



## Highlights of Second Quarter 2006 Results

May 26, 2006

Financial information is in Canadian dollars and is based on Canadian GAAP, unless otherwise indicated. All common share numbers and per share calculations have been restated to reflect a stock dividend of one common share on each issued and outstanding common share paid on April 6, 2006.



### Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the *United States Private Securities Litigation Reform Act of 1995* and in any applicable Canadian Securities legislation. We may make such statements in this document, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to our objectives for 2006, our medium-term goal, 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," "forecast," "objective" and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous assumptions and inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors or assumptions 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 management of credit, market, liquidity and funding and operational risks; 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 U.S. dollar and British pound; 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 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 organization, resources and processes; our ability to complete strategic acquisitions and joint ventures and to integrate our acquisitions and joint ventures successfully; 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; other factors that may affect future results including changes in trade policies, timely development and introduction of new products and services, changes in our estimates relating to reserves and allowances, changes in tax laws, technological changes, unexpected changes in consumer spending and saving habits; natural disasters such as hurricanes, the possible impact on our businesses from public health emergencies, international conflicts and other developments including those relating to the war on terrorism; and our success in anticipating and managing the foregoing risks.

Additional information about these factors can be found under "Risk Management" and "Additional Risks That May Affect Future Results" in our 2005 Annual Report.

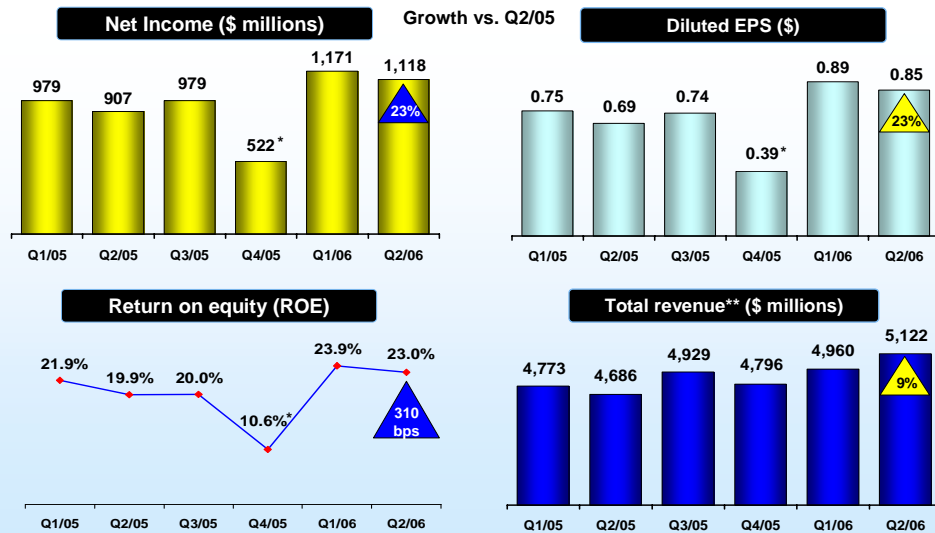
We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Royal Bank of Canada, investors and others should carefully consider the foregoing factors and other uncertainties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

# Overview

**Gordon M. Nixon**  
**President & CEO**



## Strong Q2/06 performance



\* Includes provision for Enron Corp. litigation of \$591 million pre-tax (\$326 million after-tax, or \$0.25/share) and of \$203 million (before- and after-tax, or \$0.16/share) for estimated net claims related to hurricanes Katrina, Rita and Wilma.

\*\* From continuing operations



## Specified items

		Pre-tax Impact (C\$ millions)	After-tax Impact (C\$ millions)	EPS impact	Segment	Income statement line
Q2/06	Credit card customer loyalty reward program liability	(72)	(47)	(\$.04)	RBC Canadian P&B	Non-interest income – Card service revenue
	Agreement termination fee	51	33	\$.03	RBC Canadian P&B	Non-interest income – Other
	Net gain from exchange of NYSE seats for NYX shares	40	23	\$.02	RBC Capital Markets and U.S. & International P&B	Non-interest income – Other
Q1/06	Income tax reduction	n.a.	70	\$.05	Corporate Support	Income Taxes
	General allowance reversal	50	33	\$.03	RBC Capital Markets	Provision (recovery) of credit losses
	Hurricane-related charges	(61)	(61)	\$(.05)	RBC Canadian P&B	Insurance policyholder benefits & claims expense
	Amounts related to the transfer of IIS to RBC Dexia IS	(16)	(19)	\$(.01)	RBC Capital Markets	Revenue, NIE, Income Taxes

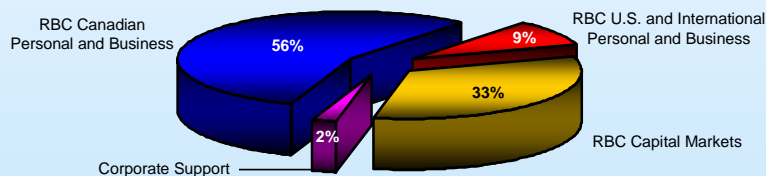
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## Solid earnings growth in each business segment

Net Income (\$ millions)	Q2/06	Growth vs. Q2/05		Six months 2006	Growth vs. six months 2005	
RBC Canadian Personal and Business	\$ 608	\$ 84	16%	\$ 1,277	\$ 156	14%
RBC U.S. and International Personal and Business	106	24	29	207	32	18
RBC Capital Markets	433	139	47	763	201	36
Corporate Support	(19)	(35)	n.m.	53	18	51
Continuing operations	\$ 1,128	\$ 212	23%	\$ 2,300	\$ 407	22%
Discontinued operations	(10)	(1)	(11)	(11)	(4)	n.m.
<b>Total Net income</b>	<b>\$ 1,118</b>	<b>\$ 211</b>	<b>23%</b>	<b>\$ 2,289</b>	<b>\$ 403</b>	<b>21%</b>

