RBC Financial Group

"RY" on TSX & NYSE

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RBC Financial Group

Scotia Capital Financials Summit 2004
Toronto - September 14, 2004

Gord Nixon, President & CEO, RBC Financial Group
Presentation to analysts and institutional investors
Scotia Capital Financials Summit 2004
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[Slide 1.] Good morning, everyone. Please note our usual introductory cautionary statement.

[Slide 2.] I'd like to begin by reviewing our goals, our recently-released third quarter results and how we are growing our businesses. Before doing that, however, I'd like to make some general comments about the organizational re-alignment announced late last week.

[Slide 3.] The re-alignment was the culmination of several months of significant work focused on looking at our businesses, operations and processes in order to accomplish three key objectives:

- serve our customers more effectively across all of our businesses,
- find new ways to grow revenues more aggressively, and
- streamline our organization and processes for faster decision making, quicker implementation and better productivity.

I do believe we have laid the groundwork for achieving these objectives.

[Slide 4.] Turning now to our 3 key goals. Within Canada our goal is very straight forward – to dominate in all areas of financial services. We believe we can further grow by focusing on specific high-potential client segments and by increasing the number of products and services used by our clients. Certain client segments have the potential to be far more profitable than the average client and have a higher propensity to move their business if their key needs are met. Our Banking, Investments and Insurance groups in Canada have been partnering for some time now in their client segmentation and other efforts and as announced last week, that partnership will accelerate under our new structure for the Canadian consumer business and improve prospects for attracting more of our clients' business. We have identified a number of specific projects with firm financial targets that in their totality will facilitate meeting our revenue targets. These initiatives relate to product innovation, the management of our sales and distribution network and client segmentation strategies.

In the U.S., we will focus on becoming a top-class provider of brokerage and banking services. We are pleased with the performance of RBC Dain Rauscher over the past year and encouraged by the recent improvement in performance in our U.S. Banking operations, which I will discuss shortly. Having said that, we recognize that more work remains to be done to return our U.S. Banking business to an acceptable level of profitability and that our financial performance in the U.S. over the last year has depressed our share price. I do believe that our new structure, which brings our U.S. banking and investments businesses under common leadership, should result in the U.S. consumer operations being more cohesively managed and in a more dynamic and flexible fashion. The new structure also concentrates the accountability for performance.

Outside North America, we have successful niche businesses such as private banking, custody and global trading, in which we are generating strong returns. We intend to continue to invest in and grow these businesses. So, in essence, our growth strategy is two-pronged: first - to grow the number of products and services per client, specifically in targeted segments, and second - to expand selectively in new markets and look for new business opportunities.

[Slide 5.] Our consumer businesses (banking, investments and insurance) globally account for approximately three quarters of our earnings and our institutional businesses (capital markets and transaction processing) account for the remainder. It is with the intention of better meeting the needs of our two broad client segments - consumer and institutional (both in Canada and internationally) -- and to reduce costs associated with delivering our products and services that we are re-aligning our business organizational structure.

[Slide 6.] In effect, the reorganization will result in the realignment of the existing five business segments into three businesses structured around client needs and geographic location. The Canadian consumer business includes banking, investments and insurance headed by Jim Westlake. The International consumer business includes banking and investments in the U.S., banking in the Caribbean, and Global Private Banking internationally headed by Peter Armenio. The global wholesale business includes capital markets, and corporate and commercial banking headed by Chuck Winograd.

Since we will not be providing results under this new structure until the first quarter of 2005, I'll focus my remarks on our current structure.

[Slide 7.] Our performance in the third quarter reflected continued strong asset quality (with declines in the provision for credit losses and non-accrual loans), solid growth in loans and deposits, and higher revenues from Insurance, Global Services and mutual funds. But our results also reflected continued spread compression on deposits and higher benefit costs. Diluted earnings per share were $1.15, up 1%.

[Slide 8.] Our performance during the first nine months compared to our objectives for the year were in the target range in the areas of ROE, portfolio quality and capital ratios. We posted an ROE of 17.6%, within the target range, an allocated specific provision for credit losses ratio much better than the target range for this year and capital ratios above our medium-term goals of 8-8.5% for Tier 1 Capital and 11-12% for Total Capital. In addition, our common equity to risk weighted assets ratio of 9.9% was the second highest among the major Canadian banks. However, revenue and expense growth rates did not meet our targets. Revenue growth of 2% in the first nine months reflected a stronger Canadian dollar which reduced revenues by over $400 million or 3%. The 8% expense increase for the year to date largely reflected higher variable compensation costs due to greater capital markets-related revenues, higher benefit costs and costs of the Rabobank settlement in the first quarter.

[Slide 9.] Turning now to the performance of our business segments during the third quarter. Net income at RBC Insurance was up 32%, reflecting earnings contribution from the May 1 acquisition of Unum Provident, together with stronger contributions from the home & auto and reinsurance businesses. RBC Global Services' net income was up 22%, reflecting higher transaction volumes. Earnings were up 12% in RBC Capital Markets, reflecting better results from the U.S. At RBC Investments, earnings were flat. Mutual fund assets and revenues rose sharply and brokerage fee-based assets and associated revenues rose as well. However, commission-based trading volumes in the brokerage businesses declined and human resource costs were up. At RBC Banking, loan volumes were up sharply and market shares in Canada rose as well. However, continued spread compression on deposits, higher benefit and other compensation costs, combined with lower mortgage origination volumes, narrower margins and a revenue deferral at RBC Mortgage contributed to a decline in net income.

[Slide 10.] Since 1999, our consumer businesses (Banking, Insurance and Investments) globally have grown revenues and earnings above the average for the other five large Canadian banks.

[Slide 11.] RBC Banking remains our largest business segment, accounting for about half of total earnings.

[Slide 12.] In Canada, product growth rates and sales activity in RBC Banking continued to be strong in the third quarter, leading to market share gains. We're especially pleased with this performance in light of the processing disruption that occurred during the quarter.

[Slide 13.] To grow revenues, we have introduced a number of value propositions to address the unique needs of targeted client sub-segments. One value proposition focuses on the needs of high-growth, export oriented manufacturers while the other targets doctors and dentists. Both of these recently introduced value propositions are generating encouraging results and we are on track to meet $100 million of incremental revenues from all our integrated value propositions and other offers in 2004.

The addition of 350 branch and sales staff and extended branch hours in the Greater Toronto Area this year should also enhance revenue growth.

In the small business segment many initiatives are underway including the adoption of better sales processes to enhance the “credit experience”. Market pilots are showing early success with increases in loan and deposit volumes as well as in customer satisfaction scores.

In Canada, we are continuing to aggressively invest in the franchise to sustain our market leadership position and to achieve the next wave of revenue and cost benefits.

