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GORDON M. NIXON, PRESIDENT & CEO

2012 was a record year for RBC, with net income of over 7.5 billion dollars, which was up 17 percent from last year. On a continuing operations basis, our net income of 7.6 billion dollars was up 9 percent over last year with record earnings in three of our businesses - Canadian Banking, Capital Markets and Insurance. We delivered a strong return on equity of 19.5 percent, even with higher capital as we transitioned to Basel 3 which becomes effective for the Canadian banks in the first quarter of 2013.

Looking at our fourth quarter - earnings were over 1.9 billion dollars, up 19 percent over last year on a continuing operations basis with Canadian Banking earning over a billion dollars for the second consecutive quarter. It was a clean quarter with earnings per share of $1.25 or $1.27 when you add back the amortization of intangibles – also up 19 percent from last year. Our fourth quarter results also reflect strong fixed income trading driven by improved conditions compared to last year, strong corporate and investment banking results, and solid performance from Wealth Management and Insurance.

Overall, our fourth quarter and full year results clearly demonstrate the earnings power of RBC and our ability to successfully execute our long-term strategy. By focusing on this strategy and maintaining strict risk and cost discipline we delivered strong earnings through a period of ongoing headwinds and we extended our leadership position in Canada while building on our momentum outside of our domestic market.

As shown on slide 4, our capital ratios remain strong and well above both internal and regulatory targets. At year end, our Tier 1 capital ratio was just over 13 percent and our estimated Basel 3 pro forma Common equity Tier 1 ratio was 8.4 percent.

Turning to slide 5. Our objective over the medium term is to achieve top quartile shareholder returns as we believe this reflects a longer term view of strong and consistent financial performance. We use key financial performance objectives to measure progress against this medium term goal. As you can see, based on our strong performance in 2012 we achieved all of our financial objectives. We raised our quarterly dividend twice, for a total increase of 11 percent and ended the year at the midpoint of our dividend payout ratio. Looking ahead to 2013, we are maintaining these same objectives of: diluted earnings per share growth of 7 percent plus, return on equity of 18 percent plus, and strong capital ratios as measured under the new Basel 3 standards as well as a payout ratio of between 40 to 50 percent.

Before I review the performance of our businesses, I would note that our fourth quarter and full year results reflect the strategic realignment of certain segments that we announced back in September. You also would have seen that in mid-November we released our historical financials under this new structure to provide the investment community with information in advance of reporting today. To recap, we created a Personal and Commercial Banking segment under Dave McKay's leadership to leverage our domestic banking expertise across our international operations. We also created an Investor and Treasury Services segment under Doug McGregor and Mark Standish to better serve and grow our institutional client base. And, with the retirement of Jim Westlake after 17 years of service, George Lewis has assumed responsibility for our Insurance segment, in addition to his ongoing leadership of our Wealth Management segment.

I will now provide an overview of our annual performance in each of these segments and following Morten, Janice will comment on our fourth quarter results. Starting with Personal & Commercial Banking, this segment now includes Canadian Banking as well as our Caribbean and U.S. Banking business. Our Canadian banking business delivered record earnings of 4 billion dollars - representing over half of our total earnings. These results reflect our ability to leverage our size and scale to take a disproportionate share of industry growth and profitably gain market share. I would note that in the fourth quarter we gained market share in all of our businesses. This year we had strong volume growth of 8.5 percent – well ahead of the peer average, with notable strength in our commercial business. And we maintained consistent margins throughout the year. While we anticipate that the strong growth in consumer lending that we experienced this year will moderate, we continue to have good momentum in the higher margin commercial business. Overall, we believe that we can continue to achieve volume growth at a 25 percent premium to the market and we have a number of initiatives underway to achieve this objective. For example, we are continuing to expand our client reach and invest in innovative solutions to broaden our distribution network and improve our customer experience. This year we announced a banking partnership with Shoppers Drug Mart which includes in-store ATMs and a number of co-branded products. We are excited about this initiative as Shoppers' Optimum is the #1 loyalty program in the country and currently only 15 percent of Optimum holders are RBC clients. On the commercial side, we expanded our sales force and continued to strengthen our product and service offering, including enhancing our mobile banking capabilities for businesses.

Overall, corporate balance sheets remain strong and as more companies invest we believe we are well positioned to gain market share with our focused industry expertise and broad coverage across the country. Additionally, we see opportunities to leverage Ally Financial's Canadian auto finance business which will make us a market leader in auto financing in Canada. Going forward in Canadian Banking, we will continue to focus on managing expenses relative to revenue growth and we believe our performance this year clearly demonstrates our commitment to controlling costs while we invest in future growth.

