



Address to Shareholders

by

**Gordon M. Nixon
President & Chief Executive Officer**

to the

**144th Annual Meeting of
Royal Bank of Canada**

**Calgary
February 28, 2013**

Please check against delivery

DISCLAIMER

The following speakers' notes and the webcast have been furnished for your information only, are current only as of the date of the webcast, and may be superseded by more current information.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 February 28, 2014 by visiting the Royal Bank of Canada ("we" or "our") website at http://www.rbc.com/investorrelations/ir_events_presentations.html.

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 Annual Meeting of Common Shareholders speakers' notes, in 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 our financial performance objectives, vision and strategic goals, the economic outlook, and the outlook for each of our business segments. The forward-looking information contained in these speakers' notes is presented for the purpose of assisting the holders of our securities in understanding our financial position and results of operations as at and for the periods ended on the dates presented and our financial performance objectives, vision and strategic goals, 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, 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, liquidity and funding, operational, legal and regulatory compliance, insurance, reputation and strategic risks and other risks discussed in the Risk management and Overview of other risks sections of our 2012 Annual Report and in the Risk management section of our Q1 2013 Report to Shareholders; the impact of changes in laws and regulations, including relating to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations issued and to be issued thereunder, the Basel Committee on Banking Supervision's global standards for capital and liquidity reform, over-the-counter derivatives reform, the payments system in Canada, consumer protection measures and regulatory reforms in the U.K. and Europe; general business and economic market conditions in Canada, the United States and certain other countries in which we operate, including the effects of the European sovereign debt crisis, and the high levels of Canadian household debt; cybersecurity; the effects of changes in government fiscal, monetary and other policies; the effects of competition in the markets in which we operate; our ability to attract and retain employees; the accuracy and completeness of information concerning our clients and counterparties; judicial or regulatory judgments and legal proceedings; development and integration of our distribution networks; and the impact of environmental issues.

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. Material economic assumptions underlying the forward looking-statements contained in these Annual Meeting of Common Shareholders speakers' notes are set out in the Overview and outlook section and for each business segment under the heading Outlook and priorities in our 2012 Annual Report, as updated by the Overview section in our Q1 2013 Report to Shareholders. 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 2012 Annual Report and in the Risk management section of our Q1 2013 Report to Shareholders.

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.

Thank you and good morning, ladies and gentlemen.

On behalf of the members of our team here in Alberta – and our 80,000 employees around the world – welcome to RBC's annual meeting.

It is a pleasure to be here in Calgary, a vibrant and economically dynamic city -- in a province known for its beauty, resources and entrepreneurial spirit.

RBC's history in Alberta goes back over a hundred years, to when we opened our first branch in Edmonton in 1906. Today we employ more than 4,100 people in the province, have 137 branches and are privileged to serve more than one-in-three Albertans.

We have an exceptional team here that has made this growth possible. I'd like to recognize some of my colleagues: Bruce MacKenzie, Royal Bank Regional President for Alberta and the Territories; Derek Neldner, Managing Director of RBC Capital Markets and Co-Head of our Global Energy Team; and our two Capital Markets Vice-Chairmen, Bill Sembo and Gord Ritchie.

I also would like to acknowledge our Calgary based directors — our Chairman, David O'Brien, and directors Rick George and Tim Hearn. Over the years, our executives and directors from Alberta have played a big role in our success.

I would be remiss not to mention Ted Newall and Peter Lougheed, both long serving directors whose sage advice, support and loyalty will always be part of our legacy.

Our bank has been honoured to play a role in Alberta's growth. This province and, in particular, its energy sector have been vital to Canada's economic success.

We are proud to be a global leader in the provision of financial services to the energy sector and that leadership has been built from our base in Calgary.

But Alberta is more than just energy. Many sectors are contributing to its growth, including agriculture, technology, manufacturing and healthcare, to name a few, and we are privileged to serve over 110,000 small and medium sized businesses throughout the province.

Before I go through our results, I'd like to emphasize that Canada's strength and diversity have given RBC a strong foundation for growth.

Like Canada, RBC possesses a reputation for strength and stability and sound risk management. And, like Canada, we draw on the strength of our diversity, we value good governance, and we strive to create an environment where talented and skilled people can reach their full potential.

Being the leading bank in a country with a sound banking system has provided a significant competitive advantage. In short, we have the good fortune of being positioned to both benefit from – and contribute to – the growing strength of our country.

