



## Strengthening Our Leadership

January 2007

### 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 such statements in this presentation, in other filings with Canadian regulators or the United States Securities and Exchange Commission (SEC), in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to our medium-term goal and 2007 objectives, and strategies to achieve our objectives, as well as statements with respect to our beliefs, outlooks, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements 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 credit, market, operational and other risks identified and discussed under the Risk management section in our 2006 management discussion and analysis; general business and economic conditions in Canada, the United States and other countries in which we conduct business; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar and British pound; the effects of changes in government monetary and other policies; the effects of competition in the markets in which we operate; the impact of changes in laws and regulations, including tax laws; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; successful execution of our strategy; our ability to complete and integrate strategic acquisitions and joint ventures successfully; changes in accounting standards, policies and estimates; and our ability to attract and retain key employees and executives. Other factors that may affect future results include the timely and successful development of new products and services; technological changes; unexpected changes in consumer spending and saving habits; the possible impact on our business from disease or illness that affects local, national or global economies; disruptions to public infrastructure, including transportation, communication, power and water; the possible impact on our businesses of international conflicts and other political developments including those relating to the war on terrorism; and our success in anticipating and managing the associated risks.

Additional information about these factors can be found under the "Risk management" section and the "Additional risks that may affect future results" section in our 2006 management's discussion and analysis.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. 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. 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.

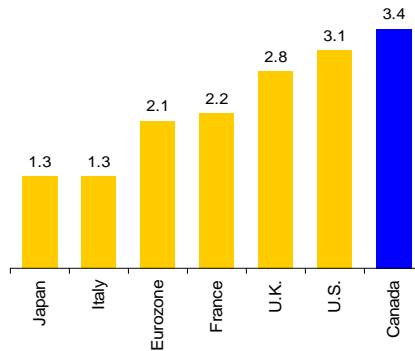
## Canadian Economy vs. G7



- Ranked #1 for economic strength over the last decade
- The only G7 country with a budget surplus and a current account surplus for 9 consecutive years
- Ranked #1 for employment growth over the last decade
- Canadian government debt position continues to improve while other G7 have not

G7 real GDP growth (%) <sup>(1)</sup>

1998-2007



**Consistently strong and stable economic fundamentals**

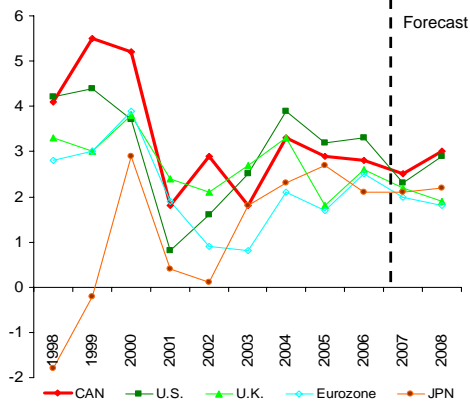
(1) Source: International Monetary Fund, RBC Economics Research

## Canadian Economy

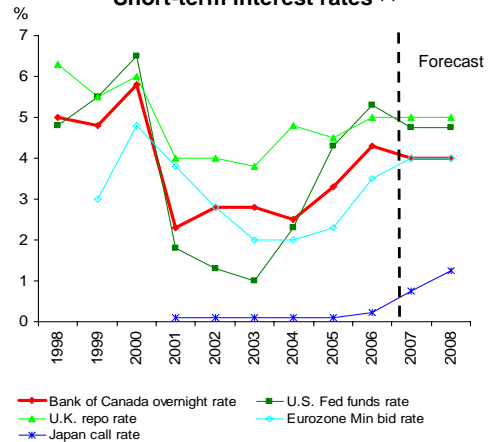


Economic Growth <sup>(1)</sup>

Real GDP % change, year-over-year



Short-term interest rates <sup>(1)</sup>



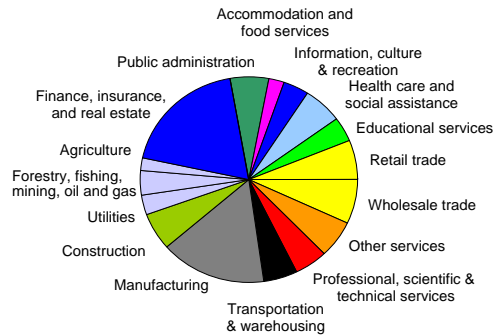
**Growth expected to remain robust with rates remaining low**

