



# **Building on our strengths**

## **Scotia Capital Financials Summit 2005**

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President & CEO

September 13, 2005  
Toronto

The financial information in this presentation is in Canadian dollars and is based on Canadian GAAP unless otherwise indicated

## **Overview**

**[Slide 1]** Good morning. Over the next 25 minutes or so, I would like to talk to you about how we are using the strengths of the RBC franchise to deliver strong returns to our shareholders.

**[Slide 2]** Before I begin I would like to draw your attention to this slide, a caution regarding forward-looking statements that may be made during the presentation and in response to questions.

**[Slide 3]** We are consistently the 7<sup>th</sup> largest bank in North America by market capitalization, and at a time of record high oil prices we are duking it out with EnCana to be the biggest company in Canada.

**[Slide 4]** Our size is built on a number of competitive advantages and strengths. In Canada, we serve 11 million clients and one third of all households do business with RBC – the highest percentage among all financial institutions. We have the largest commercial client database and sophisticated client analytics, which we use to generate millions of client opportunities and pro-active leads every month. We also have the largest distribution capabilities, which I'll discuss shortly. Our Canadian franchise and brand are unrivalled and we are continuing to invest in our core franchise. Along with being rated as the most valuable brand and the most respected corporation in Canada, we continue to be recognized for corporate citizenship and responsibility. For example, we are one of only two Canadian banks to be included in the Dow Jones Sustainability Index and we continue to be part of a select group of companies chosen for the FTSE 4 Good Index and the Jantzi Social Index.

**[Slide 5]** We have strong positions in a number of areas outside Canada as well. In the United States, RBC Dain Rauscher is the 8<sup>th</sup> largest full-service brokerage firm with offices from coast to coast; RBC Centura has a large footprint in the high-growth South East U.S.; and we have a number of capital markets businesses including a highly successful municipal finance operation, and growing structuring capabilities. Our Global Private Banking business ranks among the top 20 worldwide and our Caribbean banking operations is #2 or #3 in most of its markets. And some of our global operations serving institutional, corporate and government clients such as global debt underwriting, investment banking,

foreign exchange, and global custody operations continue to rank highly. We plan to continue to invest in and grow these U.S. and global operations.

**[Slide 6]** In addition there are the capabilities we leverage across the whole enterprise. We have strong credit risk management, reflected in below average non-accrual loans. And our financial strength and stability are reflected in the lowest earnings volatility compared to our Canadian peers, solid capital ratios and excellent credit ratings. In addition, we create and provide a full range of banking, investments, insurance and capital markets products and services to our clients across RBC, driven and supported by highly scalable and cost effective technology.

**[Slide 7]** RBC is a well diversified financial services group with many business lines across our segments, and we believe our diversification is another important strength that supports our earnings stability. Our Canadian Personal & Business segment, which provides banking, wealth management, and insurance products to retail and commercial clients, generated 63% of our earnings in the first nine months of 2005. The Global Capital Markets segment is the next largest, contributing 27% of our earnings, and the U.S. & International Personal & Business segment with banking and wealth management operations accounts for 9% of our earnings.

**[Slide 8]** In addition to our breadth of businesses, RBC is also diversified geographically serving individual, institutional, corporate and government clients around the world through offices in some 30 countries in North and South America, Europe, Asia and Australia. We are in fact truly global and the 24<sup>th</sup> largest bank in the world by market capitalization.

### **Review of 3<sup>rd</sup> quarter results**

**[Slide 9]** Before turning to the strategic priorities and performance of our business segments, let me quickly review our excellent third quarter results, which continued the strong momentum we have delivered throughout the year. Our total net income reached the first quarter's level of \$979 million and was up 32% from a year ago. Net income from continuing operations (which excludes the results of our discontinued operations, RBC Mortgage Company) reached a record \$1.0 billion this quarter.

**[Slide 10]** We had strong performance from all of our business segments. In Q3 our Canadian Personal and Business and Global Capital Markets segments both grew earnings by over 30% from a year ago, and also saw strong growth for the first nine months. Our U.S. & International Personal and Business segment's earnings, based in U.S. dollars, increased 8% and were up 27% in the third quarter, excluding a tax provision related to the disposition of RBC Mortgage Company. This strong underlying performance reflects our continued focus on improving the results of our US operations which has been one of our top priorities, as I articulated at the end of 2004. I am pleased that RBC Centura is continuing to make great progress. It generated solid loan growth, its net interest margin was up over a year ago and it has done a good job controlling expenses. Staffing levels are down 3.5% from a year ago despite the strong loan growth and the opening of 11 new branches.

**[Slide 11]** Our entire organization remains focused on improving our productivity. All of our business segments and corporate support areas have identified numerous cost initiatives with specific targets for which they are accountable. For example, the reorganization of our business segments is allowing us to streamline head office and field support, and reduce real estate. The functional support areas are also streamlining activities substantially by reducing layers and increasing spans of control, and using shared services to eliminate duplicate roles. Our Global Technology and Operations group is delivering savings by bringing together all of RBC's technology and operations groups, by consolidating operation centres, creating centres of excellence or expertise (such as contact centres and securities processing centres), and by expanding the use of offshore IT. On the procurement side, we have established top down targets and assigned accountability on cost savings. We are looking at all spend categories and reviewing contracts we can renegotiate. The savings from these initiatives are reflected in our financial objectives. Some of the savings are being redeployed to client-facing initiatives in order to fuel further revenue growth.

**[Slide 12]** Our focus on Client First, both revenue growth and cost control, has delivered strong operating leverage quarter after quarter this year. Our revenues in the third quarter grew by 10% over a year ago and our successful cost control efforts led to a non-interest expense increase of only 3% and a solid 7% operating leverage.

**[Slide 13]** In the third quarter, we delivered strong asset growth, supported by solid deposit growth, and further strengthened our shareholders' equity. Both total assets and deposits have increased 10% over the past year. Shareholders' equity increased 8%, reflecting strong earnings growth, which was partially offset by a higher dividend payment. Our assets under administration and assets under management also grew over the last few quarters, with AUA 11% higher and AUM 9% higher compared to the third quarter of 2004.

**[Slide 14]** We maintained our solid credit quality once again. Gross impaired loans, in both dollar and percent terms, continued to remain low in the current favourable credit conditions. The total provision for credit losses also remained low and our specific PCL ratio in the quarter of 28 basis points, shown on the bottom half of the slide, remains comfortably below our 35 – 45 basis points objective for 2005.

**[Slide 15]** Our Tier 1 capital ratio increased another 20 basis points from the second quarter to reach 9.7% in the third quarter. Since the end of 2004, our Tier 1 capital ratio has risen 80 basis points and now exceeds the industry average. Our ratio also remains well above OSFI's mandated 7% and our own objective of 8-8.5%.

**[Slide 16]** We are generating strong results by successfully executing on our strategic goals, which are:

- To be the undisputed leader in financial services in Canada.
- To build on our banking, wealth management and capital markets platforms in the United States, and
- To be a premier provider of selected global financial services.

I'd now like to expand on how each business segment is helping us achieve these goals.

### **Canadian Personal & Business**

**[Slide 18]** Our largest segment, Canadian Personal & Business, has unique, integrated distribution capabilities. Not only do we serve 11 million clients in Canada through our extensive branch, ABM, online and telephone banking networks, we also serve them through a large number of proprietary sales forces and investment advisors as well as an extensive third-party network of independent insurance brokers.

**[Slide 19]** We have excellent insight into the various dimensions of our client base. This means we understand our clients' geographic distribution, demographics and likely behaviour. For example, in Canadian personal and business operations, our predictive models and client share of wallet analysis provide us the opportunity to cross-sell additional products to our existing client base. Our analysis of client life stages and profitability helps us to grow high-return client segments.

We believe there will be significant growth in Canada from our integrated strategy.

**[Slide 20]** We are focusing on 3 strategic priorities in the Canadian Personal & Business segment to help us achieve our goals of top-tier client loyalty, higher rate of client acquisition, lower costs, growth in client share of wallet through cross-selling, and enhancement of our leadership position in all markets. To do this, we intend to successfully execute the following:

1. Optimize our extensive distribution capabilities, and leverage the economics of our distribution by aligning our employees with clients to deliver the right product through the right channel at the right time
2. Simplify and streamline all processes and structures from account opening to credit decisioning, making it easier for clients to do business with us, and
3. Focus on high return products, markets and clients with above average growth potential such as insurance, asset management, credit cards, brokerage, urban markets and high value client markets

**[Slide 21]** Some of the actions we are taking in these three areas are shown here. For example, we are building on our distribution leadership by expanding our sales forces and service offerings and exploring opportunities to add branches in high-growth markets. In insurance, we opened our first multi-line outlet adjacent to a retail branch in order to provide clients a more convenient way to meet face-to-face with an insurance advisor. Early indications of this new approach in insurance have been positive.

We are implementing new technologies to make banking easier for our clients, simplifying account opening processes and expanding online capabilities for our insurance customers.

We are also introducing new products and services in businesses where we have leading market shares and see growth potential – businesses such as insurance, credit cards, asset management, and brokerage. For example, we introduced the new RBC Cathay Pacific Visa Platinum card, and we provided enhanced travel insurance options for seniors.

**[Slide 22]** The impact of these initiatives can be seen in our strong volume growth over the last three quarters, which has ensured that we maintain our leading market position in many product areas.