[Slide 14.] Turning now to our banking business in the U.S., there are many reasons why RBC Centura’s earnings are not meeting expectations. First is the substantial negative impact of spread compression. Furthermore, we have changed the risk profile of the investment portfolio – replacing some mortgage backed securities with government agency bonds which has significantly lowered the risk but also the yield of the portfolio. We are amortizing deposit intangibles and incurring costs of branch openings which have totalled 18 so far this year. We have also incurred costs of building out the infrastructure and enhancing the sophistication of RBC Centura’s marketing and product capabilities such as specialty banking groups for public finance and knowledge-based industries.

[Slide 15.] However, you can see the improvement in U.S. Banking earnings in the third quarter compared to the 3 previous quarters notwithstanding a revenue deferral of $9 million pre-tax at RBC Mortgage due to the implementation of SEC Staff Accounting Bulletin No. 105, which requires deferral of revenues on mortgage servicing rights. The earnings improvement reflected solid growth in the loan and deposit book of 11% and 8%, respectively, and higher returns from RBC Centura's investment portfolio. The yield on the investment portfolio has increased by 20 bps since Q1/04 as we started earlier this year to reposition RBC Centura's investment portfolio for higher interest income but with a lower risk profile than when we purchased the bank.

[Slide 16.] RBC Centura has opened 18 branches so far this year and has plans for 20-25 branch openings in 2004 and approximately 25-30 in 2005. Although it takes about 18-24 months for a branch to break-even, we benefit from selecting the most attractive markets for the new branch locations. We are successfully changing the geographic mix of RBC Centura branches – with 45% now in high-growth areas, up from 25% 3 years ago.

To grow loan and deposit volumes, RBC Centura is continuing to roll-out new product and service offerings tailored to meet the needs of targeted sub-segments. Examples are the RBC Snowbird package and value propositions geared to meet the specific needs of professionals and executives. They are also continuing the roll-out of a mortgage anchoring program (under which all mortgage applications are reviewed to identify opportunities to cross-sell other products and services and better solidify the client relationship) and a recently strengthened home equity line of credit (HELOC) program which has contributed to RBC Centura's personal loan growth.

[Slide 17.] RBC Centura is also continuing with a number of cost reduction initiatives focused largely on further integrating Call Centers, Human Resources, Client Segmentation, Strategic Sourcing and Information Technology. Discretionary expenses are also being diligently managed and monitored.

New client acquisition and customer satisfaction scores have also improved in 2004.

Turning now to RBC Mortgage…

[Slide 18.] Mortgage origination volumes picked up for the second quarter in a row.

[Slide 19.] RBC Mortgage has made progress towards addressing the issues that have dampened its performance. Mortgages in the mortgage warehouse have declined. RBC Mortgage is also increasing new purchase versus refinance transactions, focusing on high profit margin Affiliated Business Arrangements (that is joint ventures with Builders and Realtors throughout the U.S.) and profitably expanding the scaleable wholesale business in key high growth areas.

[Slide 20.] RBC Mortgage has also completed the rollout of new technology and is continuing to restructure its salesforce.

All that said, the financial results from RBC Mortgage and from our U.S. Banking operations remain well below targeted levels and we are intensely focused on turning those around.

Turning now to our wealth management business.

[Slide 21.] We are pleased with the improvement in performance, that is higher earnings and ROE, at RBC Investments over the past nine months.

[Slide 22.] Its revenues by division are shown on this slide. RBC Asset Management, which is part of Global Asset Management administered $44.2 billion in mutual funds at the end of July, making us the second largest mutual fund company in Canada.

[Slide 23.] I would like to focus for a moment on RBC Investments' full-service brokerage business. We are the largest in Canada based on Assets Under Administration and the 8th largest in the U.S. based on the number of advisors. We have 3,070 financial consultants operating out of 255 full-service brokerage offices in North America. The annualized average gross revenue per Investment Advisor (a proxy for productivity) is above the industry average in both Canada and the U.S. We continue to seek out ways to enhance Investment Advisor productivity.

[Slide 24.] For some time now we have been focusing on growing fee-based revenues which are more stable than transaction-based revenues. We are pleased with the significant growth of fee-based assets in both Canada and the U.S, as shown on this slide.

[Slide 25.] To grow the full-service brokerage businesses, we are expanding our U.S. branch office network (making in-roads into the U.S. Southeast), and continuing to attract new Financial Consultants in the U.S. and Investment Advisors in Canada. The leverage RBC Dain has shown through acquisitions proves that we can generate shareholder value through brokerage acquisitions. As you know, we acquired W.R. Hough & Co. in March. The integration of this acquisition is on track. RBC Dain Rauscher will continue looking for small to-mid-sized acquisitions that fit our investment criteria and platform. On the subject of fixed income operations, we see an opportunity to combine the structuring and balance sheet skills of our Capital Markets division with the origination and distribution capabilities of RBC Dain Rauscher's Fixed Income business.

Other growth initiatives include the introduction of new products. RBC Dain Rauscher is in the process of rolling out the RBC Total Portfolio Account, a Unified Managed Account (UMA) program that features an open architecture that allows RBC Dain Rauscher's Financial Consultants to offer clients fully diversified portfolios composed of individual separate accounts, mutual funds and exchange-traded funds under one platform. In addition, in both Canada and the U.S., we are working to increase the cross-sell of banking products to our investment clients and RBC Dain Rauscher is working with RBC Centura to introduce an integrated suite of banking products. Finally, we are ahead of plan on the Complex Branch Management Structure at RBC Dain Rauscher. This initiative transforms our management structure by grouping 3-5 RBC Dain Rauscher branches under common leadership, allowing individual branch managers to focus more on business development and community leadership, with the Complex managers handling more of the recruiting and risk management duties. We expect this structure to reduce operational risk and enhance organic growth for RBC Dain.

Turning now to our insurance business.

[Slide 26.] RBC Insurance has generated close to 90% of last year's net income in the first nine months of this year.

[Slide 27.] Our Insurance operations provide a wide range of insurance products and services to more than 5 million clients in Canada, the U.S. and internationally through a variety of distribution channels, including independent brokers, travel agents, a proprietary sales force, over the telephone and the Internet. The life business accounted for almost three quarters of RBC Insurance revenues in the first nine months of 2004, the non-life businesses for 24% and the fee business for 5%.

[Slide 28.] RBC Insurance has been launching a number of new products and services that are generating encouraging results, in both Canada and the U.S.

