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These factors include credit, market, operational and other risks identified and discussed under the Risk management section; general business and economic conditions in Canada, the United States, and other countries in which we conduct business, including the impact from the continuing volatility in the U.S. subprime markets and lack of liquidity in the financial markets; 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 government monetary and other policies; the effects of competition in the markets in which we operate; the impact of changes in laws and regulations including tax laws; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; successful execution of our strategy; our ability to complete and integrate strategic acquisitions and joint ventures successfully; changes in accounting standards, policies and estimates, including changes in our estimates of provisions and allowances; and our ability to attract and retain key employees and executives. Other factors that may affect future results include: the timely and successful development of new products and services; the successful expansion and new development of our distribution channels and realizing increased revenue from these channels; global capital markets activity; technological changes and our reliance on third parties to provide components of our business infrastructure; fraud by internal or external parties; unexpected changes in consumer spending and saving habits; the possible impact on our business from disease or illness that affects local, national or global economies; disruptions to public infrastructure, including transportation, communication, power and water; the possible impact on our businesses of international conflicts and other political developments including those relating to the war on terrorism; and our success in anticipating and managing the associated 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 us, 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.

Additional information about these factors can be found under the Risk management section and in our 2006 Annual Report under the Risk management and Additional risks that may affect future results sections.

Information contained in or otherwise accessible through the websites mentioned does not form a part of this press release. All references in this document to websites are inactive textual references and are for your information only.

GORDON M. NIXON, PRESIDENT & CEO

Good afternoon everyone. Before I turn to RBC's performance, I'd like to make some opening comments on the Canadian economy and then address what is happening in the financial markets.

As you know, we've experienced strong economic growth in Canada in recent years. This growth has been largely driven by an extended period of low and stable interest rates, strong consumer spending, low unemployment and robust business investment. Today, the fundamentals of our economy continue to remain solid as unemployment is at historically low levels and retail sales remain strong. Overall, the Canadian economy is expected to grow at 2.6% in 2007 and our outlook remains positive. As we examine what is happening in today's financial markets, I believe it is important not to lose sight of these fundamentals.

Global financial markets, as you know, have been reacting to issues in the U.S. subprime market for some time now. Until recently they have been largely contained, however, late in the third quarter these concerns escalated and spilled over into other markets, including high quality debt markets that are not directly related to the U.S. subprime market. The result has been increased volatility, wider credit spreads and a lack of liquidity in certain assets. We have enjoyed robust capital market conditions for an extended period of time and now credit markets are experiencing a correction. During a sustained period of low interest rates, access to capital has been relatively easy, which created a surplus of liquidity in the market. The excess liquidity led to some disconnect between debt prices and the associated risk. Investors are now reevaluating their portfolios and, as some reduce or eliminate certain positions, it is causing a general flight to quality. Those who hold higher risk, more complex investment products are having difficulty finding buyers and these markets are going through a period of illiquidity. It is important to recognize that, for the vast majority of investments, the underlying assets have not deteriorated in quality. I expect that it will take some time before we return to more balanced conditions. The bad news is that this re-calibration process brings with it challenges, not just with respect to balance sheet management, but it will also impact business activity, in certain areas. The good news is that the volatility we are experiencing will also create opportunities. Risk is now more appropriately priced, which we believe will have a positive long-term impact on our return on assets. During periods of turmoil in the past, the strength and breadth of RBC's capabilities have allowed us to grow our rate of client acquisition and market share.

There are a few points I would like to emphasize. We have a solid capital position, and our Tier 1 capital ratio is well above most global financial institutions. We have prudent risk management practices designed to proactively manage exposures and control risk. Our current liquidity and funding position is sound, and we have a comprehensive framework for managing liquidity and funding. I am very comfortable with the quality of the businesses that we are in. In fact, the diversity of our businesses across and within banking, insurance, wealth management and capital markets is a core strength and I believe a competitive advantage of RBC.

