



# Royal Bank of Canada Investor Presentation

Fall 2009

## 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 this presentation, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements include, but are not limited to, statements relating to our medium-term objectives, our strategic goals and priorities, and the economic and business outlook for us, for each of our business segments and for the Canadian, United States and international economies. The forward-looking information contained in this presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe," "expect," "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 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 important 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 section of our Q3 2009 Report to Shareholders and in our 2008 Annual Report to Shareholders; market environment impacts, including the impact of the volatility in the financial markets and potential lack of liquidity in certain credit markets, and our ability to effectively manage our liquidity and our capital ratios and implement effective risk management procedures; general business and economic conditions, 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 impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar, British pound and Euro; 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; changes to our credit ratings; and development and integration of our distribution networks.

We caution that the foregoing list of important 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 section of our Q3 2009 Report to Shareholders, and in our 2008 Annual Report to Shareholders.

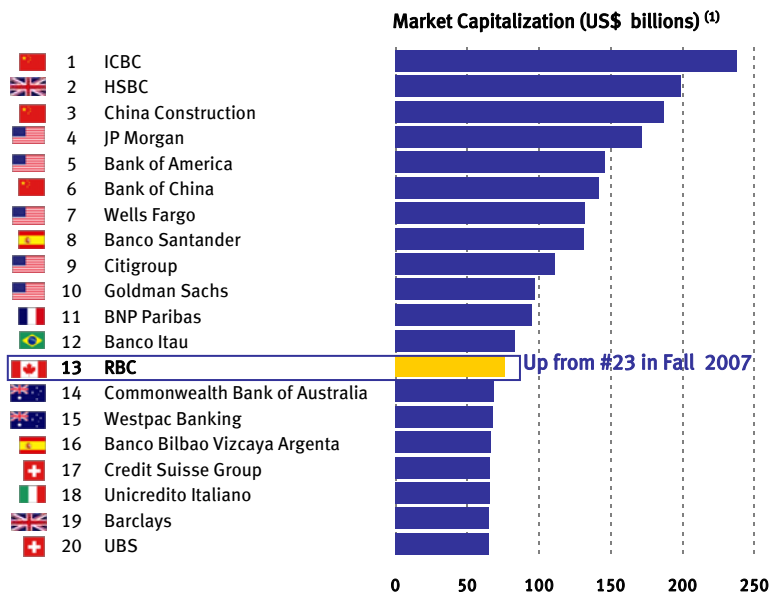
Information contained in or otherwise accessible through the websites mentioned does not form part of this presentation. All references in this presentation to websites are inactive textual references and are for your information only.

## Contents

- 1 RBC Overview
- 2 Shareholder Returns
- 3 Canadian Economy
- 4 Appendices

# 1

## RBC – Among the Top 20 largest banks globally

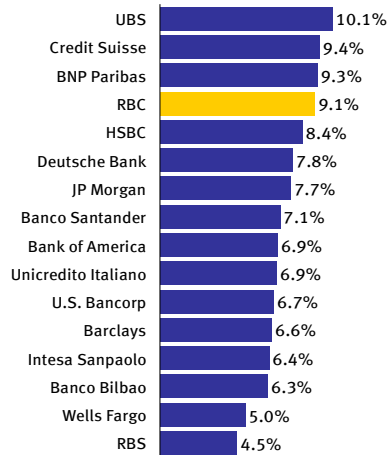


## Top US and European bank comparison

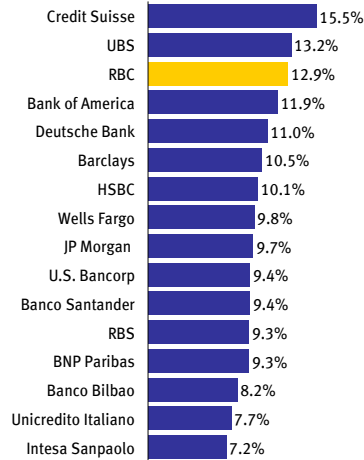
### → Capital ratios



**Tangible Common Equity Ratio**  
(Tier 1 Common Capital) <sup>(1,2)</sup>



**Tier 1 Capital Ratio <sup>(1)</sup>**



(1) As at June 30/09. RBC as at July 31/09. Intesa Sanpaolo as at March 31/09.  
Sources: SNL, Bloomberg, company reports. RBC estimates.

