



## Highlights of Third Quarter 2007 Results

August 24, 2007

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 any applicable Canadian securities legislation. We may make such statements in this press release, in other filings with Canadian regulators or the United States Securities and Exchange Commission (SEC), in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to our medium-term and 2007 objectives, and strategies to achieve our objectives, as well as statements with respect to our beliefs, outlooks, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," "opportunity" 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 are subject to 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 could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. 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.



## Overview

Gordon M. Nixon  
President & CEO



## Strategic Goals

### Vision

Always earning the right to be our clients' first choice

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

To be a premier provider of  
selected global financial services



## 2007 YTD Performance Review

\$ millions, except EPS & ROE	YTD 2007	YTD 2006	Change vs. YTD 2006
<b>Total revenue</b>	\$ 16,847	\$ 15,288	10%
<b>Total revenue</b> (excluding impact of the new financial instruments accounting standards) <sup>(1)</sup>	\$ 16,986	\$ 15,288	11%
<b>Net income</b>	\$ 4,168	\$ 3,466	20%
Diluted EPS	\$ 3.18	\$ 2.64	20.5%
ROE	25.1%	23.3%	180 bps

**Earnings up 20% on revenue growth of 10% from strong banking, wealth management and capital markets businesses**

5 (1) Non-GAAP. See slide 43 for a discussion of Non-GAAP financial measures.



## YTD Performance Compared to 2007 Objectives

	2007 Objectives	YTD 2007 Performance
Diluted EPS growth	10%+	20.5%
Operating leverage <sup>(1)</sup>	> 3%	2.8%
Return on common equity (ROE)	20%+	25.1%
Tier 1 capital ratio <sup>(2)</sup>	8%+	9.3%
Dividend payout ratio	40–50%	41%

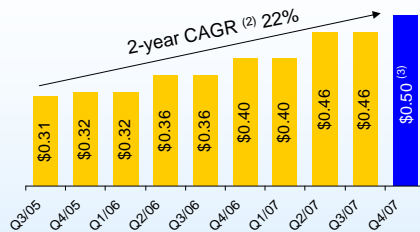
**Progressing well towards our 2007 objectives**

(1) The difference between revenue (as adjusted) and non-interest expense growth rates (as adjusted). See slide 42.  
 6 (2) Calculated using guidelines of the Office of the Superintendent Financial Institutions Canada (OSFI).



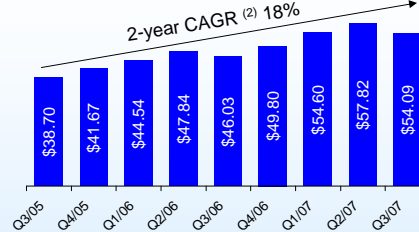
## Total Shareholder Returns<sup>(1)</sup>

### Common Share Dividends



### Share Price

(as at July 31, 2007)



TSR (in home currency, as at Jul. 31, 2007)

	1-year	5-year	10-year
Royal Bank of Canada	21.2%	18.7%	15.9%
S&P/TSX Composite Index	20.2%	18.4%	9.2%

**Raising dividend by 4 cents per share, or 9%**

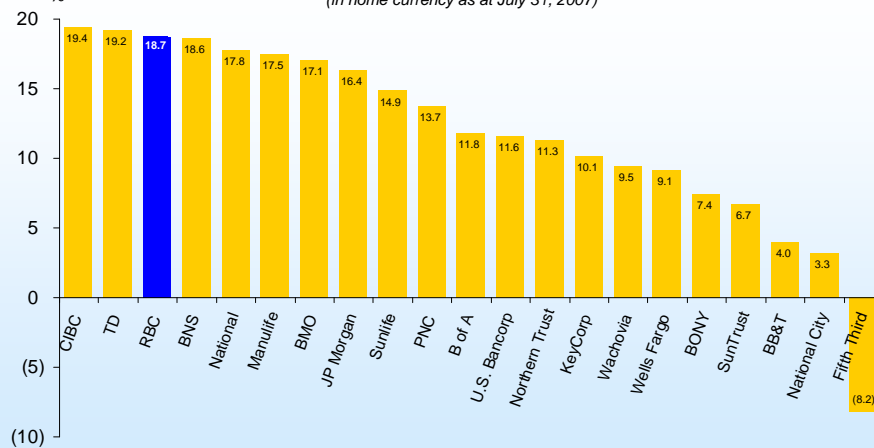
- (1) Total Shareholder Return is price appreciation plus dividends reinvested, annualized.  
 (2) Compound annual growth rate (CAGR) is the rate at which an investment grows annually to reach a given end value.  
 (3) Announced August 24, 2007.