### % of Net income from continuing operations (six months)



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## Successfully executed on our strategic goals in Q2/06

<p>✓ To be the undisputed leader in financial services in Canada</p>	<ul style="list-style-type: none"> <li>➢ RBC Asset Management led mutual fund net sales for the 10<sup>th</sup> straight quarter with net sales of \$2.2B.</li> <li>➢ RBC Capital Markets was the joint book runner on the highly anticipated Tim Hortons' \$900 MM Initial Public Offering (IPO).</li> </ul>
<p>✓ To build on our strengths in banking, wealth management and capital markets in the United States</p>	<ul style="list-style-type: none"> <li>➢ RBC Centura's new personal chequing accounts are up 24% and new commercial accounts are up 21% over Q1/06.</li> <li>➢ RBC Dain Rauscher's fee-based assets reached US\$25B, up 38% over a year ago.</li> <li>➢ RBC Capital Markets investment banking group ranked #4 in the U.S. in terms of number and volume of managed IPOs during the first calendar quarter.</li> </ul>
<p>✓ To be a premier provider of selected global financial services</p>	<ul style="list-style-type: none"> <li>➢ Opened Beijing branch to assist clients with a range of banking, wealth management, trade finance and capital markets services.</li> <li>➢ RBC Capital Markets launched a broadly diversified investable hedge fund index (RBC Hedge 250 Index).</li> </ul>



## Strong six month performance vs. 2006 objectives

	2006 Objectives	Six month Performance
Diluted earnings per share growth <sup>(1)</sup>	20%+	21.7%
Return on common equity (ROE)	20%+	23.5%
Revenue growth	6-8%	7%
Operating leverage <sup>(2)</sup>	>3%	0%
Portfolio quality <sup>(3)</sup>	.40-.50%	.23%
Tier 1 capital ratio	8%+	9.5%
Dividend payout ratio	40-50%	39%

(1) Based on 2005 total reported diluted EPS of \$5.13, which has been restated to \$2.57 to reflect a stock dividend of one common share on each of our issued and outstanding common shares, paid on April 6, 2006.

(2) Operating leverage is the difference between the revenue growth rate and the non-interest expense growth rate. Our 2006 objective for operating leverage is based on 2005 non-interest expense excluding the provision for Enron Corp. litigation of \$591 million recorded in the fourth quarter of 2005.

(3) Ratio of specific provisions for credit losses to average loans and acceptances.



## Strong returns to shareholders

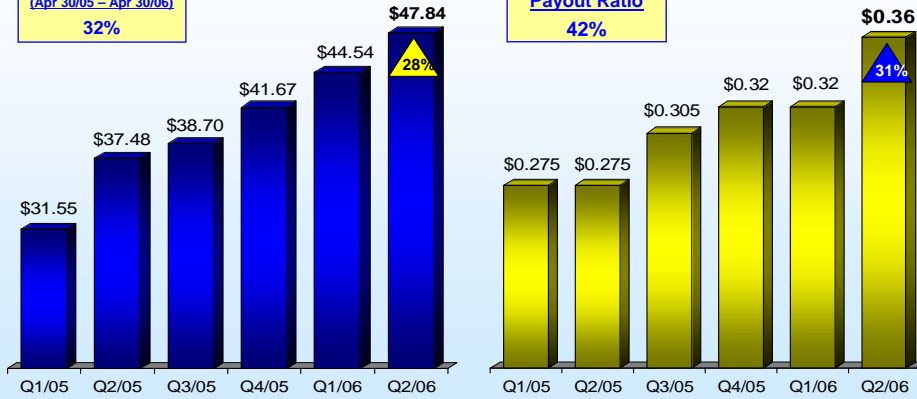
### RBC Share Price Performance

### RBC Common Share Dividends

Growth vs. Q2/05

1-year TSR\*  
(Apr. 30/05 – Apr. 30/06)  
32%

Q2/06 Dividend  
Payout Ratio  
42%



\* Total shareholder return consists of share price appreciation plus reinvested dividends. Source: Bloomberg.

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## Q2/06

## Financial & Asset Quality Review

**Barbara Stymiest**

**Chief Operating Officer**

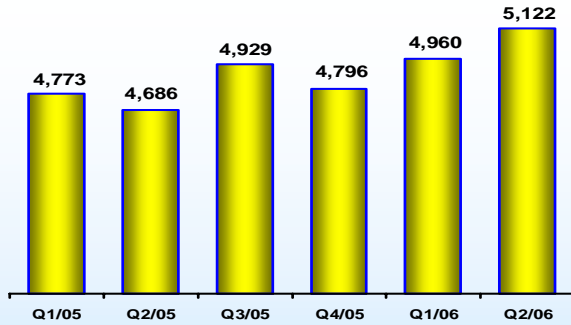
The following results are from continuing operations, which exclude the results of our discontinued operations, RBC Mortgage Company



## Strong revenue growth

\$ millions

Total revenues



- Growth of 9% vs. Q2/05 driven by solid wealth management, banking and record trading results
- Growth of 3% vs. Q1/06 reflects higher trading revenues and strong growth in wealth management businesses

	Q2/06 vs. Q1/06		Q2/06 vs. Q2/05		Six months 2006 vs. six months 2005	
△ total revenues	\$ 162	3%	\$ 436	9%	\$ 623	7%
Impact of CAD vs. USD *	↓ 20		↓ 115		↓ 175	
△ total revenues* (excluding CAD/USD impact)	\$ 182	4%	\$ 551	12%	\$ 798	8%

\* Translating current USD denominated results at the prior period U.S./Canadian exchange rates. See slide 43 for exchange rates.