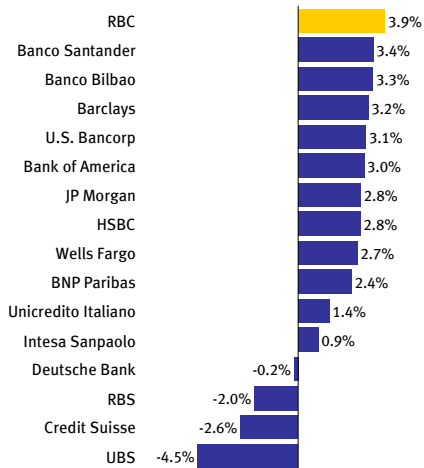
(2) See slide 30 for reconciliation and definition.

## Top US and European bank comparison

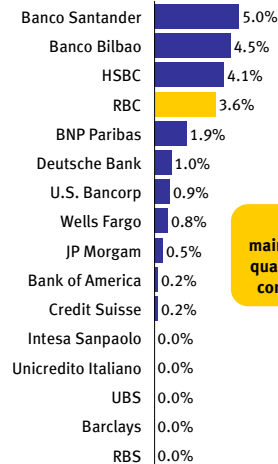
### → Earnings strength and dividend yield



**Pre-Tax Pre-Provision Earnings**  
**/ Risk Adjusted Assets <sup>(1,2)</sup>**



**Dividend Yield**  
**(as at Sept 30, 2009)**



**RBC dividend maintained at \$0.50 per quarter in 2009 to date, consistent with 2008.**

(1) As at June 30/09. RBC as at July 31/09. Intesa Sanpaolo as at March 31/09.  
Sources: SNL, Bloomberg, company reports. RBC estimates.

(2) Non- GAAP. See slide 33 for discussion of Non-GAAP measures and slide 31 for reconciliation and definition.

## RBC – Senior debt ratings among highest globally



	Moody's	S & P	Fitch
<b>RBC</b>	<b>Aaa *-</b>	<b>AA-</b>	<b>AA</b>
Banco Bilbao	Aa2 *-	AA *-	AA- *+
Banco Santander	Aa2 *-	AA *-	AA-
BNP Paribas	Aa1 *-	AA *-	AA *-
Deutsche Bank	Aa1 *-	A+	AA- *-
Intesa Sanpaolo	Aa2	AA- *-	AA-
UBS	Aa2 **-	A+	A+
Credit Suisse	Aa2 *-	A	AA- *-
HSBC	Aa2 *-	AA *-	AA *-
Unicredito Italiano	Aa3	A	A *-
U.S. Bancorp	Aa3 *-	A+	AA-
JP Morgan	Aa3 *-	A+ *-	AA-
Wells Fargo	A1	AA- *-	AA *-
Barclays	A1	A+	AA-
RBS	A1	A	AA-
Bank of America	A2	A	A+

\*- means negative outlook, \*+ means positive outlook  
 \*\*- means negative watch, \*\*+ means positive watch

## Who we are – Universal bank with financial strength



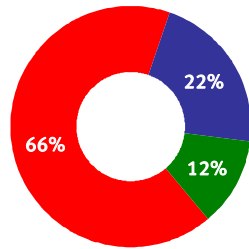
- Universal bank in Canada with selective focus globally
  - Active in all banking areas in Canada with leading market positions
  - Global capabilities in capital markets and wealth management
- Diversified model with the right mix of businesses and geographies
  - Able to generate significant returns throughout the economic cycle
  - Long-term strategic balance
    - 75% retail banking, wealth management and insurance businesses
    - 25% capital markets businesses
  - 2/3 Canada and 1/3 other geographies
- Continuing to invest in our businesses while focusing on cost effectiveness
- Robust capital position and senior debt ratings

Managing our company for long-term success

## Diversified business with core strength in Canada

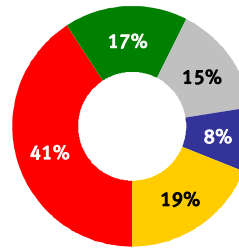


Revenue by Geography  
Five Year Average  
(2004-2008)



- Canada
- U.S.
- Other International

Revenue by Business Segment <sup>(1)</sup>  
Five Year Average  
(2004-2008)

