



# ROYAL BANK OF CANADA NATIONAL BANK FINANCIAL CANADIAN FINANCIAL SERVICES CONFERENCE TUESDAY, MARCH 30, 2010

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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 include, but are not limited to, statements relating to our opportunities for growth and 2010 priorities in these speaker's notes. The forward-looking information contained in these speaker's notes is presented for the purpose of assisting the holders of our securities and financial analysts in understanding RBC and Wealth Management, 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 opportunities for growth and 2010 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 Q1 2010 Report to Shareholders and in 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 Q1 2010 Report to Shareholders and in our 2009 Management’s Discussion and Analysis.

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**GEORGE LEWIS, GROUP HEAD, WEALTH MANAGEMENT**

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Thank you Igor and good morning everyone. I'm very pleased to be here to speak to you about RBC Wealth Management and the Royal Bank of Canada.

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.

Turning to Slide 4, I will begin with a brief overview of RBC and then focus my remarks on the Wealth Management segment. Canada is clearly our core market, where we enjoy the largest market position, and a growing one, in a very attractive market for universal banking.

In Canada, we provide all client segments with deposit and lending services, FX, credit cards, mortgages, insurance, mutual funds, full service and self-directed brokerage, discretionary investment management, trust services, as well as a full array of capital market services and are a leader in all of our key domestic segments.

Outside of Canada, we are increasingly focused on two global segments with significant reach – Capital Markets and Wealth Management, as well as specific businesses where we have certain competitive strengths.

We generate approximately two-thirds of revenue in our home market of Canada and our long standing business model objective is to maintain a 75% – 25% mix between our banking, wealth management and insurance businesses on the one hand, and our Capital Markets segment on the other. I think it is particularly important to recognize that this has been a longstanding business model, one which has differentiated our performance over time and has proven to generate strong returns through all points of the cycle.

Turning to slide 5, RBC is the 13th largest bank in the world and Canada's largest company, as measured by market capitalization. We are also one of only five non-sovereign banks in the world maintaining a triple 'A' Moody's senior debt rating. The increase in RBC's relative size, strength and stability since the beginning of the period of market disruption in 2007 has contributed significantly to the ability of our Capital Markets and Wealth Management segments to attract talent and clients, particularly outside Canada, that will contribute and are contributing to the long-term growth of these global franchises.

But we are not seeking size for the sake of size alone – as slide 6 demonstrates we have been successful in delivering attractive shareholder returns and this remains our focus especially with respect to decisions regarding future capital deployment.

Turning to the first quarter, we recently reported very strong results to kick off 2010. We had earnings of \$1.5 billion – our second best quarter of earnings and we generated a return on equity of 17.5% as shown on slide 7, which is a premium to our Canadian and global peers. This slide also shows our Pre-Tax Pre-Provision Earnings as a percentage of risk adjusted assets – at 4%, is again a premium to our peers and this is a function of RBC's ability to provide multiple products and services to clients through extending our balance sheet, but also to the

relatively large size of our Wealth Management segment which contributes to RBC's earnings without significant need for RAA.

Our capital ratios remain amongst the strongest globally with a Tier 1 ratio of 12.7% and a tangible common equity ratio of 9.1%. These results speak to the earnings power of RBC, the strength of our businesses and our ability to manage our costs and capital effectively. Each of our businesses displayed strong momentum in the first quarter.

Canadian Banking performed extremely well and continued to underpin our earnings. This segment includes our Business Banking, Cards and Payments, and Personal Financial Services which in turn includes our branch mutual fund distribution business, self-directed brokerage business as well as domestic private banking. We had strong volume growth and market share across most products in this segment.

Our Insurance business also exhibited strong growth and continues to complement our retail product offering.

In Capital Markets we benefitted from the strength and diversity of our businesses. We had improvement in our investment banking results and while trading levels moderated, our results remained strong.

In International Banking, we continue to see signs of improvement in our U.S. loan portfolio and are making progress on restructuring this business to enhance our competitive position and achieve greater operating efficiency.

