



Royal Bank of Canada

RBC to Acquire Full Ownership of RBC Dexia Investor Services Limited

April 3, 2012

Caution regarding forward-looking statements



Certain statements contained in this presentation may be deemed to be “forward-looking statements” under certain securities laws, including the “safe harbor” provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements about the expected effects of the acquisition of the other 50% stake in RBC Dexia Investor Services Limited (**RBC Dexia**), the expected timing and scope of the acquisition and other statements other than in relation to historical facts. 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 and other forward looking information, including statements about the acquisition of the other 50% stake in RBC Dexia by RBC 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 include, but are not limited to, the possibility that the proposed acquisition does not close when expected or at all because required regulatory or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, that RBC, Banque Internationale à Luxembourg S. A. and RBC Dexia may be required to modify the terms and conditions of the proposed transaction to achieve regulatory approval, or that the anticipated benefits of the transaction are not realized as a result of such things as the strength of the economy and competitive factors in the areas where RBC Dexia does business; the impact of changes in the laws and regulations regulating financial services and enforcement thereof (including banking, insurance and securities); judicial judgments and legal proceedings; RBC's ability to complete the acquisition of the other 50% stake in RBC Dexia and to integrate it with RBC successfully; reputational risks, and other factors that may affect future results of RBC and RBC Dexia, including timely development and introduction of new products and services, changes in tax laws, and technological and regulatory changes. We caution that the foregoing list of important factors is not exhaustive. Additional information about these and other factors can be found in RBC's Q1 2012 Report to Shareholders and 2011 Annual Report.

Except as required by law, Royal Bank of Canada assumes no obligation to update the forward-looking statements contained in this presentation.

Executing on our strategy



Aligns with RBC's strategy

- Leading provider of select financial services in targeted markets
- Complements our global Wealth Management and Capital Markets businesses
- Furthers RBC's position as undisputed leader in Canada

Strong business with attractive industry fundamentals

- Strong and stable business with a premier global institutional client base
- Scalable business model with leading infrastructure
- Well positioned to benefit from growth in wealth management around the world reflecting long-term demographic trends
- Growing trend of institutional clients outsourcing custody operations

Benefit of full ownership

- Ability to leverage RBC's strong reputation, brand and financial strength to win additional business and drive growth
- Full ownership allows RBC to support RBC Dexia's long term strategy
- Leverage RBC's strong risk culture and robust systems

Aligns with RBC's strategy



- **Supports strategy to be leading provider of select financial services in targeted markets**
 - Provides global institutional investors with innovative products and solutions combined with award-winning client service
- **Complements our global Wealth Management and Capital Markets businesses**
 - Offers ability to expand and enhance product and service capabilities to meet clients needs
 - Provides further global diversification
- **Leading Canadian custody business furthers RBC's position as undisputed leader**
 - Overall (all segments) market share of 43%
 - Overall funds market share of 42%
 - Institutional custody market share of 42%
- **Our long-term ownership of this business in Canada and for the last six years through this joint venture has given RBC an in-depth understanding of its strong fundamentals and opportunities for growth**

History of RBC's custody business



Overview of RBC Dexia



- **Headquartered in London with 5,500 employees and offices in 15 countries across 4 continents**
- **World's 10th largest global custodian ranked by assets under custody (AUC)**
 - Approximately C\$2.7 trillion⁽¹⁾ in assets under administration and C\$2.1 trillion⁽¹⁾ AUC
 - Capability to meet the needs of large multi-jurisdictional and local clients in key markets globally
- **Net income of €123 million for the 12 months ended December 31, 2011**

Strong business with attractive industry fundamentals



- **Strong and stable business with a premier global institutional client base**
 - Well diversified global client base
 - Competitive core products supported by value-added products
- **Lower capital intensive business**
 - Complements our banking and capital markets businesses which require more balance sheet to meet our clients' needs
- **Scalable business model with leading infrastructure**
 - Delivers a globally integrated and differentiated client experience
 - Well-positioned to benefit from higher interest rates and an improvement in market asset values
- **Well positioned to benefit from growth in wealth management around the world reflecting long-term demographic trends**
 - Demographic trends and an aging population continue to drive demand for retirement-related products, solutions and advice
- **Institutional clients continue to outsource custody operations**
 - Increasing market complexity including regulatory changes driving clients' need for a strong partner

