



# Royal Bank of Canada

March 2008

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 forward-looking statements in this presentation, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements include, but are not limited to, statements relating to our medium-term and 2008 objectives, our strategic goals and priorities and the economic and business outlook for us, for each of our business segments and for the Canadian, United States and international economies. Forward-looking statements are typically identified by words such as "believe," "expect," "forecast," "anticipate," "intend," "estimate," "goal," "plan" and "project" and similar expressions of future or conditional verbs such as "will," "may," "should," "could," or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our objectives, strategic goals and priorities 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, liquidity and funding risks, and other risks discussed in our Q1 2008 Report to Shareholders and our 2007 Annual Report to Shareholders; general business and economic conditions in Canada, the United States and other countries in which we conduct business, including the impact from the continuing volatility in the U.S. subprime and related markets and lack of liquidity in various other financial markets; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar, British pound and Euro; 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; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; our ability to successfully execute our strategies and 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.

We caution that the foregoing list of important factors is not exhaustive and other factors could also adversely affect our results. 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. Except as required by law, 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.

Additional information about these and other factors can be found in our Q1 2008 Report to Shareholders and in our 2007 Annual Report to Shareholders.

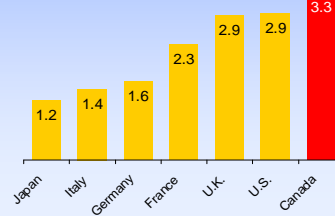
Information contained in or otherwise accessible through the websites mentioned does not form a part of this presentation. All references in this presentation to websites are inactive textual references and are for your information only.



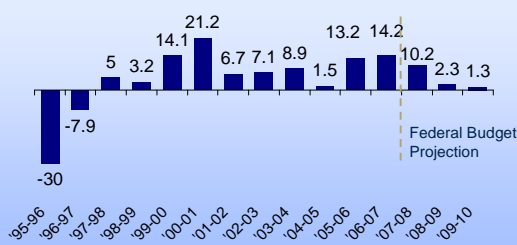
## Strong fiscal and trade performance

- Canada has ranked #1 for economic strength and #1 for employment growth for the last decade among G7 nations
- World Economic Forum ranked Canada #2 (after Switzerland) for sound banking infrastructure in 2007
- 10 consecutive years of fiscal surpluses, and balanced budgets projected
- 8 consecutive years of current account surplus
- Net foreign indebtedness lowest since 1945

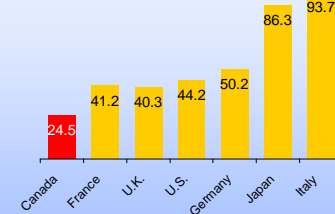
G7 Real GDP Growth (%) (2)  
1998-2007



Canadian Federal Government Budget Balance (1)  
(C\$ billion)



General Government Net Debt (3)  
(% of nominal GDP, 2007)

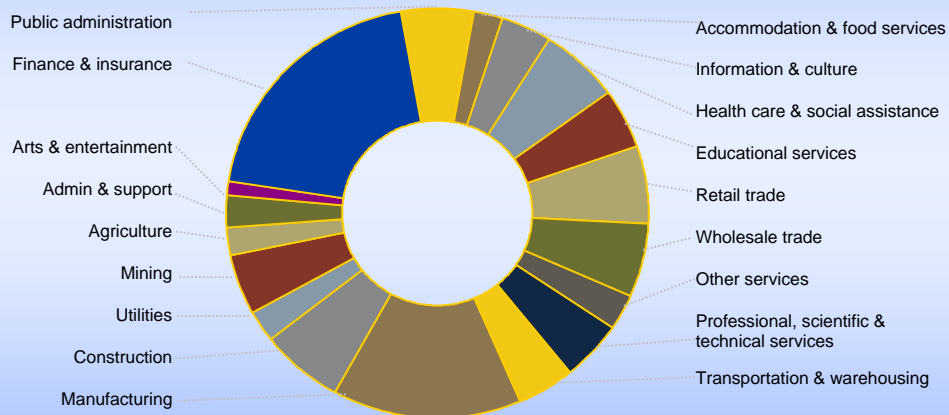


(1) Source: International Monetary Fund,  
 (2) Source: RBC Economics Research  
 (3) Source: OECD, RBC Economics Research