(1) Source: International Monetary Fund, RBC Economics Research

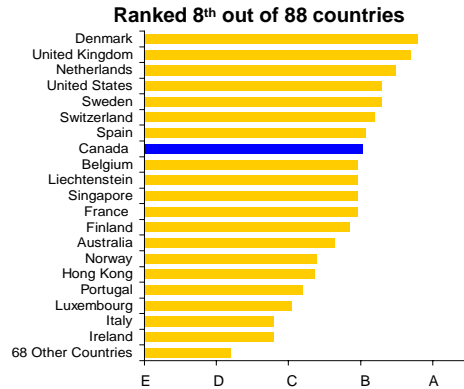
# Canadian Economy



**GDP by Industry (1)**  
(October 2006)



**Moody's Bank Financial Strength Ratings (2)**  
(November 2006)



**Canada's economic stability partially reflects its diversity and the strength of the financial sector**

(1) Source: Statistics Canada

(2) Source: Moody's Statistical Handbook – Country Credit November 2006. Weighted Average (by assets) Ratings By Country.

# RBC – Leader in Canadian Financial Services



- Founded in 1869
- Approx. 70,000 employees; 14 million clients worldwide; 34 countries
- Safest bank in Canada, 4<sup>th</sup> safest in North America and 26<sup>th</sup> safest globally *Global Finance* 1999 - 2006
- “Most Respected Corporation in Canada” *Ipsos-Reid* 2002 - 2005
- “Most Valuable Brand” in Canada *Interbrand* 2004 - 2006
- Ranked #31 for top brands of Global Financial Institutions *The Banker* 2006
- S&P: AA-    Moody's: Aa2    Fitch: AA    DBRS: AA



# Market Capitalization



Top 10 Canadian Companies <sup>(1)</sup>		
Market Capitalization as at December 31, 2006 (C\$ billions)		
Rank	Bank	Market Cap
1	<b>Royal Bank of Canada</b>	<b>71.1</b>
2	Manulife Financial	60.8
3	Bank of Nova Scotia	51.6
4	Toronto-Dominion Bank	50.1
5	EnCana Corp	43.2
6	Suncor Energy	42.2
7	Imperial Oil	41.3
8	Shell Canada	35.9
9	Bank of Montreal	34.6
10	Canadian Natural Resources	33.4

Top 30 Global Banks <sup>(1)</sup>		
Market Capitalization as at December 31, 2006 (US\$ billions)		
Rank	Bank	Market Cap
1	Citigroup	273.7
2	Bank of America	239.8
3	HSBC Holdings PLC	210.2
4	JP Morgan	167.6
.	.	.
26	Credit Agricole SA	63.0
27	ABN Amro Holding NV	61.4
<b>28</b>	<b>Royal Bank of Canada</b>	<b>61.0</b>
29	Fortis	55.6
30	Intesa Sanpaolo SpA	53.3

