

Acceptances

A bill of exchange or negotiable instrument drawn by the borrower for payment at maturity and accepted by a bank. The acceptance constitutes a guarantee of payment by the bank and can be traded in the money market. The bank earns a “stamping fee” for providing this guarantee.

Adjusted operating leverage

The difference between revenue growth rate (as adjusted) and non-interest expense growth rate (as adjusted). Revenue is based on a taxable equivalent basis, excluding VIEs, accounting adjustments related to the new Financial Instruments Standard and Insurance-related revenue, while Non-interest expense excludes Insurance-related expense.

Allowance for credit losses

The amount deemed adequate by management to absorb identified credit losses as well as losses that have been incurred but are not yet identifiable as at the balance sheet date. This allowance is established to cover the lending portfolio including loans, acceptances, guarantees, letters of credit, and unfunded commitments. The allowance is increased by the provision for credit losses, which is charged to income and decreased by the amount of write-offs, net of recoveries in the period.

Assets-to-capital multiple

Total assets plus specified off-balance sheet items, divided by total regulatory capital.

Assets under administration (AUA)

Assets administered by us which are beneficially owned by clients and are therefore not reported on the Consolidated Balance Sheets. Services provided in respect of assets under administration are of an administrative nature, including safekeeping, collecting investment income, settling purchase and sale transactions, and record keeping.

Assets under management (AUM)

Assets managed by us which are beneficially owned by clients and are therefore not reported on the Consolidated Balance Sheets. Services provided in respect of assets under management include the selection of investments and the provision of investment advice. Assets under management may also be administered by the financial institution.

Average balances

Average balances are calculated using methods intended to approximate the average of the daily balances of the period.

Average earning assets

The average carrying value of deposits with banks, securities, assets purchased under reverse repurchase agreements and certain securities borrowed, and loans based on daily balances for the period ending October 31 in each fiscal year.

Basis point (bp)

One one-hundredth of a percentage point (.01%).

Beta

The measure of a security’s volatility relative to a market index.

Canadian GAAP

Canadian generally accepted accounting principles.

Capital ratio

The percentage of risk-adjusted assets supported by capital, using the guidelines of the Office of the Superintendent of Financial Institutions Canada based on standards issued by the Bank for International Settlements and Canadian GAAP financial information.

Cash capital position

Quantifies the extent to which illiquid assets are funded by non-core liabilities and represents a formula-based measure of both comparative and directional structural liquidity risk.

Collateral

Assets pledged as security for a loan or other obligation. Collateral can take many forms: cash, highly rated securities, property, inventory, equipment, receivables, etc.

Collateralized Debt Obligation (CDO)

An investment-grade security backed by a pool of bonds, loans and/or any other type of debt instruments.

Commercial clients

Generally, private companies with revenue in excess of \$20 million and less than \$1 billion. Typically, clients with revenue of less than \$100 million are served in Canada by our RBC Canadian Personal and Business segment and in the U.S. by RBC Centura in our RBC U.S. and International Personal and Business segment. Corporate and larger commercial clients with frequent need to access capital markets and more sophisticated financing requirements are served by our RBC Capital Markets segment.

Commitments to extend credit

Credit facilities available to clients either in the form of loans, bankers’ acceptances and other on-balance sheet financing, or through off-balance sheet products such as guarantees and letters of credit.

Cost of capital

Management’s estimate of its weighted average cost of equity and debt capital.

De novo

A newly opened bank branch, as opposed to a bank branch acquired through an acquisition.

Derivative

A contract between two parties where payments between the parties are dependent upon the movements in price of an underlying asset, index or financial rate. Examples of derivatives include swaps, options, forward rate agreements and futures. The notional amount of the derivative is the contract amount used as a reference point to calculate the payments to be exchanged between the two parties, and the notional amount itself is generally not exchanged by the parties.

Dividend payout ratio

Common dividends as a percentage of net income after preferred share dividends.

Dividend yield

Dividends per common share divided by the average of the high and low share prices in the relevant period.

Documentary and commercial letters of credit

Written undertakings by a bank on behalf of its client (typically an importer), authorizing a third party (for example, an exporter) to draw drafts on the bank up to a stipulated amount under specific terms and conditions. Such undertakings are established for the purpose of facilitating international trade.

Earnings per share (EPS), basic

Net income less preferred share dividends, divided by the average number of shares outstanding.

Earnings per share (EPS), diluted

Net income less preferred share dividends, divided by the average number of shares outstanding, adjusted for the dilutive effects of stock options and other convertible securities.