## Canada's economic stability reflects its diversity

GDP by Industry (1)  
(as at December 2007)



(1) Source: Statistics Canada



## RBC – Canadian leader with global strength

- Largest Canadian company with C\$633 billion in assets as at Jan. 31, 2008
- Over 70,000 employees and 15 million clients; operate in Canada, the U.S. and 36 other countries
- Strong financial position -- Tier 1 capital ratio 9.8% and total capital ratio 11.2% (Jan. 31, 2008) <sup>(1)</sup>
- Ratings among highest of financial institutions
 

S&P: AA- (positive)	Fitch: AA
Moody's: Aaa	DBRS:AA
- Safest bank in Canada and 3<sup>rd</sup> in North America
 

<i>Global Finance</i> 1999 – 2007
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- 2007 “Bank of the Year” in Canada
 

<i>The Banker</i>
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- “Most Valuable Brand” in Canada and among the “Top 100 Most Powerful Brands” in the world
 

<i>Brand Finance</i> 2005 – 2007
<i>BrandZ</i> 2007



(1) Calculated using guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI) under the new Basel II framework.

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## A top North American and global bank

Top 15 North American Banks <sup>(1)</sup> (US\$ billions)		
Rank	Company	Market Cap
1	Bank of America	159
2	JP Morgan	124
3	Citigroup	103
4	Wells Fargo	94
<b>5</b>	<b>RBC</b>	<b>59</b>
6	US Bancorp	55
7	Wachovia	53
8	Bank of NY Mellon	49
9	TD	45
10	Scotiabank	44
11	State Street	29
12	CIBC	23
13	PNC Financial	21
14	BMO	20
15	SunTrust	20

Top 50 Global Banks <sup>(1)</sup> (US\$ billions)		
Rank	Company	Market Cap
1	HSBC	183
2	China Construction Bank	164
3	Bank of China	161
4	Bank of America	159
5	JP Morgan	124
6	Banco Santander	113
.	.	.
16	Royal Bank of Scotland	67
17	Societe Generale	63
<b>18</b>	<b>RBC</b>	<b>59</b>
19	UBS	59
20	Credit Suisse	58
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49	PNC Financial	21
50	BMO	20

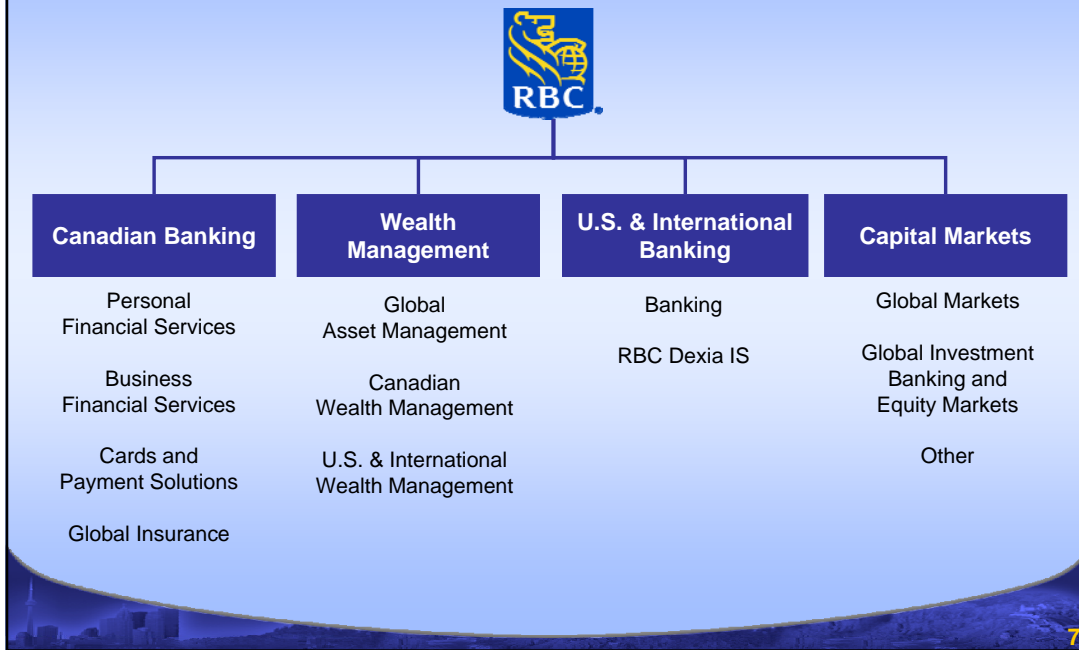
**Largest Canadian, 5<sup>th</sup> largest in North America and 18<sup>th</sup> globally**

