



## Highlights of Second Quarter 2007 Results

May 25, 2007

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 Q2 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 Q2 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.



## Overview

Gordon M. Nixon  
President & CEO

## Strategic Goals

To be the undisputed leader in financial services in Canada.

To build on our strengths in banking, wealth management and capital markets in the U.S.

To be a premier provider of selected global financial services.



## 2007 YTD Performance Review

	YTD 2007	YTD 2006	Change vs. YTD 2006
Total revenue (mm)	\$11,367	\$10,082	13%
Net income (mm)	\$ 2,773	\$ 2,289	21%
Diluted EPS	\$ 2.12	\$ 1.74	22%
ROE	25.5%	23.5%	200 bps

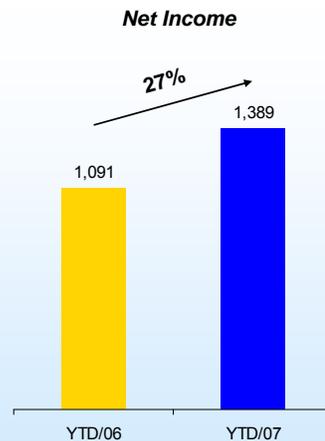
**Earnings up 21% on revenue growth of 13%, driven by banking and wealth management businesses**



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## Canadian Banking

- Strong performance in 2007 YTD
  - Contributed 50% of RBC's earnings
  - Solid growth across all business lines
- Investing in our business
  - Growing branch network
  - Increasing client facing staff
  - Announced new line-up of personal deposit accounts to reward client loyalty and attract new business



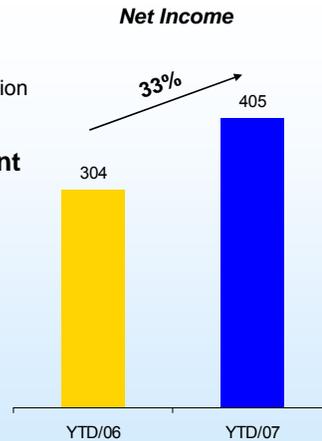
**Robust earnings supported by high operating margins due to strong loan and deposit growth, and cost containment efforts**



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## Wealth Management

- **Leader in Canadian wealth management**
  - RBC Dominion Securities surpassed \$150 billion in assets under administration
- **Leader in Canadian asset management**
  - #1 in long-term net fund sales for 14 consecutive quarters
- **Building scale for future growth internationally**
  - Acquired J.B. Hanauer & Co
  - Hiring higher producing advisors



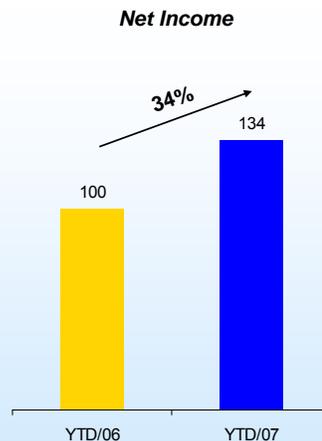
***Continued momentum through growing fee based client assets and mutual fund revenues***



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## U.S. & International Banking

- **Growth initiatives producing results**
  - Strong trajectory in U.S. banking
  - Robust growth in RBC Dexia IS
- **Investing for the future**
  - Acquired 39 Alabama-based AmSouth branches
  - Opened 3 *de novo* branches



***Investments for the future resulting in strong revenue trajectory***



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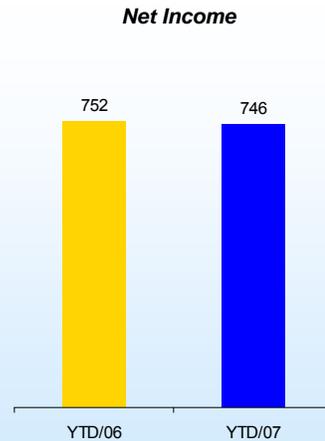
## Capital Markets

- **Earnings from diverse range of businesses**

- Broad-based revenue growth, coupled with higher costs to support growth initiatives and lower recoveries of credit losses

- **Investing for long term growth**

- Acquired RBC Carlin to build on our electronic trading capabilities
- Added RBC Daniels to enhance our U.S. mergers & acquisitions business
- Announced acquisition of Seasongood & Mayer to augment our U.S. municipal finance platform



**Broad-based strength and revenue diversification**



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## YTD Performance Compared to 2007 Objectives

	2007 Objectives	YTD 2007 Performance
Diluted EPS growth	10%+	21.8%
Operating leverage <sup>(1)</sup>	> 3%	3.6%
Return on common equity (ROE)	20%+	25.5%
Tier 1 capital ratio <sup>(2)</sup>	8%+	9.3%
Dividend payout ratio	40–50%	40%