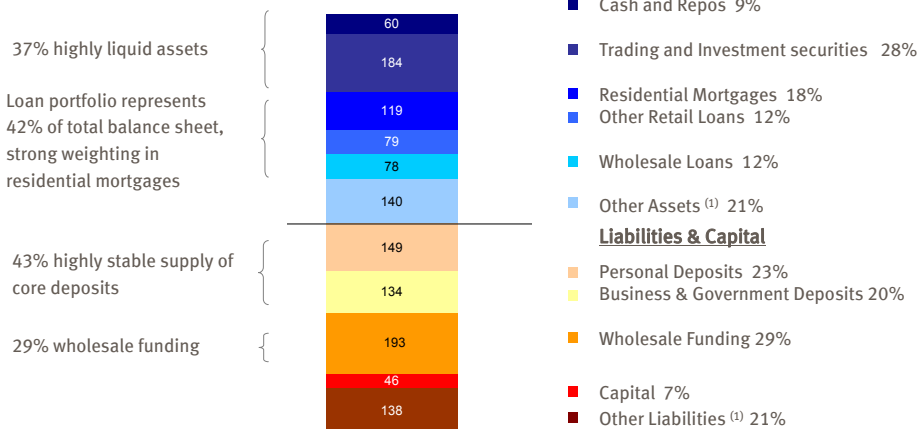


- Canadian Banking
- Wealth Management
- Insurance
- International Banking
- Capital Markets

## High quality, liquid balance sheet provides significant flexibility



**\$660 billion**  
(as at July 31, 2009)



Solid risk management has impact on balance sheet strength

(1) Other assets include \$101bn of derivatives related assets, largely offset in derivatives related liabilities in Other liabilities. Under Canadian GAAP derivative amounts with master netting agreements cannot be offset and the gross derivative assets and liabilities are reported on balance sheet.

## Where we are going



### Our Strategic Goals

#### Vision

Always earning the right to be our clients' first choice

In Canada, to be the undisputed leader in financial services

In the U.S., to be a leading provider of banking, wealth management and capital markets services by building on and leveraging RBC's considerable capabilities

Internationally, to be a premier provider of select banking, wealth management and capital markets services in markets of choice

## What we are doing to outpace the competition



- Canadian Banking – Clear leader and building on momentum
  - Profitably growing market share by delivering on client needs better than peers
  - Driving efficiencies and positive operating leverage
  - Leveraging distribution and brand strength to expand insurance business
- Capital Markets – Counterparty of choice
  - Leveraging dominant Canadian position
  - Two-thirds of employees based in U.S. and U.K.; a major growth opportunity
  - Deepening expertise by adding quality teams from competition
- Wealth Management – Top performer
  - Top performing Canadian asset manager with ability to lead market direction
  - Largest full service brokerage in Canada with industry leading performance
  - Attracting top advisors in North America and globally
- International Banking – Integrating operations and building efficiencies

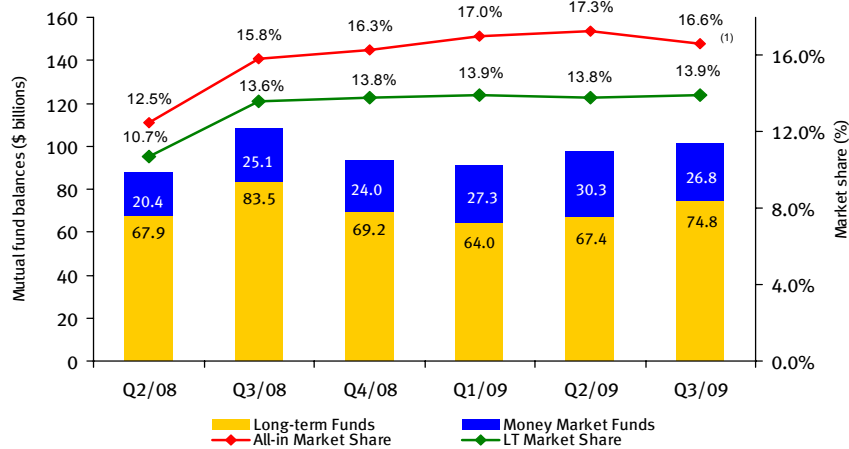
## Canadian retail momentum



	Market Share <sup>(1)</sup>	
	May 2009	May 2008
<b>Leadership in most personal products</b>		
Consumer lending <sup>(2)</sup>	15.7%	15.3%
Personal core deposits	14.3%	13.9%
Personal Investments <sup>(3)</sup>	14.7%	14.0%
<b>Leadership in business products</b>		
Business loans <sup>(4)</sup>	26.8%	25.9%
Business deposits & investments	22.4%	22.3%

- (1) Market share rank among financial institutions in Canada except for business loans as noted below (source: IFIC, CBA, Bank of Canada, CMHC, RBC)  
 (2) Includes residential mortgages, personal loans and credit cards  
 (3) Includes GICs and mutual funds  
 (4) Market share data is based on nine Canadian banks.