**[Slide 23]** This segment has shown good revenue and earnings growth and strong, high return on equity in a very competitive environment. These results are supported by our diversification across the full range of personal and business financial services.

### **U.S. & International Personal & Business**

**[Slide 25]** Our U.S. & International Personal & Business segment consists of Banking (RBC Centura and the Caribbean) and Wealth Management operations (RBC Dain Rauscher and Global Private Banking). As I mentioned earlier, RBC Centura is well positioned in the large and fast growing Southeast U.S. market. Last week, we closed the sale of certain assets of RBC Mortgage Company. For over 100 years, our Caribbean operations have served clients through 48 branches in 8 countries. RBC Dain Rauscher has over 140 branch offices and 1750 financial consultants and 3000 correspondent brokers from coast to coast. Our Global Private Banking business serves affluent clients through 27 offices in 20 countries, and provides us a strong platform in this growing but fragmented market.

**[Slide 26]** This segment is focusing on delivering local solutions to its personal and business clients in the U.S. and internationally, while drawing on RBC's global resources. These resources include our vast range of product and service capabilities, client insight that comes from serving a common target clients that can be leveraged across the businesses, and global technology and operations and risk management capabilities that can be utilized to provide best in class service and support.

**[Slide 27]** To grow revenues and earnings, we are implementing a number of initiatives. A few key ones for Banking are summarized on this slide. RBC Centura is focused on the needs of businesses, business owners and professionals, and enhancing its product suite for these clients. This is targeting a growing, underserved yet highly profitable market segment, and allows us to capitalize on RBC Centura's management team who have experience and local knowledge serving this target group. Centura is expanding distribution and growing its mortgage business while managing its costs. Meanwhile, our Caribbean banking operation is cross-selling new products, such as personal insurance, to its clients.

**[Slide 28]** In Wealth Management, RBC Dain Rauscher has introduced a new credit product for high net worth clients, and launched a new initiative for the pre-retiree client group to focus on retirement income planning. Global Private Banking is leveraging the structured product capability of Global Capital Markets to offer an array of capital markets products such as structured notes specifically tailored to high net worth clients. They have also introduced a client review process in order to deepen relationships with clients through an integrated wealth management strategy.

**[Slide 29]** As I have described, we are exploiting the numerous linkages that exist between our US and International businesses as well as with our Global Capital Markets segment. We are very focused on continuing to build such linkages.

**[Slide 30]** This segment's earnings in the first nine months of 2005 have recovered significantly from 2004. As I mentioned earlier, RBC Centura's results have improved and we are encouraged by its underlying performance that is strong revenue growth, solid credit quality, and lower non-interest expenses.

### **Global Capital Markets**

**[Slide 32]** Moving on to our Global Capital Markets segment, I would start by reminding you that our wholesale operations have very different profiles in each key geographic region. In Canada, we are a bulge bracket firm that provides large commercial and wholesale clients with an extensive range of products and services. In the U.S., we are a wide collection of capital markets businesses, with mid-market expertise and niches in other select areas. In Europe and Asia, we are a debt-driven investment bank with an impressive suite of product and market specialties.

**[Slide 33]** With such different profiles, we have developed four goals for our key client segments.

1. In Canada, we want to remain our clients' first choice for all wholesale products and services.

We've won two Euromoney awards for excellence and were the leading Canadian dollar bond new issue dealer in the first half of 2005. We also acted as joint book runner on a large US\$200 million high yield issue for Dollarama.

2. In the U.S., we want to become a top-tier underwriter and distributor of investment grade products and services through focused expertise.

We continued to participate in key transactions last quarter, including acting as co-documentation agent and co-manager for a bank/bond financing for the US\$11 billion acquisition of SunGard.

**[Slide 34]** The other two goals for Global Capital Markets are:

3. For both Canadian and U.S. wholesale clients, to become a leading provider of high-margin value-added solutions utilizing our sophisticated structuring capabilities and focused on the convergence of markets and products.

In the third quarter we launched a new structured notes product providing investors returns based on commodities prices, and are offering structured notes tailored to High Net Worth clients in our other segments.

4. For our clients globally, particularly in Europe and Asia, building top-tier businesses offering specialized products and services.

We recently acted as joint lead manager on a US\$1 billion debt issuance in Germany and we continued to improve our U.S. municipal finance debt rankings. We were also the leading Australian dollar bond new issue dealer in the first half of 2005.

**[Slide 35]** In June, we took the significant step of announcing a 50/50 joint venture between our own and Dexia's Institutional Investor Services operations to create the 9th largest custodian in the world, a powerful franchise to compete in this high-growth business. We believe the combination of a strong European bank with a particular focus on fund administration and a Canadian bank which is a top ranked global custodian will be a great

fit, from a business and geographic perspective, as well as delivering greater scale and synergies. We expect the transaction to close in early 2006 once all the necessary regulatory approvals have been received.

**[Slide 36]** Our Capital Markets segment has shown good growth in revenues, earnings and return on equity, despite some deterioration in market conditions between the 2nd and 3rd quarters which adversely affected the performance of several businesses.

## **Conclusion**

**[Slide 38]** Having been through the strategies of our individual business segments, I want to emphasize that these are part of an integrated strategy to deliver on our vision of always earning the right to be our clients' first choice. Our capabilities in capital markets support our ability to develop the right products for the distribution networks of the Personal and Business segments, and all are supported by best-in-class client analytics, risk management and technology.

**[Slide 39]** The purpose of this strategy is to continue to deliver the growth in revenues, earnings and return on equity that we have achieved in recent quarters.

**[Slide 40]** We believe we have aggressive financial objectives for 2005 based on our 2004 results and are well on our way to achieving them. In addition, we believe our objectives for the medium-term also continue to be aggressive but are consistent with the superior shareholder returns we have provided to our shareholders.

**[Slide 41]** Since the end of fiscal '99, we've provided our shareholders with an annualized total return of over 20%, which is above both the TSX Composite Index and the Banks Index.

This total return, as you know, includes common share dividends. In the third quarter, our dividends increased 11% from the second quarter and our dividend payout of 41% was within our target range. In the first nine months of this year, our dividends were 14% higher than in the same period of 2004 but, as a result of the very strong earnings growth, our payout ratio fell slightly short of our target. On August 26th we announced another dividend increase of 3 cents per share to 64 cents in the fourth quarter.

I'd like to conclude by saying that we are committed to growing our businesses, achieving our goals and generating strong returns for our shareholders.

Thank you for your attention. I now look forward to taking your questions.



## Caution regarding forward-looking statements

From time to time, we make written and oral forward-looking statements within the meaning of certain securities laws, including the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. We may make such 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. These forward-looking statements include, among others, statements with respect to our objectives for 2005, our medium-and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," 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 our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian and United States economies and the economies of other countries in which we conduct business; the impact of the movement of the Canadian dollar relative to other currencies, particularly the US dollar; the effects of changes in monetary 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; the effects of competition in the markets in which we operate; the impact of changes in the laws and regulations regulating financial services and enforcement thereof (including banking, insurance and securities); judicial or regulatory judgments and legal proceedings; our ability to obtain accurate and complete information from or on behalf of our customers and counterparties; our ability to successfully realign our organizational structure, resources and processes; our ability to complete strategic acquisitions and to integrate our acquisitions successfully; the changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; operational and infrastructure risks; and other factors that may affect future results including changes in trade policies, timely development and introduction of new products and services, changes in tax laws, technological changes, 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 foregoing risks.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the bank, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

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## Largest Canadian company and among top 10 banks in North America by market capitalization

### Top 10 Canadian Companies

Market capitalization as of Sept 9/05 (C\$ B)

Company	Market Cap
<b>Royal Bank of Canada (RY)</b>	<b>51.8</b>
EnCana Corp (ECA)	51.2
Manulife Financial (MFC)	48.3
Imperial Oil (IMO)	43.8
Bank of Nova Scotia (BNS)	41.3
Toronto-Dominion (TD)	40.0
Shell Canada Ltd. (SHC)	33.7
Suncor Energy (SU)	32.4
Canadian Natural Resources (CNQ)	30.5
BCE Inc (BCE)	29.9

### Top 10 North American banks

Market capitalization as of Sept 9/05 (US\$ B)

Company	Market Cap
Citigroup Inc. (C)	230.6
Bank of America (BAC)	172.6
JP Morgan Chase & Co (JPM)	122.3
Wells Fargo & Company (WFC)	101.0
Wachovia Corp (WB)	79.5
US Bancorp (USB)	54.6
<b>Royal Bank of Canada (RY)</b>	<b>44.0</b>
Bank of Nova Scotia (BNS)	35.1
Toronto-Dominion Bank (TD)	33.9
Suntrust Banks Inc (STI)	25.7

Source: Bloomberg, S&P/TSX Composite Index, market capitalizations at close. Exchange rate – September 9: USD 0.8488 / CAD

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## Key competitive advantages and strengths – Canada

### Clients

- 11 million clients
- 33% of Canadian households

### Client Analytics

- Largest commercial client database in Canada

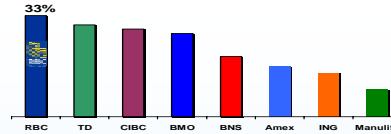
### Distribution

- Largest bank distribution network in Canada

### Brand

- Canada's Most Respected Corporation <sup>(2)</sup>
- Most valuable brand in Canada <sup>(3)</sup>

### Strong Canadian Household Penetration<sup>1</sup>



Generate 8 million client opportunities and 6 million pro-active leads per month

1,111 Canadian retail branches  
 3,540 Automated Banking Machines  
 3.1 MM Online Banking/Brokerage Clients  
 1,300 Investment Advisors, 930 Mortgage Specialists  
 21,000 third party distributors for insurance



(1) % of Canadian households doing business with any platform of the financial group. Source: Canadian Financial Monitor (2004)  
 (2) KPMG Canada's Most Respected Corporations, 2004.  
 (3) Canadian Business Magazine, November 2004.