I'll briefly comment on a few topical areas of recent concern, the U.S. subprime market, leveraged buy outs, or LBOs, hedge funds, and non-bank sponsored asset-backed commercial paper programs Morten will elaborate and cover other issues of interest with respect to balance sheet and risk following my remarks. First, we do not originate U.S. subprime, and our exposure to U.S. subprime residential mortgage-backed securities and collateralized debt obligations is minimal. Our underwriting commitments to LBOs are minimal, as is our exposure to hedge funds. We are not anticipating any significant impact on our results from these areas.

Turning to asset-backed commercial paper, the sector that has been illiquid in recent weeks is Canadian non-bank sponsored conduits with general market disruption facilities. Our exposure as an owner of this paper, a distributor or a liquidity provider is nominal. With respect to bank-sponsored conduits, our

Canadian-based asset-backed commercial paper program is among the smallest of the Canadian banks. Over 70% of our conduits are U.S. based and all of our programs have and always have what is referred to as “Global” or “US” style liquidity, meaning that they do not require a market disruption to occur for back-up liquidity to be available. None of our conduits have required this back-up liquidity.

We apply the same prudent standards when it comes to our clients. All of the asset-backed commercial paper held by RBC Asset Management is sponsored by the major Canadian chartered banks with full liquidity committed and we do not hold any non-bank sponsored conduits in RBC Asset Management or in any of our private clients accounts.

Turning to our business strategy, we remain focused on our strategic goals which are, to be the undisputed leader in financial services in Canada, to build on our strengths in banking, wealth management and capital markets in the United States, and to be a premier provider of selected global financial services. In our quarterly earnings release you will see just a few of the many achievements that demonstrate the progress we are making to extend our leadership in our domestic market and grow our business outside of Canada.

We grew earnings this quarter by 19% from a year ago as business in all areas remained very strong. Revenue was up 5% this quarter, or up 9% excluding the impact of the new financial instrument standards.

I’d like to make a few remarks about the performance of each of our four business segments and Janice Fukakusa will review our quarterly results in more detail following Morten.

Our Canadian Banking segment continues to underpin our franchise. We have been using our position of strength to significantly reinvest in our businesses and it is paying off. This quarter, Canadian Banking earnings were up 6%. Banking-related revenue was up 8%, reflecting strong growth in loans and deposits, which were up 8%. We are continuing to gain market share. Net income in our banking-related operations was down slightly as a result of significant investments in our business, increased provision for credit losses (which were particularly low last year), and some margin pressure. We have invested heavily in the past year in our client-facing staff and infrastructure, as was our plan. These investments have strengthened our overall business and are enabling us to raise our service levels so that we can increase client loyalty and retention, and this is reflected in our market share growth. We believe our expense growth will moderate going forward, while revenue from this investment should continue to grow helping us drive operating leverage in the banking segment.

In Wealth Management, our businesses continued to deliver strong results, with earnings up 30%. We have consistently grown net mutual fund sales and our fee-based asset book. In our U.S. & International Wealth Management business, we have continued to invest in infrastructure and people. Overall our Canadian Banking and Canadian Wealth Management business together had very strong earnings growth in the quarter

U.S. & International Banking net income increased 6%, reflecting revenue growth in RBC Dexia and our expansion of banking in the U.S. Southeast. We are very pleased with the success of RBC Dexia and its growing contribution. We are also making good progress at RBC Centura, where this quarter we started to realize the full impact of integrating Flag and the branches we purchased from Am South.

Capital Markets had a strong quarter with net income up 19%, with robust performance across most businesses. We had higher M&A and origination activity. We also had solid trading results, despite the difficult market during July. Over the last several years, we have also made strategic investments to strengthen our capital market’s capabilities in selected product areas and geographic markets. These investments have increased the overall diversity of this segment. And I believe this diversification is a source of strength in these challenging times market conditions.