**Progressing toward our 2007 objectives**

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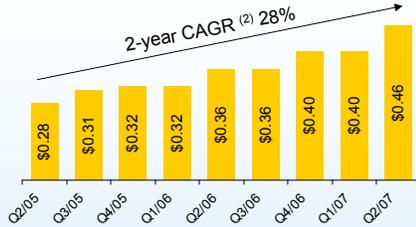
(1) Refer to slide 49 for definition

(2) Calculated using guidelines issued by the Office of the Superintendent Financial Institutions Canada (OSFI)



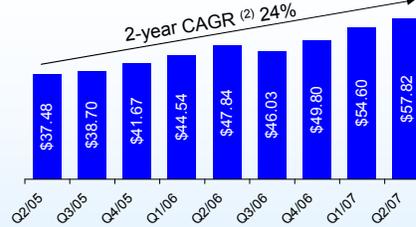
## Total Shareholder Returns (TSR) <sup>(1)</sup>

### Common Share Dividends



### Share Price Performance

(as at April 30)



TSR (in home currency, as at Apr. 30, 2007)	1-year	5-year	10-year
Royal Bank of Canada	24.5%	19.6%	18.6%
S&P/TSX Composite Index	12.7%	14.1%	10.3%

**Delivering results to our shareholders and outperforming the market**

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(1) Total Shareholder Return is price appreciation plus dividends reinvested, annualized  
 (2) Compound annual growth rate (CAGR) is the rate at which an investment grows annually to reach a given end value



## TSR compared to North American Peer Group

### 5-year Total Shareholder Return of North American Peer Group

(in home currency as at April 30, 2007)



**RBC ranks #1 in 1, 3, 5 and 10 year Total Shareholder Returns, outperforming our North American peers**

12 Source: Bloomberg





## Second Quarter 2007 Financial and Asset Quality Review

Barbara Stymiest  
Chief Operating Officer

### Q2 2007 Performance Review

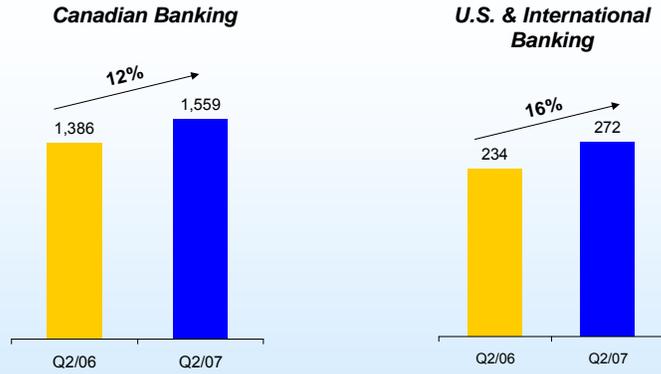
	Q2 2007	Q2 2006	Change vs. Q2 2006
<b>Total revenue <sup>(1)</sup> (mm)</b>	<b>\$ 5,669</b>	<b>\$ 5,122</b>	<b>11%</b>
Canadian Banking	3,080	2,780	11%
Wealth Management	1,008	889	13%
U.S. & International Banking	493	420	17%
Capital Markets (teb)	1,182	1,177	0%
<b>Net income (mm)</b>	<b>\$ 1,279</b>	<b>\$ 1,118</b>	<b>14%</b>
Diluted EPS	\$ 0.98	\$ 0.85	15%
ROE	23.5%	23.0%	50 bps

**Earnings up 14%, generated by our  
banking and wealth management businesses**



## Net Interest Income (NII)

\$ millions



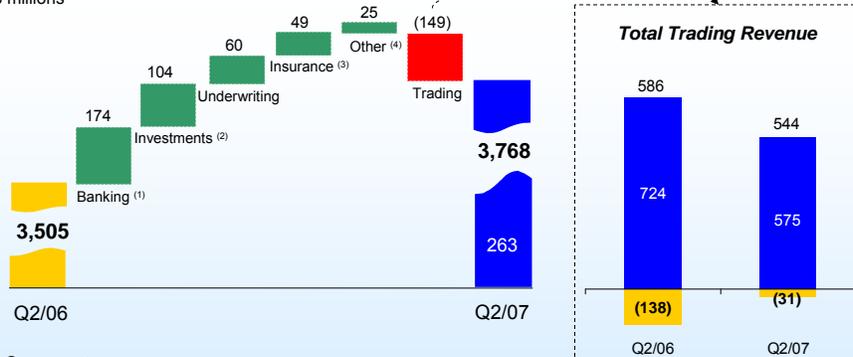
***Increasing NII from loan and deposit growth***



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## Non-Interest Income

\$ millions



### Commentary

- Non-interest income up 8% from Q2 2006.
- Stronger Q2/07 equity trading offset by lower fixed income trading revenues, which were at near record levels in Q2/06.