[Slide 29.] RBC Insurance has also expanded its business into new markets and through acquisition. Its U.S. travel insurance business, which was launched in the fall of 2003, distributes its travel insurance product through travel agents under the brand name RBC Travel Protection™. This product is currently offered in 48 states plus the District of Columbia, with nationwide expansion expected to be completed this fall. In addition, the acquisition of the Canadian branch operations of Provident Life and Accident Insurance Company, a wholly owned subsidiary of UnumProvident Corporation, which closed in May 2004, has resulted in RBC Insurance becoming the #1 provider of individual living benefits products in Canada. Living benefits, which generally include critical illness, long-term care and disability insurance, is the fastest growing segment of the insurance business. This acquisition also builds on our presence in the group long-term disability market and significantly expands our distribution network.

Turning now to our capital markets business.

[Slide 30.] RBC Capital Markets has benefited this year from better markets, increased M&A activity and the continued strong performance of the fixed income business which has translated into significantly stronger financial performance than in 2003. Each of RBC Capital Markets' businesses has active operations in Canada, the United States and outside North America. In addition, the Global Financial Products and Global Treasury Services divisions are active in the Asian market. For those of you who don't already know, the Global Financial Products division includes the origination, syndication, securitization, trading and distribution of debt products globally and the Global Treasury Services division includes our money markets and foreign exchange businesses. Although RBC Capital Markets businesses are organized around clients on a global product basis, for the purpose of my discussion I will review growth prospects on a geographic basis.

[Slide 31.] In Canada, we are the leading underwriter of money market, government debt and equity.

[Slide 32.] Our resolve to regain market share lost in the Canadian equity new issue business is paying off. At the end of July 2004, based on full credit to book runner, RBC led the Canadian industry with 42 deals totalling C$4.7 billion which represents a market share of 24%. Our progress on this front can be attributed to a number of factors but three stand out. Despite strong competition from our Canadian peers and U.S. bulge bracket firms, we are increasing the depth of our relationships with top-tier corporate, institutional and government clients. We are also deepening our penetration of the Canadian mid-market given the significant consolidation among the largest players. In addition, we have made significant progress in improving the quality of our equity research as evidenced by recent rankings of our proprietary research. In the Greenwich Survey of Institutional Investors this year we tied for 2nd place in research quality, up from third place last year, providing us a firm base from which to grow.

[Slide 33.] The U.S. presents a very different picture to the one here in Canada - the sheer size of the U.S. market provides us with significant potential for growth.

RBC Capital Markets' U.S. growth strategy is multi-faceted – grow revenues in business lines where we can compete effectively by increasing share of U.S. mid-market (comprising companies with market capitalizations of less than US$2 billion) and by establishing linkages with other RBC businesses.

The equity derivatives, securitization, alternative assets and leveraged finance businesses are businesses which compete effectively with U.S. bulge-bracket firms and which are delivering good returns. For example, on the strength of our highly profitable equity derivatives business, we rank among the top five firms on the NYSE in terms of program trading volumes. RBC Capital Markets is also continuing to broaden its product offering where profitable growth niches have been identified that enable us to leverage existing strengths. The most recent example of this is the recent launch of a U.S. Prime Brokerage business.

We believe we are well positioned to win lead management mandates having successfully transformed our capital markets business from a regional boutique to a national franchise with a North American origination, trading and distribution capability. Our Global Equity Division has recognized expertise in seven industry sectors and it provides the scale and resources of a full-service fully integrated firm – a value proposition offered by few of our competitors focusing on the U.S. mid-market. We believe we have made good progress in executing our U.S. mid-market strategy.

Another way we are growing RBC Capital Markets business in the U.S. involves establishing linkages with other RBC businesses. For example, RBC Capital Markets is partnering with RBC Dain Rauscher's Fixed Income sales force to expand the distribution of global and U.S. dollar product.

[Slide 34.] Outside North America, our focus is on growing niche businesses in which we possess a competitive advantage. Our Structured Products and Global Bond businesses (both of which compete favorably with world-class investment banks) are businesses in which we are generating strong results in international markets. RBC Capital Markets continues to benefit from solid growth of proprietary structured products including global equity derivatives, alternative assets and credit products. Our Public Sector Finance team, based in London, is enjoying considerable business growth as evidenced by its recent break through inaugural bond issues for Network Rail, the state sponsored operator of the British railway system. We jointly led, along with HSBC and Merrill Lynch, three issues totalling C$10 billion and consistently outsold our co-leads underlining our world scale global placement strengths. We are now beginning to reap the rewards of the highly focused build out of our European fixed income origination sales and trading. This was achieved by developing the business currency by currency, starting with Australian and New Zealand dollars, expanding into Sterling, moving into US Dollars once this had achieved a substantial market share and finally creating an operation in the Euro.

[Slide 35.] Turning to RBC Global Services, our transaction processing business. As you can see, this business segment has a history of delivering consistent earnings and ROE. Earnings consistency reflects the fact that approximately 70% of its revenues are recurring fee-based revenues.

[Slide 36.] Half of RBC Global Services' revenues are from custody and fund administration services provided to clients in Canada and select international markets (principally the U.K. and Australia), 39% from cash management, payment and trade finance services provided to clients across Canada and the remainder from correspondent banking services provided to foreign financial institutions.

[Slide 37.] RBC Global Services holds the leadership position in custody, correspondent banking, payments and cash management in Canada and we are the only Canadian bank and among a handful of global banks providing a full range of financial transaction-based processing services. From a global perspective, the custody business ranks 9th in Assets Under Administration. We are among a niche group of global custodians recognized for our client-centric, consultative approach. The niche status enjoyed by RBC Global Services combined with its association with RBC Financial Group enables it to effectively compete against larger players in this scale business. Our strength in the global custody business has been recognized by a number of awards including being ranked as the #1 global custodian by Global Investor magazine in 2004.

[Slide 38.] We see most of the growth coming from the expansion of custody and fund administration in Canada and internationally. In Canada, given our 44% market share, this growth will largely be from the expansion of existing client mandates, which added over $10 billion to assets under administration during the nine month period ended July 31, 2004. In that time, we won several mandates internationally, in the U.K. and Australia, with assets under administration totalling over $18 billion. In aggregate, our custody business has $1.2 trillion under administration. In Treasury Management & Trade we are creating segment specific service propositions that bundle existing products into our new web-based delivery channel, RBC Express, for both cash management and trade services.

[Slide 39.] In conclusion, we have leading positions in most businesses in Canada and, as you've heard, have a large number of initiatives on the go to ensure that we retain our leadership. In the U.S., we have taken steps to improve the lacklustre performance of our Banking business and we are pleased with the results from our Investments business. Outside North America, we continue to grow selectively.