Economic capital

An estimate of the amount of equity capital required to underpin risks. It is calculated by estimating the level of capital that is necessary to support our various businesses, given their risks, consistent with our desired solvency standard and credit ratings.

Fair value

The amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

Guarantees and standby letters of credit

Primarily represent irrevocable assurances that a bank will make payments in the event that its client cannot meet its financial obligations to third parties. Certain other guarantees, such as bid and performance bonds, represent non-financial undertakings.

Hedge

A risk management technique used to insulate financial results from market, interest rate or foreign currency exchange risk (exposure) arising from normal banking operations. The elimination or reduction of such exposure is accomplished by establishing offsetting positions. For example, assets denominated in foreign currencies can be offset with liabilities in the same currencies or through the use of foreign exchange hedging instruments such as futures, options or foreign exchange contracts.

Impaired loans

Loans are classified as impaired when there has been a deterioration of credit quality to the extent that management no longer has reasonable assurance of timely collection of the full amount of principal and interest in accordance with the contractual terms of the loan agreement. Credit card balances are not classified as impaired as they are directly written off after payments are 180 days past due.

Innovative capital instruments

Our innovative capital instruments are transferable trust units issued by the RBC Capital Trust and RBC Capital Trust II special purpose entities. Innovative capital can comprise up to 15% of net Tier 1 capital with an additional 3% eligible for Tier 2B capital.

Mark-to-market

Valuation of financial instruments using prevailing market prices or fair value as of the balance sheet date.

Master netting agreement

An agreement designed to reduce the credit risk of multiple derivative transactions through the creation of a legal right of offset of exposure in the event of a default.

Net interest income

The difference between what is earned on assets such as loans and securities and what is paid on liabilities such as deposits and subordinated debentures.

Net interest margin (average assets)

Net interest income as a percentage of total average assets.

Net interest margin (average earning assets)

Net interest income as a percentage of total average earning assets.

Normal course issuer bid (NCIB)

A repurchase of our own shares for cancellation through a stock exchange; it is subject to the various rules of the relevant exchanges and securities commissions.

Notional amount

The contract amount used as a reference point to calculate payments for derivatives.

Off-balance sheet financial instruments

A variety of products offered to clients, which fall into two broad categories: (i) credit related arrangements, which generally provide clients with liquidity protection, and (ii) derivatives, which are defined on the previous page.

Office of the Superintendent of Financial Institutions Canada (OSFI)

The primary regulator of federally chartered financial institutions and federally administered pension plans in Canada. The OSFI's mission is to safeguard policyholders, depositors and pension plan members from undue loss.

Options

A contract, or a provision of a contract, that gives one party (the option holder) the right, but not the obligation, to perform a specified transaction with another party (the option issuer or option writer) according to specified terms.

Prepaid pension benefit cost

The cumulative excess of amounts contributed to a pension fund over the amounts recorded as pension expense.

Provision for credit losses

The amount charged to income necessary to bring the allowance for credit losses to a level determined appropriate by management. This includes both specific and general provisions.

Qualifying special purposes entities (QSPE)

Legal entities that are demonstrably distinct from the transferor, have limited and specified permitted activities, have defined asset holdings and may only sell or dispose of selected assets in automatic response to specified conditions.

Repurchase agreements

Involve the sale of securities for cash at a near value date and the simultaneous repurchase of the securities for value at a later date.

Return on common equity (ROE)

Net income, less preferred share dividends, expressed as a percentage of average common equity.

Reverse repurchase agreements

Involve the purchase of securities for cash at a near value date and the simultaneous sale of the securities for value at a later date.

Risk

Financial institutions face a number of different risks that expose them to possible losses. These risks include credit risk, market risk, liquidity and funding risk, insurance risk, operational risk, reputation risk, strategic risk, regulatory and legal risk, and competitive, systemic and environmental risk.

Risk-adjusted assets

Used in the calculation of risk-based capital ratios. The face value of assets is discounted using risk-weighting factors in order to reflect a comparable risk per dollar among all types of assets. The risk inherent in off-balance sheet instruments is also recognized, first by determining a credit equivalent amount, and then by applying appropriate risk-weighting factors.

Securities lending

Transactions in which the owner of a security agrees to lend it under the terms of a pre-arranged contract to a borrower for a fee. The borrower must fully collateralize the security loan at all times. An intermediary such as a bank often acts as agent for the owner of the security. There are two types of securities lending arrangements, lending with and without credit or market risk indemnification. In securities lending without indemnification, the intermediary bears no risk of loss. For transactions in which the intermediary provides an indemnification, risk of loss occurs if the borrower defaults and the value of the collateral declines concurrently.