(1) Includes service charges, foreign exchange other than trading, card services and credit fees

(2) Includes brokerage, investment management and mutual funds

(3) Includes insurance premiums, investment and fee income

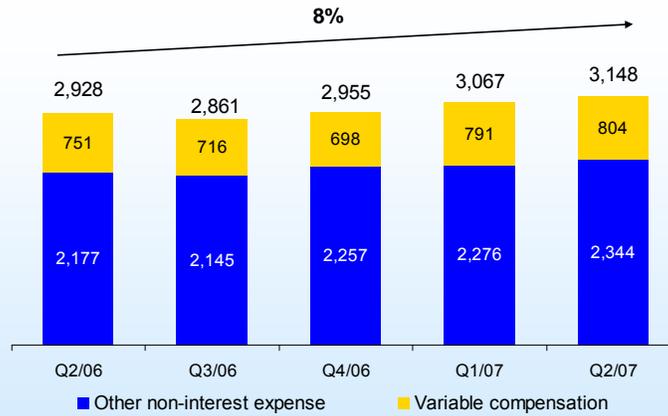
(4) Includes other non-interest income, gain/loss on securities sales and securitization



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## Non-Interest Expense

\$ millions



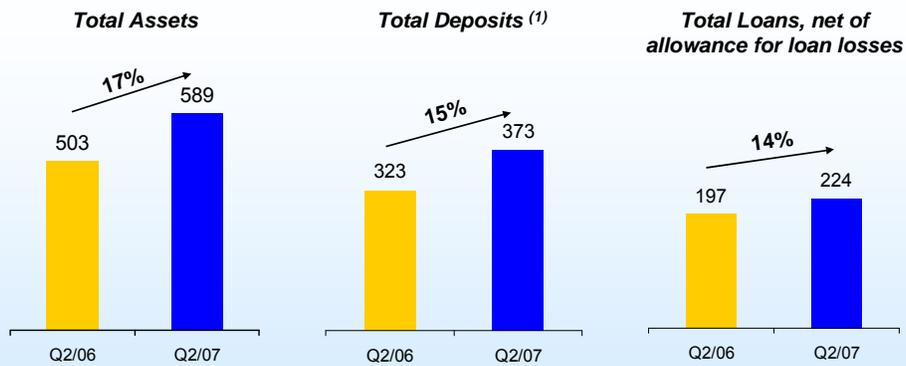
***Investing to support our growing business***



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## Balance Sheet

\$ billions



***Balance sheet consistent with increasing revenues***



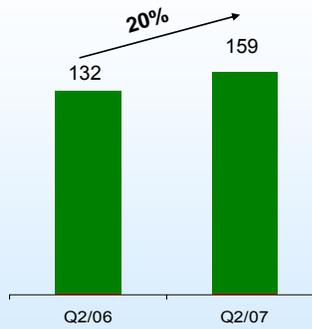
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(1) Total deposits consist of personal, business, government and wholesale funding deposits.

