



## Highlights of Third Quarter 2006 Results

August 25, 2006

Financial information is in Canadian dollars and is based on Canadian GAAP, unless otherwise indicated.



### Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the *United States Private Securities Litigation Reform Act of 1995* and 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, outlooks, 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 factors and assumptions and inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, factors and 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; reputational 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 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.

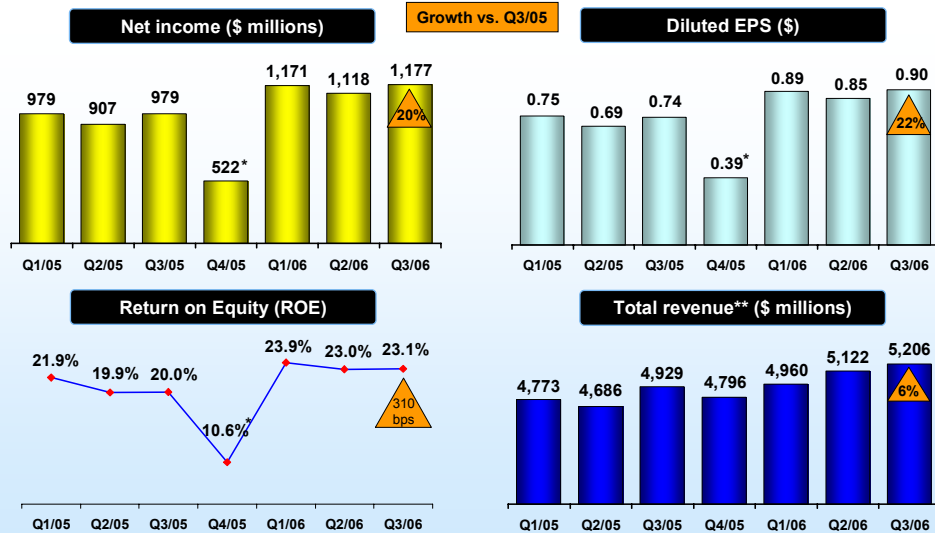
We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Royal Bank of Canada, investors and others should carefully consider the foregoing factors and other uncertainties 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



## Record earnings and revenue



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

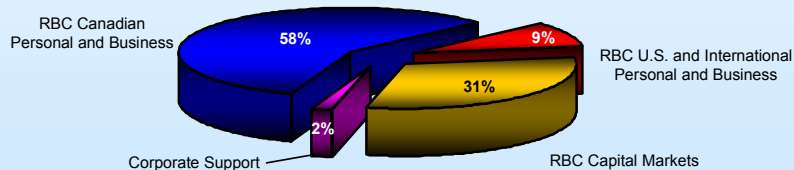
\*\* From continuing operations



## All three business segments contributed to our strong earnings growth

Net Income (\$ millions)	Q3/06		Growth vs. Q3/05		Nine months 2006		Growth vs. nine months 2005	
RBC Canadian Personal and Business	\$ 742	\$ 63	9%		\$ 2,019	\$ 219	12%	
RBC U.S. and International Personal and Business	111	31	39		318	63	25	
RBC Capital Markets	329	74	29		1,092	275	34	
Corporate Support	12	25	n.m.		65	43	n.m.	
Continuing operations	\$ 1,194	\$ 193	19%		\$ 3,494	\$ 600	21%	
Discontinued operations	(17)	5	n.m.		(28)	1	n.m.	
<b>Total Net income</b>	<b>\$ 1,177</b>	<b>\$ 198</b>	<b>20%</b>		<b>\$ 3,466</b>	<b>\$ 601</b>	<b>21%</b>	

**% of Net income from continuing operations (nine months)**



n.m. - not meaningful

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## Continued to successfully execute on our strategic goals

To be the undisputed leader in financial services in Canada

- ✓ RBC was named the most valuable brand in Canada in the first annual ranking of the Best Canadian Brands 2006. (*Interbrand*).
- ✓ RBC Asset Management marked its 35<sup>th</sup> consecutive month of long term fund net sales in excess of \$100MM in July.
- ✓ RBC Capital Markets won *Euromoney* Awards for Excellence: Best Canadian Debt House, Best Canadian M&A House & Best Canadian Equity House.

To build on our strengths in banking, wealth management and capital markets in the United States

- ✓ RBC Centura announced its intention to acquire Atlanta-based Flag Financial Corporation, which has 17 banking centres in metro Atlanta, and central and western Georgia (*announced August 9<sup>th</sup>*).
- ✓ RBC Dain Rauscher expanded with new offices in Washington and Texas, and accelerated recruiting of experienced financial consultants across the country.
- ✓ RBC Capital Markets was co-leader in U.S. municipal league tables by number of negotiated issues in the first 6 months of calendar 2006. (*Thomson Financial*).

To be a premier provider of selected global financial services

- ✓ Global Private Banking continued to rapidly grow its distribution network by adding almost 100 client-facing professionals around the world so far this year (half coming from the Abacus acquisition).
- ✓ RBC Capital Markets' Multi-Strategy Fund Index (part of RBC Hedge 250 Index) placed amid the top four funds in highest returns among individual hedge fund strategies. (*Pension & Investments* magazine).
- ✓ RBC Capital Markets opened an office in Edinburgh, Scotland to strengthen our Scottish presence following Global Private Banking's acquisition of Abacus.

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## Tracking well to meet most 2006 objectives

	2006 Objectives	Nine-month Performance
Diluted earnings per share growth <sup>(1)</sup>	20%+	21.7%
Return on common equity (ROE)	20%+	23.3%
Revenue growth	6-8%	6%
Operating leverage <sup>(2)</sup>	>3%	0%
Portfolio quality <sup>(3)</sup>	.40-.50%	.21%
Tier 1 capital ratio	8%+	9.6%
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.