Turning to slide 6, you will see that we are progressing well toward our 2007 objectives: Diluted earnings per share have increased 20.5% and our return on equity of 25.1% is up 180 basis points. Our nine-month operating leverage is slightly below our annual objective of greater than 3%, reflecting growth in our business and our significant investment in growth initiatives and acquisitions. And, as I mentioned before, we have a solid capital position with a Tier 1 capital ratio of 9.3%

Slides 7 and 8 show our track record of consistently outperforming the market and delivering top quartile shareholder returns to our investors.

As you may have already heard this morning, we announced a four cent increase in our dividend to 50 cents per share.

Over the last few years, we've taken advantage of our excellent performance to reinvest significantly in our businesses, and our ability to serve the needs of our clients in every market is as strong as ever. I am confident that RBC is well positioned to make the most of the opportunities presented by the volatility and uncertainty in the current market.

MORTEN FRIIS, CHIEF RISK OFFICER

Thanks Gord. I'll begin by reviewing U.S. subprime, leveraged buy-outs, hedge funds and the asset backed commercial paper market, all areas that Gord highlighted at the outset. I will then discuss RBC's trading performance and review our credit portfolio and overall credit quality.

Starting with slide 10, we don't originate subprime loans, and have minimal exposure to U.S. subprime residential mortgage-backed securities and collateralized debt obligations. At July 31, 2007, our net exposure to these securities was $1.1 billion, which represents less than 0.2% of our total assets. Less than 10% of this exposure relates to RBC Centura and is associated with its investment portfolio. All our holdings are investment grade, with 59% rated AAA. We don't hold any subprime residential mortgage-backed securities that have been downgraded or are on negative watch. Also, our exposure to CDO-squared is nominal and most is hedged.

Looking at leveraged buy out underwriting commitments, it's important to differentiate between recent deals that are properly priced and structured for today's markets and pre-correction deals that were structured and priced before the credit environment changed. We have less than $2 billion in LBO underwriting commitments, and, of this, approximately $1.3 billion are pre-correction underwritings. This represents approximately 0.2% of our total assets. No single commitment exceeds $250 million and we have no covenant-lite deals. We have placed paper on all of these through the last three weeks, demonstrating continued market acceptance of all of these deals. We are confident that, in aggregate, we will be able to place these at a profit.

With respect to hedge funds, our exposure is modest, collaterized, and not concentrated in specific funds or strategies. We conduct regular extensive due diligence on our hedge fund counterparties and have prudent limits on our exposure to individual names and the sector as a whole.

Turning to commercial paper, at the end of Q3, we had approximately $40 billion in backstop liquidity facilities for asset-backed commercial paper programs. This represents normal course commercial paper programs with little to no leverage. Of this, 94% was committed liquidity for RBC-sponsored conduits. Our RBC-sponsored conduits have five significant attributes: First, none have drawn on their backstop liquidity facilities. Second, all have fully committed liquidity facilities, meaning that they do not require a market disruption to occur for the back-up liquidity to be available. Third, over 70% are US-based conduits. Fourth, none issue extendible asset-backed commercial paper, and Fifth, all benefit from a program-wide credit enhancement facility provided exclusively by RBC. The segment of the asset-backed commercial paper market that has received the most media attention recently is the Canadian non-bank sponsored conduit segment. These programs are experiencing significant liquidity issues. As Gord stated, RBC is not a significant participant in this market and our current commitments are minimal.

Looking at market risk on slide 11, we recorded six days of net trading losses this quarter, none of which exceeded the global Value at risk for their respective day.

As we all know, equity and credit markets experienced significant volatility in the latter half of July, contributing to five out of the six net trading loss days. I believe we managed well through some challenging market conditions. The breadth of our trading businesses diversifies our market risk to any particular strategy and helps to reduce our overall volatility. We have been managing well through the continued volatility in August. Results in individual books have been consistent with our risk measures and well within our VaR and stress limits. Volatile market conditions can also create opportunities and, in fact, with our broad range of trading businesses, we have been able to make money.