## Canadian mutual fund balances & market share



- Continued to lead the mutual fund industry with close to \$102 billion (16.6% total market share) in mutual fund assets under management as at July 31, 2009.
- In Q3'09, RBC led the industry with 25% in net sales of LT funds

(1) Industry-wide redemptions in money market funds in Q3'09. Individual market shares: RBC Asset Management 13.8% and PH&N 2.8%; market share figures as at July 31, 2009 (Source: IFIC).

## Capital Markets achievements



- ✓ Best Investment Bank in Canada winning all three categories – debt, equities and M&A <sup>(1)</sup>
- ✓ U.S. Mid-Market Investment Bank of the Year <sup>(2)</sup>
- ✓ Best Overall Credit House in Europe <sup>(3)</sup>
- ✓ #1 for global oil and gas M&A financial advisor <sup>(4)</sup>
- ✓ #1 global ranking for CAD <sup>(1)</sup>

Rankings <sup>(5)</sup>	2009 YTD				2008 YTD	
	Proceeds (\$ millions)	# of deals	Rank	Market Share	Rank	Market Share
Canada equity and equity-related	2,712	25	1	12.5%	2	9.3%
Canadian all debt (ex. self funded)	20,367	72	1	24.2%	1	25.0%
All US debt, equity & equity-related	165,351	133	8	3.8%	11	3.0%

- (1) Source: Euromoney.
- (2) Source: Investment Dealers' Digest
- (3) Source: Credit Magazine's 2009 European Credit Awards.
- (4) Source: Bloomberg.
- (5) Source: Thomson Reuters. Based on second calendar quarter.

## Contents

- 1 RBC Overview
- 2 Shareholder Returns
- 3 Canadian Economy
- 4 Appendices

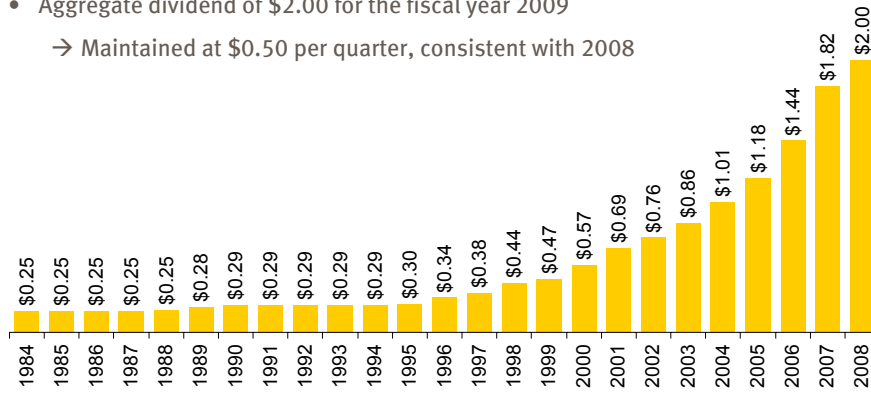


## History of delivering stable and growing dividends



\$ per share

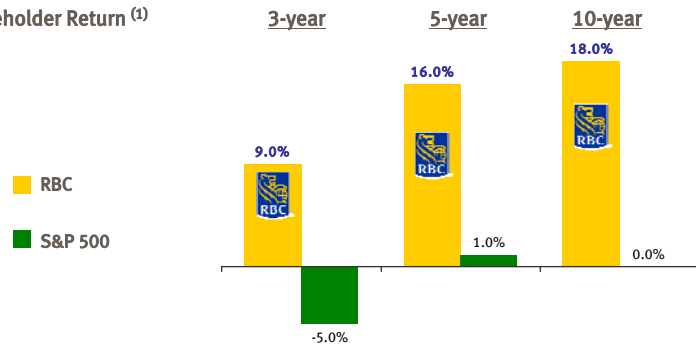
- Aggregate dividend of \$2.00 for the fiscal year 2009  
→ Maintained at \$0.50 per quarter, consistent with 2008