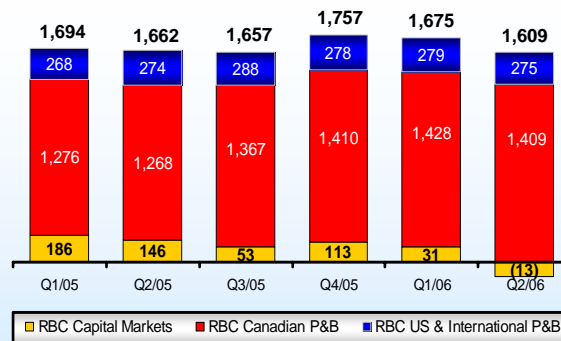
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## Good growth in RBC Canadian P&B's net interest income vs. Q2/05

\$ millions

Total net interest income \*



- Net interest income up 11% from Q2/05 in RBC Canadian P&B due to strong loan and deposit growth and improved spreads in deposits, personal investment products and credit cards.
- Net interest income down in RBC Capital Markets due to increased volumes and higher rates on funding positions related to certain equity trading strategies.

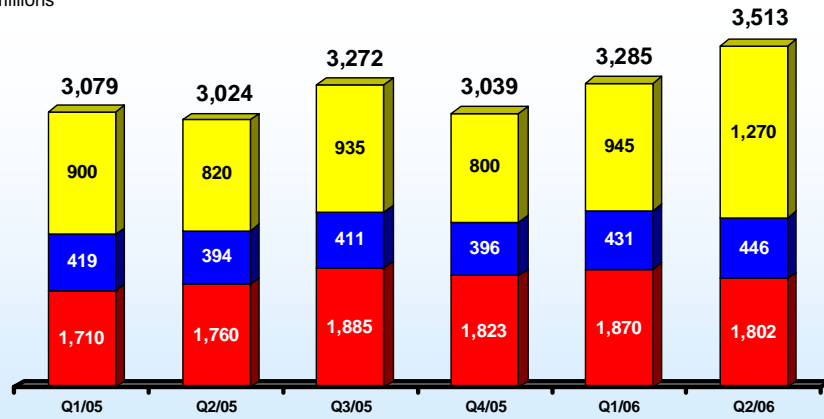
\* Total net interest income includes Corporate Support of (\$62) in Q2/06, (\$63) in Q1/06, (\$44) in Q4/05, (\$51) in Q3/05, (\$26) in Q2/05 and (\$36) in Q1/05.

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## Non-interest income up 16% vs. Q2/05

\$ millions



■ RBC Canadian P&B ■ RBC US & International P&B ■ RBC Capital Markets

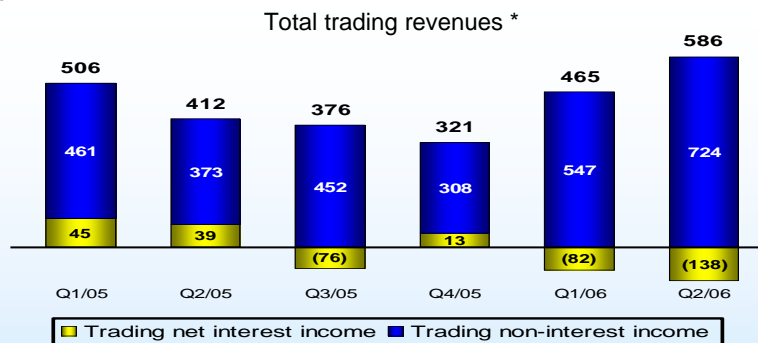
Note: Total non-interest income includes Corporate Support of (\$5) in Q2/06, \$39 in Q1/06, \$20 in Q4/05, \$41 in Q3/05, \$50 in Q2/05 and \$50 in Q1/05.

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## Record trading revenues

\$ millions



➤ Total trading revenues up 42% from a year ago primarily reflecting record trading results on improved market conditions and business expansion.

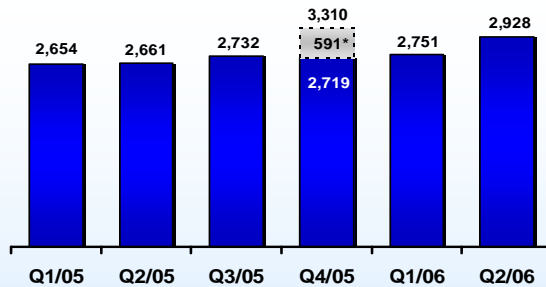
\* Non-GAAP financial measure – refer to discussion of the use of non-GAAP financial information on slide 45.

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## Non-interest expenses

\$ millions



➤ Increase vs. Q1/06 mainly reflects higher variable compensation costs, professional fees, staffing levels and marketing expenses

	Q2/06 vs. Q1/06		Q2/06 vs. Q2/05		Six months 2006 vs. Six months 2005	
Δ total NIE	\$ 177	6%	\$ 267	10%	\$ 364	7%
Impact of CAD vs. USD **	↓ 10		↓ 60		↓ 95	
Δ total NIE (excluding CAD/USD impact)	\$ 187	7%	\$ 327	12%	\$ 459	9%

\* \$591 million (pre-tax) provision for Enron Corp. litigation.

\*\* Translating current USD denominated results at the prior period U.S./Canadian exchange rates. See slide 43 for average exchange rates.

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## NIE increase driven by stronger business performance and costs to support growth initiatives

\$ millions

	Q2/06	Q2/05	Change Q2/06 vs. Q2/05
Variable compensation	\$ 751	\$ 562	\$ 189
Salaries	797	768	29
Benefits & retention comp.	284	289	(5)
Stock-based compensation	38	77	(39)
<b>Human resources</b>	<b>1,870</b>	<b>1,696</b>	<b>174</b>
<b>Professional fees</b>	<b>156</b>	<b>113</b>	<b>43</b>
<b>Marketing and public relations</b>	<b>79</b>	<b>58</b>	<b>21</b>
<b>Other Non-interest expenses</b>	<b>823</b>	<b>794</b>	<b>29</b>
<b>Non-interest expense</b>	<b>\$ 2,928</b>	<b>\$ 2,661</b>	<b>\$ 267</b>

- Higher variable compensation, mostly due to strong business performance in RBC Capital Markets
- Higher professional fees and marketing expenditures in support of business growth initiatives.
- Stock-based compensation decline reflects less significant share price appreciation and additional hedges on plans.