Moving on to credit on slide 12, the overall quality of our loan portfolio remains steady. The trend in provisions has been stable this year but has been at a higher or more normalized level compared to a year ago. There is no clear indication of a major negative trend in any specific segment of our portfolio.

On slide 13, you will see that our gross impaired loans ratio remained stable at 0.39%. The up tick of 2 basis points in Gross Impaired Loans this quarter was mainly due to a moderately higher level of impairment in two areas – Canadian commercial and small business loans and U.S. Builder Finance. This group of loans represents a small component of our overall portfolio. New Impaired formations in the consumer portfolio remain stable and equal to the nine quarter average. New formations in the Business portfolio are coming off historically low numbers and represent normalization in this area.

Turning to slide 13, our provisions for credit losses in dollars were up from the historical low levels in the prior year, but, as you can see, were comparable to the second quarter of 2007. Quarter-over-quarter, in our consumer portfolio, we saw slightly lower provisions in our credit card and personal and residential mortgage portfolios. The growth of the credit card book is solid and we are priced correctly for the risk we take on in this portfolio. We are very comfortable with our residential real estate book as virtually all of the exposure relates to Canadian residential real estate, which consists of high quality loans. Two-thirds have an average loan-to-value ratio below 70%. The remainder has an average loan-to-value of 90%. As a reminder, Canadian residential mortgages with a LTV higher than 80% are required to be covered by mortgage default insurance.

Turning to our business portfolio, we saw slightly lower provisions in our small business and commercial loan portfolios, quarter-over-quarter. We currently have no concerns regarding any specific sector exposures in our business loan portfolio. We set sector and single name limits consistent with our risk appetite and as a result we are not overly concentrated in any particular sector. Within the Financial Services sector, banks make up the largest part of our exposure. Our exposure to non-bank financial institutions is well diversified. The unsecured exposure is well controlled and predominantly to well-rated counterparties. The exposure to the smaller or less strongly rated players in this sector is diversified, maintained at a modest level, and well collateralized. Commercial Real Estate represents our largest sector exposure. The portfolio is well diversified and we are not experiencing any difficulties in this sector.

To sum up, our loan portfolio is in good shape and we do not currently see any significant negative trends.

At this point, I'll turn the call over to Janice to discuss our overall Q3 results, as well as the results of our individual business segments.

JANICE FUKAKUSA, CHIEF FINANCIAL OFFICER

Thanks Morten. As Gord said, we had a good quarter, with earnings up 19% from the same period last year, as shown on slide 15. These results were largely driven by solid performance across our Capital Markets, Wealth Management and Canadian Banking segments supported by generally favourable market conditions and a lower effective tax rate. Revenue was 5% higher this quarter, or 9% higher once you exclude the impact of the new financial instruments accounting standards.

Turning to slide 16, net interest income increased in our Canadian and U.S. banking businesses, largely driven by higher volumes in loans and deposits.

Slide 17 shows that strong wealth management related activities drove non-interest income higher, though this was partially offset by lower fixed income trading revenues.

On slide 18 you will see that non-interest expense rose 11% from a year ago. This was primarily due to investments we made to support our increased business levels and growth initiatives, including our recent acquisitions.

Slides 19 and 20 clearly illustrate the strength of our balance sheet, and our exceptional year-over-year growth in client Assets under Management and Assets under Administration.

Turning to slide 21, as Gord mentioned earlier, our Tier 1 capital ratio this quarter was 9.3%, which is comfortably above our 8% objective and well above the 7% regulatory target. I'd like to add that our access to liquidity has not been significantly impacted by the current market conditions and we continue to have access to both short and long-term funding. Spreads have widened for all issuers which increases our cost of funding and also allows us to earn higher spreads in other parts of our business. Our name continues to be well received in the market and we remain among the lowest cost issuers.

