



**Address to Shareholders**

**by**

**Dave McKay  
President**

**to the**

**145<sup>th</sup> Annual Meeting of  
Royal Bank of Canada**

**Toronto  
February 26, 2014**

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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, insurance, regulatory compliance, operational, strategic, reputation and competitive risks and other risks discussed in the Risk management and Overview of other risks sections of our 2013 Annual Report and in the Risk management section of our Q1 2014 Report to Shareholders; the impact of regulatory reforms, including relating to the Basel Committee on Banking Supervision's (BCBS) global standards for capital and liquidity reform, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the regulations issued and to be issued thereunder, over-the-counter derivatives reform, the payments system in Canada, the *U.S. Foreign Account Tax Compliance Act (FATCA)*, and regulatory reforms in the United Kingdom (U.K.) and Europe; the high levels of Canadian household debt; cybersecurity; the business and economic conditions in Canada, the U.S. and certain other countries in which we operate; the effects of changes in government fiscal, monetary and other policies; our ability to attract and retain employees; the accuracy and completeness of information concerning our clients and counterparties; the development and integration of our distribution networks; model, information technology and social media risk; 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 2013 Annual Report, as updated by the Overview section in our Q1 2014 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 2013 Annual Report to Shareholders and in the Risk management section of our Q1 2014 Report to Shareholders.

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Thank you Gord, for those kind words.

As I assume the role of President, I've been thinking about what made RBC so successful under your leadership.

You've been at the helm during a time of great change... and that pace of change will continue and even accelerate.

There are a few key factors that help a leading company like RBC adapt and succeed.

One of those key factors is our relationship with clients.

For me, it's an obvious starting point because I've seen first-hand how Gord always puts the client first.

When Gord became CEO, he determined we were not as client focused as we needed to be.

He acted immediately, and made "always earning the right to be our clients' first choice" the core of our business strategy.

This is especially important because the financial services business has always been, at its heart, a relationship business.

These client relationships are built on trust that is deepened over time.

Our brand strength lies in trust, expertise, strength and stability, as well as corporate citizenship.

They have helped us build broader, deeper and more profitable relationships with clients than our competitors have been able to do.

We can see the positive impacts of these deep relationships across our business segments.

For instance, our Investor & Treasury Services segment has more than 40 per cent market share of custody assets in Canada.

In Canadian Banking, putting the client first has resulted in being Number One or Two in every line of business.

We lead the industry with close to 22 per cent of our clients having at least three key products or services with us... chequing, investments and lending... compared to the peer average of 14 per cent.

It's why we continue to lead... gaining market share... growing volumes at a premium to the market.

In Wealth Management, we remain the Canadian leader in long-term mutual fund sales... capturing almost 18 per cent of the market in 2013.

In Capital Markets, we led the Canadian league tables in 2013 in almost every major category... including M&A, Debt Capital Markets, Equity Capital Markets and Loan Syndication.

This broad-based success is due to the unparalleled value for money we deliver for clients... the high quality of the advice we provide... and the convenience of our service.

Traditionally, our client relationships have been built through face-to-face contact.

Today, technology is changing client needs and preferences, including how they choose to do business with us.

Clients interact with us through multiple channels on a daily basis... from the branch and telephone, to online and mobile.

These changes offer an unprecedented opportunity to understand client preferences more deeply... and to build more relevant services and products for them.

At the same time, it's becoming increasingly difficult to get their attention and to spend the time that's necessary to build deeper relationships.

So, if we want to build on our capability for helping clients by providing relevant advice and services -- we need to adapt... changing the way we listen to clients... and interact with them in a multi-channel, digital world.

One of the first ways we are adapting is by digitizing and simplifying our business model.

We have invested in automating many of our core processes... most recently through the deployment of our new mortgage system -- known as Lynx.

This new state-of-the-art system provides a much better client experience because it simplifies and automates the end-to-end mortgage process.

It also reduces sales-force time and effort and eliminates errors.

The new electronic signature technology also enhances the client experience in our investments business... while saving employees time and effort.

We have eliminated the production and transportation of over 42 million pages annually... helping our environment, and saving costs at the same time.

These investments will help us build the client insights and relationship capabilities that leading retailers such as Amazon have established so successfully.

This is the type of work required to build deep client relationships in a digital age.

Our digital presence leads the industry.

For seven straight years, we've earned the number one ranking for our secure banking website.

We have also invested heavily in financial planning tools... as well as our new model for the "Branch of the Future".

