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**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

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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 speakers' notes, in other filings with Canadian regulators or the SEC, in reports to shareholders and in other communications. Forward-looking statements in these speakers' notes include, but are not limited to, statements relating to RBC and our business segment outlooks, the economic and regulatory environment and our strategic goals. The forward-looking information contained in these speakers' notes 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 may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "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 and that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals 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, and liquidity and funding risks, and other risks discussed in the Risk management and overview of other risks sections of our 2010 Annual Report and in the Risk management section of our Q3 2011 Report to Shareholders; general business, economic and financial market conditions in Canada, the United States and certain other countries in which we conduct business, including the effect of the European sovereign debt crisis and the lowering of the U.S. long-term sovereign credit rating by Standard and Poor's, 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; changes to and new interpretations of risk-based capital guidelines, and reporting instructions and liquidity regulatory guidance, and the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and regulations to be issued thereunder; 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 management and Overview of other risks sections of our 2010 Annual Report and in the Risk management section of our Q3 2011 Report to Shareholders.

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## **GORDON M. NIXON, PRESIDENT & CEO**

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Good morning and thank you Kevin for the opportunity to be with you this morning.

Before we begin, I'd like to point out as noted on slide 2, all remarks, including those made during the question and answer session, may contain forward-looking statements, which involve applying assumptions, and have inherent risks and uncertainties which may differ materially from actual results.

Now my comments...

It's not news to anyone in this room that this is clearly a challenging time for the global financial services industry as Kevin alluded to.

Banks around the world are facing significant headwinds driven largely by the fiscal and economic challenges in the United States and throughout Europe. While we are confident that a strong recovery of global capital markets will occur, it will require long-term, sustainable policies to address sovereign debt issues and the state of the global economy.

These are complex issues and will take time to work out. In this environment, it is our objective to ensure that we are well positioned to grow our earnings, and take advantage of global dislocation without putting us at extreme risk from uncontrollable external shocks.

In this environment, RBC's strength and stability sets us apart. As you can see on slide 3, we are now the 12<sup>th</sup> largest bank in the world by market capitalization, and notwithstanding recent share price fluctuations, I am encouraged by RBC's position from both a financial and a competitive perspective.

On a year to date basis, net income from continuing operations was over 5 billion dollars, this is up 16 percent from our earnings last year - clear evidence of our ability to deliver core business and earnings growth despite these challenging markets. This performance is where we expected to be and we are confident that we will achieve our 2011 plan.

We have a strong competitive position, we are staying the course with our strategy and we continue to see growth opportunities in this environment for three key reasons outlined on slide 4:

First, we are a clear leader in Canada and we have leveraged this domestic strength to build globally competitive businesses. We are the leader in Canadian Banking, a leader in Wealth Management, a leader in Insurance and Capital Markets and our domestic franchise continues to gain market share. Our Canadian retail businesses are producing well over a billion dollars of earnings each quarter and again growing market share across these product areas. Second, our diversified business mix mitigates risk and contributes to earnings stability through the economic cycle. Finally, RBC is a highly rated global bank with a strong capital base and a high quality and liquid balance sheet.

Over the last several years, we have taken a number of steps to de-risk our balance sheet and further strengthen our position. In today's environment a strong financial footing represents a distinct competitive advantage.

Starting with Canada, where we generate two-thirds of our revenue, we are a leader in all of our businesses. Canada has exceptional fundamentals and although we are not sheltered from the impact of global macro economic events, one thing holds true - the international reputation for strength and stability – of both Canada and our organization – continues to build.

Turning to slide 5, Canadian Banking remains the cornerstone of our business representing more than half of RBC's total earnings. We rank number one or two in market share in all consumer and business product categories, and where we trail we are closing the gap.

We have an unparalleled scale advantage. With the largest physical distribution network in the country, more than double the mobile sales force of our competitors and top-rated online banking capabilities, we are able to reach more customers when and how they want.