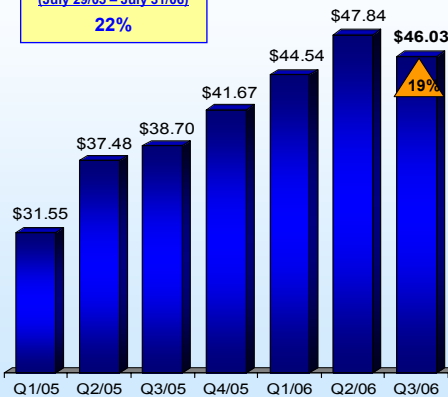
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## Strong year-over-year returns to shareholders

### RBC Share Price Performance

1-year TSR\*  
(July 29/05 – July 31/06)  
22%

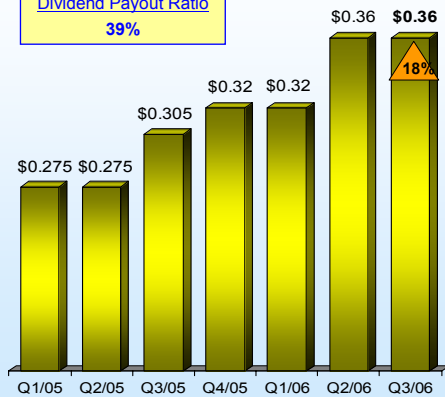


Growth vs. Q3/05

### RBC Common Share Dividends

Nine-month 2006  
Dividend Payout Ratio  
39%

Dividend increase  
for Q4/06  
4 cents to \$0.40



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

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# Q3/06

## Financial & Asset Quality Review

**Barbara Stymiest**  
**Chief Operating Officer**

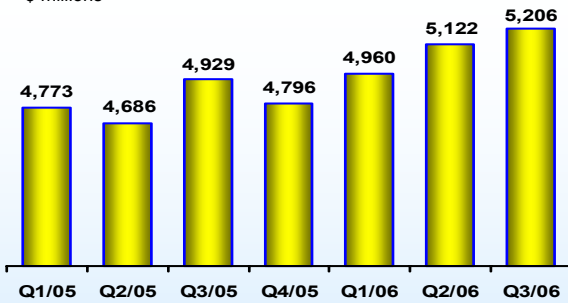


The following results are from continuing operations, which exclude the results of our discontinued operations, RBC Mortgage Company

### Revenue continued to grow



\$ millions



- Growth of 6% vs. Q3/05 driven by strong trading results on improved market conditions and strong volume growth in wealth management and banking businesses.
- Growth of 2% vs. Q2/06 largely driven by growth in our corporate and retail banking businesses.

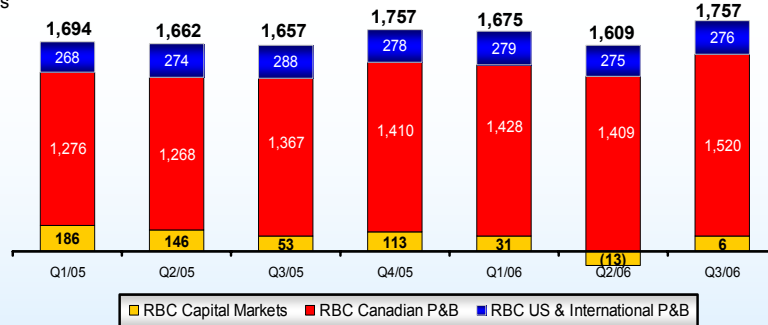
	Q3/06 vs. Q2/06		Q3/06 vs. Q3/05		Nine months 2006 vs. nine months 2005	
Δ total revenues	\$ 84	2%	\$ 277	6%	\$ 900	6%
Impact of CAD vs. USD *	↓ 35		↓ 160		↓ 335	
Δ total revenues* (excluding CAD/USD impact)	\$ 119	2%	\$ 437	9%	\$ 1,235	9%

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



## Net interest income\* up 6% vs. Q3/05

\$ millions



- RBC Canadian P&B's net interest income rose 11% due to strong loan growth and improved spreads on deposits and investments.
- RBC US & I P&B's net interest income declined due to the negative translation impact of the stronger Canadian dollar. In US dollars, net interest income improved 6% on solid loan and deposit growth.
- RBC Capital Markets' net interest income declined primarily due to higher funding costs related to certain equity trading strategies.

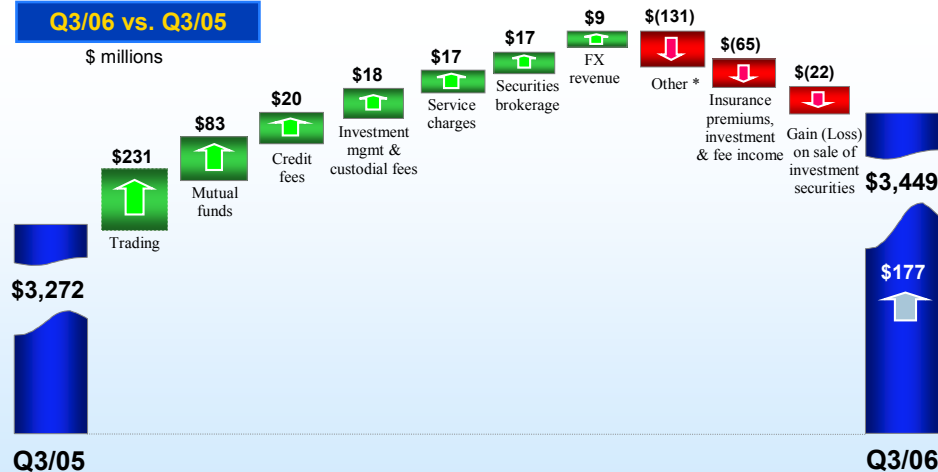
\* Total net interest income includes Corporate Support of (\$45) in Q3/06, (\$62) in Q2/06, (\$63) in Q1/06, (\$44) in Q4/05, (\$51) in Q3/05, (\$26) in Q2/05 and (\$36) in Q1/05.