We are very excited about the prospects for enhanced efficiency and financial performance from the organizational re- alignment that we are undertaking. The addition of Barbara Stymiest as Chief Operating Officer (responsible for strategic development and the management of corporate functions, including risk management and finance) is a significant positive step for RBC. I am confident she will make a tremendous contribution towards meeting our business objectives and generating strong financial performance.

[Slide 40.] I'd like to leave you with our 3-5 year goals. Generating strong financial and shareholder returns are among our most important priorities and, indeed, a part of our history.

Thank you for your attention and I'll now take your questions.

Caution regarding forward-looking statements

From time to time, we make written and oral forward-looking statements, included in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications, which are made pursuant to the "safe harbor" provisions of the United States *Private Securities Litigation Reform Act of 199*5. These forward-looking statements include, among others, statements with respect to our objectives for 2004, and the medium and long terms, and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "anticipate," "estimate," "expect," "intend," "plan," and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist 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 actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian economy in general and the strength of the local economies within Canada in which we conduct operations; the strength of the United States economy and the economies of other nations in which we conduct significant operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States; changes in trade policy; the effects of competition in the markets in which we operate; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services in receptive markets; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); changes in tax laws; technological changes; our ability to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism; and our anticipation of and success in managing the risks implicated by the foregoing.

We caution that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions, 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 or on our behalf.

Overview

- Our goals
- Highlights of third quarter 2004 results
- 5 business segments':
  - ➔recent performance
  - ➔growth initiatives

Organizational re-alignment focused on growing revenues and enhancing efficiency

Key objectives for re-alignment:

- serve clients better
- find new ways to grow revenues aggressively
- streamline organization and processes to enhance efficiency

Our goals

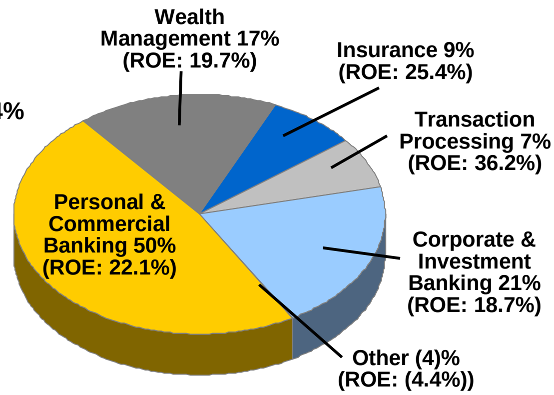
To be a leading North American financial services organization, recognized as:

- The undisputed lead provider of integrated financial services in Canada
- A best in class provider of personal & business financial services in the United States
- A premier provider of selected global financial services

A diversified business mix

9 month 2004 net income contribution

- Consumer = 76% (Banking, Investments, Insurance)
- Institutional + other = 24%



U.S. GAAP

3 new business segments – focused on client, organized by geography

Canadian Consumer	International Consumer	Global Wholesale
[Jim Westlake]	[Peter Armenio]	[Chuck Winograd]
• Banking • Investments • Insurance	• U.S. Banking • U.S. Brokerage • Caribbean Banking • Global Private Banking	• Capital Markets • Corporate & Commercial Banking

Highlights of third quarter results[1]

- Stronger asset quality
- Solid loan growth
  - ➔In Canada, residential mortgages up 11%, personal loans 12%, credit cards 14%
  - ➔In U.S., RBC Centura loans up 11% and deposits 8%
- Strong performances from Insurance, Global Services and mutual funds
- Continued deposit spread compression and higher benefit costs
- Diluted EPS up 1% to $1.15

[1] comparisons vs. Q3/03

U.S. GAAP

9 month performance vs. 2004 objectives

	Objectives for 2004	9 month performance
<u>Profitability measures</u>		
EPS growth – diluted	10-15%	8%
ROE	17-19%	17.6%
Revenue growth	5-8%	2%[1]
Expense growth	< revenue growth	8%[2]
Allocated specific PCL/avg. loans, accept. & reverse repos	.35-.45%	.23%
<u>Capital ratios (OSFI)</u>		
Tier 1 capital	maintain strong capital ratios	9.1%
Total capital		12.7%
Dividend payout ratio	35-45%	42%

[1] revenue growth was 5% excluding impact of C$/US$ exchange rate change

[2] expense growth was 11% excluding impact of C$/US$ exchange rate change. Q1/04 includes settlement costs with Rabobank, net of a related reduction in compensation expenses

U.S. GAAP

Third quarter business segment results

C$ millions, except percentage amounts	Net income	Net income growth[1]	ROE
RBC Banking	$ 390	(6)%	21.8%
RBC Investments	113	-	16.0
RBC Insurance	75	32	25.3
RBC Capital Markets	165	12	18.0
RBC Global Services	60	22	36.5
Other	(35)[2]	n.m.	(5.1)
Total	$ 768	(1)%	16.8%

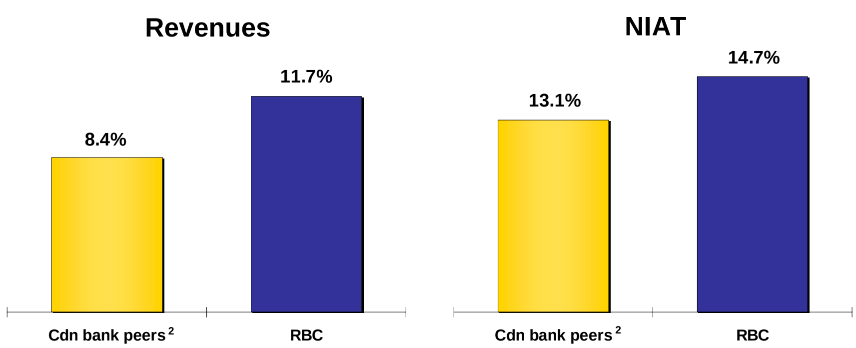
1 growth vs. Q3/03

2 includes mark-to-market losses on derivatives in RBC Mortgage of $13 million after-tax and processing disruption costs of $9 million after-tax

U.S. GAAP

Strong relative performance in consumer businesses[1]

Compound annual growth rates (1999 to LTM Q3/04)