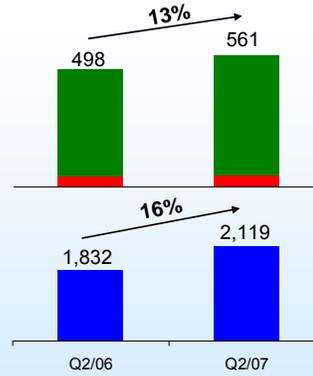
## Client Assets

\$ billions

### Assets under Management



### Assets under Administration



■ Canadian Banking
 ■ Wealth Management
 ■ RBC Dexia IS <sup>(1)</sup>

**Double digit growth in client assets**

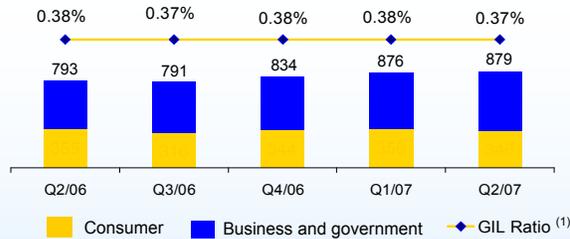


19 (1) Refer to slide 49 for definition

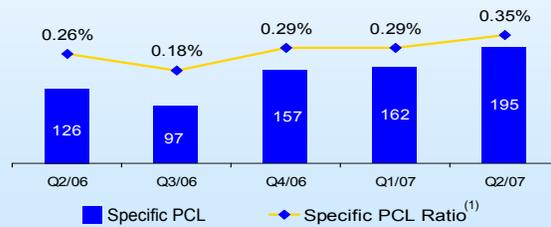
## Credit Quality

\$ millions

**Gross impaired loans ratio remains stable**

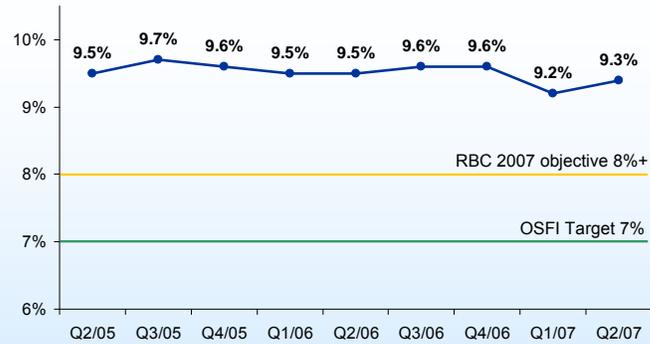


**Specific PCL ratio increased due to higher impairment in our business portfolios and lower corporate recoveries**



20 (1) Refer to slide 49 for definition

## Tier 1 Capital Ratio



**Tier 1 capital ratio of 9.3%**  
**remains comfortably above our objective**



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## Canadian Banking

Jim Westlake

Group Head, Canadian Banking

## Canadian Banking Q2 2007 Highlights

- Continued to build and enhance our distribution network
  - 6 new branches
  - 83 branch upgrades underway
- Announced a new line-up of personal deposit accounts
  - RBC MultiProduct rebate
  - RBC High Interest eSavings account
  - Enhanced RBC Signature No Limit Banking Account
  - Extended product offering to students and seniors
- Recognized for leadership in the insurance industry
  - RBC Insurance won BISA Award of Excellence for innovation and leadership

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## Canadian Banking Performance

\$ millions	Q2 2007	Change vs. Q2 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenue</b>	<b>\$ 3,080</b>	<b>11%</b>	<b>\$ 6,161</b>	<b>9%</b>
Non-interest expense (NIE)	1,295	3	2,570	3
Provision for credit losses (PCL)	204	21	386	25
Insurance policyholder benefits, claims and acquisition expense	677	9	1,193	(6)
<b>Net income</b>	<b>\$ 618</b>	<b>21%</b>	<b>\$ 1,389</b>	<b>27%</b>

**Solid earnings across most business lines through  
revenue growth and cost containment**

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## Canadian Banking Net Interest Margin (1)



### Commentary

- Increase from Q1/07 largely due to funding adjustments made in Q2/07 related to Q1/07, which were offset in Corporate Support, and the impacts of applying the effective interest method under the new financial instruments accounting standards.
- Average NIM YTD 2007 of 3.22%.

**Stable margins over a sustained period**

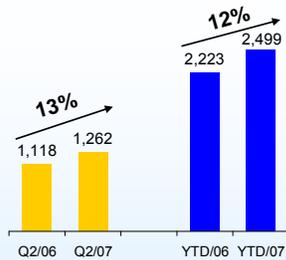


25 (1) NIM (average earning assets). Refer to slide 49 for definition.

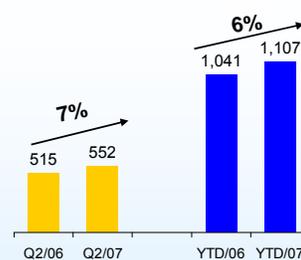
## Canadian Banking Revenue

\$ millions

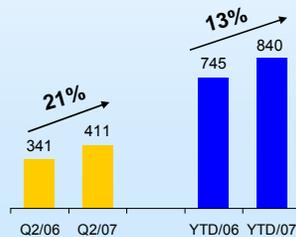
### Personal Financial Services



### Business Financial Services



### Cards & Payment Solutions



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## Items Impacting Global Insurance

\$ millions	Global Insurance revenue		Insurance policyholder benefits, claims and acquisition expense		Global Insurance net income before tax	
	Q2/07	YTD/07	Q2/07	YTD/07	Q2/07	YTD/07
GAAP reported amounts	\$ 855	\$ 1,715	\$ 677	\$ 1,193	\$ 43	\$ 259
Impact of the new financial instruments accounting standards	(55)	15	(58)	11	3	4
Impact of foreign currency translation adjustment	–	(40)	–	–	–	(40)
Amounts excluding the above items <sup>(1)</sup>	\$ 800	\$ 1,690	\$ 619	\$ 1,204	\$ 46	\$ 223
Change vs. prior year	(1)%	2%	–	–	(22)%	6%

### Commentary

- Revenue growth in our reinsurance and domestic businesses offset by lower U.S. annuity sales, reflecting the relatively low interest rate environment.
- Q2/07 earnings before tax declined over 2006, largely due to poor disability claims experience this quarter.
- YTD/07 earnings before tax increased due to \$61mm in hurricane-related charges in 2006.