## Non-interest income up 5% vs. Q3/05

Q3/06 vs. Q3/05

\$ millions

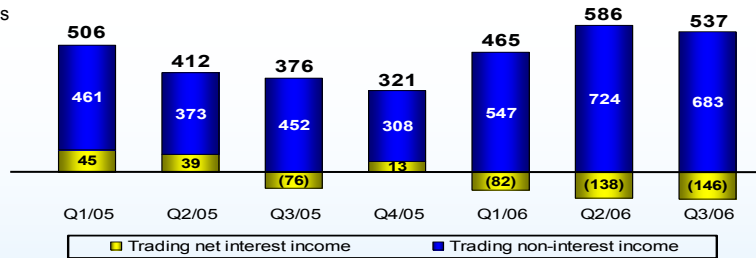


\* Other (-\$131) includes: Underwriting and other advisory fees (+\$2), Card service revenue (\$0), Securitization revenue (-\$4), Other (-\$129).



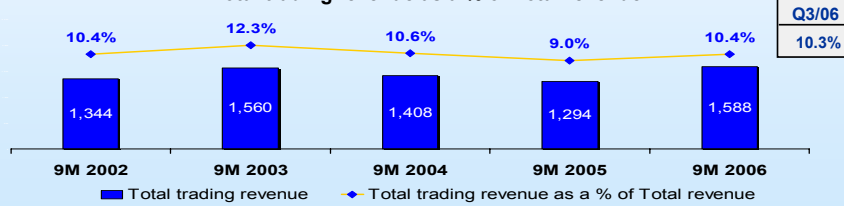
## Total trading revenue\* remains strong & stable

\$ millions



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

### Total trading revenue as a % of Total revenue

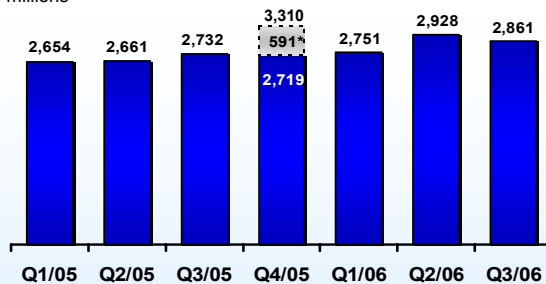


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## Non-interest expenses controlled

\$ millions



➤ Increase of 5% vs. Q3/05 largely due to variable compensation reflecting strong business performance and higher costs in support of growth initiatives

➤ Decrease of 2% vs. Q2/06 largely reflects lower variable compensation, primarily in RBC Capital Markets

	Q3/06 vs. Q2/06		Q3/06 vs. Q3/05		Nine months 2006 vs. nine months 2005	
Δ total NIE	\$ (67)	(2)%	\$ 129	5%	\$ 493	6%
Impact of CAD vs. USD **	↓ 15		↓ 75		↓ 170	
Δ total NIE (excluding CAD/USD impact)	\$ (52)	(2)%	\$ 204	7%	\$ 663	8%

\* \$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

\$ millions	Q3/06	Q3/05	Change Q3/06 vs. Q3/05
Variable compensation	\$ 716	\$ 587	\$ 129
Salaries	832	799	33
Benefits & retention comp.	272	273	(1)
Stock-based compensation	28	56	(28)
<b>Human resources</b>	<b>1,848</b>	<b>1,715</b>	<b>133</b>
<b>Professional fees</b>	<b>159</b>	<b>132</b>	<b>27</b>
<b>Marketing and public relations</b>	<b>74</b>	<b>57</b>	<b>17</b>
<b>Other Non-interest expenses</b>	<b>780</b>	<b>828</b>	<b>(48)</b>
<b>Non-interest expense</b>	<b>\$ 2,861</b>	<b>\$ 2,732</b>	<b>\$ 129</b>

- Higher variable compensation reflects strong business performance.
- Increased staffing levels and higher professional fees and marketing and advertising costs in support of growth initiatives.

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## Operating leverage negatively impacted by several factors

Reported Q3/06 vs. Q3/05	Revenue growth	NIE growth	Operating leverage	Nine months operating leverage
RBC Canadian P&B	4%	6%	(2)%	2%
RBC U.S. & International P&B	0	(1)	1	1
RBC Capital Markets	15	10	5	(2)
RBC	6%	5%	1%	0%

- RBC Canadian P&B's insurance revenue impacted by items which are largely offset in the Insurance policyholder benefits, claims and acquisitions expense line (e.g. lower income from investments backing certain life policies, and impact of a weak U.S. currency on our U.S. Life operations).
- RBC Capital Markets revenue is affected by consolidated VIEs (includes revenue related to other equity investors which is offset in Non-controlling interest) and is higher on a taxable equivalent basis (teb).