## Key competitive advantages and strengths – United States and International

### U.S. platform

#### Well established U.S. businesses which include:

- 8<sup>th</sup> largest full-service brokerage present in 40 states
- Retail bank in fast growing South East region
- Wide collection of capital markets businesses with 1,400 U.S. employees



### International retail businesses

#### Successful brand and history of service quality

- Global private banking business among top 20 worldwide
- Caribbean banking business ranked #2 or #3 in most of our markets



### International businesses for institutions, corporations and governments

#### Top-tier global businesses:

- Ranked 11<sup>th</sup> in global debt underwriting, among top 15 investment banks and top 15 foreign exchange banks globally
- Top-rated custody operations by *Global Custodian* for 17 years, the only bank with this record

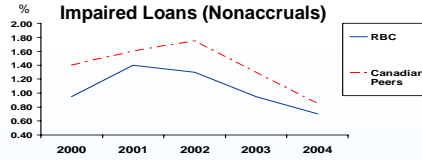




## Key competitive advantages and strengths – RBC Financial Group

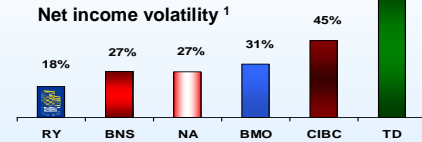
### Risk Management

- Superior credit risk management



### Financial Strength & Stability

- Long-term earnings stability
- Solid capital ratios
- Moody's Aa2
- S&P AA-



### Products

- Full array of banking, insurance, investment and capital markets products

### Technology

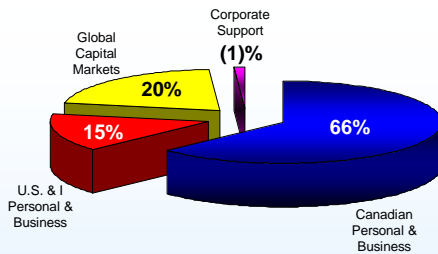
- Highly scalable and cost effective technology

(1) Percent standard deviation from mean Net Income over 20 consecutive quarters ended July 31, 2005. CIBC and TD net income in Q3/05 excludes Enron-related provisions.

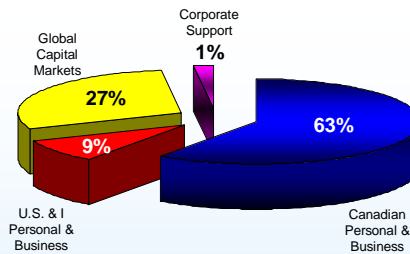


## A well diversified financial services group...

Nine months 2005 Revenue



Nine months 2005 Net Income



### Canadian Personal & Business

- Personal Lending
- Personal Payments and Client Accounts
- Investment Management
- Business Markets
- Global Insurance

### Global Capital Markets

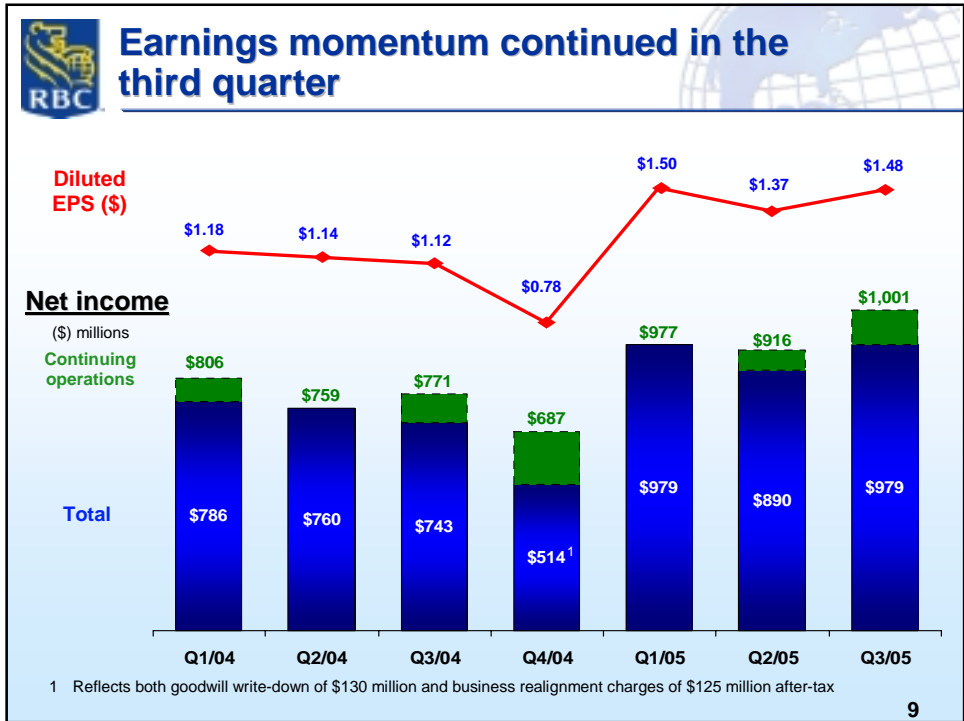
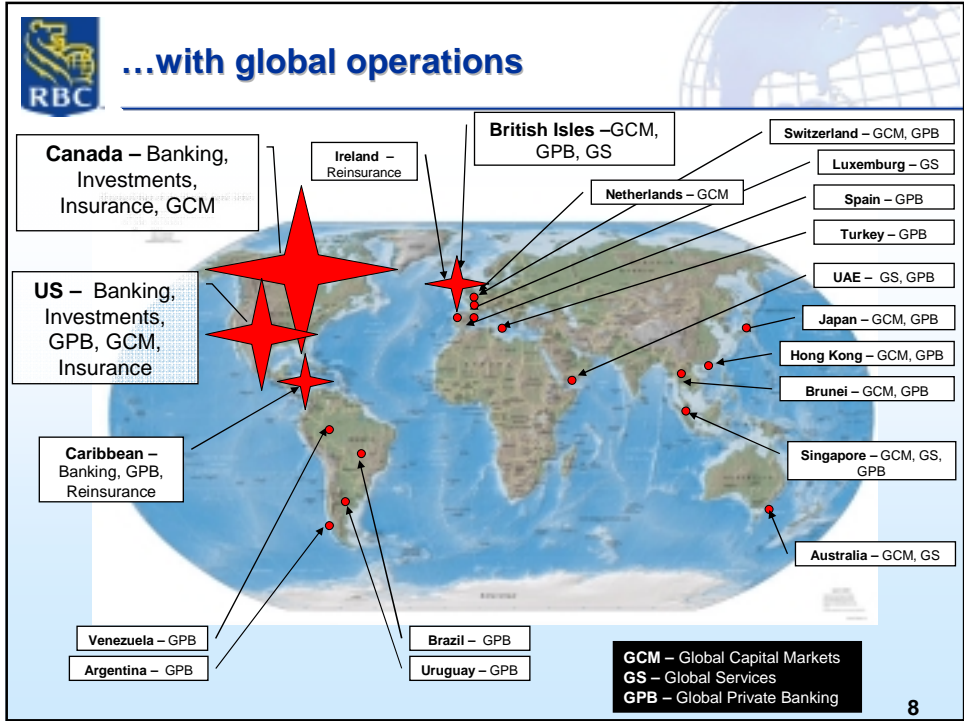
- Global Markets
- Global Investment Banking & Equity Markets
- Other (including global custody)

### U.S. & International Personal & Business

- Banking: RBC Centura, Caribbean & Bahamas
- Wealth Management: RBC Dain Rauscher (excluding fixed income business), and Global Private Banking

### Corporate Support

- Central functions including Operations and Technology, Corporate Treasury and Corporate Functions





## Strong business segment performance

Net Income	Q3/05		Growth vs. Q3/04	Nine months 2005		Growth vs. Nine mos '04
Canadian Personal & Business	\$ 688	\$ 163	31%	\$ 1,822	\$ 219	14%
U.S. & International Personal & Business	81	0*	0*	263	61	30
Global Capital Markets	249	62	33	792	199	34
Corporate Support	(17)	5	n.m.	17	79	n.m.
Continuing Operations	\$ 1,001	\$ 230	30%	2,894	558	24
Discontinued Operations	(22)	6	n.m.	(29)	18	n.m.
<b>Total</b>	<b>\$ 979</b>	<b>\$ 236</b>	<b>32%</b>	<b>\$ 2,865</b>	<b>\$ 576</b>	<b>25%</b>

\* Excluding a tax provision related to the disposition of our discontinued operations, RBC Mortgage Company, earnings from the U.S. & International Personal and Business segment would have increased 27% in USD terms from a year ago. Earnings for US & International Personal and Business excluding the impact of the weakening of the U.S. dollar and the tax provision is a non-GAAP financial measure – refer to discussion of the use of Non-GAAP information in the Appendix on slide 50. Reconciliation is shown in the Appendix on slide 49.

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## Focused on improving productivity...