So how do we ensure that RBC lives up to its own potential? I believe that the critical starting point is having a consistent vision. Our vision is: "*Always earning the right to be our clients' first choice.*" We are in a client service business, and RBC has always recognized that long-term success will only come from providing value and advice to our customers.

RBC's strong foundation means we are well positioned to execute our strategy and drive growth for our clients and for our shareholders. While the market environment has forced many of our competitors to restructure and change direction, our long-term strategic goals remain consistent. Because we refrained from many of the excesses of our global competitors leading up to the economic crisis of 2008, we are one of the few global banks whose business mix and strategic focus have remained consistent.

- In Canada, our goal is to be the undisputed leader in financial services;
- Globally, we strive to be a leading provider of capital markets and wealth management solutions; and
- In targeted markets, we aim to be a leading provider of select financial services complementary to our core strengths.

In Canada, we have an established leadership position and continue to profitably extend this lead. Our objective is to grow our Canadian Banking business at a 25 per cent premium to the competition and we have consistently exceeded that over the past number of years.

Outside Canada, we operate in areas where we have competitive strengths and can leverage our leading Canadian franchises to grow profitably. Our focus is on high net worth, corporate and institutional clients in the United States, United Kingdom, Europe and through emerging market hubs such as Singapore and Hong Kong.

Our brand strength underpins our growth strategy. Not only is the RBC brand as strong as it's ever been in Canada, but internationally our brand has become known for integrity, strength and safety.

Turning to our financial performance, it's clear that our vision, strategy and commitment to our clients have served us well. Our earnings in 2012 were not only a record for RBC but were the largest ever for a Canadian company.

We had record results in three of our business segments – Personal & Commercial Banking, Capital Markets and Insurance.

We delivered earnings of over 7.5 billion dollars, up 17 per cent from the prior year. On a continuing operations basis, our earnings of 7.6 billion dollars were up nine per cent.

These results are a testament to our diversified business model and our ability to execute our long-term growth strategy while maintaining a prudent risk profile and disciplined cost management.

Last year our return on common equity was 19.5 per cent notwithstanding our high capital ratios that were well above regulatory minimums.

Over the past year, we have gained market share across most of our businesses, deepened client relationships, added new clients and invested in building strong franchises in Canada and globally.

We have been actively managing costs relative to revenue growth to improve our efficiency; this means we can reinvest savings in our businesses.

We also continued to focus on effective deployment of capital, including balancing investing in our businesses with returning capital to our shareholders:

- we raised our dividend twice during 2012 for a total increase of 11 per cent;
- we made strategic acquisitions, including buying out our joint venture partner in our global custody business and the acquisition of Ally Canada; and
- we put in place a share buyback program for 2013.

Thanks to our earnings power across businesses and geographies, we achieved all of our financial performance objectives for the year: Earnings Per Share Growth, Return on Equity, Capital and Dividend Payout Ratios.

Our one-year Total Shareholder Return during fiscal 2012 was 22 per cent – the highest of the major Canadian banks.

Our objective is to achieve top quartile shareholder returns over the medium term, as we believe this reflects a longer term view of strong and consistent financial performance. For the five-year period, we delivered top quartile returns compared to our peer group.

And we are off to a strong start in 2013. This morning we released our results for the first quarter, and we earned over 2 billion dollars, up 12 per cent from last year and eight per cent from last quarter.

Diluted EPS of a dollar thirty-six were up 11 per cent from a year ago and our return on equity was 19.6 per cent.

Our Basel III common equity Tier 1 ratio of 9.3 per cent is well ahead of both internal and regulatory requirements and we continue to aggressively manage our balance sheet.

I am also pleased to tell you that we are further raising our quarterly dividend by announcing this morning an increase of three cents or five per cent. This is the fourth dividend increase in two years, representing a total increase of 26 per cent since the first quarter of 2011.

All of our businesses contributed to our strong results this quarter with record earnings in Personal & Commercial Banking and Wealth Management and strong earnings in Capital Markets. We believe our financial and competitive strength positions us well to deliver continued growth and to achieve our 2013 objectives.

I would now like to provide you with a high-level overview of each of our businesses and tell you why we believe they are positioned for future success.

Starting with **Personal & Commercial Banking** we have the largest and most profitable retail bank in Canada, and hold the number one -- or number two -- market position in each of our core products.

We are continuing to extend our lead by winning more market share and growing earnings faster than our peers. We have the largest distribution network, the broadest range of products and services, and the size and scale to drive efficiency. We continue to focus on innovation and technology as a key to winning new business.