Adjusting for noted factors Q3/06 vs. Q3/05	Revenue growth	NIE growth	Operating leverage	Nine months operating leverage
RBC Canadian P&B excluding Global Insurance *	9%	6%	3%	5%
RBC Capital Markets (teb) excluding impact of VIEs *	13	10	3	1
RBC after adjustments *	8	5%	3%	2%

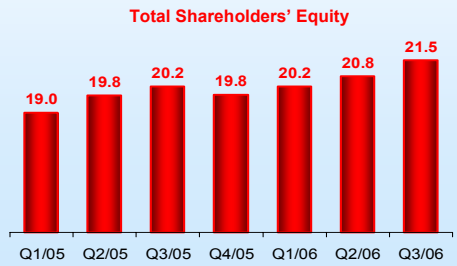
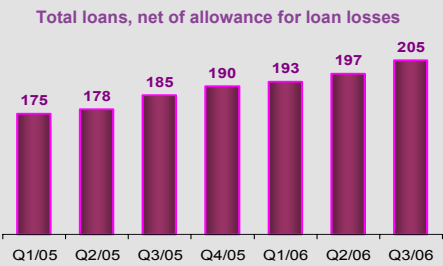
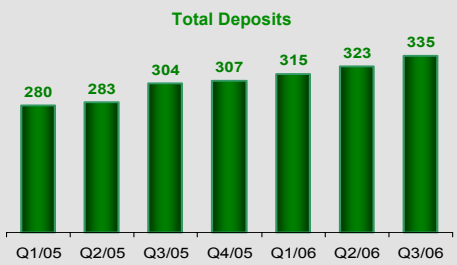
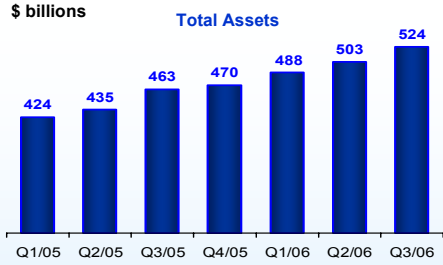
\* Non-GAAP financial measure – refer to reconciliation to GAAP measures on slide 42. As the impact of consolidated VIEs to expenses are not viewed as material, we have only adjusted for the revenue attributed to other equity investors.

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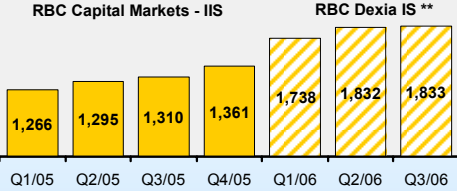
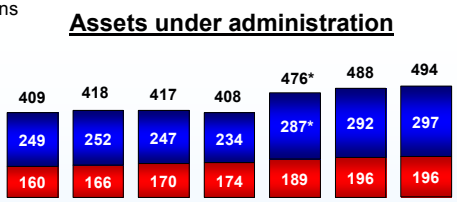
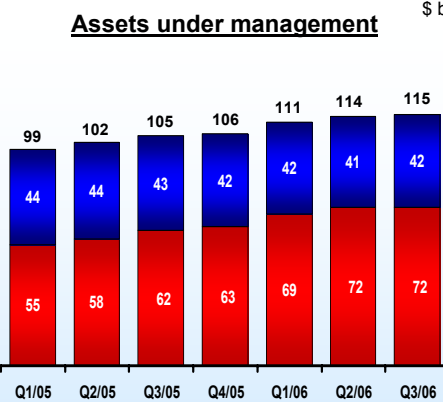




## Good balance sheet growth



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



■ RBC Canadian P&B    ■ RBC US&I P&B

■ RBC Canadian P&B    ■ RBC US&I P&B  
 ■ RBC Capital Markets - IIS    ■ RBC Dexia IS\*\*

\* 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.

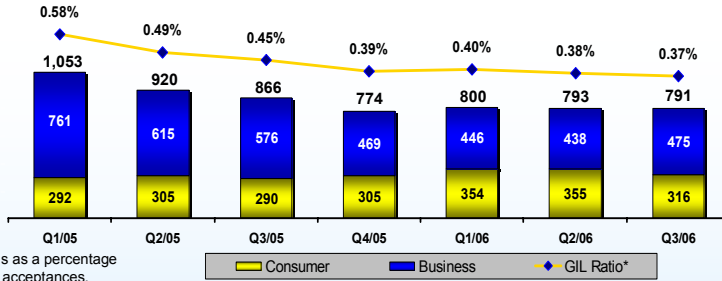
\*\* This amount represents AUA belonging to RBC Dexia IS of which RBC has a 50% ownership interest. As a result of the creation of RBC Dexia IS, RBC Capital Markets AUA were transferred to RBC Dexia on January 2<sup>nd</sup> 2006. Since RBC Dexia reports on a 1 month lag basis, its Q3/06 AUA is as at June 30, 2006.