### Businesses

- Reorganization of platforms (combining Banking, Investments, Insurance in Canada) driving streamlining of head office & field support
- Reducing real estate (optimizing space)

### Functions

- Substantial streamlining
- Reducing layers / increasing spans of control

### Global Technology and Operations

- Combined operations and IT across RBC
- Optimizing IT applications
- Creating Centres of Excellence: Contact centres, securities processing centres
- IT off-shoring

### Procurement

- Established top down savings target
- Enterprise strategic sourcing program across all spend categories
- Rigorous supplier management

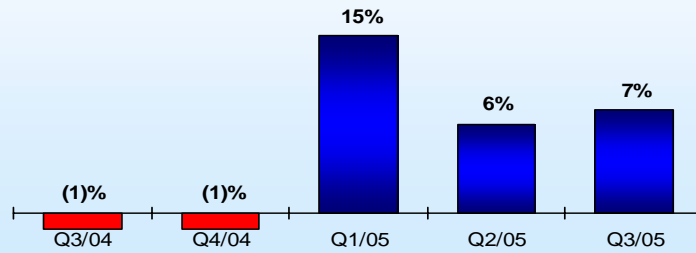
11



## ...to deliver strong operating leverage

	Q3/05 vs. Q3/04	Nine months 2005 vs. 2004	2005 objectives
Revenue growth *	10%	9%	6-8%
Non-interest expense control *	3%	(0.5)%	< 3%
<b>Operating leverage ^</b>	<b>7%</b>	<b>9%</b>	

### Operating Leverage



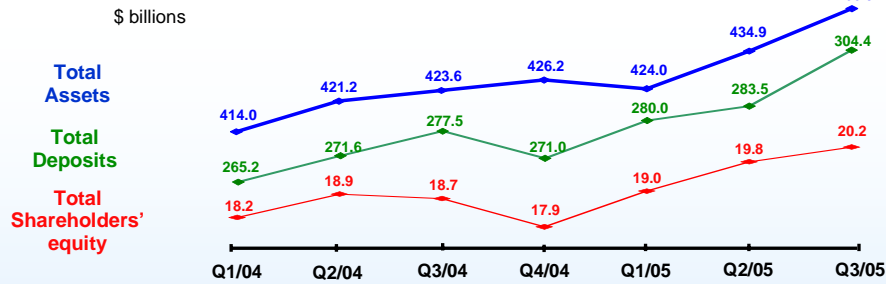
\* From continuing operations

^ Revenue growth rate in excess of Expense growth rate

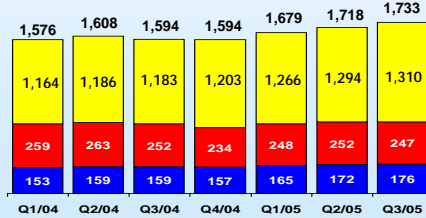
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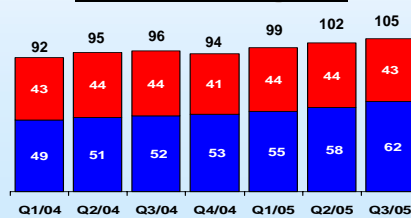
## Solid on- and off-balance sheet growth



### Assets under administration



### Assets under management

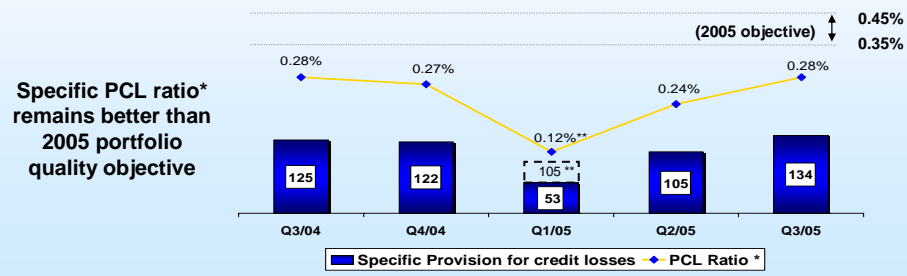
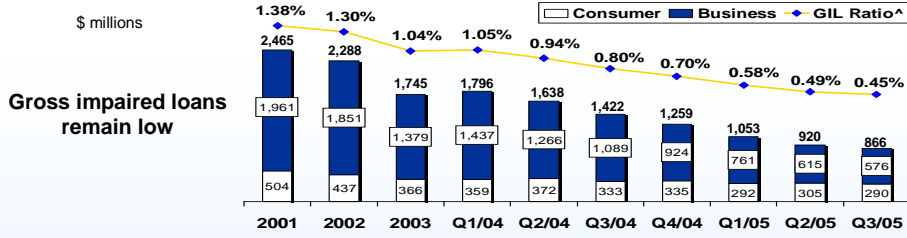


Global Capital Markets Canadian P&B U.S. & I P&B

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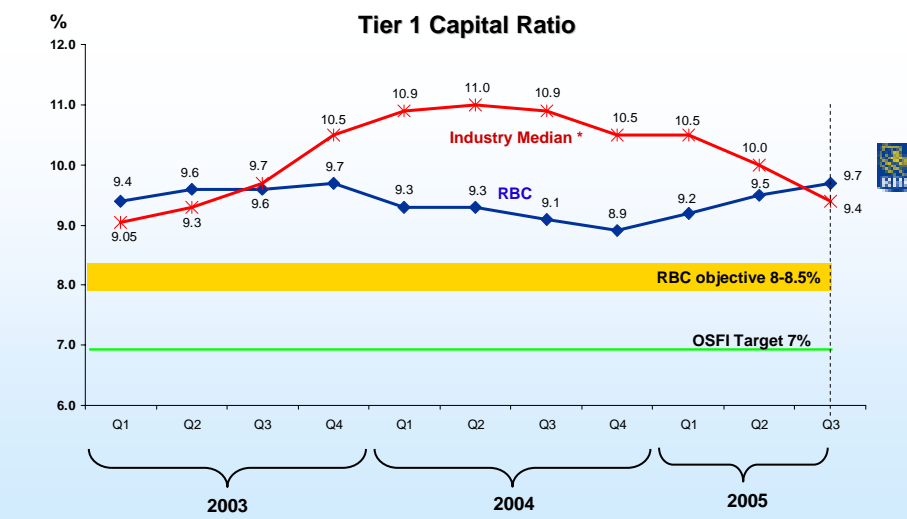
## Credit quality maintained



\* Allocated specific provision for credit losses as a percentage of average loans and acceptances.  
 \*\* Specific PCL ratio was lower by 11 bps for Q1/05 as a result of the \$52 million transfer of the allocated specific allowance to the allocated general allowance during Q1/05 to align our enterprise-wide accounting treatment for allowance for credit losses.



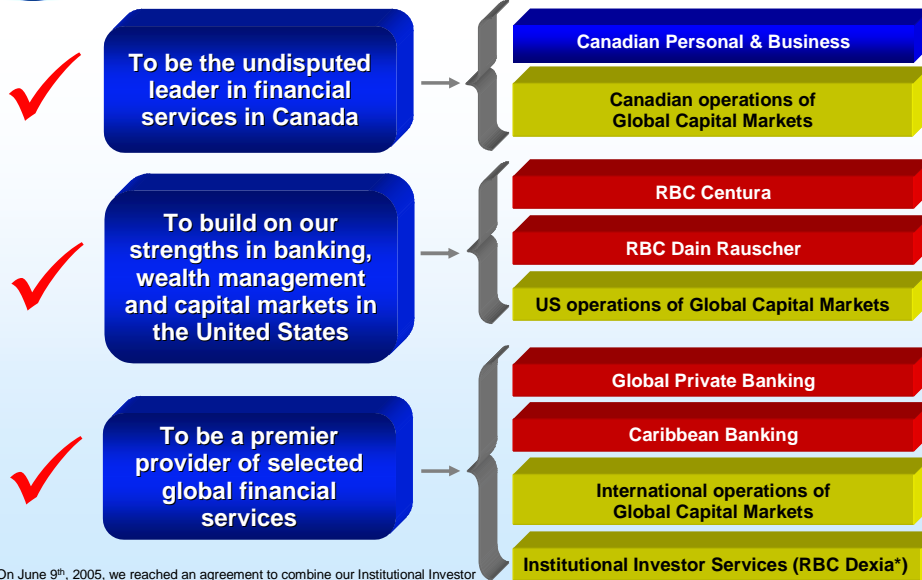
## Capital position strengthened



\* Industry median – 5 large Canadian banks excluding RBC



## Executing well on our strategic goals



\* On June 9<sup>th</sup>, 2005, we reached an agreement to combine our Institutional Investor Services business with Dexia in a joint venture, expected to close early 2006



## Canadian Personal & Business Segment





## Unique, integrated distribution with full product capabilities

### CAREER SALES FORCES

- 410 Career Sales Insurance Representatives
- 930 Mortgage Specialists
- 450 Investment Retirement Planners
- 10 Senior Manager Global Solutions



### THIRD PARTY DISTRIBUTION

- Third Party Distribution for Life & Health - 17,000 Broker Relationships
- Travel - 4,000 3rd Party Distributors
- 3,650 Indirect Lending Dealers



### SPECIALIZED SALES

- 10 Asset Based Financing Sales Representatives
- 29 Leasing Managers
- 93 Treasury Management & Trade