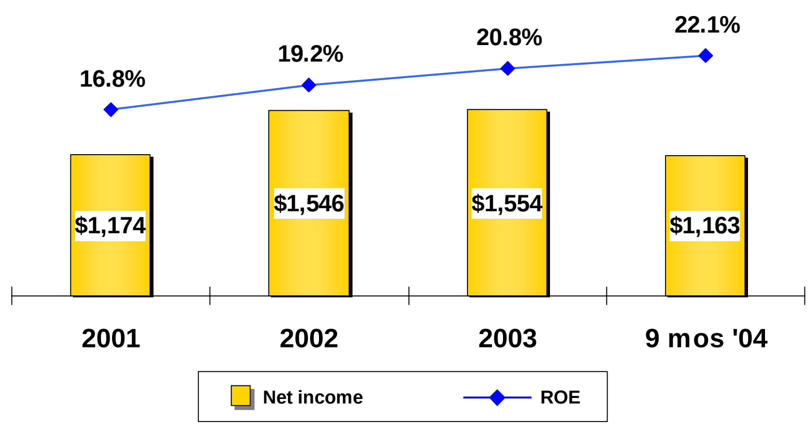
1 consumer businesses include: BMO (Personal & Commercial Group, Private Client Group), BNS (Domestic Banking), CIBC (Retail Markets, Wealth Management, Commercial Banking), Royal (RBC Banking, RBC Insurance, RBC Investments), TD (TD Canada Trust, TD Wealth Management), National (P&C, Wealth Management)

2 average of 5 largest Canadian bank peers
CIBC results adjusted to exclude certain restructuring charges in F1999; TD results adjusted to exclude special securities gains from TD Waterhouse IPO in Q3/99 and sale of shares of Knight/Trimark in Q4/99

Cdn GAAP

RBC Banking

Net income and ROE
(C$ millions, except percentage amounts)



U.S. GAAP

Maintaining leading market share positions through strong volume growth

Market share among Canadian financial institutions

		May-04	Market share		
	Rank[1]	vs. May-03	May-04	Feb-04	May-03
Total deposits[2]:	#1	↓ 13 bp	12.46%	12.50%	12.59%
Personal deposits		↓ 15 bp	14.95%	14.97%	15.10%
Mutual funds		↑ 46 bp	9.34%	9.41%	8.88%
Residential mortgages	#1	↑ 19 bp	15.04%	14.97%	14.85%
Personal loans & credit cards	#2	↑ 67 bp	14.14%	13.72%	13.47%

[1] market share rank among Canadian financial institutions, as of May 2004
[2] consists of personal deposits and mutual funds

Integrated value propositions having a favourable impact on revenue growth

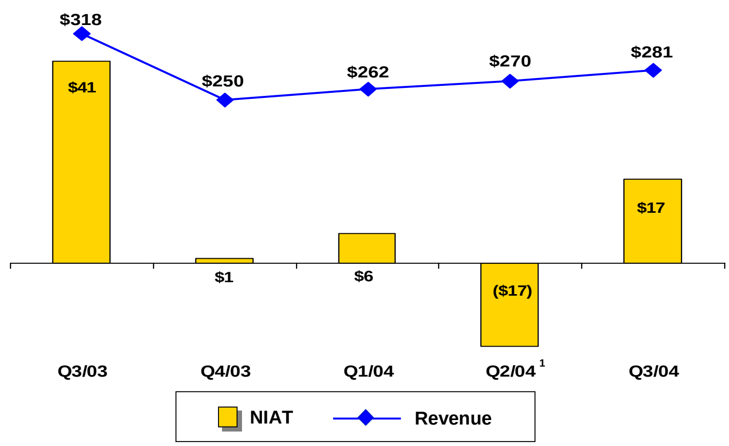
- **Recently-launched value propositions generating encouraging results:**
  - ➔ **high-growth manufacturers**
  - ➔ **doctors and dentists**
- **Initiatives in business markets expected to continue to grow volumes and enhance client experience**
- **On track to meet 2004 incremental revenue target of $100 million**

RBC Centura now vs. when acquired

- **Negative impact of spread compression**
- **Significantly lowered risk, but also yield, of investment portfolio**
- **Amortizing deposit intangibles**
- **Incurring costs of branch openings**

U.S. Banking performance improves in Q3/04

Revenues and net income (C$ millions)



[1] includes C$18 million net loss relating to certain mortgage loans that are believed to have been fraudulently originated in 2001 and 2002

U.S. GAAP

RBC Centura – Strong momentum and focused on improving results

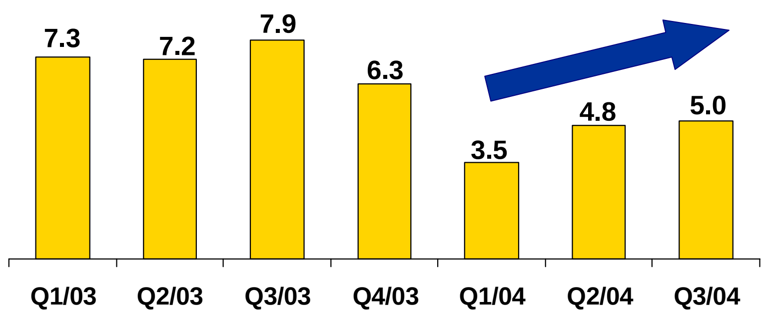
Initiative	Update
Organic growth and de novo branch expansion	• 18 de novo branches opened year-to-date (goal 20-25 branches in 2004 and 25-30 branches in 2005) • De novo branches July YTD are 8% ahead of goal on deposits and 45% ahead on loans
New product and service offerings & advice tailored to client needs	• Cross border Canadian (business & personal) value propositions (including RBC Snowbird offer) • Professionals and executives value proposition • Medical resident banking package • New business checking accounts, packages, and web banking
Continue roll-out of existing product and service offerings	• Mortgage Anchoring Program leveraging Homebuyer Rewards Package • Home Equity Line of Credit (HELOC) Program – aggressively marketing HELOCs in footprint and leveraging all RBC Mortgage sales staff and channels

RBC Centura – Strong momentum and focused on improving results

Initiative	Update
Reposition investment portfolio for higher income	• Improvement in yield of 20 bps since Q1/04
Continuing cost reduction initiatives	• Call centers, human resources, client segmentation, strategic sourcing and information technology further integrated • Managing discretionary expenses
Accelerated client acquisition	• YTD 2004 over 2003, household acquisition is up 18% and household attrition down 20% • Accelerated break-even through client acquisition (Atlanta midtown branch at breakeven in 5 months – revenues > than expenses)
Improved customer satisfaction	• Continuous improvement in client satisfaction scores – U.S. personal market scores up 260 bps and U.S. business market scores up 480 bps

Mortgage origination volumes improve

Mortgage origination volumes
(US$ billions)



U.S. GAAP

RBC Mortgage – on track to better results

Initiative	Update
Change the business model to focus on highly profitable and more stable business	• Mortgage warehouse inventory > 90 days has declined to 7% of total balances compared to 20% in Q4/03 • RBC Mortgage is targeting new purchase business to reduce volatility in earnings. In Q3/04, 56% of loan originations were new purchases while 44% were refinance transactions • RBC Mortgage continues to focus on Affiliated Business Arrangements, the highest profit margin business. The number of ABAs has increased almost 25% in fiscal 2004 • Profitably expanding RBC Mortgage's highly scaleable wholesale business in key high growth areas • Significant progress to achieving operational excellence which is a precursor to higher and more stable earnings
Cross – enterprise leverage	• Through RBC Builder Finance, RBC Mortgage is able to offer construction and development financing • Act as a conduit in RBC Centura footprint for HELOC sales, and continue work on cross-sell and anchoring programs for RBC Centura clients