## Continued credit quality strength

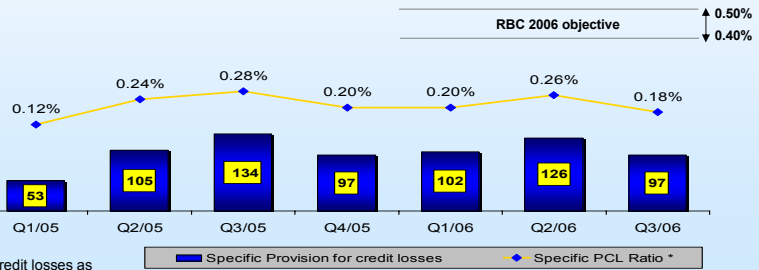
\$ millions

Gross impaired loans remain low



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

Specific PCL ratio significantly better than 2006 portfolio quality objective

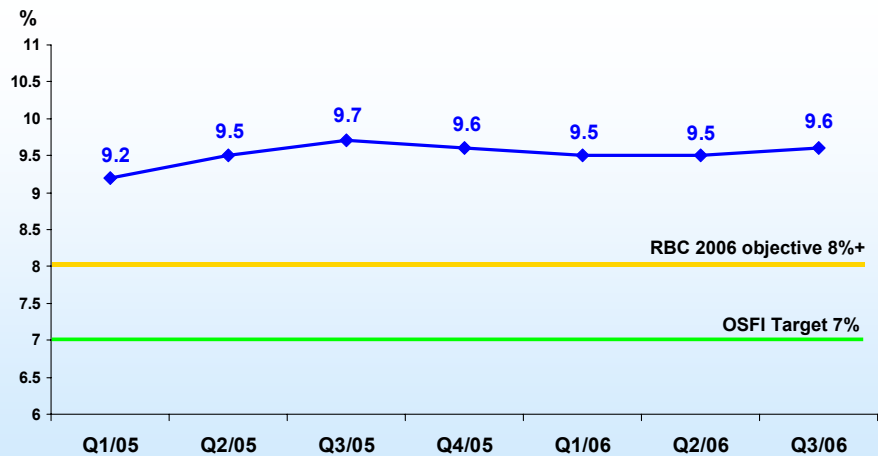


\* Specific provision for credit losses as % of average loans and acceptances.

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## 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



## Record earnings in Q3/06



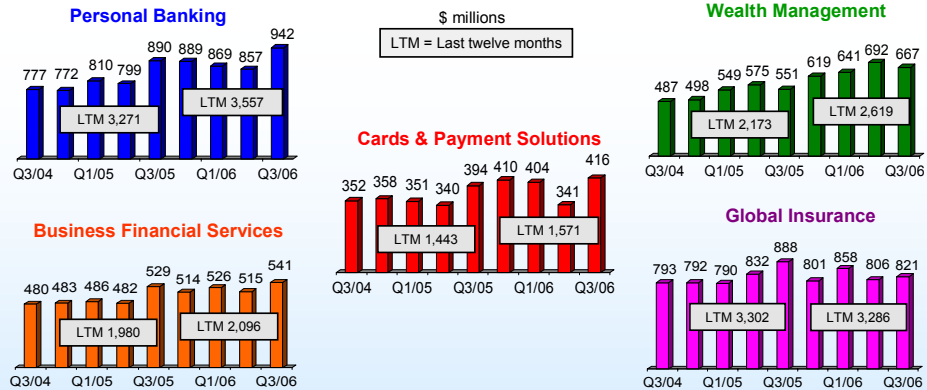
\$ millions	Q3/06	Growth vs.		Nine months 2006	Growth vs. nine months 2005
		Q2/06	Q3/05		
Total revenues	\$ 3,387	5%	4%	\$ 9,896	7%
Non-interest expense (NIE)	1,539	0	6	4,574	5
Provision for credit losses (PCL)	121	(28)	(15)	431	7
Insurance policyholder benefits, claims & acquisition expense	627	1	(8)	1,898	1
<b>Net income</b>	<b>\$ 742</b>	<b>22%</b>	<b>9%</b>	<b>\$ 2,019</b>	<b>12%</b>

### Versus Q3/05

- Net income growth driven by strong growth in wealth management and banking businesses and lower provisions for credit losses.
- Non-interest expense up mainly as a result of higher variable compensation due to stronger business performance, higher levels of sales personnel and higher marketing and advertising costs in support of business growth.
- PCL decline largely reflects the impairment of a commercial account in the prior year and lower business provisions this quarter.



## Solid revenue growth in Wealth Management, Banking and Cards businesses vs. Q3/05



- **Versus Q3/05** – Revenues grew 4% driven by volume and balance growth and improved spreads in our wealth management and banking businesses. It increased despite lower revenue in our insurance business and the \$37 million favourable accounting adjustment in the prior period related to an investment.
- **Versus Q2/06** – Revenues increased 5% as a result of three additional days in the quarter, improved margins and solid volume growth in our banking businesses. The traditional summer slowdown resulted in lower transaction volumes in our full-service and self-directed brokerage businesses.

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## Good volume growth

\$ millions	Q3/06 Balances *	Growth over Q3/05
Residential mortgages**	\$ 102,300	↑ 14%
Personal loans	34,800	↑ 12%
Credit cards**	10,100	↑ 13%
Personal core deposits	32,700	↑ 1%
Personal investments (GICs + Mutual funds)	\$ 122,100	↑ 10%
<i>GICs</i>	57,800	↑ 1%
<i>Mutual funds (AUM)</i>	64,300	↑ 20%
Brokerage (AUA)	161,400	↑ 13%
Business deposits and GICs	\$ 49,700	↑ 16%
Business loans**	36,400	↑ 12%

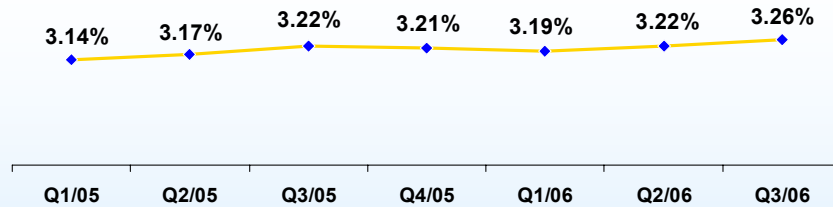
\* Average balances except for Personal investments (GICs and mutual fund assets under management) and brokerage assets under administration, which are spot balances.

\*\* Includes securitized assets.