27 (1) Non-GAAP. Refer to slide 50 for a discussion of Non-GAAP financial measures

## Leading Market Shares in Every Product

		Rank <sup>(1)</sup>	Market Share (Feb. 2007)	Balances Growth (Q2/07 vs. Q2/06)
<b>Leadership in most personal products</b>	Consumer lending (residential mortgages, personal loans and credit cards) <sup>(2)</sup>	1	15.3%	12%
	Personal core deposits	2	13.3%	2%
	Personal investments (GICs + mutual funds)	1	11.9%	12%
<b>Leadership in business products</b>	Business deposits and investments <sup>(3) (4)</sup>	1	22.4%	12%
	Business loans <sup>(2)(3)</sup>	1	12.8%	9%

(1) Market share rank among financial institutions in Canada. Source: RBC

(2) Includes securitized assets.

(3) Source: OSFI, Dec. 2004 to Dec. 2006 (Includes CAD balances for Canadian Banking and Capital Markets)

(4) Excludes market share of non-bank financial institutions.



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## Wealth Management

George Lewis  
Group Head, Wealth Management

### Wealth Management Q2 2007 Highlights

- Extending our leadership in Canadian wealth management
  - RBC Dominion Securities broke through the \$150 billion mark in assets under administration
  - RBC Asset Management received Lipper Award for best overall fund company
  - #1 in long-term net fund sales for 14 consecutive quarters
- Growing our platform internationally
  - Adding higher producing advisors and other client facing professionals
  - RBC Dain Rauscher recently acquired J.B. Hanauer & Co.
    - Adds US\$10 billion in assets under administration and 147 financial consultants in key U.S. markets



## Wealth Management Performance

\$ millions	Q2 2007	Change vs. Q2 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenues</b>	\$ 1,008	13%	\$ 2,000	15%
Non-interest expense (NIE)	722	10%	1,424	10%
<b>Net income</b>	\$ 194	22%	\$ 405	33%

\$ billions	Q2 2007	Change vs. Q2 2006
Assets Under Administration	\$ 506	12%
Assets Under Management	\$ 159	20%

***Earnings growth of 22%,  
underpinned by solid increases in AUA and AUM***

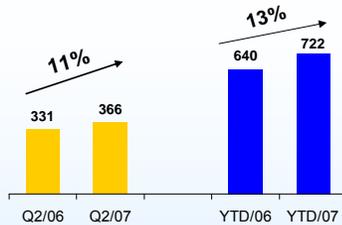


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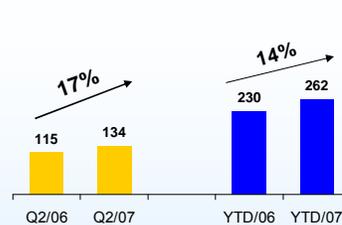
## Wealth Management Revenue

\$ millions

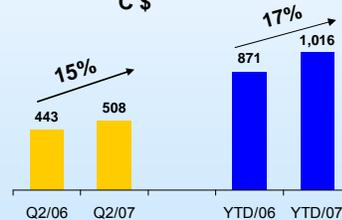
### Canadian Wealth Management



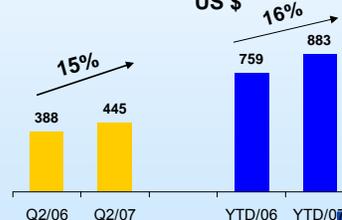
### Global Asset Management



### C \$ US & I Wealth Management



### US \$



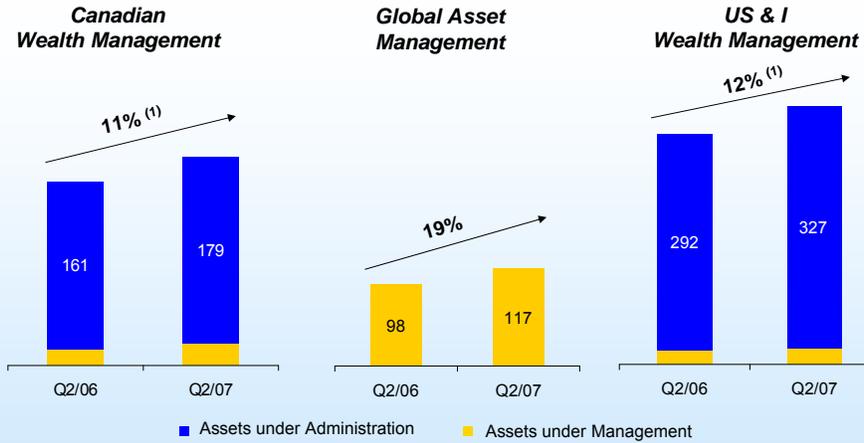
***Revenue growth across all businesses***



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## Wealth Management AUA and AUM