Moving to Caribbean banking, as we have discussed throughout the year, our results reflect the prolonged weak economic conditions, including reduced demand for loans. We continue to believe that this remains an attractive region for RBC. As we mentioned last quarter, we are aggressively managing this business and believe our performance will improve in 2013. In U.S. banking, we are successfully transitioning our clients to our new cross-border banking platform during the year. Going forward, we are focused on growing this high value cross-border business as well as servicing the banking needs of our U.S. wealth management clients.

Turning to Wealth Management. While our ambitious growth objective for this segment is behind schedule given the uncertain markets and the low interest rate environment, we are seeing strong momentum in our largest businesses by earnings, Global Asset Management and Canadian Wealth Management. Outside of our domestic market we are confident that we are investing in a foundation that will provide future growth, particularly as markets stabilize, client activity increases and interest rates normalize. Even with the market headwinds this year, we achieved strong growth in client assets, which were up ten percent from last year.

Let me provide some highlights of our performance starting in Canada where we continued to extend our lead. Our Canadian wealth management business grew its share of the high net worth market to 18 percent – an increase of over 100 basis points last year. AND, in our Global Asset Management business, we captured over 23 percent of long-term fund sales and remained the industry leader. Given Global Asset Management is our most profitable business with the highest pre-tax margins in the industry and contributing over 50 per cent of our wealth management earnings, we are exploring potential acquisitions to further enhance our asset management capabilities. In U.S. Wealth Management, we are improving our operating efficiencies and driving productivity. While this market remains challenging, we had growth in fee-based client assets reflecting our strategy to shift our business to a greater proportion of fee-based revenue. Internationally, we are leveraging the strong foundation of our global trust business to build our on-shore presence in the U.K., where we now have over 60 advisors, and we are also laying the ground work to build in emerging markets.

Insurance had record earnings of over 700 million dollars driven by strong volume growth across all our insurance businesses and lower claims costs in the year. We are continuing to drive efficiencies by increasing sales through our lower cost proprietary channels, while at the same time achieving strong customer satisfaction ratings.

Our new segment, Investor and Treasury Services, brings together RBC Investor Services, our global custody and asset servicing business, with two businesses previously in Capital Markets - Global Financial Institutions and Treasury Services. Global Financial Institutions provides transaction banking services, such as cash management, to a global client base - many of whom are also clients of RBC Investor Services. Treasury Services provides short-term liquidity and funding for RBC through its management of a high quality, conservative investment portfolio, primarily comprised of U.S. and Canadian sovereign debt. We believe the combination of these three businesses provides opportunities to increase efficiencies and deliver a more integrated suite of products and services to this client base. In the near term we are focused on integrating Investor Services, having just assumed 100 percent ownership at the end of the third quarter. As a reminder, our full year results for this segment were impacted by the accounting treatment related to this transaction. We are also taking steps to strengthen the business model in order to adapt to ongoing industry headwinds including uncertain markets and prolonged low interest rates which are impacting us as well as our clients and this includes reviewing our pricing strategy as well as our expense profile. As part of the integration, you would have seen on closing that we repositioned and de-risked the balance sheet, much like the activities we undertook in Capital Markets in recent years. Looking forward, we believe the long-term fundamentals of the global custody business remain attractive and that the Investor and Treasury Services segment will create great opportunities to increase cross-sell and deepen client relationships.

Turning to Capital Markets, we had a record year with earnings of 1.6 billion dollars. Our performance highlights the successful execution of our strategy, including the shift to more traditional corporate and investment banking activities and the repositioning of our trading business to focus on origination which has driven greater stability. Our results also reflect the success of our growth and diversification strategy in the United States as this market accounted for over 50 percent of Capital Markets revenue this year. Our North American strength is evident in the league tables as we ranked tenth largest global investment bank by fee revenue for the first nine months of 2012 according to Dealogic, driven by a significant increase in our Americas market share. In the U.K., our involvement in a number of notable deals this year is a testament to the successful build out of our investment banking business even in the face of challenging markets. As an example, we were book runner for the Spanish bank Santander's 3.6 billion dollars initial public offering of its Mexican subsidiary - the largest equity offering in Latin America so far in 2012 and one of the largest in the world. Looking ahead for Capital Markets we see opportunities to extend our leadership position in Canada, and build on our momentum outside our domestic market while continuing to optimize capital and manage headwinds related to the regulatory and market environment.

In closing, 2012 was a record year for RBC. We continued to extend our leadership position in Canadian Banking and we ranked #1 in cross-sell – ahead of our peers by a significant margin. We also received Retail Banker International's award for "Best Retail Bank of the Year in North America". In Wealth Management, we received a number of recognitions, including Best Overall Fund Group by Lipper and we were again recognized by Scorpio as the sixth largest global wealth manager by assets. Insurance had record earnings and achieved the highest ever scores for 'Likelihood to Recommend" and "Ease of Doing Business", two key indicators in customer satisfaction, very important to this business. AND - in Capital Markets, in addition to a record year of earnings, we had the largest increase in market share among the top 25 global banks while maintaining our number 1 position domestically. From a capital perspective, we exited a number of low return, low growth businesses and assets, including our U.S. branch network, we consolidated our ownership of RBC Dexia and continued to reduce Level 3 assets to an insignificant amount. We also created the Investor and Treasury Services segment and again consolidated our banking businesses under Dave McKay.