## Consistently outperforming



Total Shareholder Return <sup>(1)</sup>



**RBC rank versus:**

North American peer group <sup>(2)</sup>  
20 largest banks globally

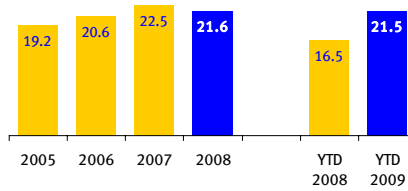
Period	3-year	5-year	10-year
North American peer group <sup>(2)</sup>	#1	#1	#1
20 largest banks globally	#6	#4	#3

(1) Price appreciation plus dividends reinvested, annualized. As at September 30, 2009.  
(2) North American peer group includes Bank of America, Bank of NY Mellon, BB&T, BMO, CIBC, Fifth Third, JP Morgan, KeyCorp, Manulife, National, Northern Trust, PNC Financial, Scotiabank, Sun Life, SunTrust, TD, U.S. Bancorp and Wells Fargo.

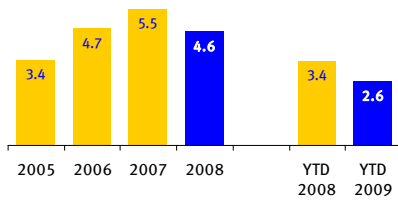
## Strong financial profile



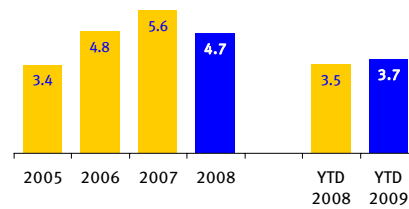
Total revenue (\$ billions)



Net income (\$ billions)



Cash net income (\$ billions) <sup>(1)</sup>

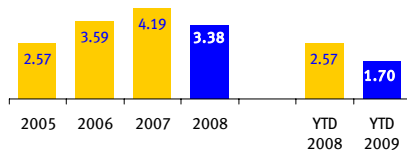


(1) Non-GAAP. See slide 31 for reconciliation and slide 33 for discussion on non-GAAP measures.

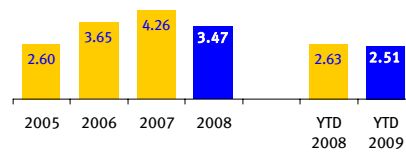
## Profitability metrics



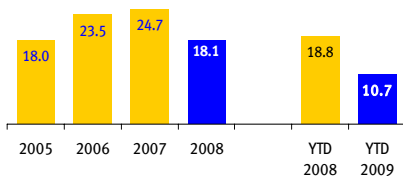
Diluted earnings per share (EPS) (\$)



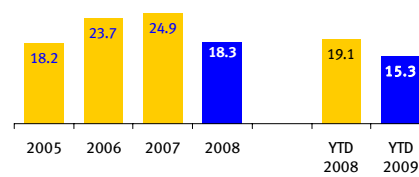
Cash diluted EPS (\$) <sup>(1)</sup>



Return on equity (ROE) (%)



Cash ROE (%) <sup>(1)</sup>



(1) Non-GAAP. See slide 31 for reconciliation and slide 33 for discussion on non-GAAP measures.

## Contents

- 1 RBC Overview
- 2 Shareholder Returns
- 3 Canadian Economy
- 4 Appendices

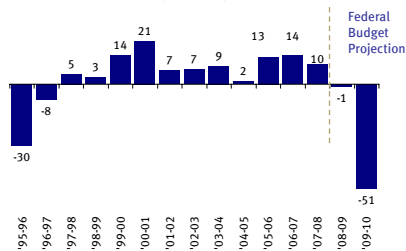
# 3

## Canada has benefited from prudent fiscal policy

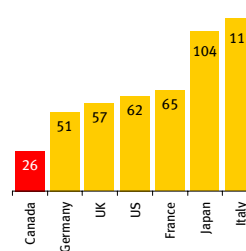


- Better placed than many countries (*International Monetary Fund, March 2009*)
  - 11 straight years of fiscal surpluses pre-crisis
  - Net debt to GDP ratio lowest among G-7
  - Proactively responding to crisis through strong fiscal stimulus and monetary policy
  - Banks are vigilantly regulated and conservative by nature
- #1 for soundness of banks (*World Economic Forum, October 2008*)