(1) Source: Bloomberg, as at March 14, 2008

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## RBC organizational structure

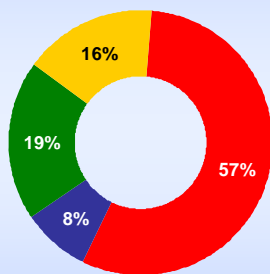


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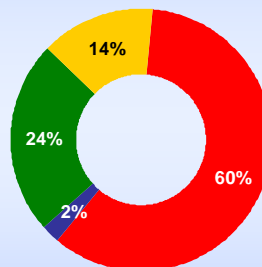
## Diversified revenue and earnings

### Q1 2008 Revenue



■ Canadian Banking  
■ Capital Markets

### Q1 2008 Earnings



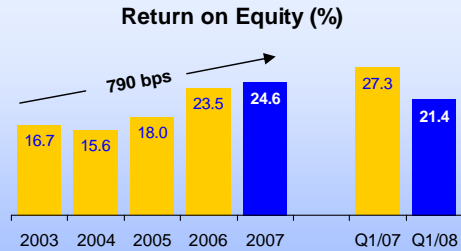
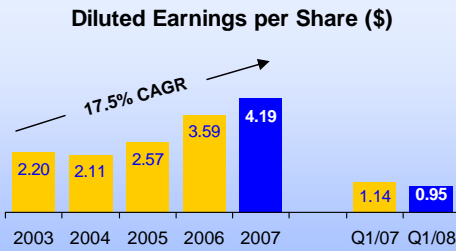
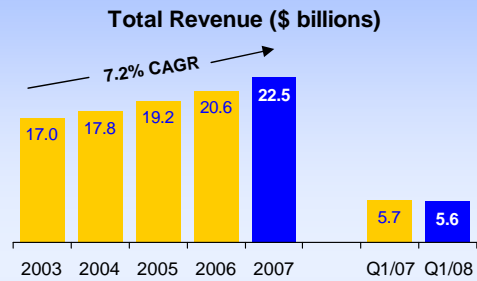
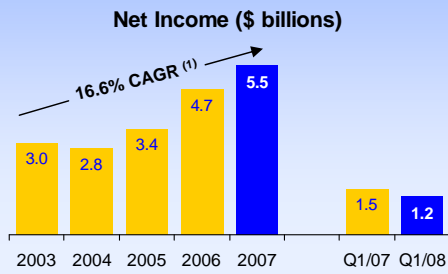
■ U.S. & International Banking  
■ Wealth Management

Note: Excludes Corporate Support

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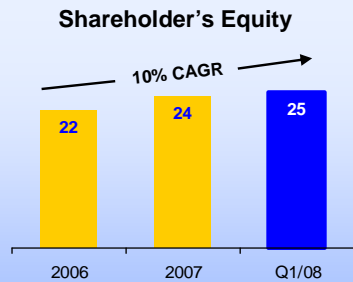
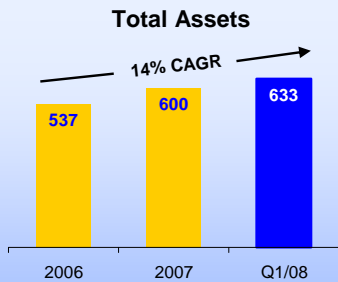
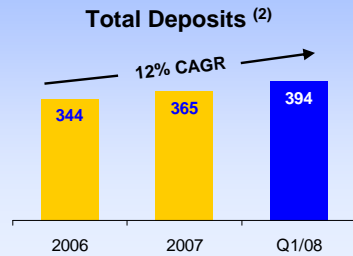
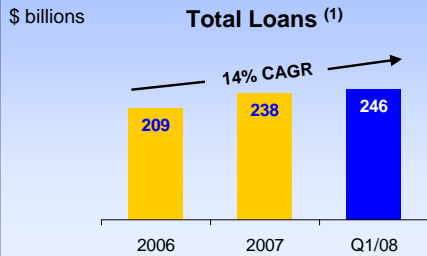
# Track record of growing revenue and earnings