11 Million Clients

### FULL SERVICE BROKERAGE

- 80 Branch offices
- 1,300 Investment Advisors

### ENTERPRISE DISTRIBUTION

#### Branch Network

- 1,111 branches
- 65 Business Banking Centres
- 19 Career Sales Force Insurance Offices
- 22,000 Sales/Service Employees

#### Automated Banking Machines

- 2,472 on-site ABMs
- 1,068 off-site ABMs



#### On-Line Banking and Telephone

- 3.1MM Internet personal clients
- 4 Contact Centres
- 1,790 Contact Centre Representatives
- 435 VISA Representatives
- 100 Action Direct Representatives



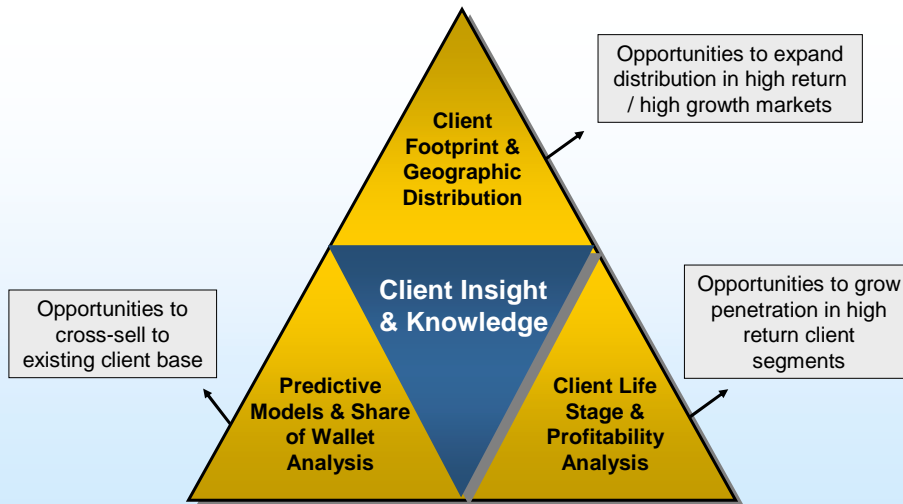
#### Private Client Group

- 10 Private Trust Offices
- 12 Private Counsel Offices
- 23 Private Banking Offices
- 90 Professionals

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## Strong client insight & knowledge driving our integrated strategy



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## 3 strategic priorities to enhance our leadership position

### 1. Optimize Distribution

– We are leveraging the economics of our market-leading distribution by aligning employees with clients to deliver the right product through the right channel at the right time.

### 2. Simplify Process and Structures

– We are making it easier for clients to do business with us and improving our own efficiency by streamlining processes for everything from account opening to credit decisioning.

### 3. Focus on High Return Products, Markets and Clients

– We are expanding and focusing on operations that have above average growth potential such as insurance, asset management, credit cards, brokerage, urban markets and high value client markets.

Strong execution to achieve

### Goals

- Achieve top-tier client loyalty
- Increase rate of client acquisition
- Reduce costs
- Grow client share of wallet / cross-sell
- Enhance # 1 leadership position in key markets



## Executing strategies to accelerate earnings growth

	Banking	Investment Management	Insurance
Optimize Distribution	Continuing to expand relationship management sales force for High Value/High Potential Clients	Offering new service to manage investment needs at lower asset levels	Opening new concept multi-line insurance outlets adjacent to bank branches
Simplify Processes & Structures	Implementing new technology including voice recognition options for telephone banking	Simplifying account opening processes	Expanding online quoting and underwriting capabilities for home and auto insurance
Focus on High Return Products, Markets & Clients	Introducing new card initiatives, including the RBC Cathay Pacific Visa Platinum card and a new RBC Rewards/ Esso Extra option	Utilising a portfolio management approach at RBC DS leading to growth in fee-based revenue as a percentage of total revenue	Enhancing travel insurance options for seniors and introducing new simple-issue term and disability products for key distribution channels



## Strong volume growth in Canada

\$ millions	Q3/05 Balances *	Growth over Q3/04
Residential Mortgages**	\$ 90,100	↑ 12%
Personal loans	31,100	↑ 13%
Credit cards**	8,900	↑ 11%
Personal core deposits	32,300	↑ 2%
Personal Investments (GICs)	57,200	↑ 2%
Mutual funds (AUM)	\$ 50,500	↑ 22%
Brokerage (AUA)	142,600	↑ 11%

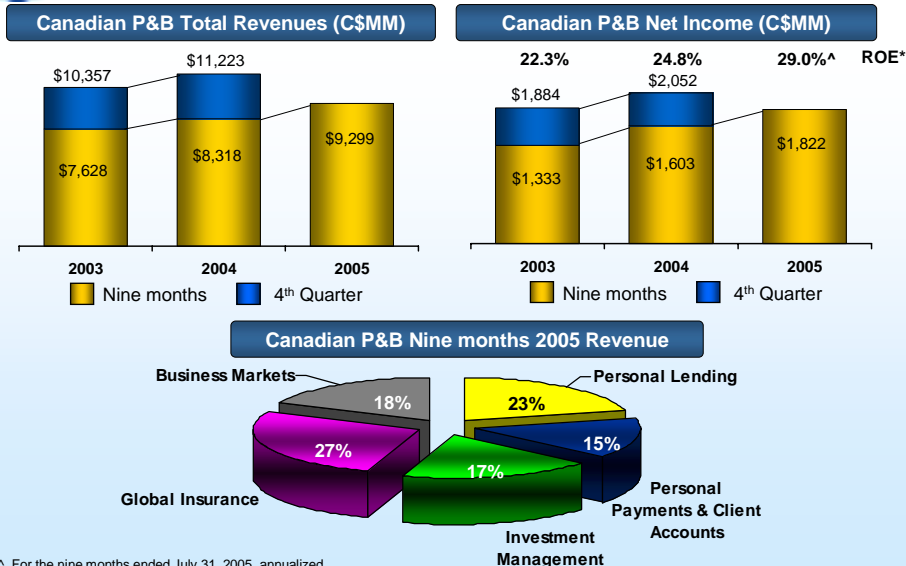
\* Average balances (except for mutual funds assets under management (AUM) and brokerage assets under administration (AUA), which are spot balances)

\*\* Managed balances - includes securitized assets

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## Strong earnings growth and return on equity



^ For the nine months ended July 31, 2005, annualized.

\* Return on Common Equity (ROE) – Segment ROE is a non-GAAP financial measure – refer to discussion of the use of Non-GAAP information in the Appendix on slide 50.

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## U.S. & International Personal & Business Segment



### Highly focused and complementary businesses

#### Banking

**RBC Centura**  
South East U.S. regional bank, meeting the personal and business banking needs of business owners and professionals

- Large and growing market in 5 states
- 273 full service branches
- 3,712 employees

**Caribbean Retail Banking**  
A leading personal and business bank, serving clients in the English speaking Caribbean islands

- 48 branches in 8 countries
- 1200 employees
- 2<sup>nd</sup> or 3<sup>rd</sup> position in most markets

#### Wealth Management

**RBC Dain Rauscher**  
U.S. wealth management firm, building relationships with affluent clients to serve the full range of their financial needs

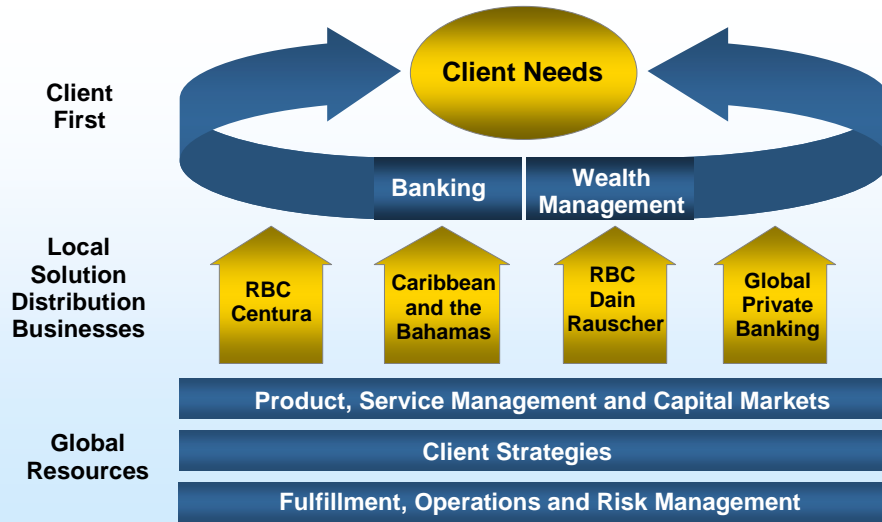
- 8<sup>th</sup> largest full-service securities firm in the U.S. with 1,750 financial consultants
- 3,000 correspondent brokers
- 143 branch offices in 40 states

**Global Private Banking**  
Providing affluent clients fully integrated wealth management in select global markets where RBC has brand history and competitive advantage

- 27 offices in 20 countries
- Top 20 global private banking business in the world