Benefits of full ownership



- **Leveraging RBC's strong reputation, brand and financial strength to win additional business and drive growth**
 - RBC's credit ratings, capital base and balance sheet are among the strongest of all banks globally
 - RBC's strength and stability offers a flight to quality for current and potential clients
- **Full ownership allows RBC to support RBC Dexia's long term strategy**
 - Expand and develop our product and service capabilities and position the business for long-term growth
 - Continue to be a premier partner to top asset managers worldwide and strive to become one of the top five providers of fund services in the world
 - Potential for bolt-on acquisitions to drive further growth
- **Leveraging RBC's strong risk culture and robust systems**
 - Disciplined approach to risk management and strong tone set at the top
 - Independent and centralized risk management function

Transaction summary



Description	<p>RBC will acquire the other 50% stake in RBC Dexia Investor Services Limited (RBC Dexia) that RBC does not already own. Post closing RBC will own 100% of RBC Dexia.</p> <p>For the 12 months ended December 31, 2011, RBC Dexia had net income of €123 million. As at December 31, 2011, RBC Dexia's book value was €1.7 billion.</p>
Consideration	Total consideration of €837.5 million (C\$1.1 billion) in cash at closing
Financing	Cash transaction; no equity issuance required to fund this acquisition
Closing Conditions	Subject to customary closing conditions, including regulatory and other approvals
Expected Closing	Mid-2012
RBC EPS Impact	Expected to be moderately accretive in 2013
RBC Tier 1 Capital Ratio	Approx. 25 bps reduction at closing
Other Information	<p>In conjunction with entering the agreement, RBC Dexia has sold €1.4 billion (C\$1.9 billion) in nominal value of Dexia Group securities back to the Dexia Group and acquired approximately an equivalent amount of U.S. dollar-denominated securities consisting primarily of notes issued by large global financial institutions. RBC Dexia will recognize a loss from the sale of the Dexia Group securities and RBC's proportionate share of this loss is approximately \$30 million after-tax, which will be recorded in the second quarter.</p> <p>With this acquisition of the other 50 per cent in RBC Dexia that RBC does not already own, we are required, from an accounting perspective, to revalue our existing investment in the joint venture to reflect the purchase price. This revaluation results in a non-cash loss of approximately \$170 million after-tax, primarily reflecting the write-down of intangibles. The majority of this loss will be recorded in the second fiscal quarter. During the time between the announcement of this transaction and closing, RBC will continue to revalue our investment in the joint venture and RBC's proportionate share of any earnings in the joint venture will be offset by a corresponding accounting adjustment.</p>



Appendix

Key Facts and Figures¹



Assets under administration €2.1 trillion (C\$2.7 trillion)

No. of funds administered Over 6,900

Net asset valuations (NAVs) (annualized) 2.04 million

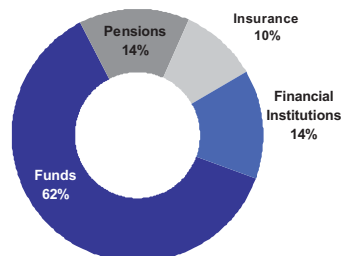
No. of shareholder accounts 10.8 million

No. of employees Over 5,500

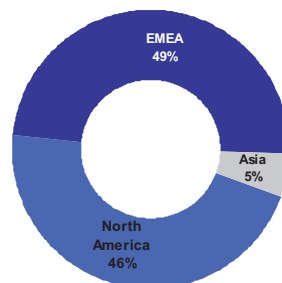
Geographic presence 15 countries on 4 continents

Strong Credit Ratings Moody's: Aa3
S&P: AA-

AUA by Client Segment



AUA by Service Location



Awards & Recognition – Major Industry Surveys



Global Investor

Global Custody Survey

#1 overall for quality of global custody services in 2011

(#1 for 8 of the last 9 years)

#1 ranking in 22 categories, including:

- #1 overall for Americas
- #1 overall for EMEA
- #1 Institutional and fund manager
- #1 Respondents with greater than \$1 billion AUM
- #1 Pension funds

R&M Consultants

Global Custody Survey

#1 for quality of global custody services in 2012

(#1 two years in a row)

Top position in eight other categories:

- Best custodian in Europe, UK, Canada, North America, Far East and BeNeLux
- External Asset Managers
- UK External Asset Managers.

Global Custodian

"Top-Rated" for global custody services (2005-2011)

"Top-Rated" for custody services in Canada (2005-2011)



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