Canadian Government Budget Balance <sup>(1)</sup>  
(C\$ billion)



Government Net Debt <sup>(2)</sup>  
(% of nominal GDP, 2009)

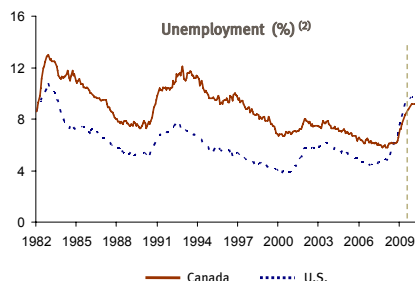
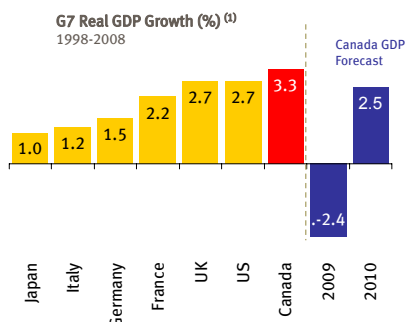


(1) Dept. of Finance, Canada  
(2) IMF, Dept. of Finance Canada

## Currently in recession – forecast to rebound in 2010



- Difficult economic environment through balance of 2009
- Unemployment rate rising but below the U.S.
  - Job reductions focused on automotive and manufacturing
- Diversified economy lays groundwork for recovery
  - Trade-based economy rich with natural resources



RBC | INVESTOR PRESENTATION

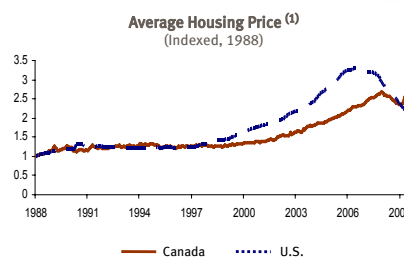
(1) Bank of Canada, RBC Economics Research  
 (2) Bank of Canada, Bureau of Labour Statistics, RBC Economics

23

## Housing market fundamentals are sound

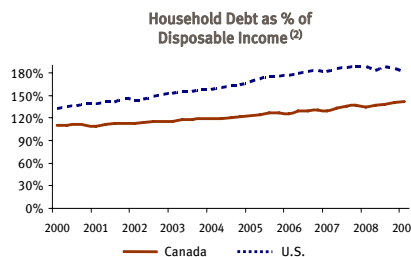


- Canadian housing markets least overvalued leading up to crisis (*IMF, March 2009*)
- House prices gradually came off highs and recently showing signs of recovery



## Household financial position is sound

- Less household debt than the U.S.



RBC | INVESTOR PRESENTATION

(1) Canadian Real Estate Association, Standard and Poor's  
 (2) Statistics Canada, U.S. Federal Research Division (March 2009).

24

## More conservative regulation and consumer behaviour

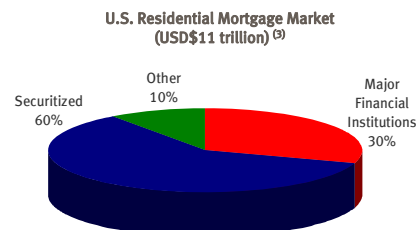
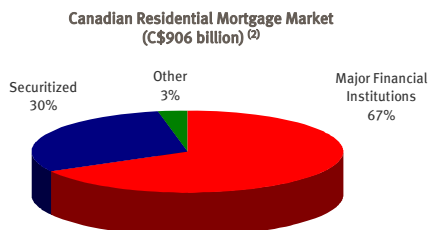