**Largest Canadian, 7<sup>th</sup> largest North American and 28<sup>th</sup> largest global bank**

(1) Source: Bloomberg

# Global Operations with Diverse Businesses



**Canada**  
Banking  
Wealth Mgmt  
Insurance  
CM

**U.S.**  
Banking  
Wealth Mgmt  
GPB  
Insurance  
CM

**Caribbean**  
Banking  
GPB  
Reinsurance

**Venezuela**  
GPB

**Brazil**  
GPB

**Argentina**  
GPB

**Uruguay**  
GPB

**British Isles**  
CM, GPB

**Ireland**  
Reinsurance

**Netherlands**  
CM, GPB

**Luxembourg**  
CM

**Switzerland**  
CM, GPB

**Spain**  
GPB

**Turkey**  
GPB

**U.A.E.**  
GPB

**Tokyo**  
CM, GPB

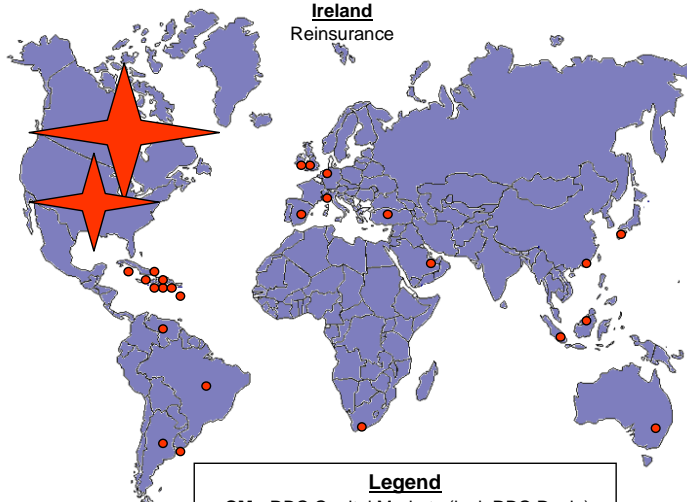
**Hong Kong**  
CM, GPB

**Brunei**  
GPB

**Singapore**  
CM, GPB

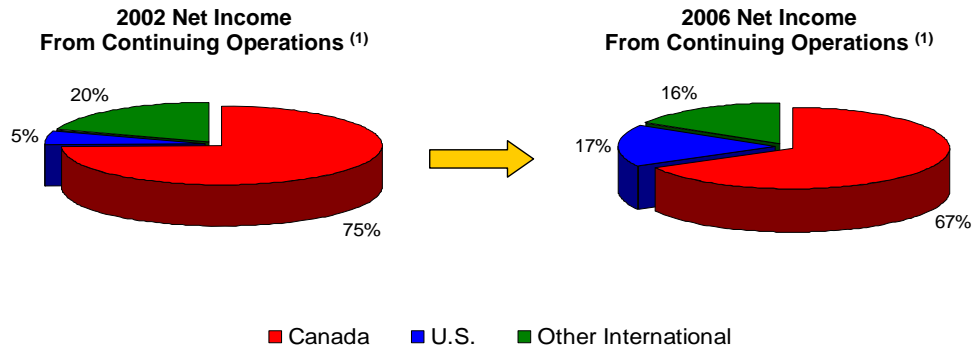
**Sydney**  
CM

**Johannesburg**  
CM



**Legend**  
CM: RBC Capital Markets (incl. RBC Dexia)  
GPB: Global Private Banking

## Earnings by Geography



***Our business continues to become more global***

(1) Continuing operations exclude the results of our discontinued operations, RBC Mortgage Company

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## Focused on our Strategic Goals



### Vision

Always earning the right to be our clients' first choice

**To be the undisputed leader in financial services in Canada**

To build on our strengths in banking, wealth management and capital markets in the United States

To be a premier provider of selected global financial services

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## Canada



	Rank <sup>(1)</sup>	Market Share	Balances Growth (Q4/06 vs. Q4/05)
<b>Leadership in most personal and business products</b>	Residential mortgages <sup>(2)</sup>	1	15.6%
	Personal loans	2	14.2%
	Credit cards <sup>(2)</sup>	2	16.2%
	Personal core deposits	2	13.4%
	Business deposits and investments <sup>(3)</sup>	1	22.1%
	Business loans <sup>(2)</sup>	1	12.4%
<b>Largest full-service brokerage, fastest growing mutual fund company</b>	Personal investments (GICs + mutual funds)	1	12.0%
	Brokerage assets under administration <sup>(4)</sup>	1	22.0%
<b>#1 in creditor and living benefits insurance (largest bank-owned insurer)</b>	Creditor insurance	1	31%
	Individual living benefits <sup>(5)</sup>	1	33%