(1) CAGR (compound annual growth rate) is rate at which an investment grows annually to reach a given end value



# Strong balance sheet



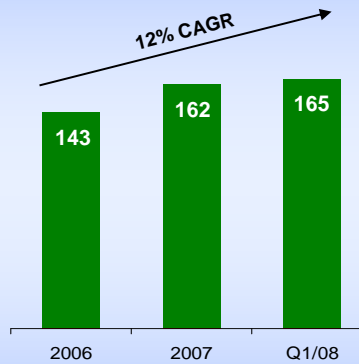
(1) Net of allowance for loan losses  
 (2) Consists of personal, business, government and wholesale funding deposits



## Growth in client assets

\$ billions

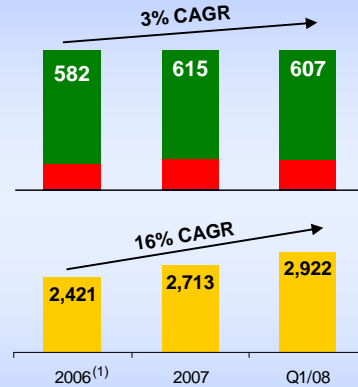
### Assets under Management



Canadian Banking

Wealth Management

### Assets under Administration



Capital Markets

RBC Dexia IS <sup>(2)</sup>

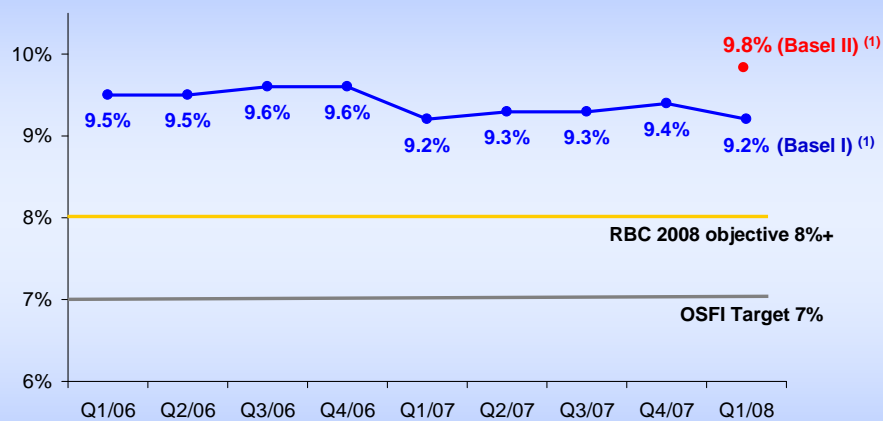
(1) Start of joint venture with Dexia, January 2, 2006.

(2) RBC Dexia IS represents the total AUA as at December 31, 2007. We have revised the 2006 amount to reflect the amount reported by RBC Dexia IS, as we had previously disclosed only the assets under custody amount related to our joint venture.

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## Strong Tier 1 capital ratio



(1) Calculated using guidelines issued by the OSFI under the Basel I framework and, beginning Q1/08, under the new Basel II framework.

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## Solid liquidity and funding position

- RBC has a comprehensive framework for managing liquidity and funding
- Continued access to both short and long-term funding
  - RBC name well-received in the market
  - Remain among the lowest cost issuers
- Active borrower in a variety of markets
  - Issue regularly in a range of markets, currencies, maturities and structures
  - Access funding through retail deposits, unsecured funding, securitizations
  - Annual global issuance in wholesale term markets has ranged from US\$15 billion to US\$20 billion
  - Established issuance programs include EMTN program (US\$40 billion), U.S. Registered Shelf (US\$8 billion), Canadian Shelf (\$7 billion) and securitizations (Canadian CMBS, Canada Mortgage Bond and Credit Cards)

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## Prudent risk management

(as at January 31, 2008)