## TSR compared to North American Peer Group

### 5-year Total Shareholder Return of North American Peer Group

(in home currency as at July 31, 2007)



**Top quartile total shareholder returns over each of the past 1, 3, 5 and 10 year periods**





## Risk Review

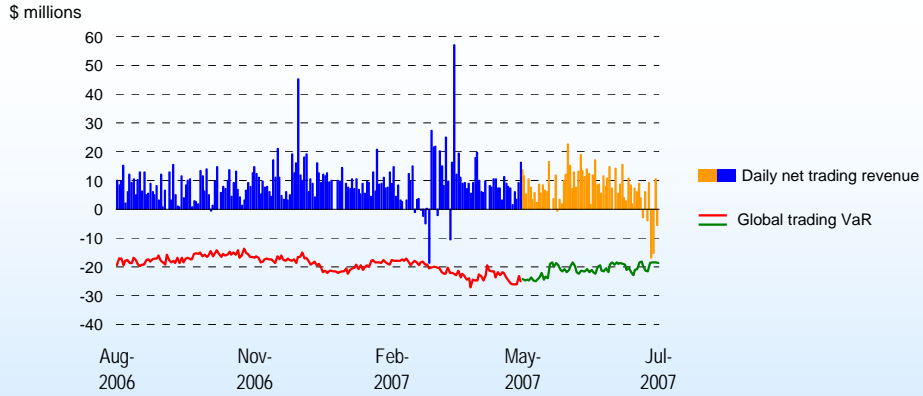
Morten Friis  
Chief Risk Officer

## Prudent Risk Management

<b>U.S. subprime mortgages</b>	<ul style="list-style-type: none"><li>• None</li></ul>
<b>U.S. subprime exposure through RMBS and CDOs</b>	<ul style="list-style-type: none"><li>• Minimal (&lt; 0.2% of assets)</li><li>• 100% investment grade, 59% AAA</li></ul>
<b>Leveraged buy out (LBO) underwriting commitments</b>	<ul style="list-style-type: none"><li>• Minimal (0.2% of assets)</li><li>• No covenant-lite exposure</li></ul>
<b>Hedge fund trading and lending exposure, including prime brokerage</b>	<ul style="list-style-type: none"><li>• Minimal</li><li>• Collateralized</li></ul>
<b>Non-bank sponsored asset-backed commercial paper (ABCP) <sup>(1)</sup></b>	<ul style="list-style-type: none"><li>• None in RBC Asset Management or in any of RBC's private client accounts</li><li>• Nominal backup liquidity exposure</li></ul>