(1) Market share rank as at October 2006 among financial institutions in Canada. Source: RBC Financial Group  
 (2) Includes securitized assets  
 (3) Excludes market share of non-bank financial institutions  
 (4) Market share for full service brokerage AUA as at September 2006. Balances growth includes discount brokerage AUA.  
 (5) Market share as at September 2006

## Canada



- Leading wholesale bank in most lines of business**
  - Best Canadian Debt, Equity and M&A House of the Year, 2006 **Euromoney**
  - #1 in Canadian Syndicated Loans, 2005 **Bloomberg, Loan Pricing Corp**
  - Best Bank in Canadian Dollar, 2006 **FX Week, Euromoney**
  - Top 20 Global Investment Banks, 2005 **Bloomberg**
  - Top 15 Global Bond Underwriting, 2005 **Bloomberg**
- Leadership in distribution**
  - Largest wealth management distribution: over 1,300 full service investment advisors, 6,246 licensed mutual fund sales people, 498 retirement planners, distribution agreements with 17,000 independent brokers
  - Largest ABM network: 3,830
  - Branch network: 1,117
- Leadership in technology and innovation**
  - Top 100 innovative organizations who leverage IT effectively to maximize business value, 2005 and 2006 **CIO Magazine**
  - Innovation example: RBC Insurance
    - Unique insurance offices adjacent to bank branches
    - Visit, call, click – options for clients
    - Insurance Guaranteed Investment Funds (segregated funds)



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## United States – Banking & Wealth Management



### RBC Dain Rauscher Locations



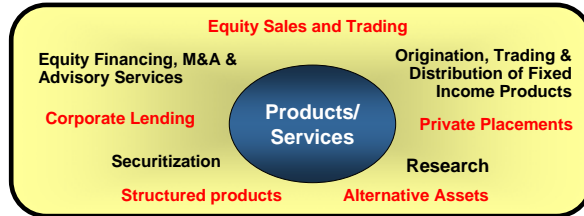
Acquiring 39 branches from  
**AM SOUTH BANK**



# United States – Capital Markets



Top-tier provider to the US mid-market



Leader in US municipal bonds

**U.S. Municipal League Tables (Full Year 2006)**

Rank	Investment Bank	# of Issues	PAR Amount (US\$)	Market Share
1	RBC Capital Markets	571	\$ 15,199	6.7
2	UBS Securities LLC	519	\$ 34,549	6.1
3	Citigroup	327	\$ 43,402	3.9
4	Piper Jaffray & Co	311	\$ 5,225	3.7
5	Banc of America Securities	290	\$ 14,484	3.4

Source: Thomson Financial

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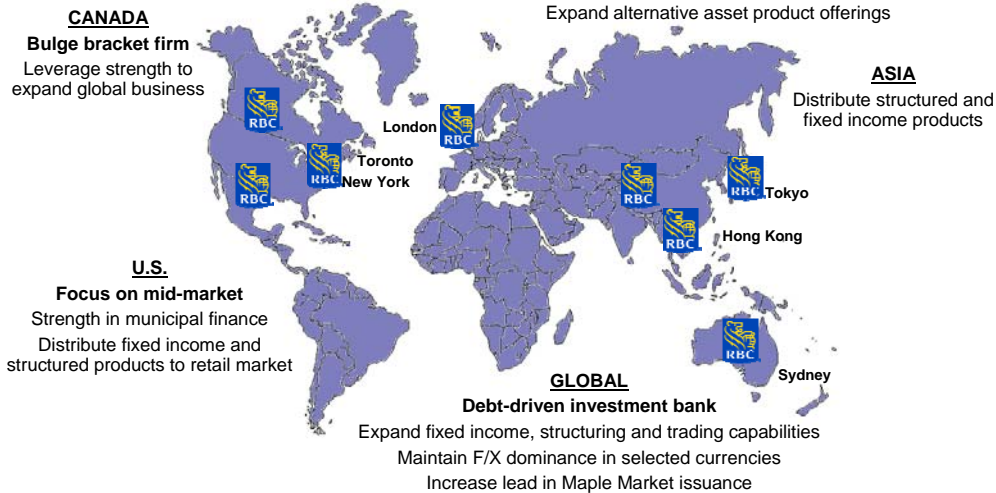
To build on our strengths in banking, wealth management and capital markets in the United States