\$ billions



**Building on strong increases in client assets**

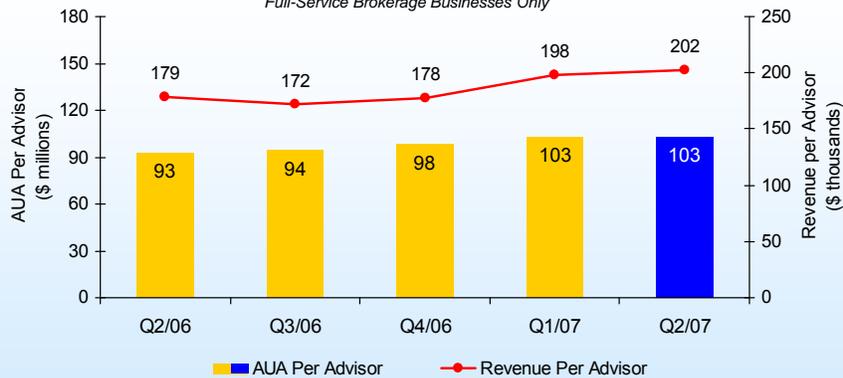


33 (1) Represents growth in assets under administration only.

## Productivity per Advisor

### AUA and Revenue Per Advisor <sup>(1)</sup>

Full-Service Brokerage Businesses Only

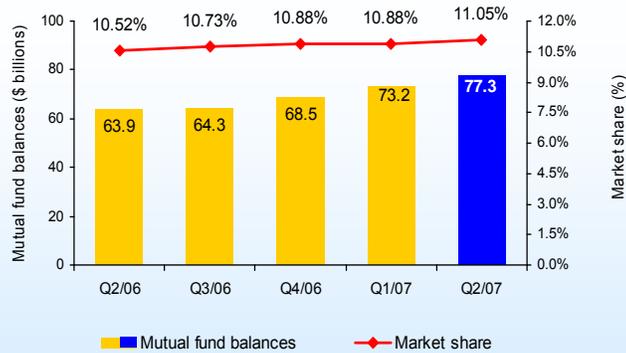


**Productivity continues to rise**



34 (1) Includes Investment Advisors and Financial Consultants.

## Canadian Mutual Fund Balances and Market Share



### Commentary

- Continued market leadership by introducing new global solutions, lowering management fees and making fees more transparent by establishing a fixed percentage fee for operating expenses and absorbing expenses previously charged to the funds.



35 Source: RBC. Market share figures as at quarter end.



## U.S. & International Banking

Peter Armenio

Group Head, U.S. & International Banking

## U.S. & International Banking Q2 2007 Highlights

- Expanding and strengthening our U.S. banking footprint
  - RBC Centura expanded its footprint into its 6<sup>th</sup> state by acquiring 39 AmSouth Bank branches in Alabama
  - Initiated integration of Flag and AmSouth branches and opened 3 *de novo* branches
- Leveraging our strengths in the Caribbean
  - Signed a joint venture with Fidelity Bank & Trust International Limited
  - Increases access to merchant banking and corporate advisory sector
- Continuing to be recognized globally
  - RBC Dexia IS named #1 Global Custodian for 4<sup>th</sup> consecutive year

**Strategically investing to expand our banking business**



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## U.S. & International Banking Performance

\$ millions	Q2 2007	Change vs. Q2 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenues</b>	<b>\$ 493</b>	<b>17%</b>	<b>\$ 938</b>	<b>22%</b>
Provision for credit losses (PCL)	10	67	20	33
Non-interest expense (NIE)	381	18	729	22
<b>Net income</b>	<b>\$ 67</b>	<b>8%</b>	<b>\$ 134</b>	<b>34%</b>

### Commentary

- Double digit revenue growth in banking from improved loan and deposit balances, including the acquisitions of Flag and AmSouth branches and growth in AUA at RBC Dexia IS.
- Higher NIE due primarily to acquisitions, including integration-related costs, opening of *de novo* branches and investments in business growth in Dexia.

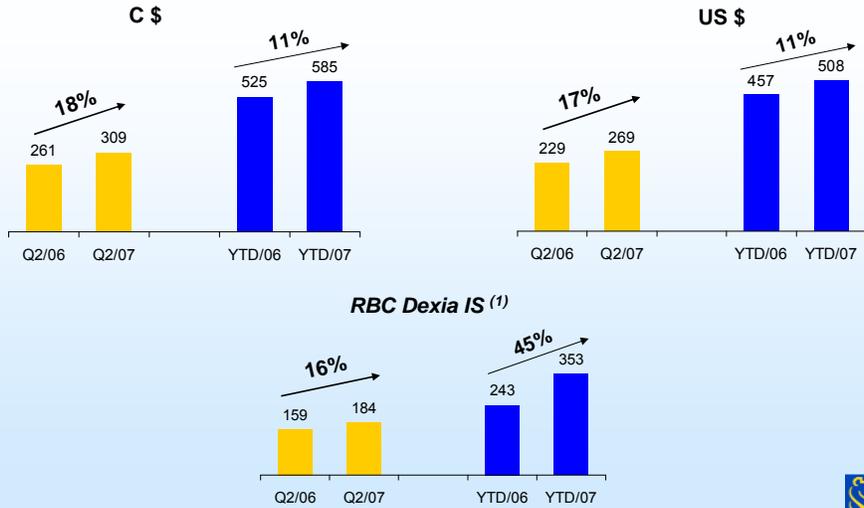


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## U.S. & International Banking Revenue