We have backed away from recent acquisition opportunities in Canada as they were inconsistent with our domestic distribution strategies and our margin and risk objectives, but we will continue to look for ways to grow our domestic asset base.

By investing in the development of digital solutions and new advice channels, our capability to service our clients and deliver value-added advice remains unmatched in the marketplace.

No doubt, shifting dynamics in the Canadian retail market are presenting new challenges. Consumer lending volumes are moderating, competition is intensifying, and a prolonged low rate environment continues to put pressure on margins.

Notwithstanding these forces, we have a number of levers enabling us to adapt to the changing marketplace. Given our scale and expanded capabilities, we can extend our sales power by cross-selling products for top-line growth, and take down costs and improve efficiency for the bottom-line.

We are unique in our ability to cross sell - we not only cross sell across channels, we cross sell across segments. We sell more creditor insurance, credit cards and mutual funds through our branch network than our competitors, which is why Ipsos-Reid ranked RBC number one for our cross-selling ability this year.

While consumer loan growth is moderating, we are seeing a rise in commercial loan demand. This is a key area of growth for us as we look to regain some lost ground and take back market share by differentiating ourselves through quality advice and through our industry specialization.

In this environment, we recognize the need to not only grow revenues, but also to reduce the cost of putting each new dollar of revenue on our books. We are re-examining our investment plans and our cost structure and remain committed to achieving a targeted low 40 percent efficiency ratio in the next couple of years. We believe the current environment plays into Canadian Banking's strengths and I am confident we will continue to lead the market.

We are in the unique position to further the gap between ourselves and our competitors by leveraging our scale, by streamlining processes and reducing costs which in turn will improve our sales productivity and operating efficiency.

Turning to slide 6, our insurance business fully complements our retail offering and continues to make a solid contribution to our diversified earnings stream.

As one of the largest bank-owned insurers in Canada with integrated manufacturing and distribution capabilities, we have a clear advantage over our peers.

Going forward, we are focused on increasing sales through low cost proprietary channels, while continuing to identify opportunities to strengthen our product offering and client relationships.

While we are focused on growing in Canada, an essential component of our strategy is also global growth. By leveraging our strong domestic Wealth Management and Capital Markets businesses, we have built successful businesses on a global scale to serve the sophisticated, complex needs of global clients.

This strategy allows us to offer RBC's core expertise to an international clientele while generating strong returns for our shareholders. This is particularly relevant today as many Europeans and Americans, in particular, are looking for alternative providers of financial services.

Turning to Wealth Management on slide 7. Several years back, we strategically created a global focus for this business and I'm pleased with our progress. Today RBC is the 6<sup>th</sup> largest wealth manager in the world.

I am especially proud since we accomplished this against some very difficult market conditions which impaired asset values and client activity levels. In Canada, RBC is the clear market leader. We are the largest and most profitable wealth manager in Canada with 22 percent of the High-Net-Worth market.

RBC Dominion Securities is the #1 investment dealer in the country with approximately 180 billion dollars in assets under administration - more than double the size of our nearest competitor.

In the U.S., we are now the 6th largest full-service brokerage firm by financial advisors with approximately 2,100 across 42 states, comprising 220 billion dollars of assets under administration.

We remain committed to providing superior service to our clients and this year, J.D. Power and Associates awarded us top marks for overall investor satisfaction in the United States. Going forward, with scale and strong competitive positioning, we are focused on improving productivity benchmarked against the high performance standards we achieve in Canada.

Over the last four years, we have transformed our Asset Management business and laid the groundwork to become a leading global player. In 2007, we had 100 billion dollars in assets under management with a focus on the domestic retail market. Today, we are a global business, with over 250 billion dollars of assets under management. We continue to increase market share by delivering our clients the strong performance, value and choice of funds and our awards demonstrate our success.

This year, PH&N won top distinctions at the annual Lipper awards for “Best Bond Fund Family” and “Best Overall Fund Group”. By leveraging our domestic strength, we have grown both organically, and through strategic acquisitions that are complementary to our product and client mix to build our global asset management franchise.