## RBC Global Trading VaR

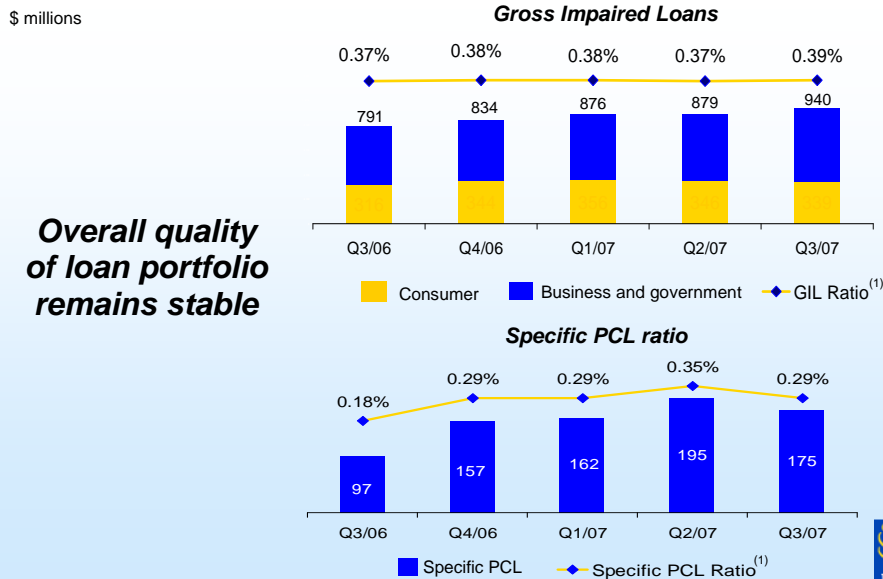


- Net trading loss days related to significant volatility experienced in the equity and credit markets, in addition to reduced liquidity in certain products, in the latter half of July.
- No trading days exceeded the global VaR for their respective day.



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## Credit Quality



12 (1) See slide 42 for definition.



## Total Provision for Credit Losses

\$ millions

Portfolio Segment	Q3 2007	Q2 2007	Q3 2006
<b>Consumer</b>			
Personal + Residential	79	97	60
Credit Cards	58	59	36
<b>Business &amp; Government</b>	38	39	1
<b>Total General Provision</b>	3	(7)	2
<b>Total PCL</b>	<b>\$ 178</b>	<b>\$ 188</b>	<b>\$ 99</b>

*PCL up from cyclical low levels in Q3 2006,  
but comparable to Q2 2007*



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## Third Quarter 2007 Financial Review

Janice Fukakusa  
Chief Financial Officer

## Q3 2007 Performance Review

\$ millions, except EPS & ROE	Q3 2007	Q3 2006	Change vs. Q3 2006
<b>Total revenue (mm) <sup>(1)</sup></b>	<b>\$ 5,480</b>	<b>\$ 5,206</b>	<b>5%</b>
Canadian Banking <sup>(2)</sup>	2,907	2,975	(2)
Wealth Management	1,006	843	19
U.S. & International Banking	522	431	21
Capital Markets	1,158	1,022	13
<b>Total revenue (excluding impact of the new financial instruments accounting standards)<sup>(3)</sup></b>	<b>\$ 5,669</b>	<b>\$ 5,206</b>	<b>9%</b>
<b>Net income (mm)</b>	<b>\$ 1,395</b>	<b>\$ 1,177</b>	<b>19%</b>
Diluted EPS	\$ 1.06	\$ 0.90	18%
ROE	24.4%	23.1%	130 bps

### ***Strong performance in Q3 with earnings up 19%***

(1) Corporate Support revenue not shown.

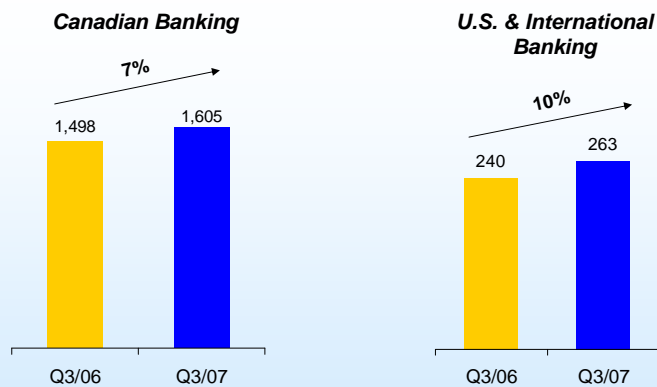
(2) Includes impact of the new financial instruments accounting standards on Global Insurance. See slide 25 for a reconciliation.

15 (3) Non-GAAP. See slide 43 for a discussion of Non-GAAP financial measures.



