



## Growth Opportunities in Canadian Banking

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Financial information is in Canadian dollars and is based on Canadian GAAP, unless otherwise indicated.

### 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 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 Q1 2007 Report to Shareholders and 2006 Annual Report to Shareholders; 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, including changes in our estimates of provisions and allowances; 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; the successful expansion and new development of our distribution channels and realizing increased revenue from these channels; global capital markets activity; technological changes and our reliance on third parties to provide components of our business infrastructure; 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 in our Q1 2007 Report to Shareholders and under the Risk management and Additional risks that may affect future results sections in our 2006 Annual Report.

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.

## Leader in Canadian Financial Services



- Largest bank franchise in Canada
- A leading international corporate and investment bank, and the largest in Canada
- Safest bank in Canada,  
4<sup>th</sup> safest in North America and 26<sup>th</sup> safest globally *Global Finance* 1999 - 2006
- “Most Valuable Brand” in Canada *Interbrand* 2004 - 2006
- “Most Respected Corporation in Canada” *Ipsos-Reid* 2002 - 2005
- One of the highest credit ratings among financial institutions  
S&P: AA-      Moody's: Aaa      Fitch: AA      DBRS: AA



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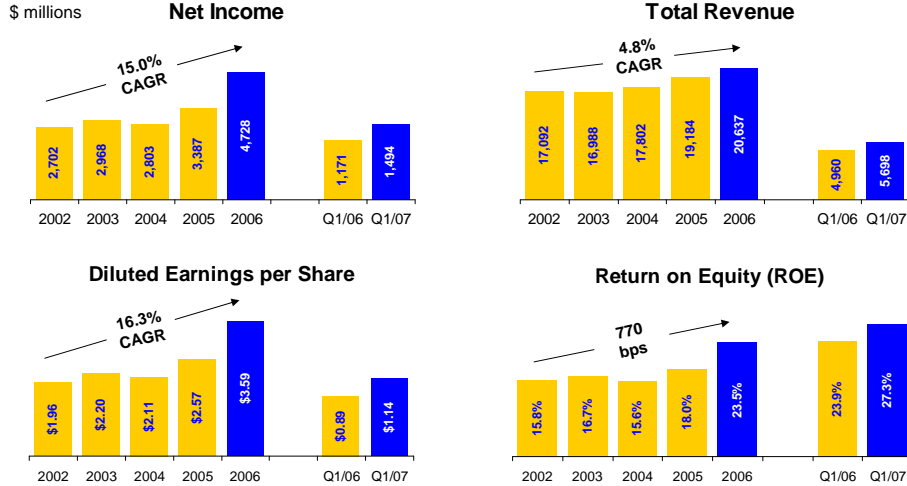
## North American Peer Group Performance



**Meets our medium-term objective of top quartile returns**

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# RBC Financial Performance

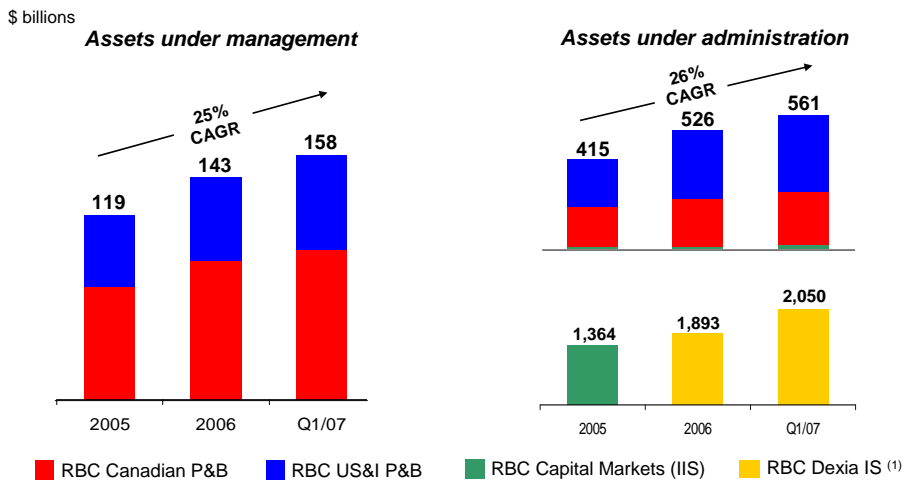


## Growing earnings and revenue

CAGR = Compound Annual Growth Rate  
 Note: Q1/07 results on a total consolidated basis are comparable to results from continuing operations for prior periods.