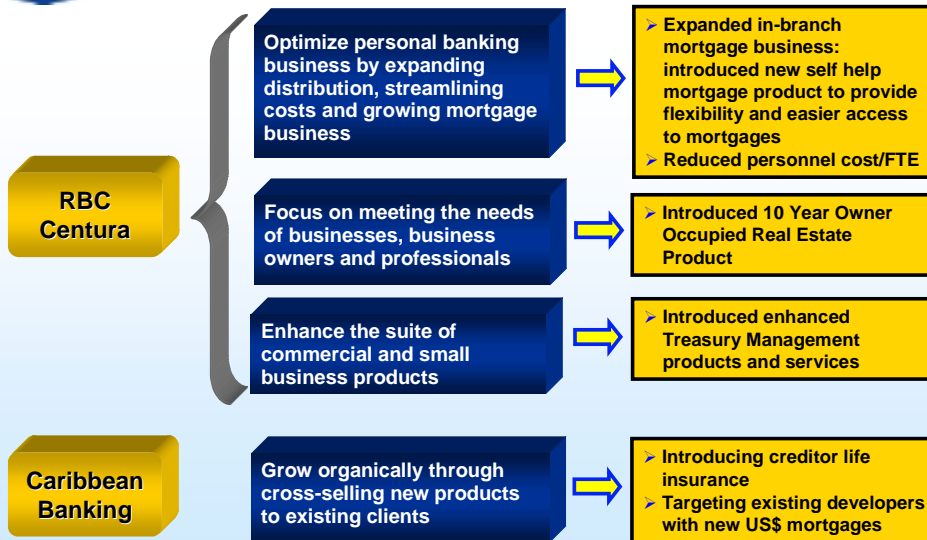
## Local solutions, global resources



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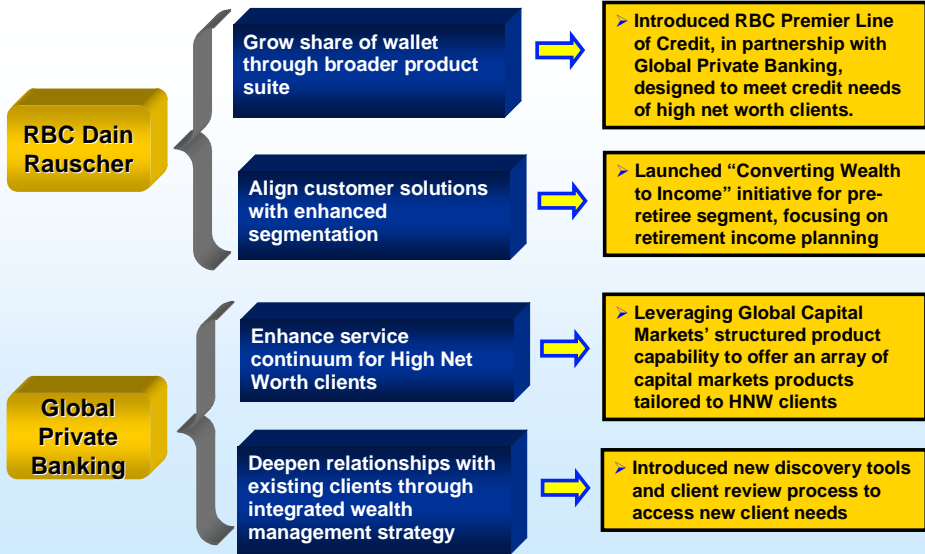
## Executing growth strategies in Banking



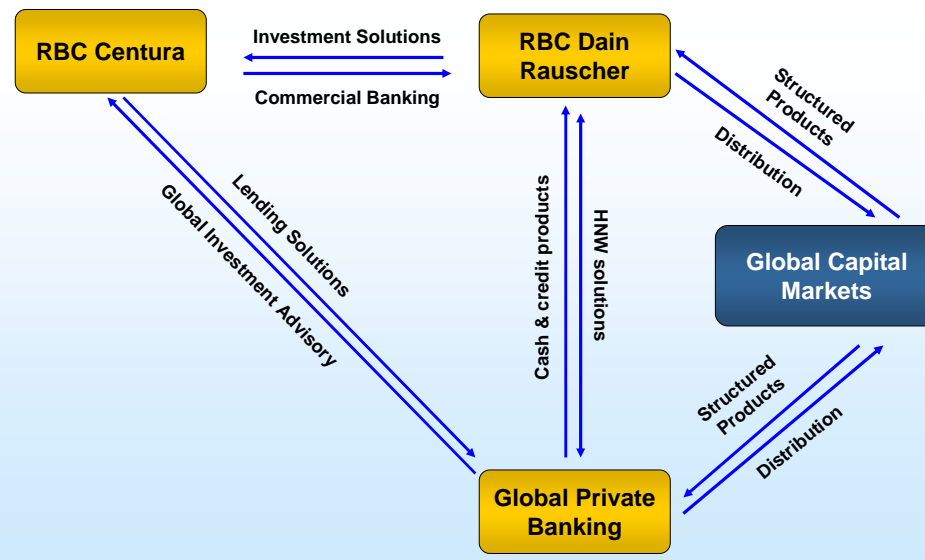
27



## Executing growth strategies in Wealth Management



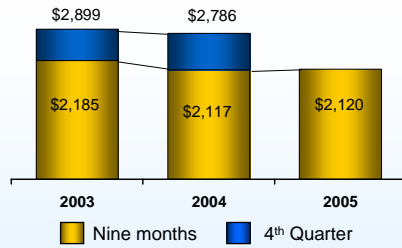
## Leveraging linkages between businesses



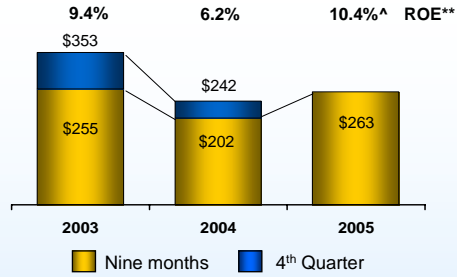


## Continued progress in U.S. & International

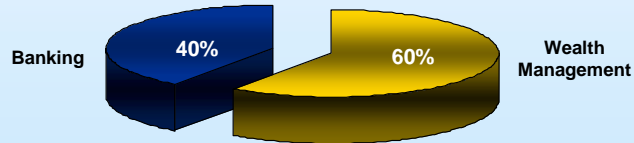
U.S. & International Total Revenue (C\$MM) \*



U.S. & International Net Income (C\$MM) \*



U.S. & International Nine months 2005 Revenue



\* From continuing operations

^ For the nine months ended July 31, 2005, annualized.

\*\* Return on Common Equity (ROE) – Segment ROE is a non-GAAP financial measure – refer to discussion of the use of Non-GAAP information in the Appendix on slide 50.

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RBC  
Financial  
Group

## Global Capital Markets Segment





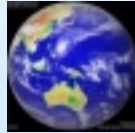
## Global Capital Markets has a very different profile in each geography



In Canada, we are a “bulge bracket” firm that is all things to all clients.



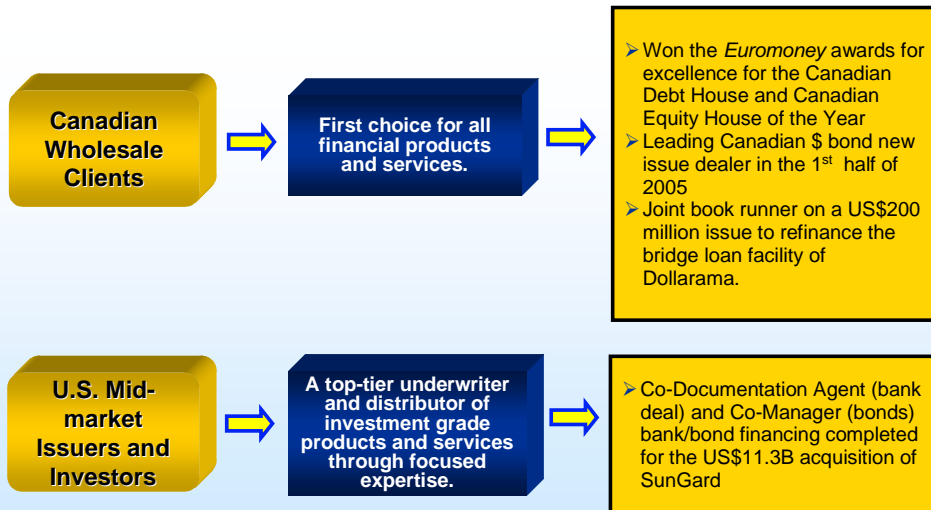
In the U.S., we are a wide collection of capital markets businesses.



In Europe and Asia, we are a “debt-driven” investment bank with a number of products and market specialities.