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## Margins widened in RBC Canadian P&B



### Net interest margin

- Widened from Q3/05 reflecting improved spreads on deposits and personal investment products, partially offset by lower spreads on loans due to competitive pricing pressures and higher interest rate environment.
- Widened from Q2/06 on higher deposit and mortgage spreads.

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



## 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 opened two new RBC Insurance branches in Ontario to make it easy for clients who prefer face-to-face contact with a licensed insurance advisor.</li> <li>➢ We also received permission to open our first representative office in Beijing, China.</li> </ul>	<ul style="list-style-type: none"> <li>➢ We introduced the RBC No Limit Account, a new high volume transaction account offering significant savings to those who rely on the convenience of debit cards.</li> <li>➢ RBC Insurance merged Liberty Life Insurance Company and Business Men's Assurance Company of America (BMA) elevating market profile and creating efficiencies to serve clients more effectively.</li> </ul>	<ul style="list-style-type: none"> <li>➢ RBC Asset Management announced a series of changes within the RBC Funds lineup, including a reduction in management fees and balance requirements to provide greater value and accessibility to our products.</li> <li>➢ We launched the new RBC Rewards Visa Gold card which allows cardholders to enjoy a premium no annual fee Visa Card with a wide selection of rewards.</li> </ul>

## 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



### Strong earnings growth vs. Q3/05 in spite of F/X impact

C\$ millions	Q3/06	Growth vs.		Nine months 2006	Growth vs. Nine months 2005
		Q2/06	Q3/05		
Total revenues	\$ 701	(3) %	0 %	\$ 2,132	4 %
Non-interest expense (NIE)	550	(3)	(1)	1,685	2
Provision for credit losses (PCL)	5	(17)	(72)	21	(55)
Net income	\$ 111	5 %	39 %	\$ 318	25 %

US\$ millions *	Q3/06	Growth vs.		Nine months 2006	Growth vs. Nine months 2005
		Q2/06	Q3/05		
Total revenues	\$ 628	0 %	11 %	\$ 1,874	12 %
Non-interest expense (NIE)	492	(1)	10	1,480	10
Provision for credit losses (PCL)	4	n.m.	n.m.	18	n.m.
Net income	\$ 99	8 %	52 %	\$ 279	34 %

#### Versus Q3/05 (in US\$)

- Net income increase driven by strong revenue growth in Wealth Management and solid revenue growth and improved credit quality in Banking. The prior period also reflected a US\$11 million tax provision related to the disposition of our discontinued operations, partially offset by an insurance recovery of US\$5 million after-tax.
- Non-interest expense increase largely reflects the inclusion of Abacus and higher variable compensation, primarily in Wealth Management on stronger revenue.
- PCL decline reflected improved credit quality in our loan portfolio at RBC Centura.

\* US\$/C\$ exchange rates are shown on slide 43.  
n.m. not meaningful

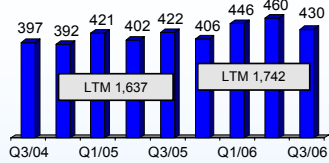


## U.S. dollar revenue growth in both business lines

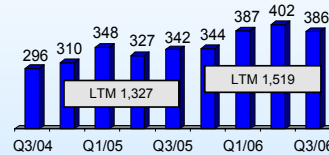
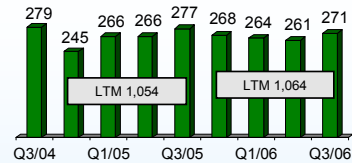
### Wealth Management

LTM = Last twelve months

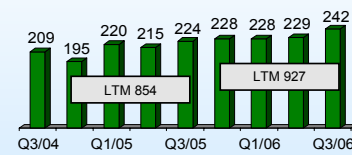
### Banking



C\$ millions



US\$ millions



#### Versus Q3/05 (in US\$)

- Wealth Management revenue higher mainly due to the inclusion of Abacus, higher securities brokerage commissions in Global Private Banking and growth in fee-based client assets at RBC Dain Rauscher. Partly offset by a loss this quarter, compared to a gain in the prior year, on the mark-to-market of certain securities held to economically hedge the stock-based compensation plan at RBC Dain Rauscher.
- Banking revenue increase reflects solid growth in loan and deposit volumes and fee-based activities.

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## Executed strategies in Q3/06 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 announced its intention to acquire Flag Financial Corporation, which has 17 banking centres in metro Atlanta, and central and western Georgia. Flag's presence in Georgia and its distinct business banking capability are ideally aligned with RBC Centura's strategic focus.

Enhance our market position in the Caribbean



- ✓ Caribbean banking generated strong revenue growth over Q3/05 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 expanded with new offices in Washington and Texas, and accelerated recruiting of experienced financial consultants across the country.



- ✓ Global Private Banking continued to rapidly grow its distribution network by adding almost 100 client-facing professionals around the world so far this year (half coming from Abacus acquisition).