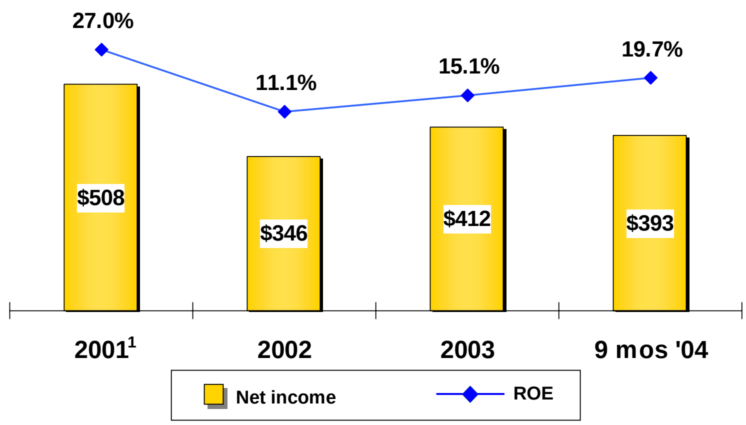
RBC Mortgage – on track to better results

Initiative	Update
Adopt new loan origination technology, moving toward seamless process and enable execution of RBC Mortgage's "localized" strategy	• RBC Mortgage's new loan origination technology, "Empower" was fully rolled out to Retail Mortgage branches as at July 30.
Restructure the sales force and increase alignment of Loan Officer, Branch Manager, and RBC Mortgage Goals	• Recruitment of new high performing loan officers from competitors is ongoing with the elimination of weak performers. As at Q3/2004, 427 Loan Officers, Branch Managers, and Wholesale Account Executives have been hired and weak performers continue to be terminated. • Continue moving to a margin business with Pricing and Branch Manager compensation based on profitability versus volume

RBC Investments

RBC Investments delivering solid results

Net income and ROE
(C$ millions, except percentage amounts)



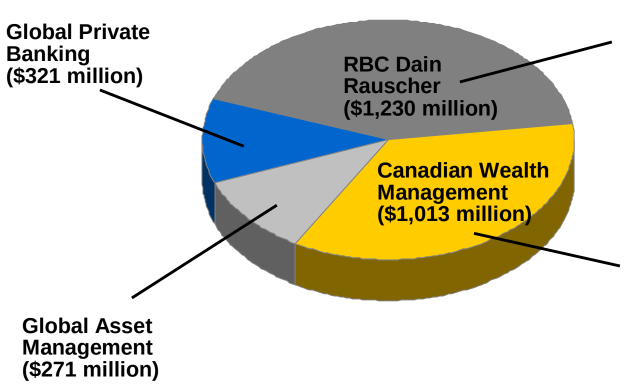
[1] includes $251 million gain on sale of RT Capital Management and $28 million gain on sale of Group Retirement Services

U.S. GAAP

RBC Investments

RBC Investments – business lines

9 month 2004 revenues
(C$ millions)



- Private Client Group
- Fixed Income Group
- Clearing and Execution Services

- Dominion Securities
- Action Direct
- Private Counsel & Trust Services
- Financial Planning[1]
- Private Banking[2]

[1] 25% of revenues attributed to RBC Investments, remainder to RBC Banking
[2] 50% of revenues attributed to RBC Investments, remainder to RBC Banking

U.S. GAAP

A significant brokerage business

(C$ millions, except as noted)	U.S. Private Client Group	Canadian Private Client Division	North American Platform
Financial consultants (FC)/Investment advisors (IA)	1,755	1,315	3,070
Assets under administration	$142BN	$111BN	$253BN
Brokerage offices	138	117	255
Active customer accounts	713,839	603,595	1,317,434
Revenues[1]	$781	$699	$1,480
Annualized gross revenue per FC/IA (000's)	$536	$675	
FCs/IAs with revenues > $1 million	85	108	193

[1] 9 months to July 31, 2004

U.S. GAAP

Good growth in fee-based assets

- **Full-service brokerage fee-based assets have grown at a CAGR[1] of over 20% since 1999**
  - In Canada, RBC Dominion Securities holds #1 market position (40% of Canadian full-service brokerage fee-based assets)

C$ billions	Fee-based assets (7/31/04)	% of AUA[2] (7/31/04)	% of revenues YTD
RBC Dominion Securities	$25.9 billion	22%	25%
RBC Dain Rauscher	$19.1 billion	13%	16%
Total	$45.0 billion	17%	20%

[1] compound annual growth rate
[2] assets under administration

RBC Investments

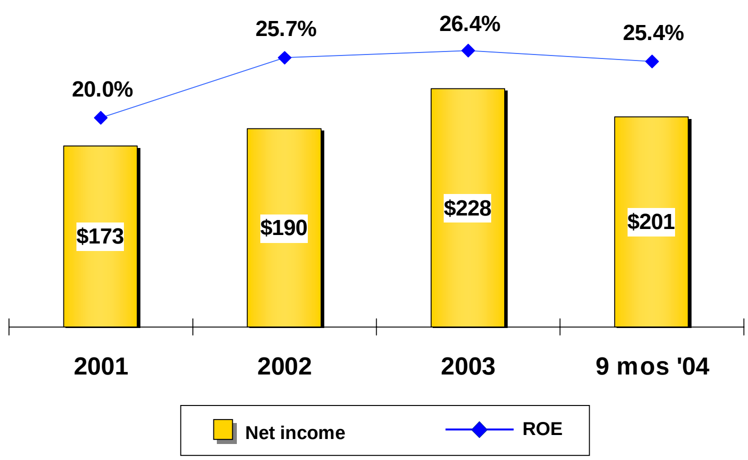
Growth initiatives

- Increase client base and assets under administration through:
  - ➔ U.S. branch office expansion
  - ➔ Investment Advisor recruitment in Canada + U.S.
  - ➔ Small to mid-sized bolt on acquisitions in U.S.
- Other growth initiatives:
  - ➔ New product initiatives:
    - Universal managed account
    - Integrated suite of banking products
  - ➔ Cross-sell banking products to Investments clients
  - ➔ RBC Dain Rauscher Private Client Group branch restructure to "branch complex" to enhance growth and reduce risk