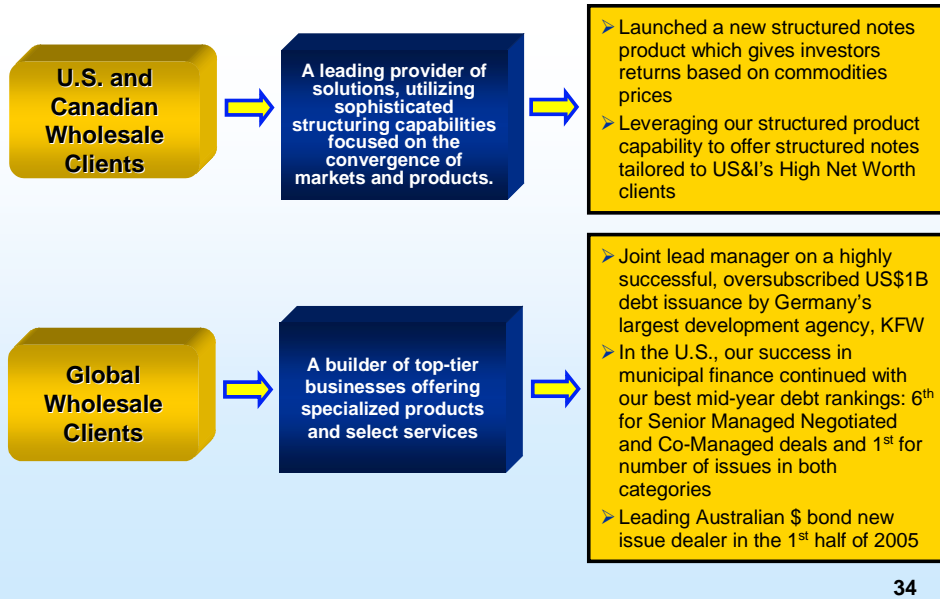


## Executing initiatives to deliver our strategic goals





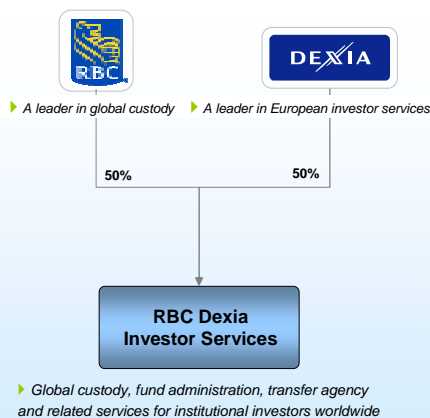
## Executing initiatives to deliver our strategic goals



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## Institutional investor services joint venture – RBC Dexia Investor Services (to close early 2006)



- **RBC and Dexia to combine their respective institutional investor services businesses\***
  - Jointly-owned 50%/50% separate legal entity
  - Equal Board representation
  - Expected Aa3 rating by Moody's
- **Creates a powerful franchise to compete in the high-growth securities services industry**
  - Full suite of products in Canada, Europe and Australasia
  - Significant cross-border servicing capabilities
  - Meeting the demands of sophisticated institutional investors
- **Attractive synergies expected to materialise in the medium term**
- **Scale allows for lower per-unit cost, an ability to compete for larger mandates and increased return on investments**

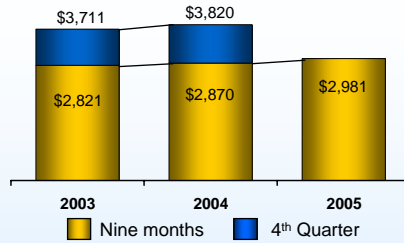
\* RBC's institutional investor services business was previously part of the Global Services segment in 2004. Following RBC's business re-alignment in late 2004, this business was moved and has been reported in the Global Capital Markets segment.

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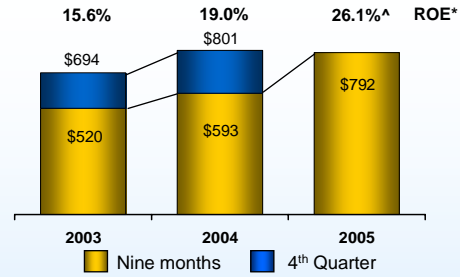


## Solid results in Global Capital Markets

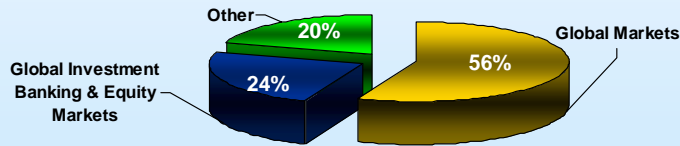
Global Capital Markets Total Revenue (C\$MM)



Global Capital Markets Net Income (C\$MM)



Global Capital Markets Nine months 2005 Revenue



^ For the nine months ended July 31, 2005, annualized.

\* Return on Common Equity (ROE) – Segment ROE is a non-GAAP financial measure – refer to discussion of the use of Non-GAAP information in the Appendix on slide 50.

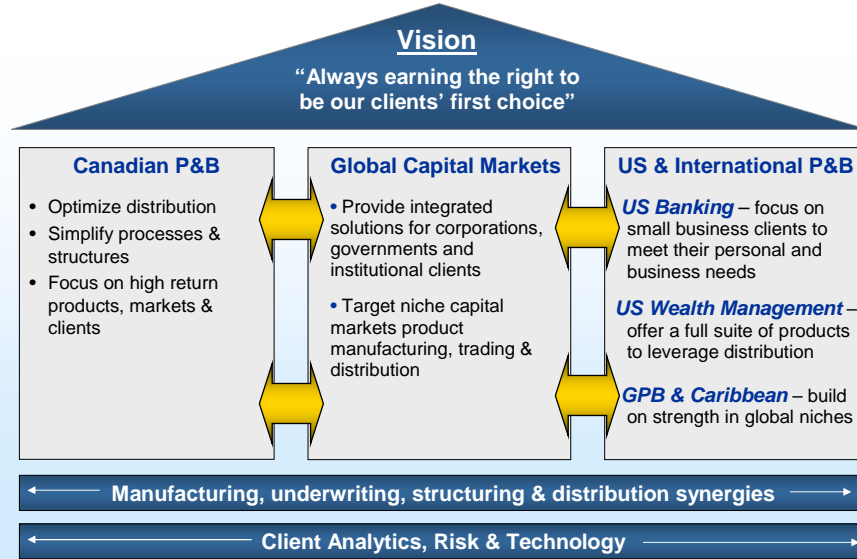


## Conclusion





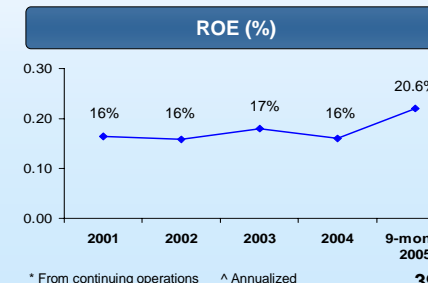
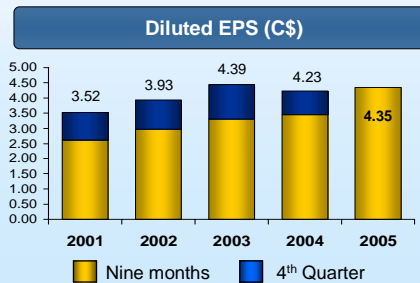
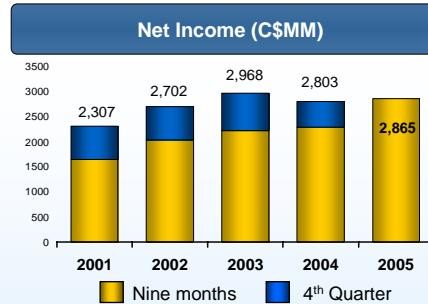
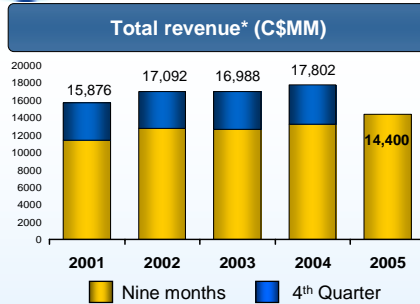
## Leveraging our capabilities to achieve our vision...



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## ...and to grow revenue and earnings



\* From continuing operations    ^ Annualized

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## Committed to meeting our objectives

	2005 Objectives	Nine-month '05 performance	Medium-term objectives
<b>Profitability measures:</b>			
Diluted EPS growth	20%+*	25% <sup>^</sup>	15%+*
ROE	18-20%*	20.6% <sup>^</sup>	20%+*
Revenue growth	6-8%*	9% <sup>^</sup>	8-10%*
Expense control (Limit expense growth to)	Less than 3%*	(0.5)% <sup>^</sup>	No more than half of revenue growth*
Specific PCL / average loans and acceptances	0.35-0.45%*	0.21%** <sup>^</sup>	0.40-0.50%*
<b>Capital management:</b>			
Tier 1 capital ratio	8-8.5%	9.7%	8-8.5%
Total capital ratio	11-12%	13.4%	11-12%
Dividend payout ratio	40-50%*	38% <sup>^</sup>	40-50%*

\* These objectives were established in late 2004 when U.S. GAAP was our primary GAAP for reporting purposes. Although we adopted Canadian GAAP as our primary GAAP effective in Q2 we maintained these objectives for 2005 since our performance under U.S. and Canadian GAAP does not differ materially

\*\* A \$52 million transfer of the allocated specific allowance to the allocated general allowance during Q1/05 decreased this nine-month ratio by 0.04%

<sup>^</sup> Calculated on a continuing operations basis.

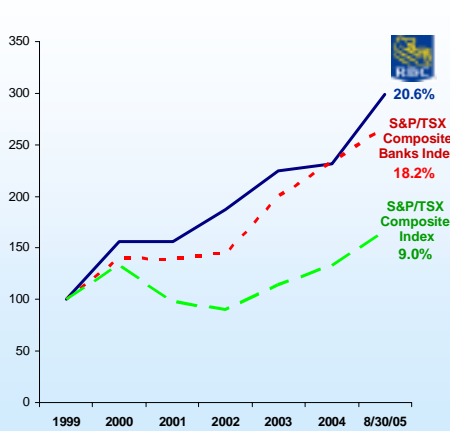
The nine-month '05 performance calculated on a total basis is: Diluted EPS growth 26%, ROE 20.6%, Dividend payout ratio 39%.