\$ millions

### Banking



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(1) Q1/06 reflects only two months of results from our former business, Institutional & Investor Services



## Capital Markets

Chuck Winograd  
Group Head, Capital Markets

## Capital Markets Q2 2007 Highlights

- Maintaining position as #1 underwriter of Maple bonds
  - Completed \$2.5 billion Maple bond transaction, largest to date
- Strengthening leadership in infrastructure finance
  - Mandated as sole lead arranger on acquisition financing of key port assets
- Investing for future growth
  - Signed an agreement to acquire Seasongood & Mayer, LLC to strengthen our franchise in U.S. municipal finance
  - Expanded U.S. investment banking team to focus on mid-market and emerging growth sectors

**Strengthening our leadership and investing for the future**



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## Capital Markets Performance

\$ millions	Q2 2007	Change vs. Q2 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenue (teb) <sup>(1)</sup></b>	<b>\$ 1,182</b>	<b>0%</b>	<b>\$ 2,412</b>	<b>15%</b>
Recovery of credit losses	(5)	(78)	(13)	(88)
Non-interest expense (NIE)	754	7	1,492	14
<b>Net income</b>	<b>\$ 350</b>	<b>(15)%</b>	<b>\$ 746</b>	<b>(1)%</b>

### Commentary

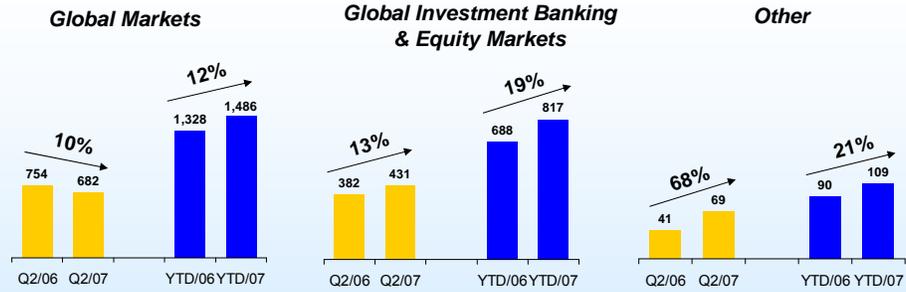
- Revenue unchanged from Q2/06 as improved equity trading and origination revenue, contribution from recent acquisitions, growth in new business initiatives and higher loan syndication fees were fully offset by lower fixed income trading and lower private equity gains and distributions.
- NIE increased in support of growth initiatives, including inclusion of RBC Carlin and RBC Daniels, partly offset by lower variable compensation commensurate with business activity.
- Earnings declined due to investments in the business described above and lower corporate recoveries.



42 (1) Refer to slide 49 for definition

## Capital Markets Revenue

Teb \$ millions

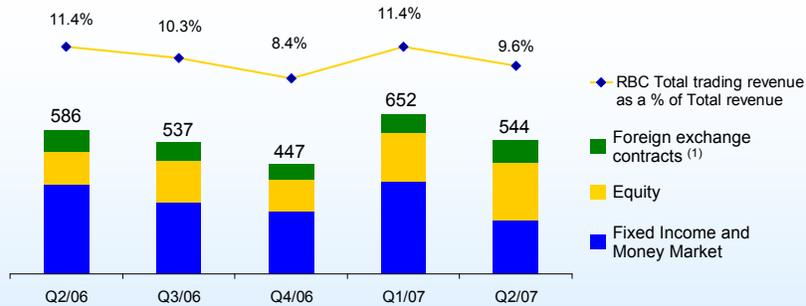


**Revenues generated by diversified businesses**



## RBC Total Trading Revenue

\$ millions



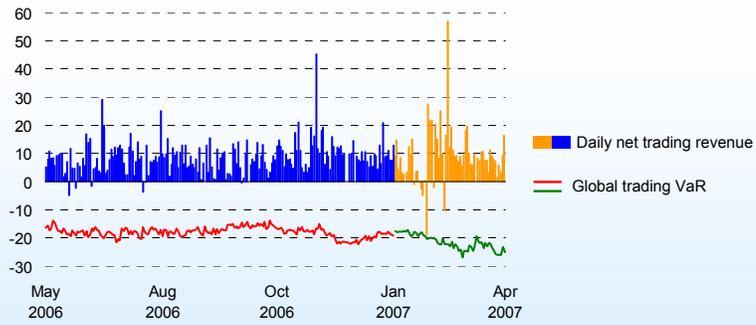
### **Commentary**

- Diversified trading platform, with stronger equity revenue in Q2/07 partially offsetting lower fixed income revenues, which were at near record levels in Q2/06 and Q1/07.
- Trading revenue as a percentage of total RBC revenue remains within our historical averages.



