICH INCLUDES A QUESTION AND ANSWER SESSION, BY VISITING THE ROYAL BANK OF CANADA ("WE" OR "OUR") WEBSITE AT RBC.COM/INVESTORRELATIONS.

IN NO WAY DO WE ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON OUR WEBSITE OR IN THESE SPEAKERS' NOTES. USERS ARE ADVISED TO REVIEW THE WEBCAST ITSELF AND OUR FILINGS WITH THE CANADIAN SECURITIES REGULATORS AND THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in these speaker's notes, in other filings with Canadian regulators or the U.S. Securities Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in these speaker's notes include, but are not limited to statements relating to our diversified business model, our cost management priorities, our business goals and acquisition opportunities, and proposals for global capital regulations and bank reforms. The forward-looking information contained in these speaker's notes is presented for the purpose of understanding Royal Bank of Canada, our vision and goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could", or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our objectives, strategic goals and priorities will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to

differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, operational liquidity and funding risks, and other risks discussed in the Risk, capital and liquidity management, and Overview of other risks sections of our 2009 Management's Discussion and Analysis; general business, economic and financial market conditions, including the ongoing impact from the market environment, the lack of liquidity in certain markets, the level of activity and volatility of the capital markets and including recessionary conditions in Canada, the United States and certain other countries in which we conduct business; changes in accounting standards, policies and estimates, including changes in our estimates of provisions, allowances and valuations; the effects of changes in government fiscal, monetary and other policies; the effects of competition in the markets in which we operate; the impact of changes in laws and regulations, including tax laws; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; our ability to successfully execute our strategies and to complete and integrate strategic acquisitions and joint ventures successfully; and development and integration of our distribution networks.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the Risk, capital and liquidity management and Overview of other risks sections of our 2009 Management's Discussion and Analysis.

Information contained in or otherwise accessible through the websites mentioned does not form part of these speaker's notes. All references in these speaker's notes to websites are inactive textual references and are for your information only.

Information contained in or otherwise accessible through the websites mentioned does not form part of these speakers' notes. All references in these speakers' notes to websites are inactive textual references and are for your information only.

JANICE FUKAKUSA, CHIEF ADMINISTRATIVE OFFICER & CFO

As noted on Slide 2, all remarks, including those during the question and answer session, may contain forward-looking statements which have inherent risks and uncertainties. Actual results could differ materially from these statements. Also, please note that we will be reporting our first quarter results on March 3rd, and similar to other Canadian banks presenting here today we are currently in our quiet period and cannot discuss our financial results.

Turning to Slide 3, let me begin with an overview of RBC and explain why we are in a stronger relative position compared to most other financial institutions and, what we are doing to drive long-term shareholder value.

RBC is a diversified financial company with five business platforms operating in 55 countries, employing 80,000 people and serving approximately 18 million clients. We are among the top 15 banks globally, and Canada's largest company by market capitalization.

We have emerged from the financial crisis as one of the better positioned financial services companies reflecting our solid balance sheet and very strong returns. In fact, we are one of only five non-sovereign banks in the world maintaining a triple 'A' Moody's senior debt rating.

We believe our diversified business model sets us apart as we have the right mix of businesses and geographies to provide earnings stability and growth potential through the cycle. Our long-standing model is a 75% - 25% mix between our retail and wholesale businesses. Unlike other banks that have been forced to alter their strategies in recent years, this has been our long term strategy and we will continue to be guided by it going forward.

With respect to geography, Canada is our core market where we generate two-thirds of our revenue. As you know, Canada has been able to absorb the global recession better than most countries and this strong domestic foundation has served us well. We are a leader in all of our key businesses – banking, wealth management and capital markets, and are continuing to gain market share.

Outside Canada, we have growing global capabilities in both capital markets and wealth management. We also have a retail banking focus in the U.S. south east and in the Caribbean.

This focused strategy, along with our solid balance sheet has enabled us to consistently deliver strong performance as demonstrated on Slide 5 by our top quartile shareholder returns across 3-, 5- and 10-year periods.

Now let me tell you more about our five business segments and how they contribute to RBC's overall strategy.

Turning to Slide 6, our Canadian Banking segment historically makes up more than half of RBC's earnings.

We have a leading domestic retail banking franchise. We have the most valuable brand in Canada and the country's largest and most integrated advice-based distribution network.

We rank number 1 or 2 in all major personal and business products and have been leveraging our scale and improving the customer experience to drive volume growth and profitably gain market share across all of our core products. We are seeing the results of these initiatives, and achieved double digit loan and deposit growth in 2009.

We generated this volume growth while keeping expenses down from 2008, which drove an efficiency ratio of 47.8% and operating leverage of about 4% last year. Cost management continues to be a key priority for us. We believe that given the scale of our network, we can drive further efficiencies and bring the efficiency ratio down to the low 40's over the next few years.

Of course, we have been impacted by elevated credit provisions and compressed margins reflecting the weakened economy and our low interest rates. However, we believe our ability to continue to drive strong volume growth and achieve profitable market share gains, while prudently reducing our cost base, places us in a solid position to benefit as the economy recovers.

Taking a look at Wealth Management on Slide 8.

We are a clear market leader in Canada with strong and growing businesses in the U.S. and internationally.