<b>U.S. subprime</b>	<ul style="list-style-type: none"> <li>• <b>Net exposure: 0.1% of assets / Gross exposure: &lt; 0.5% of assets</b> (US\$639 mm net exposure. US\$2.8 bn gross exposure, hedged with insurance by MBIA and cash collateralized CDS)</li> </ul>
<b>Structured investment vehicles (SIVs)</b>	<ul style="list-style-type: none"> <li>• <b>Less than 0.05% of assets</b> (US\$1 mm of direct holdings, US\$140 mm of liquidity facilities (none drawn) and US\$93 mm of normal course interest rate derivatives (none impaired))</li> <li>• We do not manage SIVs</li> <li>• None owned by funds in our asset management business</li> </ul>
<b>Pre-correction LBOs</b>	<ul style="list-style-type: none"> <li>• <b>Less than 0.2% of assets</b> (&lt; \$1.0 bn of underwriting commitments)</li> </ul>
<b>Hedge fund trading and lending, including prime brokerage</b>	<ul style="list-style-type: none"> <li>• Minimal exposure, predominantly collateralized and not concentrated in specific funds or strategies</li> </ul>
<b>Canadian non-bank ABCP (liquidity contingent on a general market disruption)</b>	<ul style="list-style-type: none"> <li>• \$3.8 mm of direct holdings</li> <li>• Nominal participation as a distributor or liquidity provider</li> <li>• None owned by funds in our asset management business</li> </ul>

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## Details on protection from monoline insurers

(as at January 31, 2008)

### Logan CDOs

- US\$4.4 bn of insurance by MBIA and US\$0.6 bn in cash collateralized CDS on the following assets:
  - U.S. subprime-related assets: US\$2.2 bn
  - CDOs of corporate names (no subprime): US\$2.8 bn
- Fair value of insurance and cash collateralized CDS is US\$1.3 bn
- MBIA's financial strength rated Aaa/Negative by Moody's and AAA/Negative by S&P (affirmed Feb. 26 and Feb. 25, 2008, respectively)

### Longport CDO

- US\$296 mm of insurance by ACA (we are attributing no value to this insurance)

### Trading assets

- US\$1.1 bn of insurance on trading assets (CDOs of corporate names, single name corporate CDS, interest rate swaps)
- Fair value of insurance is \$48 mm
- Assets do not contain subprime

### Third-party originated assets

- US\$3.3 bn of insurance on third party originated assets (U.S. municipal bonds, auction rate securities, GICs, public infrastructure bonds)
- Assets do not contain subprime

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## High-quality balance sheet

### Comparison of Canadian and U.S. mortgage markets <sup>(1)</sup>

	Canada	US
<b>Market Size</b>	<ul style="list-style-type: none"> <li>• \$823 billion outstanding (Dec. 31, 2007)</li> <li>• Less than 20% off-balance sheet (in the case of RBC, less than 14% off-balance sheet) <sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• US\$11.9 trillion outstanding (Sep. 30, 2007)</li> </ul>
<b>Lenders</b>	<ul style="list-style-type: none"> <li>• Chartered banks dominate market, accounting for over 60% of total outstanding mortgages</li> </ul>	<ul style="list-style-type: none"> <li>• Market is fragmented with many small regional lenders</li> </ul>
<b>Credit Quality</b>	<ul style="list-style-type: none"> <li>• Limited sub-prime originations (None by RBC or other major banks)</li> <li>• Bank loans with LTV &gt; 80% must be insured against default (paid by consumer) <sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Sub-prime origination &gt; 20% in recent years</li> <li>• LTV over 100% in some structures</li> </ul>
<b>Consumer Behaviour</b>	<ul style="list-style-type: none"> <li>• Lower consumer leverage</li> <li>• Mortgage interest not tax deductible</li> <li>• More adverse to bankruptcy</li> </ul>	<ul style="list-style-type: none"> <li>• Higher consumer leverage</li> <li>• Mortgage interest tax deductible</li> <li>• Higher bankruptcy rate</li> </ul>

(1) Source: DBRS "Comments on the Mortgage Markets in Canada and the United States" and RBC data

(2) Canada's national housing agency, Canada Mortgage and Housing Corporation ("CMHC") provides mortgage insurance and a securitization outlet through the Canada Mortgage Bond program

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## High-quality balance sheet (cont'd)