Overall, we are certainly proud of our accomplishments. Looking ahead to 2013, there is no question that financial services companies will continue to face significant headwinds. In addition to regulatory changes, I believe economic headwinds will continue until there is more improvement in the global economy and we see resolutions to both the European sovereign debt issues as well as the U.S. issues, particularly the imminent fiscal cliff situation. Notwithstanding these challenges we are confident about our financial and competitive position and our ability to deliver against our objectives and grow the business in 2013. We have balance sheet capacity. We have capital flexibility, and we have good momentum in all of our businesses. We have the right strategy, value and people to succeed and the key strengths that drove our performance in 2012, including our leading market positions, diversified business mix and prudent focus on managing risks and costs will continue to be key advantages as we move forward.

With that, I will turn the call over to Morten.

MORTEN FRIIS, CHIEF RISK OFFICER

Thanks Gord. Starting with credit on slide 9, while we saw a modest uptick in provisions this quarter, overall, credit quality remains sound. Provisions for Credit Losses on impaired loans of 362 million dollars increased 3 basis points, or 37 million dollars from the prior quarter to 37 basis points. This increase was driven by provisions related to a single account within Capital Markets, as well as increased provisions in Canadian Banking, partially offset by lower provisions in the Caribbean.

With respect to Capital Markets, the higher provision relates to a Canadian account in the technology and media sector which was originated 5 years ago right before the 2007 market turbulence. This was a syndicated transaction where we did not reach the target hold level because of market volatility at the time. As a result, our exposure is larger than normal for a name of this quality. As we discussed in our Capital Markets Investor Day in June, a priority for this segment is to grow client relationships using the loan book, and loan loss provisions at moderate levels are an expected outcome of that business activity. Specific provisions for our Capital Markets business of 49 basis points this quarter is within the range of what we regard as normal provisioning levels. I would also add that we continue to adhere to strict credit underwriting standards. Approximately 70 per cent of the authorized portfolio is investment grade and our inventory of watch-list and work-out accounts remain at low levels.

Turning to the Personal and Commercial Banking segment – In the Caribbean, provisions on impaired loans were 28 million. While credit quality has shown some signs of stabilization, challenges are likely to persist in the near-term in this region until we see sustained improvements in the economic environment. In our Canadian Banking portfolios, provisions were 269 million dollars, up 35 million over last quarter, or 4 basis points to 34 basis points primarily reflecting higher provisions in our business lending portfolio, which tends to show some variability quarter to quarter.

Turning to our Canadian retail portfolio on slide 10, provisions on residential mortgages remain low at 2 basis points, consistent with our historic performance. As you know, there continues to be considerable media attention directed toward the Canadian housing market and consumer leverage. Let me briefly provide our perspective.

Overall Canada's economy continues to fare reasonably well and we expect financial conditions to continue to support stable credit trends. While we see some weakening in the housing market we do not foresee the recent cooling as a sign of a U.S. style downturn. Beyond the significant structural differences between these two mortgage markets that mitigate risk, housing affordability remains reasonable in most regions and we are carefully monitoring certain areas where the price appreciation has been above the long-term average. We actively stress test our portfolio for changes in key parameters including interest rate increases, housing price depreciation, and unemployment levels, and our analysis shows that our portfolios can absorb large movements in these variables without significant impact on loss rates. Also, we are seeing a shift in behaviour as more clients opt for fixed versus variable rate mortgages, which is good from both a business and risk perspective.

With respect to gross impaired loans, new formations has increased somewhat over last quarter but remain well within our historical range.

Turning to slide 11, compared to last quarter, our net exposure to Europe is flat at 43 billion dollars. We remain comfortable with our exposures and continue to transact in a prudent manner with well-rated counterparties predominantly in core European countries.

Moving on to market risk. We recently expanded the set of positions included in our value at risk or VaR measure in order to provide a more comprehensive view of the market risk of our portfolios on a basis consistent with how we manage risk internally. The new VaR disclosure now includes certain positions that are not part of our trading book, but have mark to market risk characteristics – the largest of these being credit valuation adjustments. We have provided disclosure in our Annual Report on this new Market Risk VaR for 2012 alongside our previous measure. On average for 2012, under the expanded set of positions, our Market Risk VaR was 52 million dollars, 15 million dollars higher than it would have been under the previous VaR measure, Stressed VaR was 17 million dollars higher. Credit valuation adjustment was the most significant contributor to the increase with Debt valuation adjustments and the credit default swaps used to hedge our banking book accounting for the balance of the increase. Despite the reported increase there has been no change to our overall risk profile. Using consistent measures, market risk has actually decreased during 2012 compared to the prior year. During the fourth quarter we had 4 days with net trading losses, with no losses exceeding VaR.