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# Client Assets



## Double-digit growth in all segments

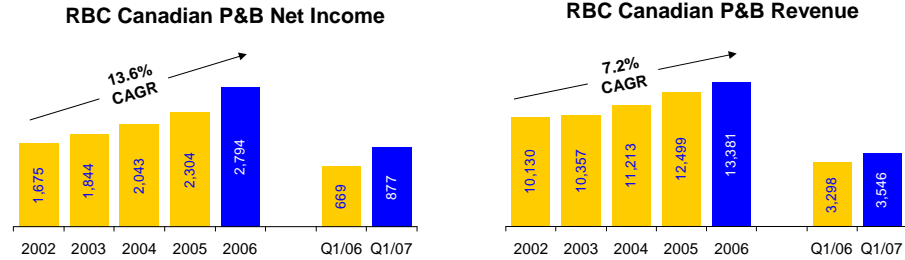
(1) RBC owns 50% of RBC Dexia IS. RBCCM AUA were transferred to RBC Dexia IS on Jan. 2, 2006. RBC Dexia IS reports on a 1 month lag.

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## RBC Canadian Personal and Business Performance



\$ millions



RBC Canadian P&B	2004	2005	2006
Return on equity (ROE)	24.7%	27.1%	31.5%
Net interest margin (NIM)	3.33%	3.28%	3.29%
Efficiency ratio	50.2%	47.0%	45.9%
Operating leverage (excl. Global Insurance)	(0.5)%	5.5%	4.5%

**Strong and consistent growth**

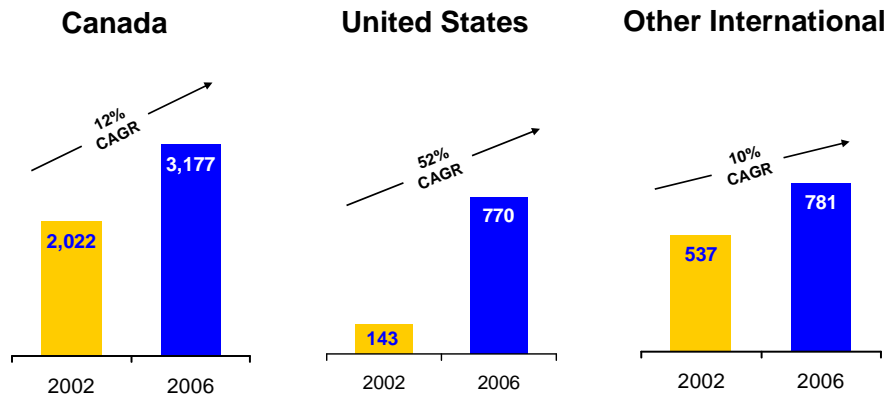
\* CAGR = Compound annual growth rate

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## Earnings by Geography



\$ millions

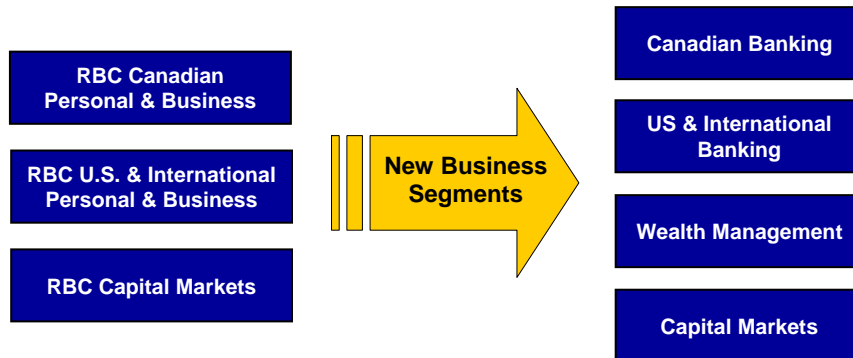


**Double-digit growth in all geographies**

\* CAGR = Compound annual growth rate

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## Business Segments Realigned in Q2 2007



