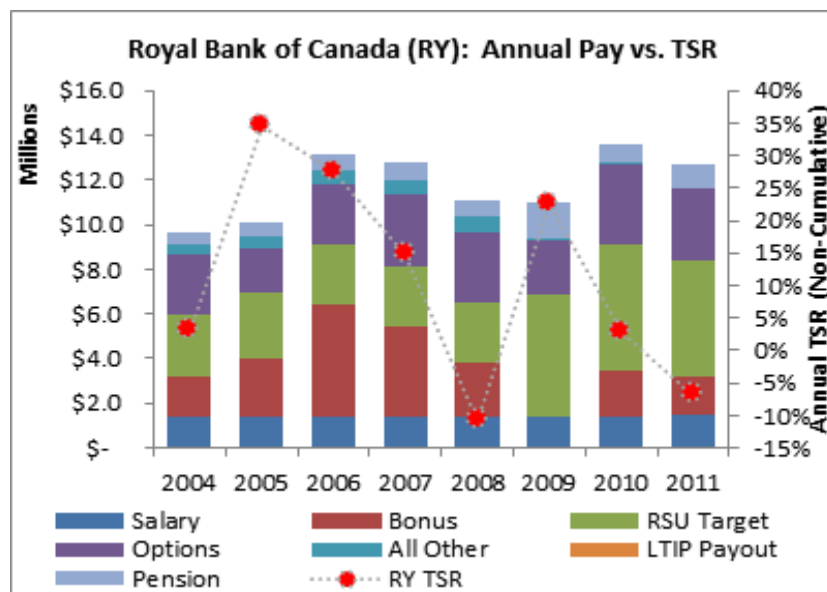
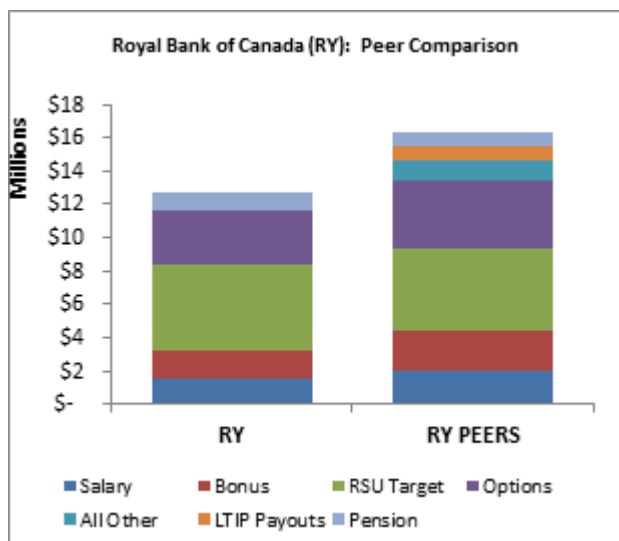


# Royal Bank of Canada (RY): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 3	4 YEAR = 2	6 YEAR = 5	8 YEAR = 8	TOTAL: 18/24

Since 2004, RY has enjoyed a very strong TSR of 104% while CEO pay has increased by 5.92%. Generally, annual TSR and CEO cash bonus have aligned well, except for 2009, when the \$2.1m bonus amount was paid in restricted shares instead of cash. This decision was made to increase the alignment of shareholder and CEO interests while navigating the volatile financial markets during the Financial Crisis. **Short term alignment between CEO pay and TSR has been very strong, and while alignment in our longer (6- and 8-year) observations was not as tight, pay and performance moved in the same direction in both periods.** These outcomes resulted in a very good Pay for Performance Score of 18/24.