We are the largest mutual fund company in Canada, with 17% of the market and over \$100 billion in mutual fund assets under management. We are also the largest and most comprehensive full-service wealth manager in Canada, with 23% of industry assets and 15% of financial advisors.

In the U.S., we are the 6th largest full-service brokerage firm with over 2,300 financial consultants. And, internationally we are a top 20 global player in private banking.

Like other players, we have been impacted by the challenging conditions and have seen decreases in asset values, transaction volumes, and operating margins globally. However, through the market disruption, we have continued to grow our business while managing costs and we have outperformed on a relative basis in financial performance. Importantly, we have attracted many advisors and clients from the competition who were drawn to our reputation for stability and strength, as well as our broad capabilities.

With this strong foundation we believe we are in a solid position to capitalize on improving market conditions and deliver strong organic growth.

Further, over the next few years there will be significant acquisition opportunities in this sector especially outside of Canada which we will continue to actively consider.

Turning to Slide 9, we are the largest bank-owned insurer in Canada with our Insurance business continuing to make a solid contribution to our diversified earnings stream.

We are unique as we offer a full suite of solutions for both business and personal clients that complements our retail product offering. We are the only Canadian bank insurer with multi-line manufacturing and multi-channel distribution capabilities.

Going forward, we intend to grow this business and increase profitability by leveraging our distribution and brand strength.

Our International Banking segment as shown on slide 10 includes our U.S. and Caribbean banking businesses, as well as our global custody and investor services business.

Our U.S. banking operations have been affected by weak economic conditions and returning this business to profitability is a key priority for us. We are restructuring this business and right-sizing the network to enhance our competitive position, improve client service and achieve greater operating efficiency. We are also focused on increasing the mix of retail customers within our footprint.

In the English Caribbean, we have the second largest banking group and provide solutions to individuals and businesses through a network of 125 branches in 17 countries and territories.

And, RBC Dexia, our Global Custody and Investor Services joint venture is a top 10 global custody player with \$2.5 trillion in assets under administration.

Turning to Capital Markets on Slide 11.

In Canada, we are the largest investment bank with top tier market share across all of our businesses and were recently named Canada's "Dealmaker of the Year" for the eighth consecutive year.

We are Canada's only global investment bank and with approximately two-thirds of our staff located internationally, we are able to offer our clients the benefit of both our Canadian leadership and our global reach. Our growth and success outside of Canada is the result of a multi-year, concerted strategy. We have been highly selective about where we compete and focused on expanding our core banking capabilities.

More recently, while most other banks chose to cut back the capital they commit to this business, we have been prudently managing our balance sheet and capitalizing on opportunities created by the market dislocation to strengthen our core capabilities, expand our global reach, and also recruit top talent.

We are seeing the results of these growth initiatives – we delivered exceptional performance throughout the financial crisis and have achieved significant market share gains in this business.

For example, in the U.S., we have built a significant U.S. fixed income business and our designation as a U.S. primary dealer in 2009 highlights the strength of our franchise. Since becoming a primary dealer in July of last year, our volume in U.S. Treasuries increased over 70% which provided access to many new clients. Today, we are the only Canadian bank with this designation.

We have also made considerable headway in U.S. investment banking, moving up in the M&A league tables from 31 in 2008 to the top 20 in 2009.

Outside of North America, our fixed income, energy and mining businesses are global leaders and we are gaining ground in a number of our trading businesses.

For example, we've seen tremendous growth in the UK, where we are now a top tier Gilt Edged Market Maker. Last year, we were selected by the British government as one of only four book-runners on the largest sterling Gilt issue ever introduced in the market. This was a huge success for a Canadian investment bank.

Last year many of our trading businesses benefitted from favourable market conditions, including market volatility and widening credit spreads. However, our success also reflects investments we have made over the last five years that are paying off.

A key priority is to continue to build out the required infrastructure to provide a strong foundation for global growth. At the same time, we will continue to efficiently manage our balance sheet and maintain market and credit risk within our established risk parameters.

Before concluding, I would like to make a few remarks on recent industry developments.

Briefly on global capital regulation - we agree that there is a need for a standard definition of capital and absolute levels of capital need to increase and leverage needs to be reduced. It is still early and while we are assessing the impact and the initial proposals are likely to evolve, we believe that with our strong capital ratios and low leverage, we are well positioned relative to global peers to accommodate any changes.

In the near term, until there is clarity on the new rules we will maintain a conservative approach to capital management. We will continue to have discussions with regulators and we will continue to explore alternatives in our businesses to mitigate some of the potential impact.

Secondly, the U.K. and the U.S recently announced new taxes and it is unclear at this point whether RBC is affected. If they apply, we have sized the impact and we believe the impact would not be significant.

Finally, on the U.S. bank reforms, we are following the details of these proposals to determine if and how they apply to us. If they apply, we believe they would not significantly impact our businesses and again we would be proactive in mitigating any impact.

In conclusion, although there is some uncertainty affecting the industry, we believe we are one of the better positioned financial services companies in the world.

We have a leading domestic retail banking franchise and growing global capabilities in both capital markets and wealth management. We foresee tremendous opportunity in all of our businesses as the global economy recovers.

Further, our diversified model and our strong balance sheet provide us with an unprecedented range of opportunities to invest and grow our businesses across the global landscape while others can not.