	Canada	U.S.
<b>Regulation</b>	<ul style="list-style-type: none"> <li>Fully insured if LTV <u>over</u> 80%</li> <li>Insurance is government-backed</li> </ul>	<ul style="list-style-type: none"> <li>Insured only if conforming and LTV <u>under</u> 80%</li> <li>No regulatory LTV limit – can be over 100%</li> <li>Not gov't-backed if private insurer defaults</li> </ul>
<b>Consumer Behaviour</b>	<ul style="list-style-type: none"> <li>Mortgage interest not tax deductible</li> <li>More apt to pay off mortgage</li> <li>No stay periods on non-performing mortgages</li> </ul>	<ul style="list-style-type: none"> <li>Mortgage interest is tax deductible</li> <li>Less tendency to pay down mortgage</li> <li>Stay period of up to 90 days</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>1 to 5-year terms typical, with up to 35-year amortization.</li> <li>Prepayment penalties.</li> <li>Limited use of “teasers”</li> </ul>	<ul style="list-style-type: none"> <li>30-year terms with matching amortization</li> <li>“Teasers” (low initial rate, then increases)</li> </ul>
<b>RBC Portfolio</b>	<ul style="list-style-type: none"> <li>44% of residential mortgage balances are insured.</li> <li>Average loan to value (LTV) of 57% across uninsured residential mortgage portfolio (including drawn secured line of credit).</li> </ul>	

## Most Canadian mortgages are held on balance sheet



- Strong underwriting discipline in Canada
  - No sub-prime origination by major banks
  - Major banks credit score using in-house models and third-party metrics, and require extensive documentation
- In the US, most mortgages securitized and sold
  - Sub-prime origination up to 20% in 2006 <sup>(1)</sup>
  - Wide range of underwriting and documentation requirements



(1) Source: DBRS “Comments on the Mortgage Markets in Canada and the United States” and RBC data

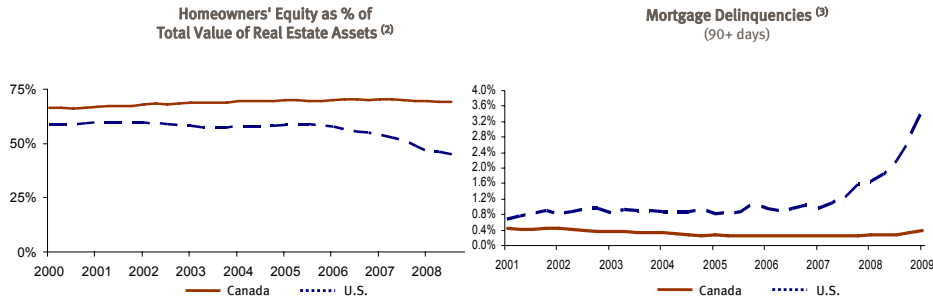
(2) Bank of Canada, Statistics Canada December 2008

(3) U.S. Federal Reserve December 2008

## Conservative lending practices have led to fewer delinquencies



- Significant and stable amount of equity investment in Canadian homes
- Rate of home ownership comparable (approximately 68% in both countries)<sup>(1)</sup>
- Mortgage delinquency rates remain low

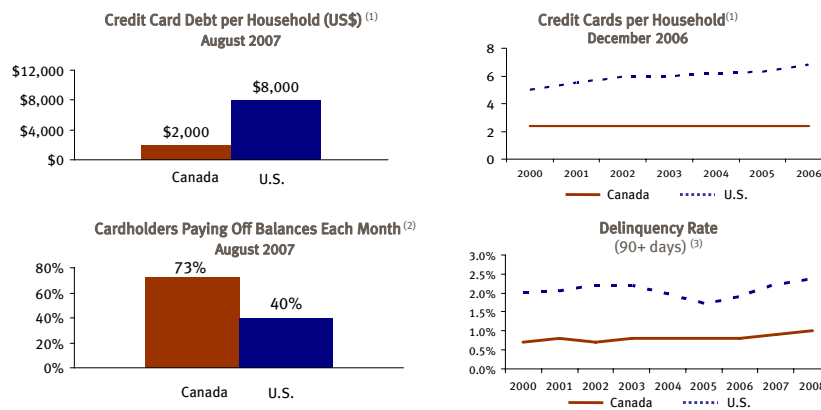


(1) Statistics Canada Census and U.S. Census Bureau  
 (2) Statistics Canada and U.S. Federal Research Division (March 2009).  
 (3) Canadian Bankers Association (CBA) and Mortgage Bankers' Association as at June 2009.