### Comparison of Canadian and U.S. mortgage markets (cont'd) <sup>(1)</sup>

	Canada	US
<b>Products</b>	<ul style="list-style-type: none"> <li>Limited hybrids and no "teaser" rates</li> <li>Typically, 1 to 5-year terms renewable at maturity with amortization up to 40 years</li> </ul>	<ul style="list-style-type: none"> <li>Unique structures and hybrid products</li> <li>"Teasers" (upfront rate incentives with subsequent rate increases)</li> <li>30-year terms with matching amortization</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>~30% originated by commission-based brokers (RBC does not use brokers – all our mortgages are originated by RBC employees)</li> <li>Approval depends on ability to pay under different rate scenarios</li> <li>Prepayment penalties</li> </ul>	<ul style="list-style-type: none"> <li>~70% originated by commission-based brokers</li> <li>Approval process depends on lender</li> <li>Full documentation not always necessary</li> <li>Typically no prepayment penalties</li> </ul>
<b>Lenders Recourse</b>	<ul style="list-style-type: none"> <li>Easy to foreclose on non-performing mortgages with no stay periods</li> </ul>	<ul style="list-style-type: none"> <li>Stay period of up to 90 days to foreclose on non-performing mortgages</li> </ul>

(1) Source: DBRS "Comments on the Mortgage Markets in Canada and the United States" and RBC data

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## Our strategy

### 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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## Leader in Canadian financial services



### Banking

- Canada's largest distribution network, with a national retail presence across all markets and products
- #1, 2 or 3 positions across most products and regions, and a market leader in business banking

### Insurance

- # 1 in creditor and individual living benefits insurance
- Largest bank-owned insurer

### Wealth Management

- Largest full service brokerage firm
- Largest bank-owned money manager (2nd largest in the industry)
- Pending acquisition of Phillips, Hager & North will create a leading private sector asset manager, able to serve all client segments

### Capital Markets

- Largest investment bank in Canada, ranking #1 in mergers and acquisitions, equity underwriting and corporate debt financing <sup>(1)</sup>
- #1, 2 or 3 positions across most businesses

(1) Source: Bloomberg Finance, Bloomberg's League Tables 2007



## Canada's largest distribution network

### WEALTH MANAGEMENT DISTRIBUTION

80+ RBC DS offices  
 1,370+ investment advisors  
 10+ private trust offices  
 10+ private counsel offices



### SPECIALIZED SALES

90+ commercial financing specialists  
 140+ global transaction solution specialists  
 25+ sales managers – indirect lending  
 30+ private banking offices

### THIRD PARTY DISTRIBUTION

17,000 life & health brokers  
 4,000 travel distributors  
 4,000+ indirect lending dealers



### CAREER SALES FORCES

300+ career sales insurance reps  
 1,100+ mortgage specialists  
 580+ investment retirement planners

### Branch Network

1,150 bank branches  
 1,640+ Sr. account managers  
 1,040+ financial planners  
 101 business banking centers  
 19 insurance branch offices  
 23 adjacent insurance branches

### ENTERPRISE DISTRIBUTION

#### Automated Teller Machines

2,370+ on-site ATMs  
 1,600+ off-site ATMs



### On-Line Banking and Telephone

7 contact centres  
 2,490+ Royal Direct reps (incl. Visa)  
 160+ RBC Direct Investing reps

All figures as at January 31, 2008



## Extend our leadership in Canadian Banking

- Leverage our size and core capabilities to continue to grow market share and make it easier for our clients to do business with us.
  - Major realignment in 2004 to reduce back-end costs and reinvest in front-end
  - Invested significantly in client-facing staff and branches over the last two years
  - Introduced new personal deposit programs in May 2007 and are seeing results
- Market share increases and widening gap over closest competitors:

	November 2007		October 2004	
	Rank <sup>(1)</sup>	Market Share <sup>(1)</sup>	Rank <sup>(1)</sup>	Market Share <sup>(1)</sup>
Consumer lending <sup>(2)</sup>	# 1	15.4%	# 2	14.7%
Personal deposits	# 2	13.8%	# 2	14.5%
Business loans	# 1	12.3%	# 1	11.2%
Business current accounts <sup>(3)</sup>	# 1	25.9%	# 1	24.2%
Branch service <sup>(4)</sup>	# 1	n.a.	# 5	n.a.
Value for money <sup>(4)</sup>	# 1	n.a.	# 4	n.a.