**New structure positions all segments for growth.**

**Canadian Banking represents approximately half of RBC's revenue.**

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## Our Product Quality and Breadth



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# Canadian Banking



## Strengths and Competitive Advantages

- > 13 Million Clients
- Canada's Most Valuable Brand
- Top Employee Talent and Engagement
- Technology and Analytics
- Financial Strength and Stability

**Large Distribution and National Presence**

**Sales Practices and Leading Market Shares**

**Product Quality and Breadth**

**Canadian Banking has a diverse group of businesses with many strengths and capabilities**

# Canada's Largest Distribution Network



**WEALTH MANAGEMENT DISTRIBUTION**  
*(Now part of new segment)*

- 80+ RBC DS Offices
- 1,370+ Investment Advisors
- 10+ Private Trust Offices
- 10+ Private Counsel Offices



**SPECIALIZED SALES**

- 70+ Business & Commercial Specialized Financing
- 150 Global Transaction Solutions
- 25+ Sales Managers – Indirect Lending
- 25+ Private Banking Offices

**THIRD PARTY DISTRIBUTION**

- 17,000 Life & Health Brokers
- 6,000 Independent Advisors & Financial Planners
- 4,000 Travel Distributors
- 4,000 Indirect Lending Dealers



**CAREER SALES FORCES**

- 300+ Career Sales Insurance Representatives
- 1,040+ Mortgage Specialists
- 520+ Investment Retirement Planners
- 30+ Investment & Insurance Specialists



**Branch Network**

- 1,120 branches
- 1,580+ Sr. Account Managers
- 1,130+ Financial Planners
- 101 Business Banking Centers
- 19 Insurance Branch Offices
- 13 Insurance Adjacent Locations

**Automated Teller Machines**

- 2,280+ on-site ATMs
- 1,590+ off-site ATMs

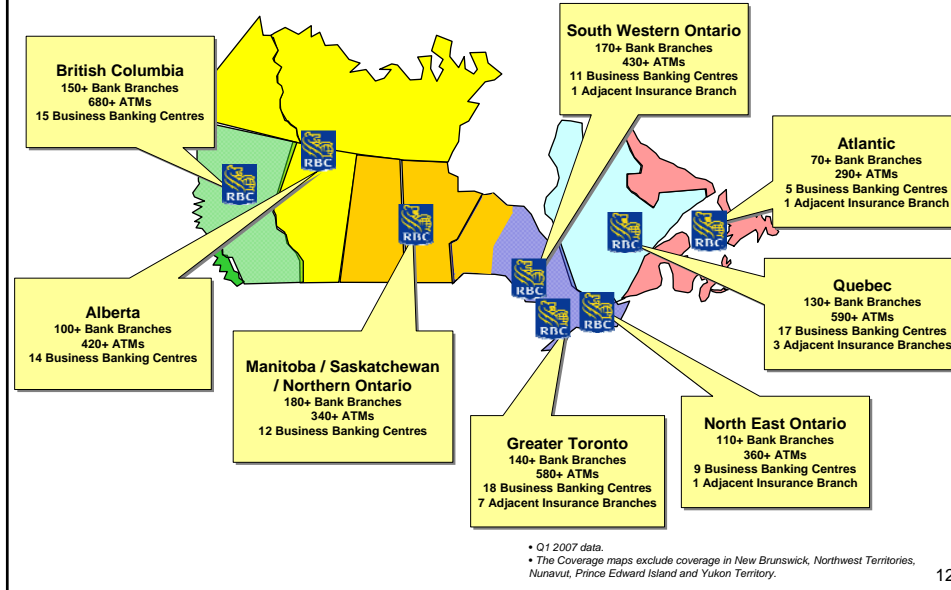


**On-Line Banking and Telephone**

- 7 Contact Centres
- 2,650+ Royal Direct Representatives (incl Visa)
- 160+ Direct Investing Representatives



## Our National Presence



## Our Sales Practices



### “Winning on Every Street Corner”

- A sales environment and franchise for long term growth
- Aligned rewards and recognition for employees
- Local market leadership
  - Creating an entrepreneurial environment that empowers managers to adapt to local markets, and to attract and motivate employees
  - Added over 1,000 client-facing roles between Q1 2006 and Q1 2007.
- Large database and disciplined client analytics