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## RBC Capital Markets

Chuck Winograd  
Group Head, RBC Capital Markets



## Continued to generate strong earnings

C\$ millions	Q3/06	Growth vs.		Nine months 2006	Growth vs. nine months 2005
		Q2/06	Q3/05		
Total revenue (teb)*	\$ 1,183	(12) %	17 %	\$ 3,533	13 %
Non-interest expense (NIE)	767	(8)	10	2,288	13
Recovery of credit losses	7	n.m.	n.m.	115	n.m.
Net income	\$ 329	(24) %	29 %	\$ 1,092	34 %

### **Versus Q3/05**

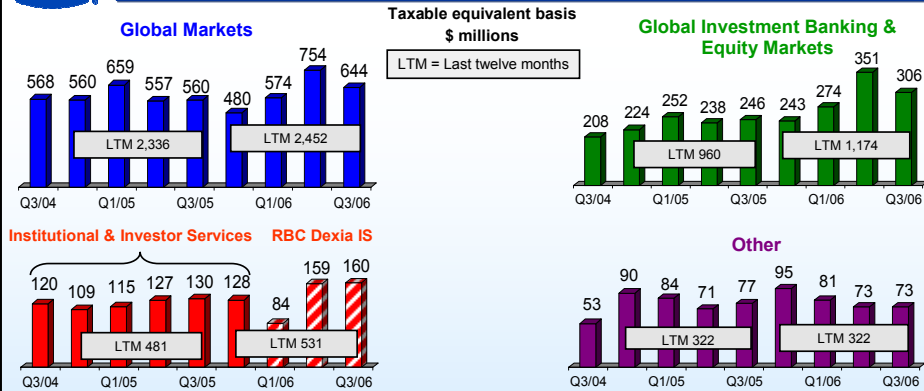
- Net income increase primarily reflects higher trading revenue due to improved market conditions and business expansion.
- Non-interest expense higher mainly due to higher variable compensation on strong business performance.
- Credit quality remained strong.

\* Taxable equivalent basis. This is a Non-GAAP measure. See slide 41 for a reconciliation.  
n.m. not meaningful





## Revenue growth across major business lines vs. Q3/05



### Versus Q3/05

- Global Markets' revenues up largely as a result of stronger trading results, partially offset by lower private equity gains and debt origination activity.
- Global Investment Banking and Equity Markets revenues increased mostly due to higher advisory and commitment fees on increased M&A activity.
- RBC Dexia IS' revenue of \$160 million primarily reflects strong foreign exchange revenue and high deposit volumes resulting from strong market activity.

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## Making progress against our strategic goals

Undisputed leader in Canada



- ✓ Continued with high levels of M&A advisory activity in Canada, including acting as financial advisor to Inco on the current bids for the company by Phelps Dodge, Teck Cominco and CVRD.
- ✓ Recipients of Euromoney awards for Best Canadian Debt House, Best Canadian Equity House and Best Canadian M&A House, the first time we have received all three awards in one year.

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



- ✓ The U.S. Equity Capital Markets team has lead-managed or co-lead managed 18 of 39 transactions in 2006. This 46 percent ratio is more than any other year in RBC's history, up from 28.6 percent in 2005.
- ✓ Our IPO ranking is currently 16<sup>th</sup> in the U.S. through July 2006 with 13 transactions, according to Dealogic.

Global structurer and trader for retail and wholesale clients



- ✓ Our Structured Products group saw the successful close of Logan CDO II, notionally valued at US\$1.5 billion, which was named Runner-Up Deal in April's *Credit* magazine because it mitigates risk by including more mature investments and by having strong management.

Leading global fixed income bank



- ✓ RBC Capital Markets was part of the largest ever pre-paid gas contract which, in turn, was part of the largest U.S. municipal bond issue this year.
- ✓ RBC Capital Markets completed a US\$1.2 billion, 5-year transaction for American Express Corp., which was three times oversubscribed, and is the largest ever floating rate financing for a U.S. issuer.

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# Appendix



## No specified items this quarter



		Pre-tax Impact (C\$ millions)	After-tax Impact (C\$ millions)	EPS Impact	Segment	Income statement line
Q3/06	No specified items					
	Credit card customer loyalty reward program liability	(72)	(47)	(\$.04)	RBC Canadian P&B	Non-interest income – Card service revenue
Q2/06	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



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

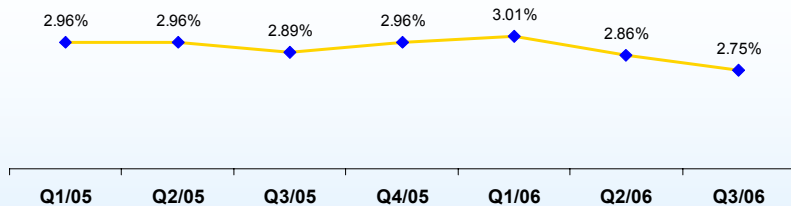
	Rank # <sup>1</sup>	Market share May-06
Residential mortgages	1	15.49%
Personal loans <sup>2</sup>	2	13.79%
Credit cards <sup>2</sup>	2	15.94%
Total loans ( <i>res.mortgages, pers.loans, credit cards</i> )	1	15.09%
Personal core deposits and investments	1	12.36%
Personal core deposits	2	13.96%
Personal investments (GICs and Mutual funds)	1	11.92%
Full service brokerage (AUA) <sup>3</sup>	1	21.47%
Business loans	1	12.07%
Business deposits <sup>4</sup>	1	20.96%
	Rank #	Market share Apr-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 updated quarterly. Market share as at March 2006.
4. Excludes market share of non-bank financial institutions.

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



### Net interest margin (vs. Q3/05):

- Decline reflects an increase in low yielding assets in Wealth Management.

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

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## Details on credit protection portfolio

Industry (\$ millions)	Buy *	Sell *
Automotive	275	6
Consumer goods	-	93
Energy	400	7
Financial services	455	-
Forest products	11	-
Industrial products	-	36
Mining & metals	96	-
Other services	28	-
Telecommunication and media	6	11
Transportation & environmental	85	-
Other	425	143
<b>Total</b>	<b>\$ 1,781</b>	<b>296</b>
Total Investment grade	1,611	296
Total Non-investment grade	170	-

\* Net of off-setting buys and sells in the amount of \$ 314 MM.