I'll now review the quarterly financial performance of each of our four business segments.

On slide 23 you will see earnings were up 6% for the Canadian Banking segment on a consolidated basis. This quarter, we provided separate disclosure of our Banking-related operations and our Global Insurance business to give our investors better transparency so I will speak to these individually. Strong growth in volumes, including 14% in residential real estate loans and 9% in personal deposits, contributed to an 8% increase in revenue in Banking-related operations.

Net income decreased slightly from a year ago primarily due to business reinvestment, increased provisions for credit losses, and narrower interest margins. First, we made significant investments in the past year in our client-facing staff and branch network – we added 23 branches and almost 1,500 people, representing a 6% increase in our sales and service personnel over the last year. Second, we were coming off cyclically low provisions for credit losses year over year; and third, we experienced some margin compression due to mostly to a change in product mix – we had stronger volume growth in lower yield products, such as home equity. Higher margin products, such as unsecured Personal Loan and cards also showed good growth at a slightly slower rate. In addition, loans grew significantly faster than deposits, with the difference in growth rate being greater than in prior periods. This had an impact because the spread we earn on deposits is less than the spread on loans.

Our net interest margin decreased by 11 basis points compared to the prior year, largely due to the change in portfolio mix and the steepening of the yield curve. The loans and deposits product mix change I mentioned earlier is amplified in the standard net interest margin calculation since net interest margin takes the total spread divided by earning asset balances. Compared to Q2 of 2007, NIM decreased by 10 basis points. However, as a reminder, our net interest margin in Q2 2007 was positively impacted by funding adjustments made in the second quarter that related to the first quarter, and the impacts of applying the effective interest method under the new financial instruments standards.

Overall, we are pleased that we have continued to deliver stable net interest margins over an extended period. And, a key point to remember is that we grew our net interest income by 7% year-over-year.

The revenue growth of three of our banking-related businesses is shown on slide 24.

Turning to our Global Insurance business on slide 25, earnings were higher compared to a year ago – up 69%, or 72% adjusted for the impact of financial instruments accounting standards, primarily due to improved disability claims experience and solid growth in our European life reinsurance business. Our disability claims experience improved in Q3 and year to date is in line with our expectations.

Wealth Management

If you turn to Slide 26, you'll see results from Wealth Management. This segment grew earnings 30% year-over-year. NIE increased 16% primarily due to increased variable compensation on higher commission-based revenue and higher costs supporting our business growth.

As you can see on slide 27, revenue growth over the last year has exceeded 15% in each of this segment's three business lines.

Moving on to U.S. & International Banking, on slide 28 you can see year-over-year earnings were up 6%, largely due to higher revenues in RBC Dexia IS and the inclusion of our recent acquisitions of Flag and the AmSouth branches. We also had higher costs to support increased volumes at Dexia and our expanded U.S. banking network, which is 26% larger than last year.

Slide 29 shows the revenue growth in this segment's two business lines.

Turning to Capital Markets on slide 30, earnings rose 19% over last year primarily due to robust mergers and acquisitions (M&A) and equity origination activity and higher foreign exchange and equity trading results. This was partially offset by lower fixed income trading due to U.S. subprime market concerns and its effect on other financial markets. Total revenue for the segment was up 13% from the prior year.

Expenses increased 7% from a year ago mainly due to the inclusion of recent acquisitions and higher staffing levels, but were partially offset by lower variable compensation due to lower trading results.
Revenue growth in our Capital Markets' businesses is shown on slide 31.

Slide 32 illustrates the components of RBC's total trading revenue. This quarter fixed income and equity trading revenue were down relative to last year, largely due to the challenging market conditions that I just spoke about. However, on a taxable equivalent basis, equity trading was up.

I will conclude my comments by reiterating that Q3 has been a solid quarter and the business is on a good forward trajectory.

At this point, I'll turn the call over to the operator to begin questions and answers.