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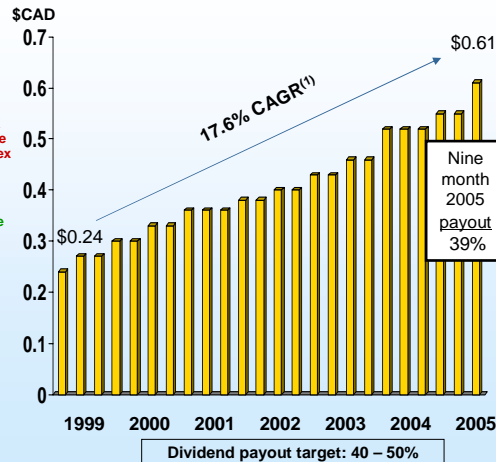
## Delivering solid returns to shareholders

Annualized Total Return on \$100 Investment<sup>(1)</sup>  
(October 31, 1999 – September 9, 2005)



(1) Assumes dividends are reinvested. Source: RBC, Bloomberg, September 2005

Common share dividends  
Q4/1999 – Q3/2005



(1) CAGR based on Q4/1999 – Q3/2005 common share dividend

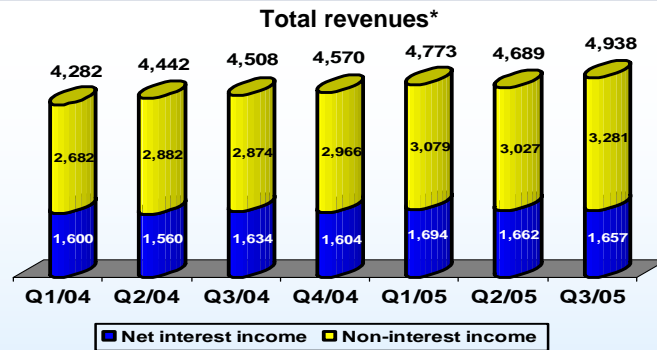
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# Appendix



## Strong revenue growth

\$ millions



	Q3/05 vs. Q2/05		Q3/05 vs. Q3/04		Nine months 2005 vs. 2004	
△ total revenues *	\$ 249	5%	\$ 430	10%	\$ 1,168	9%
Impact of CAD vs. USD +	↑ 2		↓ 125		↓ 340	
△ total revenues * (excluding CAD/USD impact)	\$ 247	5%	\$ 555	12%	\$ 1,508	11%

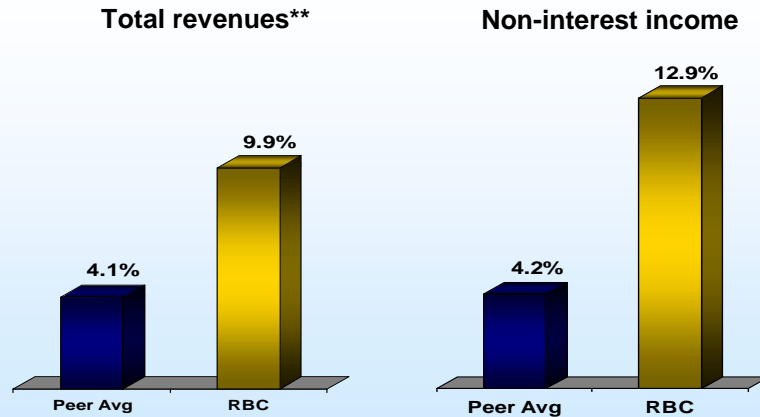
\* From continuing operations

+ Translating USD denominated results using Q3/05 CAD/USD exchange rates compared to Q2/05 and Q3/04. Refer to slide 48 in Appendix for average exchange rates for Q3/05, Q2/05 and Q3/04.



## Delivering superior long-term revenue growth

Compound annual growth rates vs. peer group\*  
(1999 to LTM Q2/05)



\* Peer average consists of BMO, BNS, CIBC, TD and NA.

\*\* Net interest income plus non-interest income.

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## Maintaining #1 or #2 position in key products in Canada...

	Rank #	Market share May-05
Residential mortgages	1	15.33%
Personal Loans <sup>3</sup>	2	13.64%
Credit Cards <sup>3</sup>	2	15.50%
Total Loans	2	14.91%
Total deposits	1	12.41%
Personal deposits (core and GIC)		14.63%
Mutual funds (AUM) <sup>2</sup>		9.84%
Business loans	1	11.27%
Business deposits	1	19.81%
Full service brokerage (AUA) <sup>4</sup>	1	23.20%
	Rank #	Market share Apr-05
Travel Insurance	1	34%
Creditor Insurance	1	27%
Individual Living Benefits	1	34%

1. Market share rank among all financial institutions in Canada. Source: RBC Financial Group

2. Mutual fund market share based on June 2005

3. Ranking reflects combined Personal Loans and Credit Cards

4. Market share information based on March 2005

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## ...including mutual funds

As at July 2005

C\$ millions	Assets	Market share		Net sales (last 12 months)	
		(%)	Y/Y Chg	C\$ millions	Rank
IGM Financial Inc.	\$ 89,398	16.4	-0.25	\$ 1,374	9
• <i>Investors Group</i>	48,323	8.9	-0.10	394	
• <i>Mackenzie/Counsel</i>	41,074	7.5	-0.15	980	
<b>RBC Asset Management Inc.</b>	<b>53,723</b>	<b>9.9</b>	<b>+0.46</b>	<b>3,905</b>	<b>1</b>
C.I. Mutual Funds Inc.*	48,490	8.9	+0.42	2,728	3
AIM Trimark Investments	45,512	8.4	-0.13	794	11
CIBC Asset Management	44,422	8.2	-0.45	(474)	46
TD Mutual Funds	40,711	7.5	+0.20	2,963	2
Fidelity Investments	32,943	6.0	-0.38	(2,097)	48
BMO Mutual Funds	22,741	4.2	+0.28	1,992	5
AGF	22,209	4.1	-0.87	(3,525)	50
Franklin Templeton	21,762	4.0	-0.04	241	18

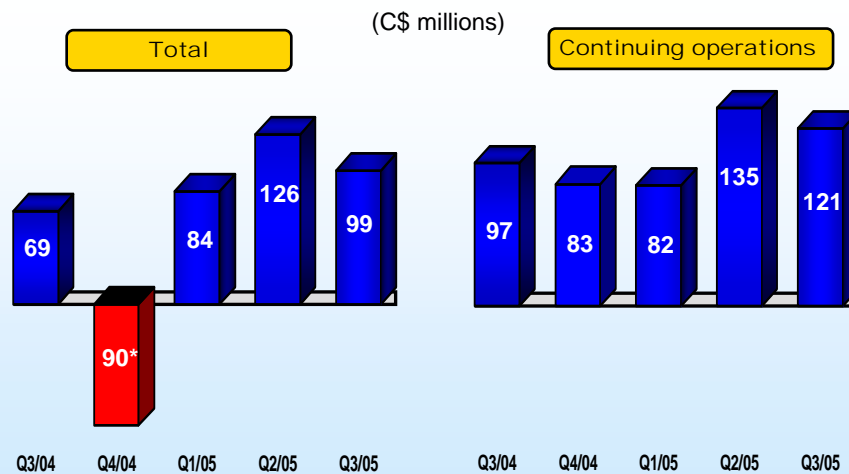
\* C.I.'s sales include one-time gain of \$500MM, as Clarica Life Insurance business, previously Fidelity, was transferred to C.I.

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## U.S. earnings higher vs. Q3/04 despite impact of C\$ vs. US\$

### U.S. geographic results



\* Includes goodwill impairment charge of \$130 million for RBC Mortgage as well as business realignment charges

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## Impact of C\$ vs. US\$ change

FX impact on	Q3/05 vs. Q2/05	Q3/05 vs. Q3/04	Nine months 2005 vs. 2004
Total revenues *	↑ 2	↓ 125	↓ 340
Non-interest expense *	-	↓ 70	↓ 185
Net income *	-	↓ 25	↓ 70
Net Income (total)	-	↓ 23	↓ 68
EPS – diluted * (\$/share)	-	↓ \$0.04	↓ \$0.11

Value of C\$1.00 in US\$	Q3/05	Q2/05	Q3/04
Average	\$0.810	\$0.811	\$0.745
Period end	\$0.817	\$0.795	\$0.752

Translating US\$ denominated results using average C\$/US\$ exchange rates for respective periods  
 \* From continuing operations

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## Reconciliation of U.S. and International net income growth excluding the tax provision\* in U.S. dollars

Net income for U.S. & International P&B	July 31 2005	July 31 2004	\$ change	% change
Net income (C\$ millions)	\$ 81	\$ 81	\$ 0	0%
Conversion to U.S. dollar equivalent	(16)	(21)	n.m.	n.m.
Net income (US\$ millions)	US\$ 65	US\$ 60	US\$ 5	8%
Tax provision relating to discontinued operations*	11	-	n.m.	n.m.
<b>Net income (non-GAAP) ^</b>	<b>US\$ 76</b>	<b>US\$ 60</b>	<b>US\$ 16</b>	<b>27%</b>

\* Tax provision of C\$13 million (US\$11 million) related to the disposition of our discontinued operations

\*\* From continuing operations

^ Non-GAAP financial measure – refer to discussion of the use of Non-GAAP financial information in the Appendix on slide 50

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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 financial measures, such as revenues, excluding the impact of the Canadian dollar appreciation relative to the U.S. dollar, segment ROE and average allocated common equity, do not have any standardized meaning prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures presented by other companies.

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