In 2011, total CEO pay decreased by 6.6% compared to 2010, while TSR was -6.7%. RY ranked 4th out of 11 peers in total pay, while ranking in the top 5 in TSR, ROA and ROE.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
BMAD:BBVA	Banco Bilbao Vizcaya Argentaria (BBVA) S.A.
LSE:BARC	Barclays PLC
EPA:BNP	BNP Pariba S.A.
SIX:CSGN	Credit Suisse AG
FRA:DBK	Deutsche Bank AG
ASX:NAB	National Australia Bank
ASX:WBC	Westpac Banking
NYSE:JPM	JP Morgan Chase
NYSE:USB	U.S. Bancorp
TSE:NA	National Bank of Canada

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:NA	9.8%	TSE:NA	17.1%	NYSE:USB	1.4%
2	NYSE:USB	2.3%	NYSE:USB	15.0%	ASX:WBC	0.9%
3	<b>TSE:RY</b>	<b>-6.7%</b>	ASX:WBC	13.5%	NYSE:JPM	0.8%
4	ASX:NAB	-7.9%	<b>TSE:RY</b>	<b>12.5%</b>	TSE:NA	0.7%
5	ASX:WBC	-8.5%	NYSE:JPM	10.0%	<b>TSE:RY</b>	<b>0.6%</b>
6	BMAD:BBVA	-10.9%	ASX:NAB	9.9%	BMAD:BBVA	0.6%
7	NYSE:JPM	-20.0%	BMAD:BBVA	8.6%	ASX:NAB	0.5%
8	FRA:DBK	-25.9%	FRA:DBK	7.7%	EPA:BNP	0.3%
9	LSE:BARC	-32.3%	EPA:BNP	7.7%	LSE:BARC	0.2%
10	EPA:BNP	-36.1%	LSE:BARC	5.6%	FRA:DBK	0.2%
11	SIX:CSGN	-40.0%	SIX:CSGN	5.2%	SIX:CSGN	0.2%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	LSE:BARC	\$27,619,120	ASX:WBC	\$2,961,430	NYSE:JPM	\$4,450,811	BMAD:BBVA	\$6,851,836	NYSE:JPM	\$18,178,169
2	NYSE:JPM	\$24,217,344	SIX:CSGN	\$2,796,750	BMAD:BBV	\$4,145,244	NYSE:JPM	\$5,851,993	LSE:BARC	\$14,417,559
3	NYSE:USB	\$14,208,328	ASX:NAB	\$2,767,496	NYSE:USB	\$3,165,021	ASX:WBC	\$5,386,376	<b>TSE:RY</b>	<b>\$8,359,020</b>
4	<b>TSE:RY</b>	<b>\$12,680,149</b>	BMAD:BBV	\$2,706,592	ASX:WBC	\$2,424,946	ASX:NAB	\$4,834,211	NYSE:USB	\$6,134,661
5	ASX:WBC	\$12,192,455	FRA:DBK	\$2,271,555	ASX:NAB	\$2,066,715	NYSE:USB	\$4,129,401	ASX:WBC	\$5,360,535
6	ASX:NAB	\$10,557,498	LSE:BARC	\$2,141,195	TSE:NA	\$1,800,000	<b>TSE:RY</b>	<b>\$3,226,712</b>	ASX:NAB	\$5,232,974
7	TSE:NA	\$8,857,798	<b>TSE:RY</b>	<b>\$1,476,712</b>	<b>TSE:RY</b>	<b>\$1,750,000</b>	SIX:CSGN	\$2,796,750	TSE:NA	\$4,888,512
8	BMAD:BBVA	\$8,680,617	NYSE:JPM	\$1,401,182	EPA:BNP	\$648,744	TSE:NA	\$2,754,473	SIX:CSGN	\$3,356,100
9	SIX:CSGN	\$6,510,834	EPA:BNP	\$1,282,530	FRA:DBK	\$282,224	FRA:DBK	\$2,553,779	BMAD:BBVA	\$1,813,913
10	FRA:DBK	\$5,191,882	NYSE:USB	\$964,379	LSE:BARC	\$0	LSE:BARC	\$2,141,195	EPA:BNP	\$1,651,150
11	EPA:BNP	\$3,587,746	TSE:NA	\$954,473	SIX:CSGN	\$0	EPA:BNP	\$1,931,274	FRA:DBK	\$564,447

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