These award-winning retail stores leverage new technology to assist client discovery... while providing a bricks-and-mortar presence that helps build in-person relationships.

Employees in all of our businesses put clients first.

For example, Capital Markets employees discovered trading practices where the market could take advantage of our clients.

They found that in the time it took a trade to leave RBC, and arrive at any number of different exchanges -- a high-speed firm could spot the trade and intervene to create an arbitrage opportunity, against our client.

RBC countered this arbitrage with the invention of a smart order router and algorithms we call THOR, which was approved for a patent last summer.

Our clients depend on RBC -- as their broker -- to develop solutions and strategies that level the playing field on their behalf.

THOR protects our clients from predatory trading strategies, and reduces the cost of executing trades.

The story about THOR shows how our employees really make a difference for clients.

They work together to produce results.

And that brings me to the second important factor that helps grow a successful leading company: the way our employees collaborate.

We excel at collaboration both inside and outside the organization.

Internally, collaboration is really the secret sauce of our success. Or, how we get the caramel inside the Caramilk Bar.

It's part of the way we do business, every day.

We have aligned our organizational structure... technology infrastructure... our distribution channels... and the way we reward employees, all to enable collaboration.

Time and time again, we see employees from one business segment reach out to colleagues from another, to help clients achieve their goals.

We also collaborate externally to provide innovative solutions.

An example is the RBC Wallet, our mobile payments solution.

RBC Mobile clients can now buy goods and services from merchants... with either their Debit or Visa credit cards – using their Bell Mobility Android smart-phone.

And we won't stop there.

Eventually, RBC Wallet will work on all phones, carriers and forms of payment.

This type of open and welcome collaboration leads to innovation.

Innovation in emerging payment and mobile technologies -- which I just mentioned – will reshape the banking, commerce and retail industries significantly... as much as ATMs and online banking did.

The patent-pending RBC Secure Cloud will support the new RBC Wallet.

It provides our clients with added simplicity, convenience and choice... so they can do their banking where, when and with whom they want.

And it gives added security and protection by storing payment information with the Bank – virtually – instead of residing on a mobile device.

This is the kind of simple, fast and secure experience that we believe an overwhelming majority of our clients want.

Building on this infrastructure, we united the popular person-to-person electronic money transfer solution – *Interac* e-Transfer – with the world's most popular social networking platform, Facebook.

We have also been innovative in the way we sell insurance... going directly to consumers more than ever.

This approach improves distribution efficiency, and deepens client relationships... because it's easier for clients to do business with us.

Clearly, RBC is a leader in business and in client service... and leadership is the final key factor I'll discuss today.

We are a leader as an employer, offering careers that provide personal success for our employees.

And when our employees win, our clients also win... as they are better served -- and we win as an organization.

Through our investments in corporate citizenship and donations, we are a leader in our communities.

And while we have momentum, we know clients have choices.

Because of that, we need to listen to them even more carefully.

History has shown that there can be a danger when leaders get complacent and take success for granted.

RBC does not – and it will not – belong to that group... and if we did, we would not be leaders for long.

We know we hold a privileged position... and we'll work hard to keep it.

That means never resting on our laurels and never being complacent.

We will never stop listening and responding to our clients.

We will do the right thing and take the long-term view.

When you do these things the right way... good business results will take care of themselves.

In order for clients to continue to rely on us for the best advice, we need to be recognized as a thought leader.

We need to invest to make sure we have the best people... and to ensure the best people want to come to work at RBC and enjoy rewarding careers with us.

There's no question that a collaborative working environment is essential to employee engagement.

And it helps employees provide the best possible service to clients.

Over the years, I've seen how Gord puts clients first.

He takes a collaborative approach... he's a great listener... and when I walk down the hall to his office to talk about something new and innovative, he asks thoughtful questions.

We have all learned a lot from Gord, and I am personally grateful for it.

For me, it is a great privilege to be asked to lead RBC.

I am both humbled and excited by it.

This is a great company, one that has a strong history in Canada... and is expanding its reach around the world.

I'm looking forward to working with the senior management team and employees across the Bank to build on our success.

RBC is positioned for continued growth.

We have the right diversified business mix, the right strategy and the right people.

We are a leader in what we do and in supporting our communities.

And we will build on our leadership by focusing on clients -- through collaboration – and by bringing innovative solutions to the market.

Thank you. I will now turn the meeting back over to Katie Taylor.