## RBC Global Trading VaR

\$ millions



### Commentary

- Net trading loss days related largely to the fair valuation of U.S. sub-prime securities held in advance of a structured transaction, with the partial recovery of losses on completion of the transaction and included in a large net trading revenue day.
- No trading days exceeded the global VaR for their respective day.



## Appendices

## Operating Leverage

\$ millions, except percentage amounts	YTD 2007	YTD 2006	YTD 07 vs. YTD 06
Total revenue	\$ 11,367	\$ 10,082	
add: TEB adjustment	136	117	
less: Revenue related to VIEs	19	(43)	
less: Global Insurance revenue	1,715	1,664	
less: Impact of financial instruments accounting standards	65	-	
<b>Total revenue (adjusted)</b>	<b>\$ 9,704</b>	<b>\$ 8,578</b>	<b>13.1%</b>
Non-interest expense	\$ 6,215	\$ 5,679	
less: Global Insurance-related non-interest expense	263	244	
<b>Non-interest expense (adjusted)</b>	<b>\$ 5,952</b>	<b>\$ 5,435</b>	<b>9.5%</b>
<b>YTD 2007 operating leverage <sup>(1)</sup></b>			<b>3.6%</b>

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(1) Refer to slide 49 for definition. Non-GAAP - refer to slide 50 for a discussion of Non-GAAP financial measures.



## Details on Credit Protection Portfolio

Industry (\$millions)	Buy <sup>(1)</sup>	Sell <sup>(1)</sup>
Automotive	413	-
Consumer goods	-	77
Energy	1,153	8
Financial services	1,450	61
Governments	86	-
Industrial products	-	-
Mining & Metals	205	-
Other services	56	-
Real Estate and Related	67	-
Telecommunication and media	17	11
Transportation & Environmental	417	-
Other/Unclassified	425	79
<b>Total</b>	<b>4,289</b>	<b>236</b>
<b>Total Investment-Grade</b>	<b>3,886</b>	<b>236</b>
<b>Total Non-investment-Grade</b>	<b>403</b>	<b>-</b>

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(1) Net of off-setting buys and sells in the amount of \$308 mm



## Definitions

**GIL ratio:** Gross impaired loans as a percentage of related loans and acceptances.

**Operating leverage:** The difference between revenue growth rate (as adjusted) and non-interest expense growth rate (as adjusted). Revenue is based on teb, excluding consolidated variable interest entities (VIEs), accounting adjustments related to the new Financial Instruments Accounting Standards and Global Insurance-related revenue, while non-interest expense excludes Global Insurance-related expense. Non-GAAP measure. See slide 50 for a discussion of Non-GAAP measures.

**Net interest margin (average assets):** Net interest income divided by average assets.

**Net interest margin (average earning assets):** Net interest income divided by average earning assets.

**n.m.:** not meaningful

**RBC Dexia IS AUA:** Represents AUA belonging to RBC Dexia IS of which RBC has a 50% ownership interest. As part of the creation of RBC Dexia IS, Capital Markets AUA were transferred to RBC Dexia IS on January 2, 2006. RBC Dexia IS reports on a 1 month lag basis.

**Specific PCL ratio:** Specific provision for credit losses as % of average loans and acceptances.

**Teb:** Taxable equivalent basis. A measure that increases Net interest income from certain tax advantaged sources (in our case, Canadian taxable corporate dividends) to their tax equivalent value, making it comparable to income from taxable sources. There is an offsetting adjustment in the tax provision, thereby generating the same after-tax net income as reported under GAAP.

**VIE:** Variable Interest Entity. Starting in Q1 2005, we consolidated certain entities in accordance with AcG 15. Revenue and expense from certain consolidated VIEs have been included in Capital Markets results. Amounts relate to third parties and do not impact our results.

49 Note: Please see Report to Shareholders Second Quarter 2007 for all reconciliations and definitions.



## Note to users

We use a variety of financial measures to evaluate our performance. In addition to GAAP-prescribed measures, we use certain non-GAAP measures we believe provide useful information to investors regarding our financial condition and results of operations. Readers are cautioned that non-GAAP financial measures, such as Operating Leverage (adjusted) and Global Insurance revenue excluding certain items, do not have any standardized meaning prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures presented by other companies.

Reconciliation of non-GAAP measures to GAAP measures can be found throughout this presentation.

Additional information about our non-GAAP financial measures can be found under the "Key Financial Measures (Non-GAAP)" section in our Q2 2007 Interim Report to Shareholders.

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