Securities sold short

A transaction in which the seller sells securities and then borrows the securities in order to deliver them to the purchaser upon settlement. At a later date, the seller buys identical securities in the market to replace the borrowed securities.

Securitization

The process by which high-quality financial assets are packaged into newly issued securities backed by these assets.

Special purpose entities (SPEs)

SPEs are entities that are typically organized for a single discrete purpose, have a limited life and serve to legally isolate the financial assets held by the SPE from the selling organization. SPEs are principally used to securitize financial and other assets in order to obtain access to funding, to mitigate credit risk and to manage capital.

Taxable equivalent basis (teb)

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.

Trust capital securities (RBC TruCS)

Transferable trust units issued by RBC Capital Trust or RBC Capital Trust II for the purpose of raising innovative Tier 1 capital.

U.S. GAAP

U.S. generally accepted accounting principles.

Value-At-Risk (VAR)

A generally accepted risk-measurement concept that uses statistical models to estimate within a given level of confidence the maximum loss in market value the bank would experience in its trading portfolio from an adverse one-day movement in market rates and prices.

Variable interest entity (VIE)

A variable interest entity is an entity which does not have sufficient equity at risk to finance its activities without additional subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest.

Directors and executive officers

Directors

W. Geoffrey Beattie (2001)
Toronto, Ontario
President and Chief Executive Officer
The Woodbridge Company Limited
Deputy Chairman
The Thomson Corporation

George A. Cohon,
O.C., O.Ont. (1988)
Toronto, Ontario
Founder
McDonald's Restaurants of Canada Limited

Douglas T. Elix, A.O. (2000)
Ridgefield, Connecticut
Senior Vice-President and Group Executive
Sales & Distribution
IBM Corporation

John T. Ferguson, F.C.A. (1990)
Edmonton, Alberta
Chairman of the Board
Princeton Developments Ltd.

The Hon. Paule Gauthier,
P.C., O.C., O.Q., Q.C. (1991)
Quebec, Quebec
Senior Partner
Desjardins Ducharme L.L.P.
ATTORNEYS

Timothy J. Hearn (2006)
Calgary, Alberta
Chairman, President and Chief Executive Officer
Imperial Oil Limited

Alice D. Laberge (2005)
Vancouver, British Columbia
Company Director

Jacques Lamarre, O.C. (2003)
Outremont, Quebec
President and Chief Executive Officer
SNC-Lavalin Group Inc.

Brandt C. Louie, F.C.A. (2001)
West Vancouver, British Columbia
President and Chief Executive Officer
H.Y. Louie Co. Limited
Chairman and Chief Executive Officer
London Drugs Limited

Michael H. McCain (2005)
Toronto, Ontario
President and Chief Executive Officer
Maple Leaf Foods Inc.

Gordon M. Nixon (2001)
Toronto, Ontario
President and Chief Executive Officer
Royal Bank of Canada

David P. O'Brien (1996)
Calgary, Alberta
Chairman of the Board
Royal Bank of Canada
Chairman of the Board
EnCana Corporation

Robert B. Peterson (1992)
Toronto, Ontario
Company Director

J. Pedro Reinhard (2000)
Key Biscayne, Florida
Company Director

Cecil W. Sewell, Jr. (2001)
Stuart, Florida
Chairman
RBC Centura Banks, Inc.

Kathleen P. Taylor (2001)
Toronto, Ontario
President, Worldwide Business Operations
Four Seasons Hotels Inc.

Victor L. Young, O.C. (1991)
St. John's, Newfoundland and Labrador
Company Director

The date appearing after the name of each director indicates the year in which the individual became a director.