- (1) Market share rank among financial institutions in Canada. Source: RBC  
 (2) Includes residential mortgages, personal loans and credit cards  
 (3) Excludes market share of non-bank financial institutions.  
 (4) Rank versus top five banks in Synovate Financial Service Excellence Awards 2007

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## Leading player in Canadian Wealth Management

- Continue to extend our #1 position in full service brokerage (RBC Dominion Securities) and our leading position in mutual funds (RBC Asset Management)
- Pending acquisition of Phillips, Hager & North will:
  - Extend lead in meeting the discretionary investment needs of high net worth private clients
  - Establish RBC as one of the top five institutional managers in Canada
  - Extend existing leadership in the Canadian retail mutual fund market.

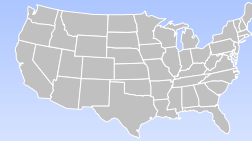
	November 2007		October 2004	
	Rank <sup>(1)</sup>	Market Share <sup>(1)</sup>	Rank <sup>(1)</sup>	Market Share <sup>(1)</sup>
Full service brokerage AUA <sup>(2)</sup>	# 1	21.6%	# 1	21.7%
Mutual funds (vs. banks only)	# 1	32.4%	# 1	27.7%
Mutual funds (vs. industry)	# 2	11.7%	# 2	9.5%
Net sales of long-term funds	# 1 for 4 consecutive years			

- (1) Market share rank among financial institutions in Canada. Source: RBC.  
 (2) AUA is Assets Under Administration. Data as of September 2007 and September 2004.

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## Building on our strengths in the U.S.



### Banking

- Over 430 full-service banking centers in U.S. Southeast (Alabama, Florida, Georgia, North Carolina, South Carolina and Virginia)
- Focused on businesses, business owners and professionals
- Significant infrastructure investments to support expanding network and targeted *de novo* branch expansion

### Wealth Management

- 7th largest full-service brokerage firm by financial consultants (2000+ FCs), and significant correspondent business (3000+ correspondent brokers)
- Evolving from a regional to a national wealth management business (pending acquisition of Ferris, Baker Watts will expand presence in key Eastern, Midwest and Mid-Atlantic regions)
- Benefit from global resources of RBC, with small firm feel

### Capital Markets

- Provide investment banking expertise and product breadth to U.S. mid-market
- Significant trading operations in NY across all asset classes

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## Premier provider of selected global services



### Banking

- History in the Caribbean dating to 1899
- 42 branches and 4 business centers
- Pending RBTT acquisition will add 84 branches, making RBC the 4th largest bank in the Caribbean

### Wealth Management

- Top 20 global private bank by client assets
- Leader in Channel Islands
- Acquire clients through our core strength in trust services

### Capital Markets

- Strong player in global debt markets
- Leadership in niche businesses (e.g. Alternative Dollars)
- Global strength in infrastructure finance, energy and mining

### Custody Services (JV)

- #1 for quality of global custody services for 4th consecutive year (Global Investor 2007)
- Operate in 15 countries on four continents
- Revenue synergies through cross-selling

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## 2008 and beyond: where we are going

	2008 Objectives	Q1 2008 Performance	
Diluted EPS growth	7% -10%	(17)%	
Defined operating leverage <sup>(1)</sup>	> 3%	(0.2)%	
Return on common equity (ROE)	20%+	21.4%	
Tier 1 capital ratio <sup>(2)</sup>	8%+	9.8%	
Dividend payout ratio	40% – 50%	52%	

	Medium-term Objective	3-year	5-year
Total shareholder return (in home currency) (vs. 7 Canadian and 13 U.S. financial institutions)	Top quartile	Top quartile	2 <sup>nd</sup> quartile

- We anticipated early 2008 would be challenging and Q1 2008 should be viewed in this context. We expect economic growth in the U.S. and Canada to pick up in the latter part of 2008

(1) Revenue growth rate (as adjusted) minus non-interest expense growth rates (as adjusted). Non-GAAP. See slide 26.  
(2) Calculated using guidelines adopted by the OSFI under the new Basel II framework.

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## 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 measures, such as Defined operating leverage (adjusted) do not have any standardized meanings prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures presented by other companies.

Reconciliations of non-GAAP measures to GAAP measures can be found throughout this presentations.

Additional information about our non-GAAP measures can be found under the "Key performance and non-GAAP measures" section in our Q1 2008 Report to Shareholders.

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