## Canadians use credit cards primarily for convenience



- Most pay off their balance each month and household credit card debt is low
  - Canadians own fewer credit cards and have a lower delinquency rate than US
- Note that the charts below are 2006, 2007 and 2008, as more recent studies are not available



(1) Tower Group  
 (2) CBA, Federal Reserve Bank of Philadelphia Economic Research  
 (3) CBA, FDIC

## Contents

- 1 RBC Overview
- 2 Shareholder Returns
- 3 Canadian Economy
- 4 Appendices

# 4

## Tangible common equity ratio (Tier 1 common capital)



\$ millions	Q3 2009
<b>Tier 1 capital</b>	<b>\$ 31,324</b>
<i>Less: Qualifying non-controlling interest in subsidiaries</i>	353
<i>Innovative Tier 1 capital instruments (net of treasury shares)</i>	4,113
<i>Preferred shares (net of treasury shares)</i>	4,812
<b>Total Tier 1 common capital</b>	<b>\$ 22,046</b>
<b>Risk adjusted assets</b>	<b>\$ 243,009</b>
<b>Tangible common equity ratio</b>	<b>9.1%</b>

- Calculated as Tier 1 capital less non-common elements, including non-cumulative perpetual preferred shares, qualifying non-controlling interest in subsidiaries and innovative tier 1 capital instruments as a percentage of risk-adjusted assets.

## Reconciliation of cash basis measures



\$ millions, except Earnings Per Share and Return on Equity (ROE)

	YTD 2009	YTD 2008
<b>Net Income</b>	<b>\$ 2,564</b>	<b>\$ 3,435</b>
Add: Goodwill impairment charge	1,000	-
<b>Adjusted net income <sup>(1)</sup></b>	<b>3,564</b>	<b>3,435</b>
Add: After-tax effect of amortization of other intangibles <sup>(2)</sup>	135	85
<b>Cash net income <sup>(1)</sup></b>	<b>\$ 3,699</b>	<b>\$ 3,520</b>
<b>Diluted earnings per share</b>	<b>1.70</b>	<b>2.57</b>
Add: Impact of goodwill impairment charge	0.71	-
<b>Adjusted diluted earnings per share <sup>(1)</sup></b>	<b>\$ 2.41</b>	<b>\$ 2.57</b>
Add: After-tax effect of amortization of other intangibles <sup>(2)</sup>	0.10	0.06
<b>Cash diluted earnings per share <sup>(1)</sup></b>	<b>\$ 2.51</b>	<b>\$ 2.63</b>
<b>ROE</b>	<b>10.7%</b>	<b>18.8%</b>
<b>Cash ROE <sup>(1)</sup></b>	<b>15.3%</b>	<b>19.1%</b>

RBC | INVESTOR PRESENTATION

(1) Non-GAAP. See slide 33 for a discussion on non-GAAP measures.  
 (2) Excludes the amortization of computer software intangibles.

31

## Pre-Tax Pre-Provision Earnings / Risk Adjusted Assets



\$ millions	Q3 2009
<b>Last 4 Quarters GAAP Net Income</b>	<b>\$ 3,684</b>
Add: Goodwill Impairment Charge	1,000
Add: Last 4 Quarters PCL	3,110
Add: Last 4 Quarters Income Tax Expense	1,581
<b>Trailing 12 Month Pre-Tax Pre-Provision Earnings</b>	<b>\$ 9,375</b>
<b>Risk Adjusted Assets</b>	<b>\$243,009</b>
<b>Pre-Tax Pre-Provision Earnings / Risk Adjusted Assets</b>	<b>3.9%</b>

- Pre-provision, pre-tax earnings is a useful supplemental measure of capital adequacy as it is the first line of defence in absorbing higher credit costs and securities write downs.
- Non-GAAP. See slide 33 for a discussion of non-GAAP measures.

RBC | INVESTOR PRESENTATION

32

## Non-GAAP measures



We use a variety of financial measures to evaluate our performance. In addition to GAAP prescribed measures, we use certain non-GAAP measures we believe provide useful information to investors regarding our financial condition and results of operations. Readers are cautioned that non-GAAP measures, such as cash net income, cash diluted EPS, cash ROE and Pre-Tax Pre-Provision Earnings/Risk Adjusted Assets, do not have any standardized meanings prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures presented by other companies.

Reconciliation and additional information about our non-GAAP measures can be found under the "Key performance and non-GAAP measures" section in our Q3 2009 Report to Shareholders and our Q3 2009 Supplementary Financial Information.

## Investor relations contacts

Josie Merenda, VP & Head, Investor Relations	416.955.7803	josie.merenda@rbc.com
Bill Anderson, Director, Investor Relations	416.955.7804	william.anderson@rbc.com

[www.rbc.com/investorrelations](http://www.rbc.com/investorrelations)