To be a premier provider of selected global financial services



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## RBC Capital Markets



**Leveraging strength in Canada to become a leading global player in fixed income and structured products**

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## Global Private Banking



### Global Ranking

- #18 among top private banks worldwide
- With Abacus acquisition, RBC took the top two spots for best international trust services in the U.K. (*Euromoney 2006*)

### Clients & Locations

- 33 offices in 21 countries
- 28,000 high net worth clients (target >US\$1MM in investable assets)
- 40% of client base from British Isles (as % of revenue)

### Trust & Structured Solutions

- Core competence and competitive differentiator
- Expanding products and services
- Top trust business in British Isles

### Organic Growth

- Continuing to add relationship professionals (who bring >US\$500,000 revenues)
- Opening offices and building scale in technology and operations

### Acquisitions

- Acquired Abacus in the U.K and Channel Islands (Q1 2006)
- Acquired American Guaranty & Trust in Delaware, U.S. (Q4 2006)

**Robust wealth management platform**

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## Examples of Leveraging Our Capabilities



### Manufacturing



Hedge Fund 250 Index IPO distributed by GPB and Dain Rauscher

Structured products for retail clients

### Distribution



GLOBAL PRIVATE BANKING



Investment solutions



Lending solutions



**One bank with businesses working together**

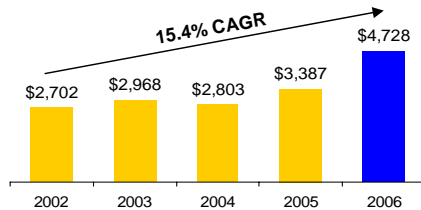
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## RBC Performance