## Net Interest Income (NII)

\$ millions

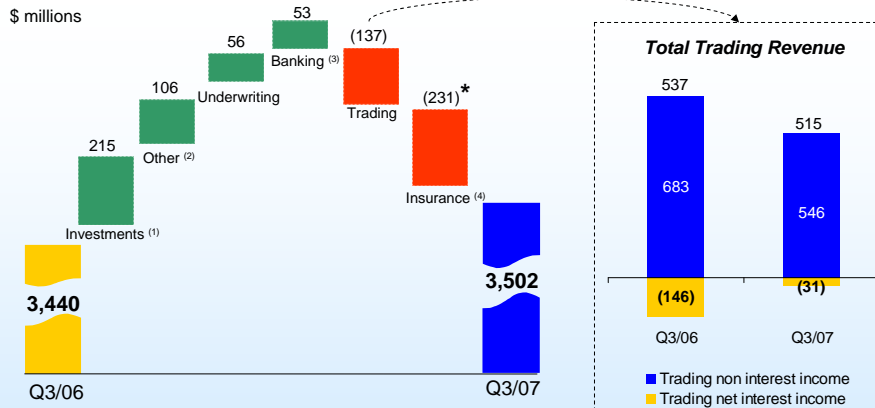


### ***Increasing NII from volume growth in loans and deposits***





## Non-Interest Income



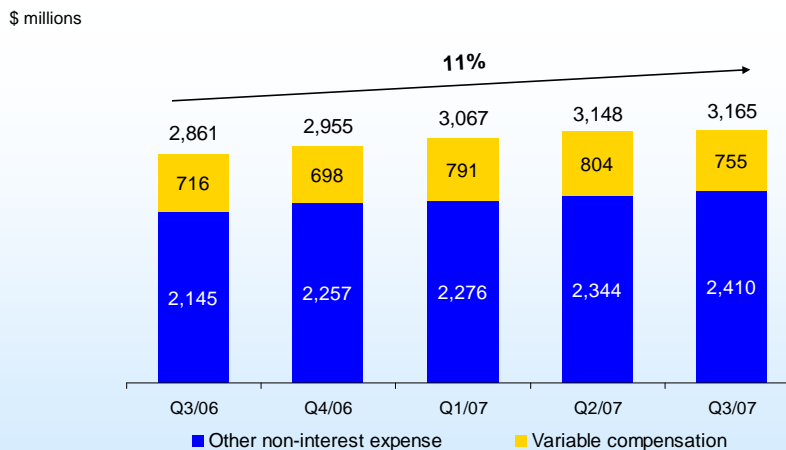
- Higher investment non-interest income partially offset by lower trading revenue.
- Excluding impact of the new financial instruments accounting standards, insurance related revenue was down only \$19mm (as opposed to \$231mm). See slide 25 for a reconciliation. \*

- (1) Includes brokerage, investment management and mutual funds.  
 (2) Includes other non-interest income, gain/loss on securities sales and securitization.  
 (3) Includes service charges, foreign exchange other than trading, card services and credit fees.  
 (4) Includes insurance premiums, investment and fee income.

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## Non-Interest Expense



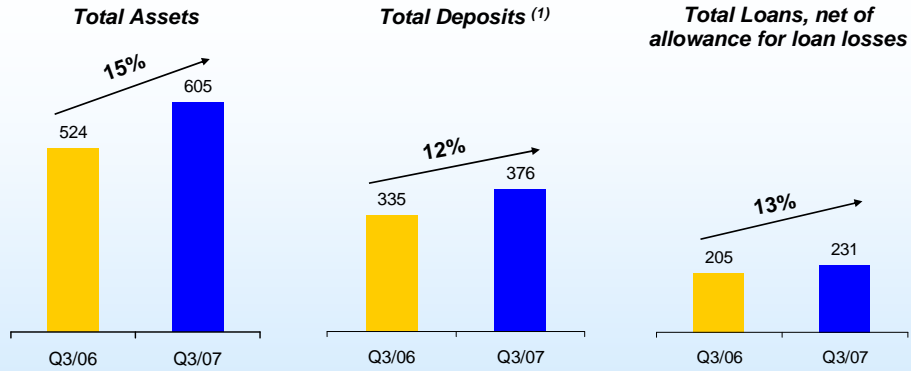
***We are continuing to invest to support our increased business levels and growth initiatives***