RBC Insurance

RBC Insurance

Net income and ROE
(C$ millions, except percentage amounts)

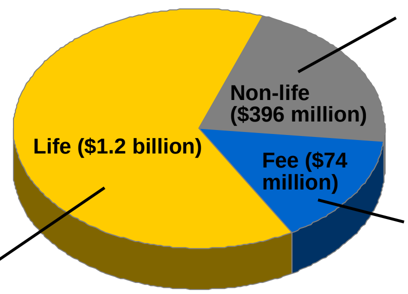


U.S. GAAP

RBC Insurance

RBC Insurance – business lines

9 month 2004 revenues
(C$ millions)



- home + auto
- travel
- property reinsurance

- travel + emergency assistance services
- credit & financial reinsurance
- administration of bank creditor insurance programs
- insurance software and outsourcing and administration solutions services

- individual + group life + health
- life retrocession

U.S. GAAP

RBC Insurance

Launched innovative products

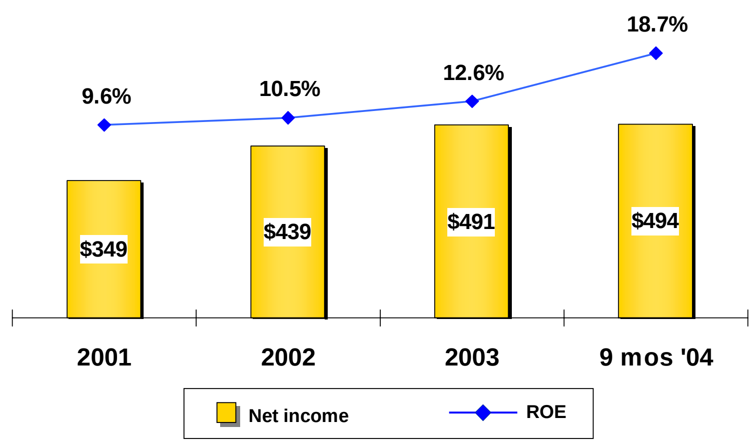
Product	Date launched	Features	Results
Investment Credit Facility	November 2002	Loans provided using insurance policy as collateral	- $450 million of credit facilities approved
Clarity Duo	October 2003	Includes both life insurance and investment components for high net-worth clients in the U.S.	- US$2.1 million in premiums and deposits generated since October 2003
Clarity 2+2 Variable Annuity	July 2004	Innovative variable annuity product that combines tax benefits with unique liquidity features	- strong interest in the product

Growing existing businesses

- **Expanded into U.S. travel insurance**
  - ➔ in 48 states + D.C. (nationwide in coming months)
  - ➔ US$500 million market + currently underserved
- **Completed acquisition of Canadian branch operations of Provident Life and Accident Insurance Company**
  - ➔ positions RBC Insurance as #1 provider of individual living benefits products in Canada
  - ➔ significant position in group long-term disability insurance
  - ➔ expands distribution network from 7,000 to 17,000 independent brokers

RBC Capital Markets

Net income and ROE
(C$ millions, except percentage amounts)



U.S. GAAP

Strong market positions in Canadian underwriting

	Rank		Market Share	
	YTD '04[1]	FY '03[2]	YTD '04[1]	FY '03[2]
Money Market	#1	#1	33.3%	27.5%
Bonds				
Government	#1	#1	16.7%	14.5%
Corporate	#2	#2	20.1%	19.3%
Equities	#1	#2	24.3%	17.9%

1 Money market and equities: January 1, 2004 to July 31, 2004. Bonds: January 1, 2004 to September 9, 2004

2 January 1, 2003 to December 31, 2003

Source: Bloomberg, Investment Dealers Association

Focused on regaining #1 position in Canadian equity new issue business

- Increasing depth of relationships with top-tier corporate, institutional and government clients
- Deepening penetration in Canadian mid-market
- Improving quality of research
  - → tied for #2 in research quality in Greenwich Survey of Institutional Investors (up from #3 in 2003)

Multi-faceted U.S. growth strategy

Avenues for growth:

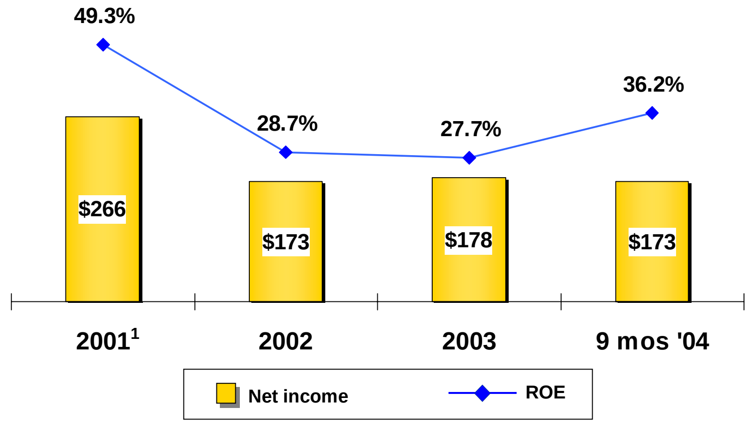
- **Increase market share in select businesses**
  - ➔ compete with bulge-bracket firms in businesses where we possess a competitive advantage (ie. equity derivatives, securitization, alternative assets and leveraged finance, prime brokerage)
- **Increase market share of mid-market (ie. market cap < US$2 billion)**
  - ➔ under-served part of U.S. capital market
  - ➔ "full-service" value proposition differentiates us from competitors
- **Cross-enterprise initiatives**
  - ➔ leverage Dain Rauscher's retail distribution network to increase distribution and origination capability

Growing global niche businesses

- **Focus is on growing niche businesses in which we possess a competitive advantage**
  - ➔ Global bond business
    - London-based Public sector finance team delivering good results
  - ➔ Structured products business

RBC Global Services – delivering consistent earnings and solid returns

Net income and ROE
(C$ millions, except percentage amounts)

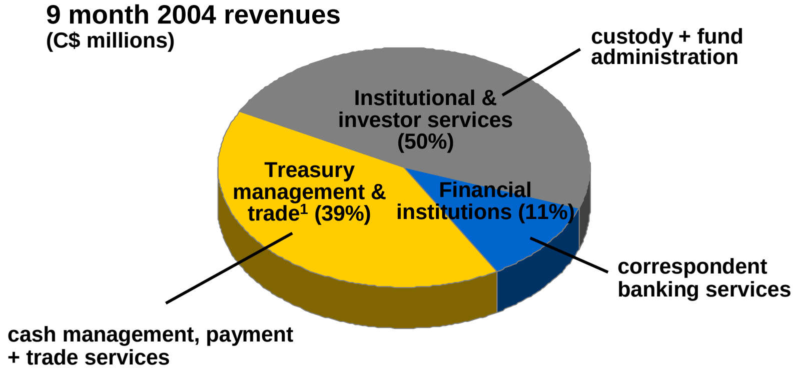


[1] includes $77 million gain on formation of Moneris Joint Venture

U.S. GAAP

Leading Canadian transaction-based processing business

9 month 2004 revenues
(C$ millions)