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## Good operating leverage in business segments

Q2/06 vs. Q2/05	Revenue growth	NIE growth	Operating leverage	Six months operating leverage
RBC Canadian P&B	6 %	3 %	3 %	4 %
RBC U.S. & International P&B	8	4	4	2
RBC Capital Markets	30	35	(5)	(6)
RBC Capital Markets (teb) excluding impact of VIEs*	39	35	4	(1)

\* RBC Capital Markets' revenue is on a taxable equivalent basis and excludes revenue related to other equity investors in consolidated variable interest entities (VIEs) which is fully offset in Non-controlling interest in net income of subsidiaries. This is a non-GAAP measure. See slide 42 for reconciliation.

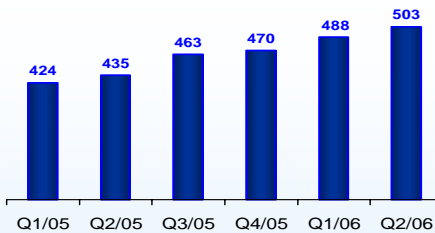
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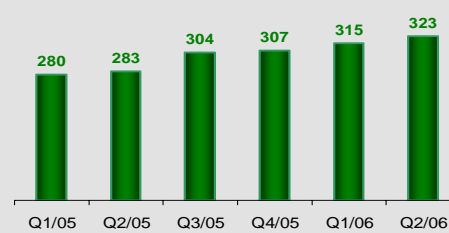
## Good balance sheet growth

\$ billions

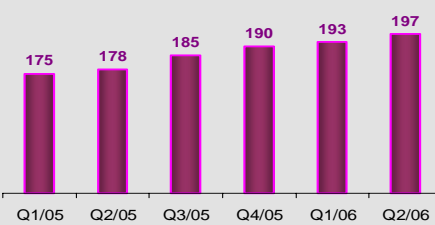
Total Assets



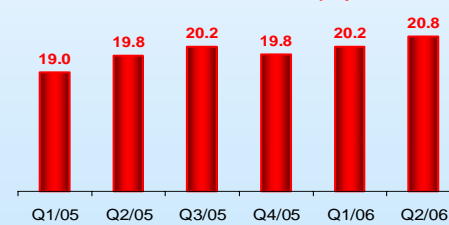
Total Deposits



Total loans, net of allowance for loan losses



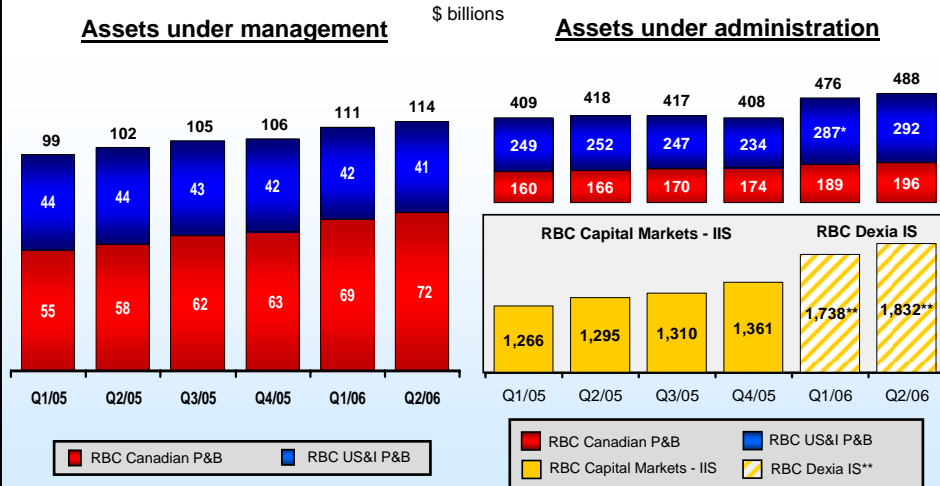
Total Shareholders' Equity



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## Solid growth of client assets under management and under administration

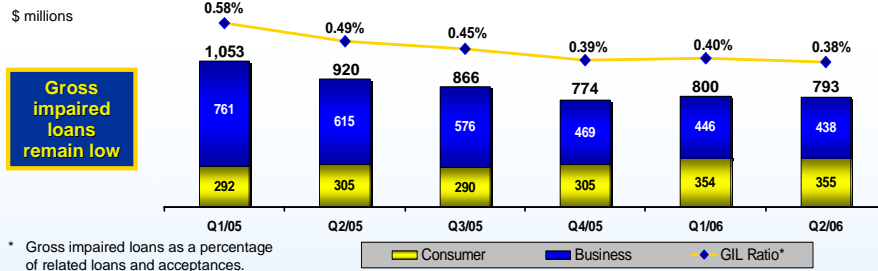


\* The acquisition of Abacus on November 30, 2005 increased RBC U.S. & International P&B's AUA by \$48 billion (US\$42 billion) or 20% in Q1/06.

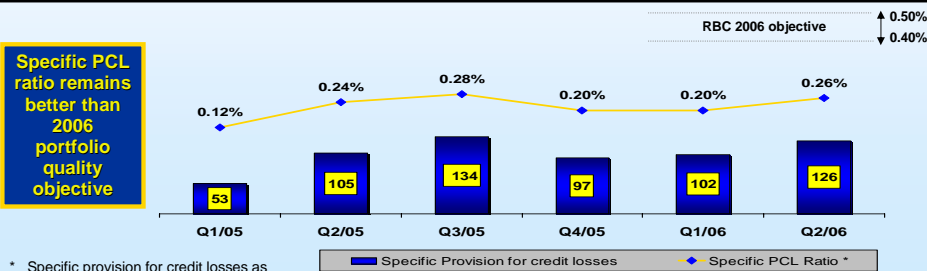
\*\* This amount represents AUA belonging to RBC Dexia IS of which RBC has a 50% ownership interest. As a result of the creation of RBC Dexia IS, RBC Capital Markets AUA were transferred to RBC Dexia on January 2<sup>nd</sup> 2006.