Group executive

Peter Armenio
Group Head, RBC U.S. and International Personal and Business

Elisabetta Bigsby
Group Head, Human Resources and Transformation

Martin J. Lippert
Group Head, Global Technology and Operations

Gordon M. Nixon
President and Chief Executive Officer

Barbara G. Stymiest
Chief Operating Officer

W. James Westlake
Group Head, RBC Canadian Personal and Business

Charles M. Winograd
Group Head, RBC Capital Markets

Principal subsidiaries

Principal subsidiaries (1)	Principal office address (2)	Carrying value of voting shares owned by the bank (3)
Royal Bank Mortgage Corporation (4)	Montreal, Quebec, Canada	\$ 1,104
Royal Mutual Funds Inc.	Toronto, Ontario, Canada	8
RBC Capital Trust	Toronto, Ontario, Canada	1,052
RBC Dominion Securities Limited (4)	Toronto, Ontario, Canada	2,114
RBC Dominion Securities Inc.	Toronto, Ontario, Canada	
RBC Investment Services (Asia) Limited	Hong Kong, China	
RBC Sec Australia Pty Limited	Sydney, Australia	
Royal Bank Holding Inc.	Toronto, Ontario, Canada	16,414
Royal Trust Corporation of Canada	Toronto, Ontario, Canada	
The Royal Trust Company	Montreal, Quebec, Canada	
RBC Insurance Holding Inc.	Mississauga, Ontario, Canada	
RBC General Insurance Company	Mississauga, Ontario, Canada	
RBC Life Insurance Company	Mississauga, Ontario, Canada	
RBC Travel Insurance Company	Mississauga, Ontario, Canada	
RBC Direct Investing Inc.	Toronto, Ontario, Canada	
RBC Asset Management Inc.	Toronto, Ontario, Canada	
RBC Private Counsel Inc.	Toronto, Ontario, Canada	
R.B.C. Holdings (Bahamas) Limited	Nassau, Bahamas	
RBC Caribbean Investment Limited	George Town, Grand Cayman	
Royal Bank of Canada Insurance Company Limited	St. Michael, Barbados	
Finance Corporation of Bahamas Limited	Nassau, Bahamas	
Royal Bank of Canada Trust Company (Bahamas) Limited	Nassau, Bahamas	
Investment Holdings (Cayman) Limited	George Town, Grand Cayman	
RBC (Barbados) Funding Ltd.	St. Michael, Barbados	
Royal Bank of Canada (Caribbean) Corporation	St. Michael, Barbados	
RBC Capital Markets Arbitrage SA	Luxembourg	
RBC Holdings (USA) Inc. (2)	New York, New York, U.S.	
RBC USA Holdco Corporation (2)	New York, New York, U.S.	
RBC Dain Rauscher Corp. (2)	Minneapolis, Minnesota, U.S.	
RBC Dain Rauscher Inc.	Minneapolis, Minnesota, U.S.	
RBC Capital Markets Corporation	New York, New York, U.S.	
RBC Holdings (Delaware) Inc. (5)	Wilmington, Delaware, U.S.	
Prism Financial Corporation (5)	Dover, Delaware, U.S.	
RBC Trust Company (Delaware) Limited	Wilmington, Delaware, U.S.	
RBC Insurance Holding (USA) Inc.	Wilmington, Delaware, U.S.	
Liberty Life Insurance Company	Greenville, South Carolina, U.S.	
Royal Bank of Canada (Asia) Limited	Singapore, Singapore	
RBC Centura Banks, Inc. (5)	Rocky Mount, North Carolina, U.S.	3,805
RBC Centura Bank	Rocky Mount, North Carolina, U.S.	
Royal Bank of Canada Financial Corporation	St. Michael, Barbados	3
RBC Finance B.V.	Amsterdam, Netherlands	2,541
Royal Bank of Canada Holdings (U.K.) Limited	London, England	
Royal Bank of Canada Europe Limited	London, England	
Royal Bank of Canada Investment Management (U.K.) Limited	London, England	
Royal Bank of Canada Trust Corporation Limited	London, England	
RBC Asset Management UK Limited	London, England	
RBC Holdings (Channel Islands) Limited	Guernsey, Channel Islands	
RBC Trustees (Guernsey) Limited	Guernsey, Channel Islands	
Royal Bank of Canada (Channel Islands) Limited	Guernsey, Channel Islands	
Royal Bank of Canada Trustees (Jersey) Limited	Jersey, Channel Islands	
Royal Bank of Canada Investment Management (Guernsey) Limited	Guernsey, Channel Islands	
Royal Bank of Canada Fund Services (Jersey) Limited	Jersey, Channel Islands	
Royal Bank of Canada Offshore Fund Managers Limited	Guernsey, Channel Islands	
Royal Bank of Canada Trust Company (Asia) Limited	Hong Kong, China	
Royal Bank of Canada Trust Company (Cayman) Limited	George Town, Grand Cayman	
Royal Bank of Canada Trust Company (International) Limited	Jersey, Channel Islands	
Regent Capital Trust Corporation Limited	Jersey, Channel Islands	
RBC Regent Fund Managers Limited	Jersey, Channel Islands	
Royal Bank of Canada Trustees Limited	Jersey, Channel Islands	
Royal Bank of Canada Trust Company (Jersey) Limited	Jersey, Channel Islands	
Abacus Financial Services Group Limited	Jersey, Channel Islands	
RBC Reinsurance (Ireland) Limited	Dublin, Ireland	
Royal Bank of Canada (Suisse)	Geneva, Switzerland	
Roycan Trust Company S.A.	Geneva, Switzerland	
RBC Investment Management (Asia) Limited	Hong Kong, China	9
RBC Capital Markets (Japan) Limited	St. Michael, Barbados	13

(1) The bank owns 100% of the voting shares of each subsidiary except Finance Corporation of Bahamas Limited (75%).