While our **Caribbean Banking** operations are facing weak economic conditions, this remains an attractive region for RBC. We have been doing a lot of work to improve operations and efficiency and are confident in our future operating performance.

Our U.S. based internet bank is servicing a growing number of clients and provides a leading cross-border product offering for Canadian customers who want effective, low-cost banking and credit products in the United States.

Our **Wealth Management** division is a leading global wealth and asset manager.

In Canada, we are the clear market leader with the largest full-service wealth manager, asset manager and mutual fund provider in the country, and we are gaining market share.

Internationally, we are building a high-performing global asset management business, expanding our high and ultra high net worth market share, and leveraging our capabilities to win more business. Where global competitors face capital challenges, we are stepping in to serve their clients and hire the best talent.

While the operating environment in Wealth Management has been challenged by low rates and anemic markets, we are confident that our foundation will provide strong future growth, particularly as markets stabilize, client activity increases and interest rates normalize.

Our **Insurance** business is one of the largest Canadian bank-owned insurance companies. Its strength is fuelled by the RBC brand, a broad product suite, and leading distribution capabilities. We are winning business by making it easier and more convenient for clients to do business with us.

Investor & Treasury Services is a new segment within RBC that combines RBC Investor Services – a leading global custodian – with our Global Financial Institutions and Treasury Services businesses. Bringing these activities together positions us to deliver a more integrated suite of products to our institutional clients in Canada and around the world, to expand revenues and to improve efficiency.

And finally, **Capital Markets** is a top 10 global investment bank and we are gaining market share in traditional investment banking businesses faster than any bank in the world. In Canada, we have successfully extended our lead and we have significantly increased market share in the U.S., which is now our largest market. In the U.K., Europe and Asia, we are winning business that was once the domain of the bulge bracket dealers.

Over the last several years we shifted our revenue balance from trading to lending and traditional investment banking activities. We have moved aggressively to reduce risk and eliminate complex assets from the balance sheet. We have built top teams and made a name for ourselves in advice, execution and balance sheet support for our clients.

While others are withdrawing credit in the U.S., we have capacity because we significantly reduced our loan book going into the crisis as we viewed the risk/reward balance as too low – counter to virtually all of our global competitors.

Across our businesses RBC is well positioned to continue to win clients and market share. But, as fortunate as we have been in Canada to date, we live in an era of global economic and market uncertainty. The headwinds in the operating environment are not new, but they will continue to shape our outlook.

The European sovereign debt and banking crisis continues to create uncertainty. While we have seen increased stability in Europe, the structural imbalances remain and ultimately have to be managed and many economies restructured.

Fiscal and regulatory uncertainty continues in the United States, potentially creating a major risk, not just to the U.S., but to the world. The consequences of America failing to effectively deal with its fiscal imbalance will be significant and political dysfunctionality is preventing reasonable compromise.

And domestically, we are not without our challenges. We have rising provincial debt levels, low relative productivity, and concern over the state of the Canadian housing market, a concern that, in my view, has been overstated by some but nonetheless has resulted in slowing consumer demand.

Our industry continues to face considerable regulatory uncertainty. While Canada's principles-based approach to regulation is a source of strength for this country, other jurisdictions are looking at far more prescriptive approaches and more protectionist measures. We need to ensure we hold firm to our approach and promote quality of regulation over quantity.

And finally, the fundamental dynamics of the global economy are changing. Emerging market economies are providing the bulk of global growth while at the same time intensifying global competition. Technology and the internet are not only changing the way we do business but are re-shaping industries -- including financial services.

So how does Canada adapt to this new global environment? And how do we at RBC both protect ourselves from unpredictable events, while taking advantage of the opportunities presented?

Two years ago, I said that this would be Canada's decade, and I still believe in our ability to outperform the rest of the developed world. But we must continue to transform our economy and create sustainable jobs.

Canadian businesses need to aggressively pursue new export markets. When it comes to going global, our businesses are falling behind other industrialized nations. Our trade patterns have barely changed since Confederation, and if we are to achieve above average growth, we must increase overall export activity with the parts of the world that are actually growing.

And it is not just about the resource sector. We must expand trade with a strategic approach in other sectors such as agri-foods, advanced manufacturing, healthcare, and technology; areas where we can compete and take advantage of the growing middle class in emerging countries.

We also need to close the productivity gap and invest in innovation and entrepreneurship. Canadian companies must rev up their commitment and find better ways to translate research and ideas into viable commercial successes.