## Continued strong credit quality



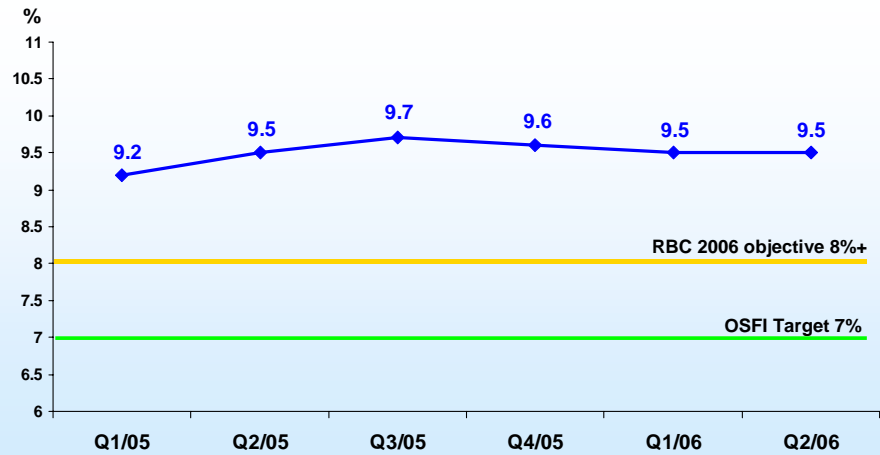
\* Gross impaired loans as a percentage of related loans and acceptances.



\* Specific provision for credit losses as % of average loans and acceptances.



## Tier 1 capital ratio remains strong



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## RBC Canadian Personal and Business segment ("RBC Canadian P&B")

Jim Westlake

Group Head

RBC Canadian Personal and Business





## Strong earnings growth over Q2/05

\$ millions	Q2/06	Growth vs.		Six months 2006	Growth vs. six months 2005
		Q1/06	Q2/05		
Total revenues	\$ 3,211	(3)%	6%	\$ 6,509	8%
Non interest expense (NIE)	1,533	2	3	3,035	4
Provision for credit losses (PCL)	168	18	6	310	19
Insurance policyholder benefits, claims & acquisition expense	619	(5)	0	1,271	6
<b>Net income</b>	<b>\$ 608</b>	<b>(9)%</b>	<b>16%</b>	<b>\$ 1,277</b>	<b>14%</b>

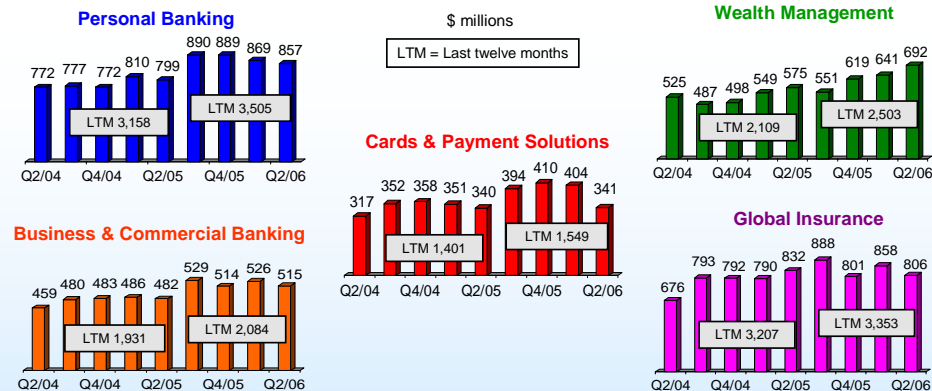
### Versus Q2/05

- Revenue growth in wealth management and banking businesses on strong volume growth and improved spreads on deposits, investments and credit cards.
- Operating leverage of 3%. Higher variable compensation and increased sales staff in support of our business growth contributed to NIE increase.
- PCL increase largely reflects volume growth in credit cards and personal loans.

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## Solid revenue growth in Wealth Management and Banking businesses vs. Q2/05



- Versus Q2/05 – Solid revenue growth in our Wealth Management and Banking businesses with Cards growth offset by the net impact of the adjustment for customer loyalty rewards program liability and agreement termination fee received. Global Insurance lower as our U.S. operations felt the impact of a stronger Canadian dollar and lower annuity sales.
- Versus Q1/06 – Strong growth in our Wealth Management business and agreement termination fee offset by the impact of fewer days in the quarter, adjustment to our customer loyalty reward program liability, and lower Global Insurance revenue.

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## Strong volume growth

\$ millions	Q2/06 Balances *	Growth over Q2/05
Residential mortgages**	\$ 99,000	↑ 13%
Personal loans	33,600	↑ 12%
Credit cards**	9,600	↑ 12%
Personal core deposits	32,500	↑ 3%
Personal investments (GICs + Mutual funds)	\$ 120,700	↑ 13%
<i>GICs</i>	56,800	↓ 1%
<i>Mutual funds (AUM)</i>	63,900	↑ 29%
Brokerage (AUA)	161,300	↑ 16%
Business deposits and GICs	\$ 46,800	↑ 14%
Business loans**	35,300	↑ 10%

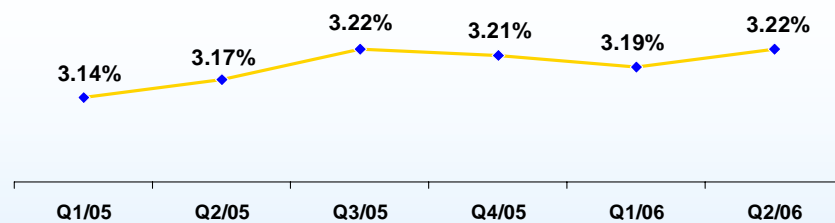
\* Average balances except for Personal investments (GICs and mutual fund assets under management) and brokerage assets under administration, which are spot balances.