(2) Each subsidiary is incorporated under the laws of the state or country in which the principal office is situated, except for RBC Holdings (USA) Inc., RBC USA Holdco Corporation and RBC Dain Rauscher Corp. which are incorporated under the laws of the state of Delaware, U.S.

(3) The carrying value (in millions of dollars) of voting shares is stated as the bank's equity in such investments.

(4) The subsidiaries have outstanding non-voting shares of which the bank, directly or indirectly, owns 100%.

(5) RBC Holdings (Delaware) Inc. owns 3.70% and Prism Financial Corporation owns 6.25% of RBC Centura Banks, Inc.

Shareholder information

Corporate headquarters

Street address:
Royal Bank of Canada
200 Bay Street
Toronto, Ontario, Canada
Tel: (416) 974-5151
Fax: (416) 955-7800

Mailing address:
P.O. Box 1
Royal Bank Plaza
Toronto, Ontario
Canada M5J 2J5

website:
rbc.com

Transfer Agent and Registrar

Main Agent

Computershare Trust
Company of Canada

Street address:
1500 University Street
Suite 700
Montreal, Quebec
Canada H3A 3S8
Tel: (514) 982-7555, or
1-866-586-7635
Fax: (514) 982-7635

website:
computershare.com

Co-Transfer Agent (U.S.)

The Bank of New York
101 Barclay Street
New York, New York
U.S. 10286

Co-Transfer Agent (United Kingdom)

Computershare Services PLC
Securities Services – Registrars
P.O. Box No. 82, The Pavilions,
Bridgwater Road, Bristol
BS99 7NH England

Stock exchange listings

(Symbol: RY)

Common shares are listed on:
Canada
Toronto Stock Exchange (TSX)
U.S.
New York Stock Exchange (NYSE)
Switzerland
Swiss Exchange (SWX)

All preferred shares are listed
on the Toronto Stock Exchange.

Valuation Day price

For capital gains purposes, the
Valuation Day (December 22,
1971) cost base for our common
shares is \$7.38 per share. This
amount has been adjusted to
reflect the two-for-one share split
of March 1981 and the two-for-one
share split of February 1990. The
one-for-one share dividend paid
in October 2000 and April 2006
did not affect the Valuation Day
value for our common shares.

Shareholder contact

For information about stock
transfers, address changes,
dividends, lost stock certificates,
tax forms, estate transfers,
contact: Computershare Trust
Company of Canada
100 University Ave., 9th Floor
Toronto, Ontario M5J 2Y1
Tel: (514) 982-7555 or
1-866-586-7635.

For other shareholder inquiries,
contact: Shareholder Services
Royal Bank of Canada
123 Front Street West
6th Floor
Toronto, Ontario
Canada M5J 2M2
Tel: (416) 955-7806
or visit our website at
rbc.com/investorrelations.

2007 quarterly earnings release dates

First quarter	March 2
Second quarter	May 25
Third quarter	August 24
Fourth quarter	November 30

Direct deposit service

Shareholders in Canada and the
U.S. may have their dividends
deposited by electronic funds
transfer. To arrange for this
service, please contact
Computershare Trust Company of
Canada at their mailing address.

Dividend Reinvestment Plan

Our Dividend Reinvestment Plan
provides our registered common
shareholders residing in Canada
and the United States with the
means to purchase additional
common shares through the
automatic reinvestment of their
cash dividends.

For more information on
participation in the Dividend
Reinvestment Plan, please
contact our Plan Agent:

Computershare Trust Company
of Canada
Attn: Dividend Reinvestment Dept.
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Tel: 1-866-586-7635 (Canada
and U.S.) or (514) 982-7555
Fax: (416) 263-9394 or
1-888-453-0330
e-mail:
service@computershare.com.

Dividend dates for 2007

Subject to approval by the Board of Directors

	Record dates	Payment dates
Common and preferred shares series N, W, AA, AB and AC	Jan. 25 Apr. 25 Jul. 26 Oct. 25	Feb. 23 May 24 Aug. 24 Nov. 23

Credit ratings

(as at November 29, 2006)	Short-term debt	Senior long-term debt
Moody's Investors Service	P-1	Aa2
Standard & Poor's	A-1+	AA
Fitch Ratings	F1+	AA
Dominion Bond Rating Service	R-1(high)	AA

La Banque Royale publie aussi son
Rapport annuel en français.



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