- Only Canadian bank and among a limited number of global banks that provides a full range of financial transaction-based processing services

[1] includes 50% interest in Moneris Solutions joint venture

"Best in class" custody business

- Ranked among top 10 global custodians based on AUA
  - ➔ securities lending business achieved key milestone in March 2004 with $50 billion in outstanding securities loans (up from $26 billion in 2001)
- "Best in class" reputation key to success in highly competitive scale business
  - ➔ among a niche group of specialist custodians
  - ➔ client-centric, consultative approach differentiates RBC Global Services' custody business from competition
- Awards:
  - ➔ only Canadian custodian and one of 5 worldwide to be top-rated every year (Global Custodian, 1989-2004)
  - ➔ #1 overall global custodian (Global Investor 2004)
  - ➔ #2 overall quality for global custody service (R&M Consultants, 2004)

Avenues for growth

- Institutional & Investor Services:
  - ➔ new mandates and expansion of existing mandates in Canada + internationally
- Treasury Management & Trade:
  - ➔ increase number of clients in existing segments
  - ➔ sell more products and services to existing clients

Conclusion

- 5 strong businesses:
  - In Canada, focus on retaining leadership positions
  - In U.S., near-term focus is to continue to improve performance of Banking business
  - Outside North America, selectively growing custody, private banking and trading businesses
- Top-priority to generate strong financial and shareholder returns

Conclusion (cont'd)

	3-5 year goals
<u>Profitability measures</u>	
ROE	20%+
EPS growth - diluted	10-15%
Revenue growth	8-10%
Specific PCL/avg. loans, accept. & reverse repos (Cdn. GAAP)	0.35-0.45%
<u>Capital ratios (OSFI)</u>	
Tier 1 capital	8-8.5%
Total capital	11-12%
Dividend payout ratio	40-50% (was 35-45%)

U.S. GAAP

Appendix

RBC Banking geographic results

C$ millions	RBC Banking Q3/04	RBC Banking Q3/04 v.s. Q3/03	RBC Banking Canada Q3/04 v.s. Q3/03	RBC Banking USA Q3/04 v.s. Q3/03
Total revenues	**$1,933**	**↓ 1%**	**- %**	**↓ 12%**
Non-interest expense	**$1,220**	**↑ 5%**	**↑ 6%**	**↑ 3%**
Provision for credit losses	**$128**	**↓ 5%**	**↓ 7%**	**↑ 13%**
Net income	**$390**	**↓ 6%**	**↓ 1%**	**↓ 58%**

U.S. GAAP

Appendix

RBC Banking U.S. Q3/04 revenues improve

	Revenues		
	Q3/04	**Q2/04**	**Q3/03**
C$ millions			
RBC Mortgage	**$ 45**	**$ 66**	**$ 84**
RBC Centura	**236**	**204**	**234**
Total U.S. RBC Banking	**$ 281**	**$ 270**	**$ 318**
US$ millions			
RBC Mortgage	**$ 33**	**$ 49**	**$ 61**
RBC Centura	**176**	**152**	**171**
Total U.S. RBC Banking	**$ 209**	**$ 201**	**$ 232**

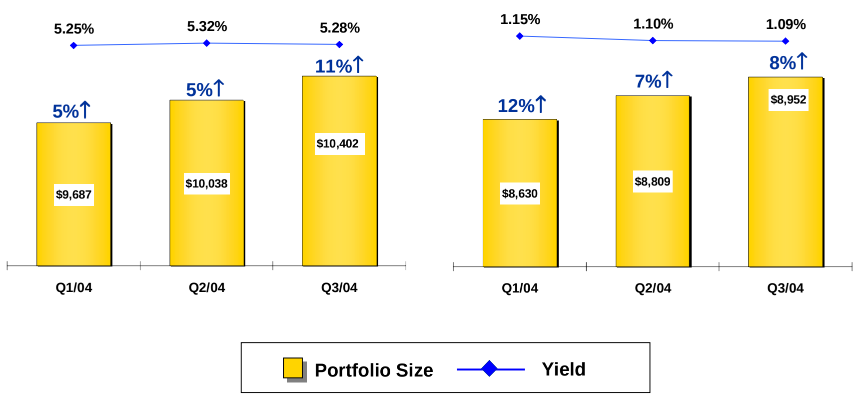
- U.S. revenues improved C$11 million from previous quarter. RBC Centura's revenue increased reflecting net interest income growth in loans and deposits, and a securities gain this quarter. Revenues at RBC Mortgage declined reflecting lower margins and a revenue deferral of C$9 million from the implementation of SEC Staff Accounting Bulletin No. 105
- U.S. revenues decreased C$37 million from a year ago due to lower mortgage origination volumes and the factors affecting RBC Mortgage noted above. RBC Centura's revenue improved with strong loan and deposit growth largely offset by lower returns in its investment portfolio

U.S. GAAP

Strong loan and deposit growth continues at RBC Centura

Total loan portfolio size, yield and year over year growth
(US$ millions)

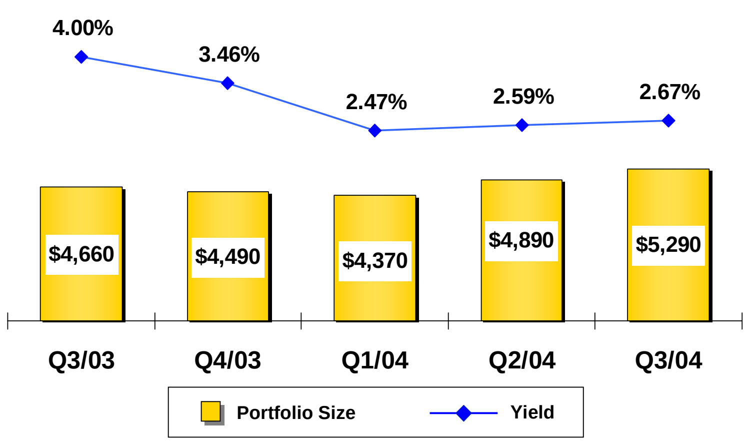
Total deposit portfolio size, yield and year over year growth
(US$ millions)



U.S. GAAP

Yield on RBC Centura's investment portfolio continues to improve

Investment portfolio size and yield
(US$ millions)



U.S. GAAP