\*\* Includes securitized assets.

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## RBC Canadian P&B net interest margin\* widened



### Net interest margin

- Widened from Q1/06 on improved spreads on personal deposits and investment products
- Widened from Q2/05 on improved spreads on deposits, personal investment products and credit cards, partially offset by lower spreads on loans reflecting competitive pricing pressures and rising rate environment

\* Net interest income as a percentage of average assets.

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## Continuing to execute on three strategic priorities to grow earnings

Optimize Distribution	Simplify Processes & Structures	Focus on High Return Products, Markets & Clients
<ul style="list-style-type: none"> <li>➤ RBC Insurance became the first company in Canada to offer Canadians nationwide the ability to obtain a quote and purchase personal property and auto insurance completely online.</li> <li>➤ Continued co-location initiative by opening new insurance outlet next to Royal Bank branch in Ontario.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increased credit scoring for small business for faster turn-around and improved consistency of credit decisions.</li> <li>➤ Launched a comprehensive resource for insurance representatives covering both the individual life and living benefits insurance sales process.</li> <li>➤ Introduced new consolidated RBC statements providing clients detailed information for multiple accounts.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Royal Mutual Funds Inc. eliminated sales charges on third party funds sold through our retail branch network to benefit our clients by providing greater flexibility and choice.</li> <li>➤ Launched new Speedpass with debit capability enabling RBC Royal Bank Client Card holders to instantly pay for purchases at Esso retail outlets from their RBC account without using their actual cards.</li> </ul>

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## RBC U.S. and International Personal and Business segment ("RBC U.S. & International")

Peter Armenio

Group Head, RBC U.S. & International

This business segment's results are from continuing operations



## Earnings in RBC U.S. & International up from Q2/05

C\$ millions	Q2/06	Growth vs.		Six months 2006	Growth vs. six months 2005
		Q1/06	Q2/05		
Total revenues	\$ 721	2 %	8 %	\$ 1,431	6 %
Non interest expense (NIE)	568	0	4	1,135	4
Provision for credit losses (PCL)	6	(40)	(60)	16	(45)
Net income	\$ 106	5 %	29 %	\$ 207	18 %

US\$ millions *	Q2/06	Growth vs.		Six months 2006	Growth vs. six months 2005
		Q1/06	Q2/05		
Total revenues	\$ 631	3 %	16 %	\$ 1,246	12 %
Non interest expense (NIE)	498	2	12	988	11
Provision for credit losses (PCL)	5	n.m.	n.m.	14	n.m.
Net income	\$ 92	5 %	39 %	\$ 180	26 %

### Versus Q2/05 (in US\$)

- Net income up sharply driven by strong revenue growth due to higher business volumes – loans, deposits and client assets under administration.
- Operating leverage of 4%. NIE growth mainly due to inclusion of Abacus, higher project-related costs in support of business growth, and higher variable compensation on stronger business performance.
- Continued good credit quality.

\* US\$/C\$ exchange rates are shown on slide 44.

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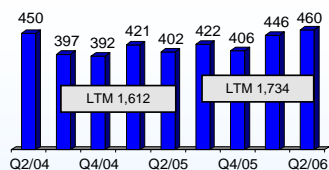


## Solid growth in revenues

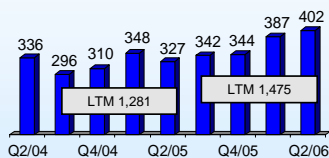
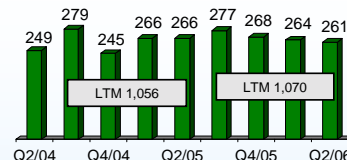
### Wealth Management

LTM = Last twelve months

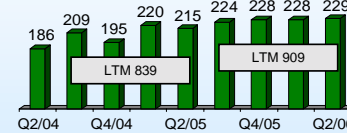
### Banking



C\$ millions



US\$ millions



### Versus Q2/05 (in US\$)

- Wealth Management revenue up 23%, mainly due to inclusion of Abacus, growth in fee-based assets at RBC Dain Rauscher, and higher securities brokerage commissions in Global Private Banking. Revenue this quarter also included \$7 million net gain at RBC Dain Rauscher on the exchange of NYSE seats for NYX shares.
- Banking revenue up 7%, reflecting strong loan and deposit growth at RBC Centura and Caribbean.

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## Executed strategies in Q2/06 to grow business

in U.S.\$

Focus on businesses, business owners and professionals to build a leading banking position in the Southeast U.S. market



- ✓ RBC Centura's new personal chequing accounts are up 24% and new commercial accounts are up 21% over Q1/06.
- ✓ RBC Centura introduced two highly competitive equity line product offerings (HELOC & HELOAN) and also launched its Platinum Visa Card for Global Private Banking customers.

Enhance our market position in the Caribbean



- ✓ Caribbean banking generated strong revenue growth over Q2/05 driven by sales management and focus on client experience.

Deliver a broad range of integrated advisory and balance sheet solutions for our wealth management clients across the U.S. and globally



- ✓ RBC Dain Rauscher's fee-based programs continued to grow significantly with assets of US\$25B, up 38% over a year ago.
- ✓ RBC Dain Rauscher's AUA hit a record US\$125B.



- ✓ GPB opened an International Centre in Montreal with 16 financial professionals to meet growing demand from internationally-based clients with family or business interests in Canada.