As you know, last year, we purchased BlueBay Asset Management, one of Europe’s leading fixed income asset managers. In nine short months, we’ve been able to expand our international footprint, and broaden our product offering.

In April, we opened a Hong Kong office to expand our distribution network in Asia, and in July, we launched the BlueBay Global Monthly Income Bond Fund to offer the internationally recognized expertise of BlueBay to our Canadian customers.

Other key elements of our global wealth management strategy include leveraging our leadership in international trust solutions, and growing our footprint in the U.K. and emerging markets. Last year we acquired Fortis Hong Kong, demonstrating our focus on high-net-worth individuals and our commitment to expanding our presence in Asia. We are confident that a clear strategy and the ability to deliver superior wealth management solutions to global clients, positions us well to benefit from favourable demographic trends in the future.

We’ll be speaking more about Wealth Management’s strategy at our investor day which is on October 21st, so hopefully many of you can join us for that event.

Turning to Capital Markets on slide 8, as Canada’s largest and only truly global investment bank, we offer our clients the strength of our Canadian leadership, as well as global expertise. In Canada, we have top tier market share across all our businesses and achieve top ranks in the league tables. The National Post named us Dealmaker of the Year, a title we’ve held for eight consecutive years. That being said, we are not complacent about our home market leadership and we continue to work hard to do more business with our existing clients, as well as attract new clients.

From our strong domestic base, we have built a premier global investment bank, with Bloomberg ranking us 11th-largest investment bank in the world by fees. We have always taken a measured approach to growth by diversifying across businesses and geographies and executing disciplined risk practices, thereby maximizing risk-adjusted returns on capital, even through challenging financial conditions.

Over the longer term, we target a balance between our trading and investment banking businesses to grow our fee-based revenues and produce consistent returns. Recently, as trading declined, we’ve seen strong momentum in our investment banking businesses across each geographies.

Our growth strategy outside of Canada has been very deliberate. We lead with trading and establish investment banking roots where we have demonstrated strength and success, areas such as energy, mining, and infrastructure. Then, we enhance our capabilities by adding investment bankers, sales and research teams to broaden client coverage across industry sectors.

Our investment banking and trading businesses complement one another as we win new mandates; our trading businesses support these new issuances and related secondary trading.

The RBC brand outside of Canada, it is a symbol of strength and stability, and is key in attracting clients and top talent from other firms.

Looking at our U.S. business, the success of our strategy is paying off. We have developed a sizeable franchise that has doubled over the past three years. We have increased market share and are being awarded with key mandates by mid and large-cap companies.

An example, this past quarter, we acted as joint and sole Canadian bookrunner for Teck Resources' US 2.0 billion dollar bond offering.

In growing our European franchise we have taken a similar approach to the U.S., by leading with trading and then building out our investment banking, research and equities capabilities. This past quarter, we acted as exclusive adviser to Charterhouse Capital Partners on its 950 million dollar acquisition of a majority stake in Environmental Resources Management - a big step in broadening our European investment banking platform.

There is no question this has been a challenging period for trading given Europe's debt crisis and our role as a leading fixed income player. We have been proactively managing risk, and responding to the structural changes that are occurring in global fixed income markets.

Notwithstanding the current market conditions and increased regulatory pressures, our global franchise is strong and we remain committed to the markets in which we operate. We are focused on selectively broadening the number and depth of our client relationships, maintaining strict risk management practices and aggressively managing our balance sheet. We continue to believe that returns in Capital Markets will be strong over the long-term relative to other areas of financial services, and while there is earnings volatility, there is significantly less risk inherent in the business.

Turning to International Banking on slide 9, this segment now comprises our Caribbean banking operations, as well as RBC Dexia, our 50 percent interest in a global custody business.

Long-term prospects in Caribbean banking remain attractive with healthy margins. Our transformational initiatives provide opportunity for expense optimization and further efficiencies going forward. RBC Dexia is expanding its customer base and winning new client mandates. As such, we are seeing good growth in fee-based client assets and our focus is on enhancing and broadening our product offering suite.