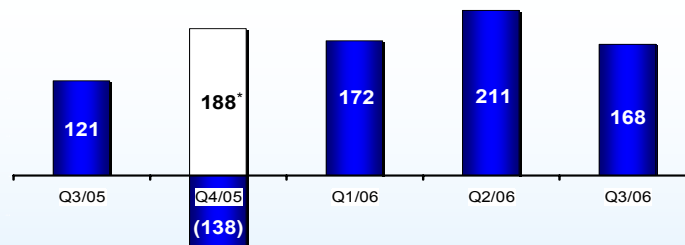
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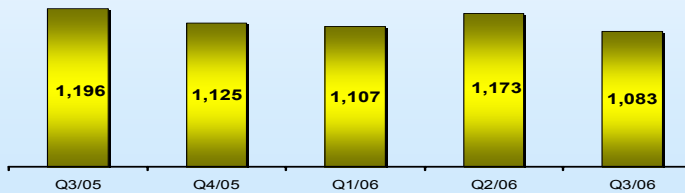
## U.S. geographic results

(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 financial measure – refer to discussion of the use of non-GAAP financial information on slide 44.

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

C\$ millions	Q3/06		Q2/06		Q3/05		Nine months 2006		Nine months 2005	
	GAAP	teb/VIEs	GAAP	teb/VIEs	GAAP	teb/VIEs	GAAP	teb/VIEs	GAAP	teb/VIEs
Net interest income	\$ 6	\$ 6	\$ (13)	\$ (13)	\$ 53	\$ 53	\$ 24	\$ 24	\$ 385	\$ 385
Taxable equivalent basis (teb) adjustment	-	46	-	80	-	25	-	163	-	76
Net interest income	\$ 6	\$ 52	\$ (13)	\$ 67	\$ 53	\$ 78	\$ 24	\$ 187	\$ 385	\$ 461
Non interest income	1,131	1,131	1,270	1,270	935	935	3,346	3,346	2,655	2,655
<b>Total revenue</b>	<b>\$ 1,137</b>	<b>\$ 1,183</b>	<b>\$ 1,257</b>	<b>\$ 1,337</b>	<b>\$ 988</b>	<b>\$ 1,013</b>	<b>\$ 3,370</b>	<b>\$ 3,533</b>	<b>\$ 3,040</b>	<b>\$ 3,116</b>
Negative (positive) revenue impact related to VIEs offset in Non-controlling interest **		32		(35)		(9)		(11)		3
<b>Total revenue excluding VIEs</b>		<b>\$ 1,151</b>		<b>\$ 1,372</b>		<b>\$ 1,022</b>		<b>\$ 3,544</b>		<b>\$ 3,113</b>

\* Non-GAAP financial measure – refer to discussion of the use of non-GAAP financial information on slide 44.

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

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## Reconciliation of Operating Leverage after adjustments\*

C\$ millions	Q3/06		Q3/05		9 months 2006		9 months 2005	
	GAAP	teb/excl.VIEs**	GAAP	teb/excl.VIEs**	GAAP	teb/excl.VIEs**	GAAP	teb/excl.VIEs**
<b>RBC Capital Markets</b>								
Total revenue	1,137	1,151	988	1,022	3,370	3,544	3,040	3,113
Non-interest expense	767		698		2,288		2,020	
Revenue growth	15%	13%			11%	14%		
NIE growth	10%				13%			
Operating leverage	5%	3%			(2)%	1%		
<b>RBC Canadian P&amp;B</b>								
Revenue	3,387	2,566	3,252	2,364	9,896	7,411	9,266	6,756
Non-interest expense	1,539		1,454		4,574		4,361	
Revenue growth	4%	9%			7%	10%		
NIE growth	6%				5%			
Operating leverage	(2)%	3%			2%	5%		
<b>RBC</b>								
Revenue	5,206	4,399	4,929	4,075	15,288	12,977	14,388	11,951
Non-interest expense	2,861		2,732		8,540		8,047	
Revenue growth	6%	8%			6%	8%		
NIE growth	5%				6%			
Operating leverage	1%	3%			0%	2%		

\* Non-GAAP financial measure – refer to discussion of the use of non-GAAP financial information on slide 44.

\*\* Represents revenue attributed to other equity investors of consolidated VIEs offset in Non-controlling interest in net income of subsidiaries. As the impact to expenses are not viewed as material, we have only adjusted for the revenue attributed to other equity investors.

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

RBC – FX Impact on	Q3/06 vs. Q2/06	Q3/06 vs. Q3/05	Nine months 2006 vs. 2005
Total revenues *	↓ 35	↓ 160	↓ 335
Non-interest expense *	↓ 15	↓ 75	↓ 170
Net income *	↓ 8	↓ 45	↓ 95
Net income (total)	↓ 8	↓ 44	↓ 93
EPS – diluted * (\$/share)	↓ 0.01	↓ 0.03	↓ 0.07
EPS – diluted (\$/share)	↓ 0.01	↓ 0.03	↓ 0.07

US and International P&B Q3/06 (C\$ millions)	vs. Q2/06	vs. Q3/05	vs. nine months 2005
<i>Impact of U.S. vs. Canadian dollar translation</i>			
Total revenues*	\$ (12)	\$ (57)	\$ (129)
Net income*	\$ (2)	\$ (10)	\$ (21)

Value of C\$1.00 in USD	Q3/06	Q2/06	Q3/05
Average	\$0.896	\$0.877	\$0.810
Period end	\$0.884	\$0.894	\$0.817

Translating US\$ denominated results using average C\$/US\$ exchange rates for respective periods.  
\* 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) and operating leverage excluding Global Insurance and the impact of VIEs 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 Q3 2006 Report to Shareholders.

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