Immigration policies are also critical to our future prosperity. We continue to need more immigrants in Canada, but it's not just about numbers. Immigrants need to be effectively integrated in our society, and we must assist them in finding meaningful work that is consistent with their education, experience and abilities. Done right, this drives economic growth and is one of Canada's most obvious competitive advantages.

All of this requires smart, efficient governments that encourage and facilitate the growth of emerging sectors and export activities. If we let process, inefficiency and trade barriers get in the way, we will fall further behind.

Now, while it is easy to identify weaknesses, we all know that finding solutions is more challenging. But we must start putting in place the policies to deal with these challenges or we will lose the benefit of the relative strength we have built over the past five years. If I worry about one thing in our country it is complacency – on a relative basis, we have done well so why change -- but in today's world the status quo is simply not an option.

One can view the glass as half full or half empty and I choose the former as we are in a position to tackle these issues, a luxury that many developed economies simply do not have. Canada has the fundamental strength to create jobs and prosperity but we need to work differently and together to achieve our potential.

And at RBC, we must also continue to transform in order to capture business from higher growth markets and find ways to better and more efficiently serve our clients.

Today, we continue to invest in technology and in people. We have record spending on technology and innovation to improve efficiency, and we continue to attract diverse talent to better serve our customers.

We entered 2013 with great momentum in all of our business platforms, high capital levels and strong earnings, so we have the ability to withstand headwinds and invest in each of our businesses.

Before closing, I would like to briefly comment on corporate citizenship at RBC. Today's stakeholders expect much more from corporations and society's expectations are only going to increase in the future.

There is no question that the most important role for a global financial institution is capital formation, helping individuals and businesses grow and prosper. But we also pay taxes, purchase goods and services and contribute approximately 100 million dollars a year in charitable donations and community sponsorships.

We know that it is possible to make healthy profits and support social and environmental progress at the same time. The definition of corporate social responsibility is changing and companies that don't live up to societal expectations will pay a heavy price. We actively care about our communities and work hard to balance business and social interests because we believe that the right balance is critical to creating sustainable long-term value.

Some highlights of our activities include the RBC Blue Water Project, a 50-million dollar commitment to help protect the world's most valuable natural resource.

The RBC Children's Mental Health Project has provided more than 16 million dollars to help children and youth with mental illness.

Last year we launched a social finance initiative, which will provide 10 million dollars in capital to help finance small businesses that tackle social and environmental challenges and an additional 10 million dollars to be invested in socially responsible funds.

Through RBC Play Hockey, we support hockey at the grassroots level so more young Canadians have an opportunity to play. We are honoured to have three RBC Olympians with us here today -- current and past players from our women's national team: Jennifer Botterill, as well as Calgary's own Bobbi-Jo Slusar and Carla MacLeod.

On your way out today, please visit our Play Hockey display where you can get autographs from these three remarkable women and hear about our program.

I am also pleased to announce today our latest donation of 250,000 dollars to the Calgary Police Foundation in support of the new Calgary Child Advocacy Centre, which will assist children and families facing issues of abuse.

But it is not just about giving --- it is also about improving the communities where we live and work and ensuring we have the right policies and culture to do the right thing for all of our stakeholders. I'm particularly proud of the many hours of volunteer work and financial contributions made by RBC employees in support of a wide range of important causes.

Corporate social responsibility is a complex equation but we work hard to find the right balance and are pleased to once again, this year, be included in the Global 100, a list of the world's most sustainable companies.

Finally, confidence in the future of RBC is founded on the strength of our people.

For almost a century and a half, our employees have been earning the right to be our clients' first choice by delivering trusted advice and helping them achieve their financial goals.

While there's always room for improvement, RBC stands out for the talent and dedication of our people. Our 80,000 employees in over 50 countries share a client-focused vision and live our core values of service, teamwork, responsibility, diversity and integrity. These values unite our diverse workforce as we work together to understand and meet the needs of our clients and deliver value to our shareholders.

While 2013 will, no doubt, bring its share of industry and economic challenges, I am extremely optimistic and excited about RBC's future. Our businesses are well positioned and each has ambitious but sound objectives and strategies.

On behalf of our Board of Directors and my colleagues on the senior management team, I'd like to thank our employees for their continued hard work and commitment.

I believe RBC has the right strategy, the right culture and the right people to deliver growth and build value for our clients, employees, communities and shareholders.

Thank you.