In Wealth Management, we're benefiting from the improved market conditions, the benefits of our 2008 acquisition of Phillips, Hager & North, growth from attracting advisors and clients during the period of market disruption, and to some extent offset by the negative impact of low interest rates on our spread income given the significant level of client deposits relative to loans. Nevertheless, our results show significant earnings recovery from the period of market lows.

Now let me dive further into the segment that I oversee, Wealth Management. But first, I'd like to review the two primary strategic reasons that RBC created a global focus on this segment in 2007.

First, we believe that the Wealth Management segment will continue to grow at a faster pace than other parts of the global financial services industry driven by two long term trends. The first is demographics driven by an aging population in developed markets. We continue to expect growing demand for retirement solutions and wealth transfer services. Secondly, we expect a significant growth in high-net worth investors, especially in emerging markets. Our Wealth Management segment is positioned well to capitalize on these longer-term trends and future investments that we make in this business to further improve our exposure to these trends.

Our second strategic reason for a global focus on wealth management is that this business – where our revenues are primarily fee-based, recurring and depend on the growth of our clients balance sheets rather than RBC's balance sheet - is extremely complementary to our Banking segments and our global Capital Markets segment where we provide significant balance sheet to meet client needs.

Now in terms of our Wealth Management segment, Slides 12 and 13 outline each of our businesses and how we are seizing opportunities to grow. I know that many of you are familiar with our operations so I'd like to spend some time talking about our four key priorities for 2010 as outlined on slide 14.

Our first priority is to grow our Global Asset Management business, which delivers approximately 45% of our segment's earnings, with roughly 6% of our segment's employees – clearly a business with high margins and one that can be leveraged further across RBC and externally.

Our Global Asset Management business is the largest mutual fund company in Canada with 16% market share and almost \$100 billion of assets under management (AUM) and we are focused on extending that lead using both our RBC and Philips Hager & North fund families to reach all client segments and distribution channels. We are also one of the leading institutional asset managers in Canada and have recently made strides in growing our presence in the U.S.

Our product line-up is providing greater choice to our clients and setting us apart from the competition. With our Philips, Hager & North acquisition, we have great momentum from the addition of this award-winning fund family and the expertise of our expanded team of analysts and money managers. We have a track record of industry-leading investment performance and client service, and most recently we were recognized for having the best risk-adjusted performance for an overall fund family and bond fund family at the 2010 Lipper Awards.

So, with \$200 billion of AUM, we are currently among the top 100 globally for asset management. Our goal is to move in to the top 20 in the years ahead, which would require approximately \$500 billion of AUM. We have a number of initiatives in place to help us achieve that goal.

First, we are broadening our products and services to an even greater extent across our entire network.

First and foremost, through increased collaboration with our RBC partners in Canadian Banking, Insurance and Capital Markets, we are leveraging the breadth and depth of RBC's capabilities to provide leading services and solutions to both individual and institutional clients. One example is RBC Insurance recently launched a series of segregated funds, and a Universal Life product exclusively to our Dominion Securities business. Insurance is key to an overall wealth management offering to our clients and the addition of these products helps our clients maximize their protection and provides a one-stop investment solution with a brand that they trust.

On the institutional side, we are increasing our market share primarily by adding depth of expertise and broadening our range of mandates. For example, the U.S. arm of our Global Asset Management business recently launched an Infrastructure Investment Group to offer investment solutions and strategies for institutional clients looking to invest in this asset class. This new offering will be available to clients across our network, provides global, diversified exposure to unlisted infrastructure investments, and appeals to investors looking for assets with long duration for asset liability management purposes and low correlated returns to other asset classes for diversification. The U.S. division of our Global Asset Management business now already has over \$43 billion under management on behalf of clients.

We also recently launched a suite of institutional cash mutual funds intended to help treasury managers increase the return potential of their organization's short-term cash assets.

We have also added to our equity capabilities, which have historically focused on Canadian, US and EAFE markets. Last year we hired a portfolio management team in London, with an experience in emerging markets and have recently launched an emerging markets fund for individual and institutional clients.

Clearly we have a lot of organic growth potential, but to reach our top 20 goal in this high margin, low capital-intensive business in addition to organic growth, we need to and are actively looking to expand our asset management business through acquisitions, with a particular focus to European and U.S.-based firms that have excellent investment performance and distribution in their home markets as well as in emerging markets.