Moving on to slide 10, underpinning the growth across all our businesses is a long-term strategy centred on the principle of diversification. We believe we have the right mix of businesses, generating approximately 75 percent from retail, including banking, wealth management and insurance, and approximately 25 percent from capital markets.

This strategic mix, which I might add has been consistent over the past 10 years, contributes to earnings stability throughout the cycle and diversifies risk, which has been evident since the start of the financial crisis. Further, this diversification gives us agility to respond to shifts and market developments.

Today, we are seeing good momentum in our investment banking businesses counteracting declining trading levels and we are able to allocate capital accordingly to take advantage of this shift.

We believe as consumers continue to deleverage, the strong growth in credit will be replaced by growth in savings and investments, driven by an aging population focused on growing and accumulating wealth. With our broad product offering in Canadian Banking and Wealth Management, we are well positioned to benefit from this changing trend.

Our capital and financial strength is being recognized. We have a very strong and liquid balance sheet. Over the last few years, we have enhanced our liquidity and de-risked our balance sheet by disposing of higher risk and lower return assets.

An example, we sold Liberty Life and recently announced the sale of RBC Bank, and we continue to wind down the U.S. builder finance business, none of which have met our risk adjusted return hurdles.

We have a strong risk management culture and have always taken a disciplined and rigorous approach to the clients and counterparties we deal with. In the context of Europe, our exposures to the peripheral countries are minimal, and our exposures in other industrial countries are to high grade, highly rated entities

and are well collateralized. Overall we feel our exposures are manageable and we are very comfortable with our dealings in Europe.

We are very well capitalized with a Tier 1 Capital ratio of 13.2 percent at the end of the last quarter. In fact, we meet the Basel III requirements today based on current interpretations and subject to OSFI approving certain models. On a pro forma basis as at the end of the third quarter, the sale of RBC Bank puts us well over 14 percent on this metric. In this environment, we are comfortable having excess capital and taking less risk than others.

With the best interest of our shareholders in mind, we will have the flexibility to deploy capital in a number of ways – we can make further investments in our existing businesses, take advantage of economic turbulence and market dislocation to make strategic acquisitions, and/or return capital through buybacks or dividends.

In these times, operational excellence and efficiencies become more critical than ever. Our focus is on building better capabilities that meet the changing needs of our customers, reducing our expense growth, and collaborating for our clients benefit.

We are currently undertaking a significant cost management program to address our costs at both the enterprise and segment level.

This program will provide the necessary levers to dynamically manage the trajectory of expense growth against revenue growth, while making prudent, selective choices that balance the investments needed to foster future growth. We are also increasing our focus on collaboration across the organization, and are working harder to better leverage our strengths to offer more to our clients.

While we are doing this well now, I believe we can continue to strengthen our collaborative efforts across the organization.

For example, Canadian Banking, Wealth Management and Insurance work together to maximize referrals and offer superior products and solutions to our retail clients. Over sixty percent of Wealth Management's mutual funds are distributed through Canadian Banking's extensive sales force.

In the U.S, Europe and Asia, RBC Capital Markets and RBC Wealth Management are uniting forces to deliver better, more comprehensive products and solutions to our high-net-worth and ultra-high-net-worth clients.

While many global banks are being forced to restructure or withdraw from certain markets, RBC has the financial strength to continue executing its long-term strategy. We met our objectives last year, and this year, year to date earnings are up 16 percent and are on target. We continue to believe we can deliver strong growth without taking excessive risk.

We are monitoring the changing competitive landscape closely, watching for opportunities to accelerate our growth in core businesses, geographies and client segments while maintaining a conservative approach in recognition of very unstable economic conditions in the United States and Europe.

In closing, we believe that our domestic leadership and global growth strategies, combined with our diversified model and financial strength, give us a high degree of flexibility to successfully navigate these uncertain times and continue to deliver long-term value to our shareholders.

Thank you – I am happy to take any questions.