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## RBC Capital Markets

Chuck Winograd

Group Head, RBC Capital Markets

Business segment results from Continuing Operations





## Record earnings in RBC Capital Markets

C\$ millions	Q2/06	Growth vs.		Six months 2006	Growth vs. six months 2005
		Q1/06	Q2/05		
Total revenue (teb)*	\$ 1,337	32 %	35 %	\$ 2,350	12 %
Non interest expense (NIE)	835	22	35	1,521	15
Provision for (recovery of) credit losses	(23)	n.m.	n.m.	(108)	n.m.
Net income	\$ 433	31 %	47 %	\$ 763	36 %

### Versus Q2/05

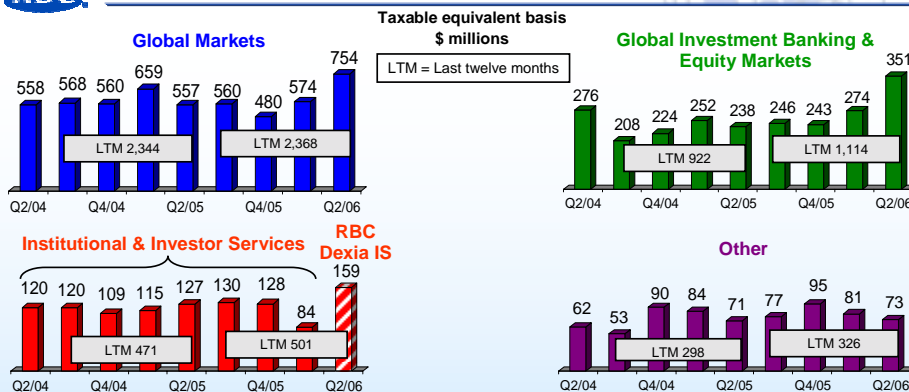
- Net income rose sharply resulting from record trading results, strong M&A activity, and a lower effective tax rate.
- Revenues included net gains on the exchange of our NYSE seats for NYX shares and unfavourable trading revenue related to our consolidated VIEs offset in Non-controlling interest in net income of subsidiaries.
- NIE rose primarily due to increased variable compensation reflecting strong business performance.

\* Taxable equivalent basis. This is a Non-GAAP measure. See slide 42 for a reconciliation.

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## Revenue growth across all of our major business lines



### Versus Q2/05

- *Global Markets* revenues up substantially due to stronger trading results across all product categories offset by lower debt origination levels in the US.
- *Global Investment Banking and Equity Markets* revenues increased mainly on strong M&A revenue in Canada, net gains from the exchange of our NYSE seats for NYX shares and higher commission revenue.
- *RBC Dexia IS* first full quarter resulted in strong revenues in custody and administration from strong market activity
- *Other* revenues were flat.

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## Making progress against our strategic goals

Undisputed leader in Canada



✓ Lead role for two significant M&A transactions announced in the quarter: EnCana's US\$1.5B sale of its gas storage business and the C\$11.5B creation of a new regional wireline income trust by BCE and Aliant.

Top-tier provider to U.S. mid-market



✓ Acted as joint bookrunner to help HRPT, a REIT with U.S. properties, issue \$400MM in floating rate notes.

Global structurer and trader for retail and wholesale clients



✓ US\$35MM commodity-linked notes largest ever done by RBC Capital Markets to date with the majority sold through the RBC Dain Rauscher retail network.

Leading global fixed income bank



✓ Underwrote US\$450MM credit facilities for a Macquarie Bank led consortium to support the \$860MM acquisition of US-based water utility company  
✓ Finished top 10 in all global project finance categories in 2005. Moved into 6<sup>th</sup> position in the EMEA market and into 5<sup>th</sup> place for advisory mandates won (*Project Finance International*).

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**RBC  
Financial  
Group**

## Appendix





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

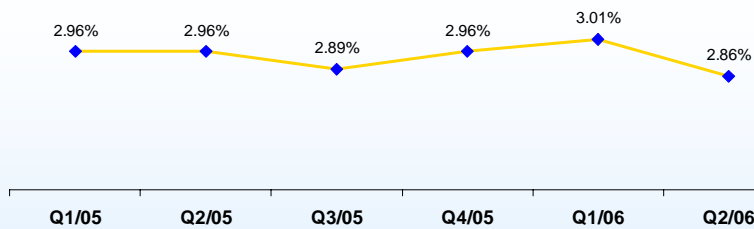
	Rank #	Market share Feb-06
Residential mortgages	1	15.51%
Personal loans <sup>2</sup>	2	13.57%
Credit cards <sup>2</sup>	2	15.93%
Total loans ( <i>res.mortgages, pers.loans, credit cards</i> )	1	15.03%
Personal core deposits and investments	1	12.34%
Personal core deposits	2	13.86%
Personal investments (GICs and Mutual funds)	1	11.91%
Full service brokerage (AUA) <sup>3</sup>	1	21.58%
Business loans	1	12.20%
Business deposits <sup>4</sup>	1	19.99%
	Rank #	Market share Jan-06
Creditor Insurance	1	28%
Individual Living Benefits <sup>3</sup>	1	33% <sup>3</sup>

1. Market share rank among financial institutions in Canada. Source: RBC Financial Group.
2. Ranking reflects combined Personal Loans and Credit Cards.
3. Information reported on a calendar quarter lag based on survey data. Market share at December 2005.
4. Market share of all banks (excluding other FIs).

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## U.S. & International net interest margin\*



### Net interest margin (vs. Q2/05 and Q1/06):

- > Decline due to increase in low yielding assets in Wealth Management
- > Banking net interest margin relatively stable despite flat yield curve and competitive pricing

\* Net interest income as a percentage of average assets.

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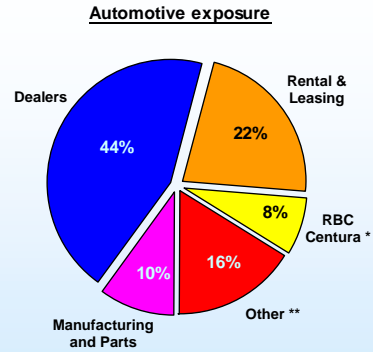


## Automotive exposure

### Loans and acceptances

\$ millions

Sector	at April 30, 2006
Dealers	1,365
Rental & Leasing	685
Manufacturing and Parts	309
RBC Centura*	228
Other**	495
<b>Total</b>	<b>\$ 3,082</b>



**Gross impaired loans \$3 million**

\* Includes exposure to all automotive sectors.