With that, I will turn the presentation over to Janice.

JANICE FUKAKUSA, CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

Thanks Morten and good morning.

Turning to slide 13, as Gord mentioned, we had a strong fourth quarter with earnings of over 1.9 billion dollars, up 22 percent over last year, or 19 percent on a continuing operations basis. Compared to last quarter and excluding the items of note we highlighted in Q3, net income was down slightly[1]. We had solid results this quarter across most business segments and overall it was a clean quarter with no items of note. I would highlight that last quarter included other favourable tax adjustments in Corporate Support consistent with the prior year's third quarter.

Turning to the performance of our business segments on slide 14. Personal and Commercial Banking earned over 1 billion dollars, an increase of 87 million dollars or 9 percent from last year, driven by solid volume growth in Canadian Banking as well as a lower effective tax rate in Canada. Compared to last quarter, earnings were down 68 million dollars or 6 percent. Excluding the mortgage prepayment interest adjustment in Q3, earnings were up 24 million dollars or 2 percent[2]. In our Canadian Banking business, excluding the prepayment adjustment, earnings were relatively flat over last quarter[2] as seasonally higher expenses and increased provisions partly offset continued volume growth. Notwithstanding higher expenses, Canadian Banking delivered operating leverage of 1.8 percent based on strong revenue growth and a strict focus on costs. Our efficiency ratio this quarter was 44.9 percent, an improvement of 80 basis points over last year. Margins were stable in Canadian Banking over last quarter reflecting our strict pricing discipline as well as our ability to grow volumes at a premium to the market and profitably gain market share. Looking ahead, we expect ongoing margin pressure as interest rates remain at historic lows and competitive pressures continue.

Turning to Wealth Management on slide 15. We earned 207 million dollars this quarter, an increase of 28 million dollars or 16 percent over last year, and up 51 million dollars or 33 percent from the prior quarter. As noted on this slide, our results last year and last quarter were impacted by certain items of note. Our fourth quarter results were driven mainly by higher average fee-

[1] Results excluding the items of note highlighted in Q3 are non-GAAP measures. For additional information see the Key performance and non-GAAP measures sections of our 2012 Annual Report and Q4/2012 Earnings Release.
[2] Results excluding the mortgage prepayment interest are non-GAAP measures. For additional information see the Key performance and non-GAAP measures sections of our 2012 Annual Report and Q4/2012 Earnings Release.

based client assets reflecting capital appreciation and net sales, higher transaction volumes reflecting improved market conditions, and the increase in fair value of our U.S. share-based compensation plan.

Moving to Insurance on slide 16, net income of 194 million dollars was down 6 million dollars or 3 percent compared to last year. This quarter we had lower claims costs in both Canadian insurance and reinsurance products and volume growth across most businesses. The prior year benefited from a new U.K. annuity treaty and as well as higher net investment gains. Compared to the prior quarter, earnings were up 15 million dollars or 8 percent, driven by lower claims costs in reinsurance and Canadian insurance products. As noted last quarter, Q3 was favourably impacted by the reduction of policy acquisition cost related liabilities.

Turning to slide 17, Investor and Treasury Services had earnings of 72 million dollars, up 32 million dollars from last year and up 21 million dollars from last quarter, largely due to higher funding and liquidity trading results. Our results in Investor Services were impacted by spread compression from the continued low interest rate environment and lower custodial fees from reduced transaction volumes due to ongoing market uncertainty. Also, the prior quarter had strong securities lending fees reflecting the European dividend season. This was the first full quarter of 100% ownership of Investor Services. Given the industry headwinds, we believe the fourth quarter run rate is reflective of what we would expect to earn in the near term. As Gord discussed, we have a number of initiatives underway to address the current challenges and position the business for long-term growth.

Turning to Capital Markets on slide 18, we had earnings of 410 million dollars this quarter, up 285 million dollars from last year, primarily reflecting strong fixed income trading. Corporate and Investment Banking was also up, with growth in origination, lending and loan syndication activities. These results were partly offset by higher provisions in one account as Morten discussed. Compared to last quarter, net income was down 19 million dollars or 4 percent, reflecting lower trading particularly at the end of the quarter due to uncertainty around the U.S. election as well as two fewer trading days in the U.S. as a result of Hurricane Sandy. Our results also reflect lower loan syndication and advisory fees compared to a strong third quarter, and higher PCL.

To wrap up, we are very pleased with our strong performance this quarter. As Gord said notwithstanding the headwinds in 2013, we believe we are well positioned to deliver against our objectives.