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## Balance Sheet

\$ billions



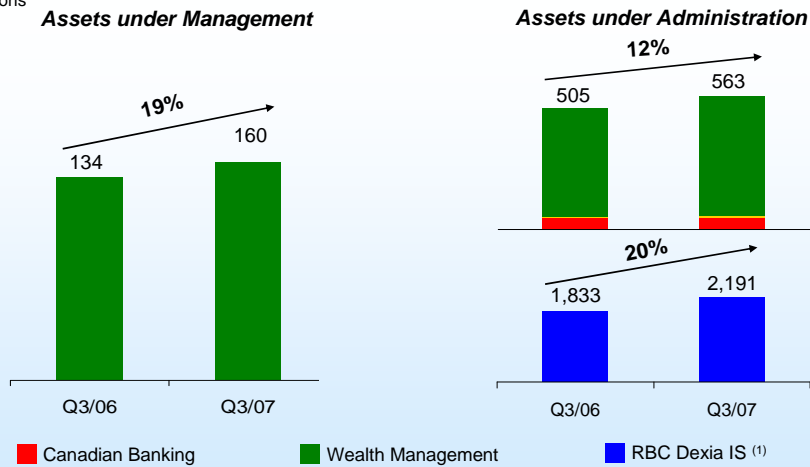
**Balance sheet growth drove our earnings**



19 (1) Total deposits consist of personal, business, government and wholesale funding deposits.

## Client Assets

\$ billions

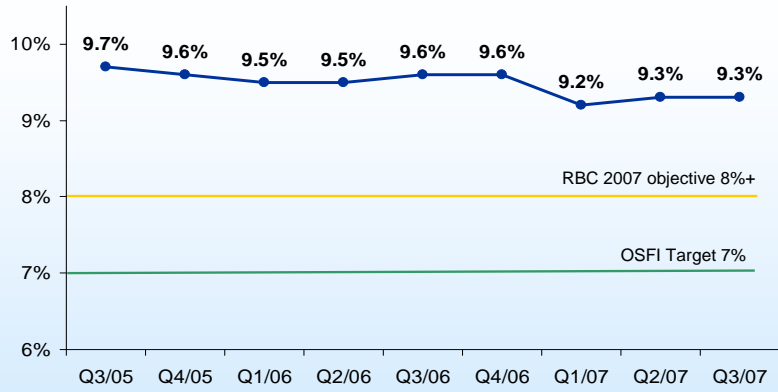


**Double-digit growth in client assets**



20 (1) See slide 42 for definition.

## Tier 1 Capital Ratio



***Tier 1 capital ratio of 9.3% remains comfortably above our objective and regulatory requirements***



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## Third Quarter 2007 Business Segment Review

Janice Fukakusa  
Chief Financial Officer

## Canadian Banking Performance

\$ millions	Q3 2007	Change vs. Q3 2006	YTD 2007	Change vs. YTD 2006
<b>Canadian Banking</b>				
Total revenue <sup>(1)</sup>	\$ 2,907	(2)%	\$ 9,068	5%
Provision for credit losses (PCL)	190	57	576	34
Insurance policyholder benefits, claims and acquisition expense (PBCAE) <sup>(1)</sup>	343	(45)	1,536	(19)
Non-interest expense (NIE)	1,356	8	3,926	5
<b>Canadian Banking Net income</b>	<b>\$ 699</b>	<b>6%</b>	<b>\$ 2,088</b>	<b>19%</b>
Banking-related Net income	\$ 596	(0.5)%	\$ 1,748	12%
Global Insurance Net income	\$ 103	69%	\$ 340	73%

***Banking-related operations continued to underpin our franchise***



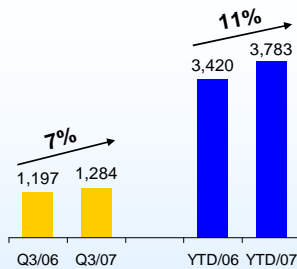
23

(1) Includes impact of the new financial instruments accounting standards on Global Insurance. See slide 25 for a reconciliation.