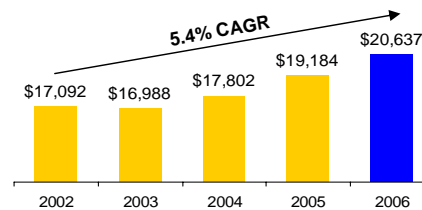


\$ millions

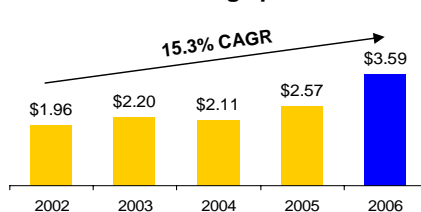
### Net Income



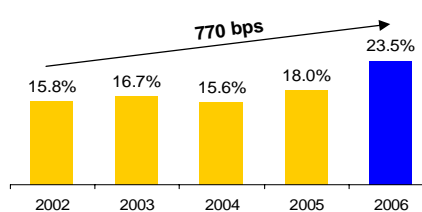
### Total Revenue



### Diluted Earnings per Share



### Return on Equity (ROE)



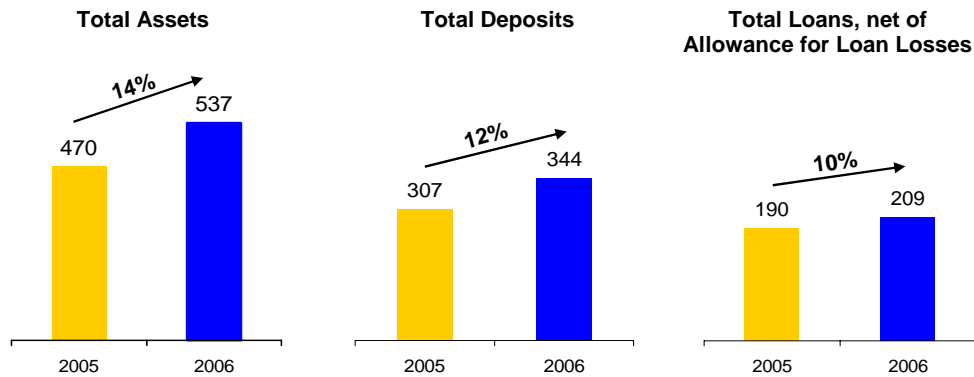
**Growing earnings and revenue**

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## Balance Sheet Strength



\$ billions



**Balance sheet strength driving our earnings growth**

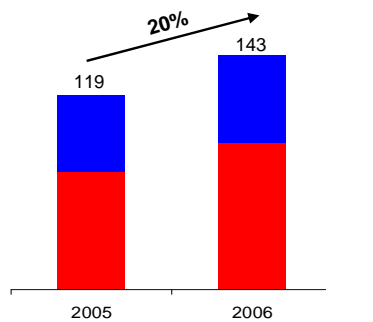
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## Growing Client Assets

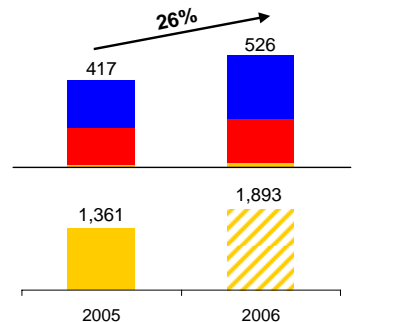


\$ billions

### Assets under management



### Assets under administration



■ RBC Canadian P&B ■ RBC US&I P&B

■ RBC Canadian P&B ■ RBC US&I P&B  
■ RBC Capital Markets (IIS) ■ RBC Dexia IS<sup>(1)</sup>

**Over 20% increase in P&B segments**

(1) RBC owns 50% of RBC Dexia. RBCCM AUA were transferred to RBC Dexia on Jan. 2, 2006. RBC Dexia reports on a 1 month lag.

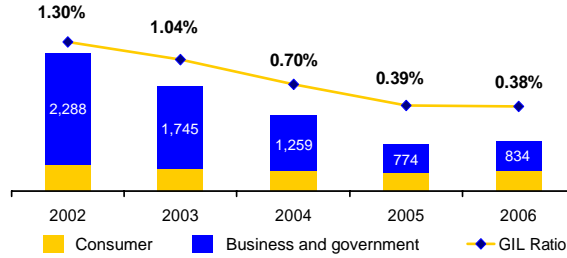
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## Maintaining Credit Quality

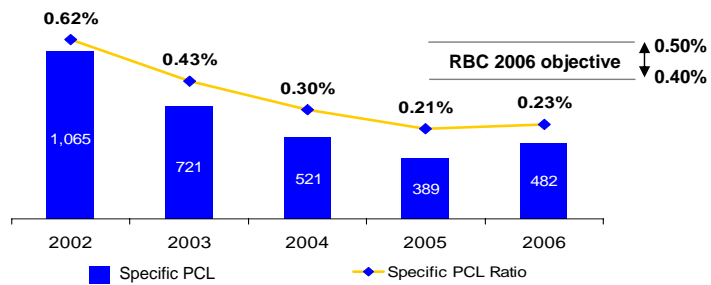


\$ millions

**Gross impaired loans ratio remains low**

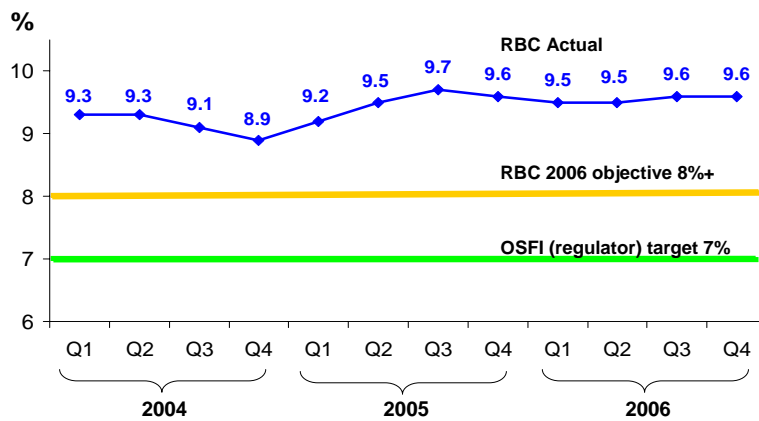


**Specific PCL ratio remains better than objective**



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## Tier 1 Capital Ratio Remains Strong