Turning to the remainder of our Wealth Management segment, our businesses in Canada, the U.S., and internationally focus on meeting the needs of affluent and high-net worth individual clients to grow, preserve, protect and ultimately transfer their wealth. With over \$500 billion of client assets, we are already a top 20 global leader in wealth management. Here, one of our key priorities is to accelerate growth and profitability by continuing to retain and attract experienced advisors and professionals, but again with specific focus on improving productivity, particularly in our U.S. and International businesses where we had a record year for recruitment of advisors in 2009.

This has been a key driver of improved financial performance in our U.S. Wealth Management business and we believe there is considerable opportunity for further improvement.

In the U.S. we have built the sixth-largest full service brokerage over the past decade and it is now "at scale" with a national footprint. Our focus now is converting that growth into stronger earnings through enhanced revenue per advisor, the single biggest determinant of profitability in a wealth management business.

For example, in the U.S., to help our advisors increase their productivity we have rolled out two initiatives. First is the new Investment Services Group which delivers a cost-effective service channel for low-revenue accounts, this allows our advisors to focus on higher-revenue business.

Second, we have a Premier Service Group which offers a dedicated phone line and support team that provides assistance and research to our top financial consultants to allow them more time to focus on their clients and continue to build their business.

In Canada, we have the premier wealth management platform for advisors and clients, demonstrated by our continued ability to attract experienced Investment Advisors and Portfolio Managers from the competition, as well excellent ratings from advisors and clients and the fact that we earned roughly 60% of industry profits in 2009. Importantly, this permits us to re-invest in what we continue to believe is a growth business – full-service wealth management business – and also leverage the growing global capabilities of RBC's Capital Markets segment and our Global Asset Management business for the benefit of our Canadian wealth management advisors and clients.

Our third key priority relates to growing our share of the high-net worth segment, here in Canada. We are currently a leader in the high-net worth segment in Canada and we believe we have significant opportunities to extend our lead given our ability to deliver a broader range of products and services, as well as the quality of our people. This is a high growth segment and every firm in Canada is focused on this market, but at RBC we have a distinct advantage because of the potential for even greater collaboration across our diverse businesses.

One concrete example of this collaboration is our business succession program, which was developed jointly by Wealth Management and Canadian Banking. 50% of high-net worth clients are business owners and many of them are baby boomers, and they will be looking at retirement in the next phase of their life and will require advice to either monetize their investments or transition their business to the next generation.

This is a significant opportunity not just for Wealth Management, but also for Private and Business Banking in our Canadian Banking segment. With this comprehensive approach, RBC can meet the needs of high-net worth Canadians in both their personal financial planning and their business management. RBC is the #1 Business Bank, the #1 Private Bank, #1 Capital Markets Bank, the #1 Wealth Manager and the #1 Asset Manager in Canada, yet our share of high-net worth clients, while leading, is not differentiated at only 16%. Every Canadian high-net worth client, in our view, deserves to be with RBC, but one out of four would represent a more acceptable result.

Lastly, while continuing to invest for long term growth and enhance the client experience, we are very focused on cost management. For example, across our segment we have created centres of procurement expertise in Minneapolis, London and Toronto. We are utilizing our global contacts and vendor relationships to leverage the global buying power of RBC to maximize the value of dollars spent.

Finally, in Canada we have migrated onto a single back-office for our brokerage, counsel and trust businesses; this is the same platform used by our U.S. Wealth Management business and the advisory portion of our International Wealth Management business. This has streamlined operations, reduced and simplified system enhancements, improved our risk management, and has resulted in net savings in terms of support costs.

In conclusion, we have a solid global wealth management business with focused strategies in place to grow each of our businesses by capitalizing on the long-term trends that we see as being very attractive in this segment.

With more client assets in our care, our comprehensive offering of wealth management products and services, we are well positioned to benefit from the more stable markets, improving investor confidence and eventually higher short-term interest rates that accompany the economic recovery.

From this position of strength, we have increased flexibility and an unprecedented range of opportunities to invest and grow our businesses across a changing landscape when many of our global peers can not take full advantage of these opportunities.

Thank you very much for your attention and I am pleased to answer your questions.