## Our Market Share Leadership



		Rank <sup>(1)</sup>	Market Share (Nov. 2006)	Balances Growth (Q1/07 vs. Q1/06)
<b>Leadership in most personal products</b>	Residential mortgages <sup>(2)</sup>	1	15.6%	12%
	Personal loans	2	14.2%	12%
	Credit cards <sup>(2)</sup>	2	16.2%	16%
	Personal core deposits	2	13.4%	0%
	Personal investments (GICs + mutual funds)	1	12.0%	13%
	Brokerage assets under administration <sup>(4)</sup>	1	21.9%	12%
	Creditor insurance <sup>(5)</sup>	1	31%	
	Individual living benefits <sup>(4)</sup>	1	32%	
<b>Leadership in business products</b>	Business deposits and investments <sup>(3)</sup>	1	21.4%	16%
	Business loans <sup>(2)</sup>	1	12.3%	8%

- (1) Market share rank among financial institutions in Canada. Source: RBC  
 (2) Includes securitized assets.  
 (3) Excludes market share on non-bank financial institutions.  
 (4) Market share as at December 2006. Brokerage AUA's market share is for Full-service brokerage only.  
 (5) As at October 2006.

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## Strategic Priorities for Canadian Banking



### Strategic Priorities

- **Extend Distribution Strength**  
**Objective:** to truly differentiate ourselves from the competition and extend our leadership position
- **Simplify Processes and Structures**  
**Objective:** to make it easier for our clients to do business with us and to improve our cost efficiencies and effectiveness
- **Improve the Client Experience**  
**Objective:** to achieve industry leading client loyalty and increase client retention

**Focus on execution to help distance RBC from the competition**

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## Extend Distribution Strength



### Strategic Priorities

#### Objectives

- Add banking and insurance branches in high growth areas
- Enhance distribution network for better client service
- Invest in People
  - In-branch Personnel
  - Career Sales Forces
  - 3<sup>rd</sup> Party Distributors



#### What We're Doing

##### In Q1/07

- opened 4 new bank branches
- began upgrading 55 bank branches
- opened 3 new adjacent insurance branches

##### In 2006

- opened 14 new bank branches
- upgraded 90 bank branches
- opened 7 new adjacent insurance branches
- added over 1,000 client-facing roles (between Q1/06 and Q1/07)

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## Simplify Processes and Structures



### Strategic Priorities

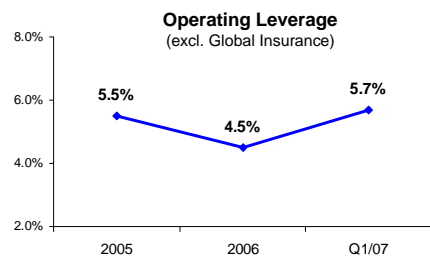
#### Objectives

- Enhance customer service
- Improve response time
- Improve cost efficiencies



#### What We're Doing

- Simplified Business Visa account opening and credit approval process
- Removing business impediments
- Implemented new client-focused mortgage closing process
- Consistently positive operating leverage



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## Improve the Client Experience



### Strategic Priorities

#### Objectives

- **Continue to implement good retailing principles**
  - Local market leadership
  - Branch hours, location, staffing models
  - Focus on sales principles with role clarity and competitive compensation model
- **Improve client relationships and increase product penetration**
  - Demographic shifts require trusted advice and new products
  - Banking, investment and insurance products and services for personal and business clients



#### What We're Doing

- Internal quarterly surveys show significant improvement in “Likelihood to Recommend” measure (*Personal, Business and Insurance*)
- Enhanced call centre client experience through improved technology and higher staffing levels
- Process improvement tracking (Lean Six Sigma) allowing us to respond to client irritants.
- Online banking suite links clients to investment and insurance products and advice

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## RBC's Canadian Banking



### Summary

1. Leveraging strengths to distance ourselves from competition
  1. Distribution Strength and Expertise
  2. National Presence
  3. Breadth of Products and Services
2. Canadian Banking is well positioned to sustain significant momentum
3. Clear plans to extend lead in every business

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