\*\* Other includes Captive Finance, Automotive Services, Automotive Wholesale, and Miscellaneous.

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## Details on credit protection portfolio

Industry (\$ millions)	Buy *	Sell *
Automotive	\$ 170	\$ 6
Consumer goods	-	91
Energy	319	7
Financial services	450	-
Forest products	11	-
Industrial products	-	35
Holding & investment	35	-
Mining & metals	95	-
Other services	39	-
Telecommunication and media	33	6
Transportation & environmental	84	-
Other	425	141
<b>Total</b>	<b>\$ 1,661</b>	<b>286</b>
Total Investment grade	1,465	286
Total Non-investment grade	196	-

\* Net of off-setting buys and sells in the amount of \$ 316 MM.

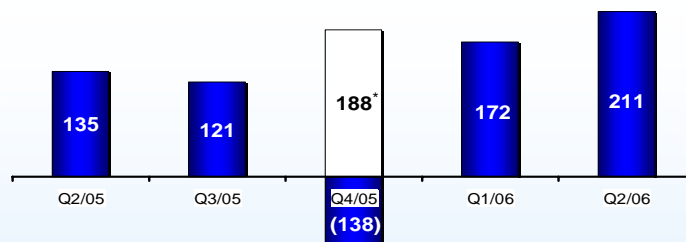
40



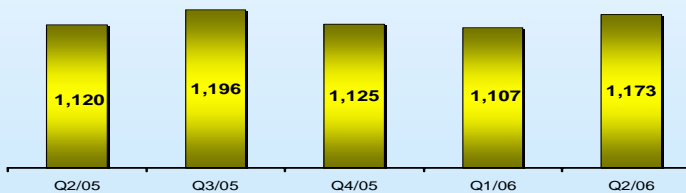
## U.S. geographic results

(C\$ millions)

### Net income – continuing operations



### Revenues – continuing operations



\* Excludes provision for Enron Corp. litigation of \$591 million pre-tax (\$326 million after-tax), which is a non-GAAP measure – refer to discussion of the use of non-GAAP financial information on slide 45.

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## Reconciliation of RBC Capital Markets' total revenues (teb)\* and VIEs\*

C\$ millions	Q2/06		Q1/06		Q2/05		Six months 2006		Six months 2005	
	GAAP	teb/VIEs	GAAP	teb/VIEs	GAAP	teb/VIEs	GAAP	teb/VIEs	GAAP	teb/VIEs
Net interest income	\$ (13)	\$ (13)	\$ 31	\$ 31	\$ 146	\$ 146	\$ 18	\$ 18	\$ 332	\$ 332
Taxable equivalent basis (teb) adjustment	-	80	-	37	-	27	-	117	-	51
Net interest income	\$ (13)	\$ 67	\$ 31	\$ 68	\$ 146	\$ 173	\$ 18	\$ 135	\$ 332	\$ 383
Non interest income	1,270	1,270	945	945	820	820	2,215	2,215	1,720	1,720
<b>Total revenue</b>	<b>\$ 1,257</b>	<b>\$ 1,337</b>	<b>\$ 976</b>	<b>\$ 1,013</b>	<b>\$ 966</b>	<b>\$ 993</b>	<b>\$ 2,233</b>	<b>\$ 2,350</b>	<b>\$ 2,052</b>	<b>\$ 2,103</b>
Negative (positive) revenue impact related to VIEs offset in Non-controlling interest **	-	35	-	8	-	(6)	-	43	-	(12)
<b>Total revenue excluding VIEs</b>	<b>-</b>	<b>\$ 1,372</b>	<b>-</b>	<b>\$ 1,021</b>	<b>\$ 987</b>		<b>\$ 2,393</b>		<b>\$ 2,091</b>	

\* Non-GAAP financial measure – refer to discussion of the use of non-GAAP financial information on slide 45.

\*\* Represents revenue attributed to other equity investors of consolidated VIEs offset in Non-controlling interest in net income of subsidiaries.

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

FX Impact on	Q2/06 vs. Q1/06	Q2/06 vs. Q2/05	YTD 2006 vs. YTD 2005
Total revenues *	↓ 20	↓ 115	↓ 175
Non-interest expense *	↓ 10	↓ 60	↓ 95
Net income *	↓ 5	↓ 35	↓ 50
Net income (total)	↓ 5	↓ 34	↓ 49
EPS – diluted * (\$/share)	0.00	↓ 0.03	↓ 0.04
EPS – diluted (\$/share)	0.00	↓ 0.03	↓ 0.04

Value of C\$1.00 in USD	Q2/06	Q1/06	Q2/05
Average	\$0.877	\$0.865	\$0.811
Period end	\$0.894	\$0.878	\$0.795

Translating US\$ denominated results using average C\$/US\$ exchange rates for respective periods.

\* From continuing operations.

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## U.S. & International U.S. dollar denominated revenue

Q2/06 (C\$ millions)	Growth vs. Q1/06	Growth vs. Q2/05	Growth vs. YTD 2005
Impact of U.S. vs. Canadian dollar translation			
<b>Total revenues*</b>	\$ (7)	\$ (45)	\$ (72)
<b>Net income*</b>	\$ (1)	\$ (7)	\$ (11)

Value of C\$1.00 in USD	Q2/06	Q1/06	Q2/05
Average	\$0.877	\$0.865	\$0.811
Period end	\$0.894	\$0.878	\$0.795

\* From continuing operations.

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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 Total trading revenues, revenues on a taxable equivalent basis (teb), do not have any standardized meaning prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures presented by other companies.

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

Additional information about our non-GAAP financial measures can be found under "Key Financial Measures (Non-GAAP)" in our Q2 2006 Report to Shareholders.