**Significant flexibility for potential future opportunities**

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## Total Shareholder Returns (TSR) <sup>(1)</sup>

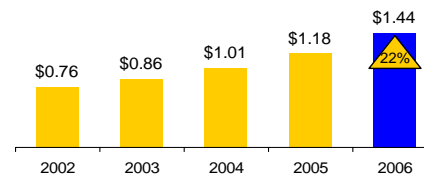


TSR (in home currency, as at Dec. 31, 2006)	3-year	5-year	10-year
Royal Bank of Canada	25.5%	19.9%	20.0%
S&P/TSX Composite Index	18.9%	13.1%	10.0%
S&P 500 Index	10.9%	5.9%	8.4%

**RBC Share Price Performance**  
(as at December 31)



**RBC Common Share Dividends**



**High long-term shareholder returns**

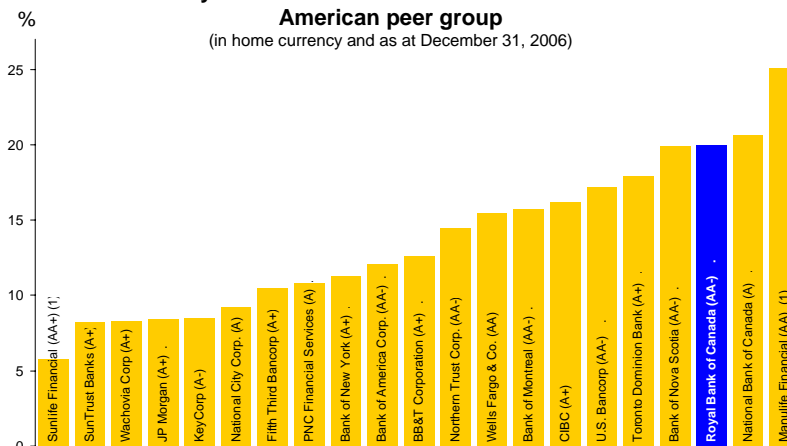
(1) Total Shareholder Return is price appreciation plus dividends reinvested, annualized

## North American Peers – Comparative TSRs



**10-year Total Shareholder Return of North American peer group**

(in home currency and as at December 31, 2006)



**10-year TSR within top quartile of North American peers**

(1) 7-year and 6-year TSR used for Manulife Financial and Sun Life Financial, respectively, as this is the longest TSR timeframe available

## Banks Rated AA- or Better: Comparative TSRs



### 10-year TSR within top quartile of banks rated AA- or better

(1) 5-year TSR is used for Credit Agricole SA and HBOS and 9-year TSR is used for Nordea Bank as this is the longest TSR timeframe available **27**

## Looking Ahead



### 2007 Objectives

Diluted EPS growth	10%+
Adjusted operating leverage <sup>(1)</sup>	> 3%
Return on common equity (ROE)	20%+
Tier 1 capital ratio	8%+
Dividend payout ratio	40–50%

### Medium-term Objective

Total shareholder return	Top quartile <sup>(2)</sup>
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### 2007 objectives set to achieve top quartile returns for our shareholders

(1) Adjusted operating leverage is the difference between our revenue growth (as adjusted) and non-interest expense growth rate (as adjusted)  
(2) Versus 7 large Canadian financial institutions and 13 U.S. financial institutions

## Contact Investor Relations



Marcia Moffat  
Head, Investor Relations  
Telephone: 416.955.7803  
E-mail: [marcia.moffat@rbc.com](mailto:marcia.moffat@rbc.com)

Dave Mun  
Senior Manager, Investor Relations  
Telephone: 416.955.7808  
E-mail: [dave.mun@rbc.com](mailto:dave.mun@rbc.com)