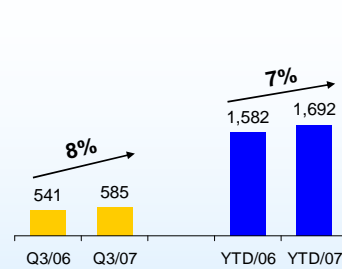
## Canadian Banking Revenue

\$ millions

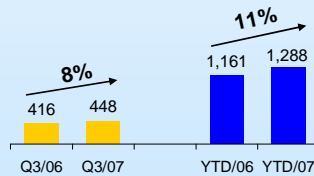
### Personal Financial Services



### Business Financial Services



### Cards & Payment Solutions



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## Canadian Banking – Global Insurance

\$ millions	Revenue		Insurance policyholder benefits, claims and acquisition expense		Net income after tax	
	Q3/07	YTD/07	Q3/07	YTD/07	Q3/07	YTD/07
GAAP reported amounts	\$ 590	\$ 2,305	\$ 343	\$ 1,536	\$ 103	\$ 340
Impact of the new financial instruments accounting standards	212	227	208	219	2	5
Impact of foreign currency translation adjustment	–	(40)	–	–	–	(40)
Amounts excluding the above items <sup>(1)</sup>	\$ 802	\$ 2,492	\$ 551	\$ 1,755	\$ 105	\$ 305
Change vs. prior year <sup>(1)</sup>	(2)%	0.3%	(12)%	(4)%	72%	19%

- Solid revenue growth in our reinsurance and domestic businesses is offset by lower U.S. annuity sales, reflecting the relatively low interest rate environment.
- Q3/07 earnings increased over 2006, largely due to improved disability claims experience this quarter.
- YTD/07 earnings increased due to business growth in European life and our domestic businesses.

25 (1) Non-GAAP. Prior year excludes the impact of \$61 million of hurricane-related charges. See slide 43 for a discussion of Non-GAAP financial measures.



## Wealth Management Performance

\$ millions	Q3 2007	Change vs. Q3 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenues</b>	<b>\$ 1,006</b>	<b>19%</b>	<b>\$ 3,006</b>	<b>16%</b>
Net interest income	106	7	318	7
Fee-based revenue <sup>(1)</sup>	545	22	1,571	22
Transactional and other revenue <sup>(1)</sup>	355	19	1,117	11
Non-interest expense (NIE)	747	16	2,171	12
<b>Net income</b>	<b>\$ 177</b>	<b>30%</b>	<b>\$ 582</b>	<b>32%</b>

\$ billions	Q3 2007	Change vs. Q3 2006
Assets Under Administration	\$ 505	10%
Assets Under Management	\$ 160	19%

***Earnings growth of 30% mainly reflecting solid growth in fee-based client assets across all businesses***

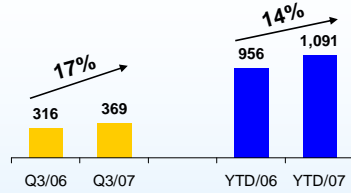
26 (1) Reported as Non-Interest income.



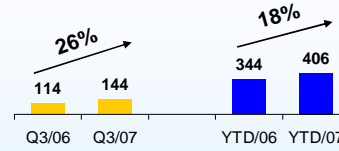
## Wealth Management Revenue

\$ millions

### Canadian Wealth Management

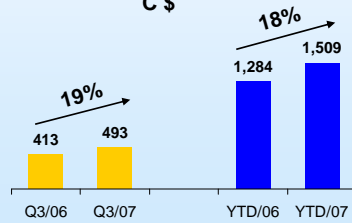


### Global Asset Management

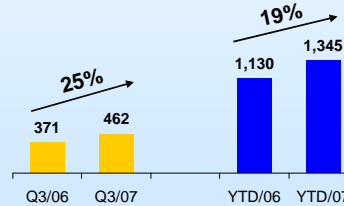


### U.S. & I Wealth Management

C \$



US \$



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## U.S. & International Banking Performance

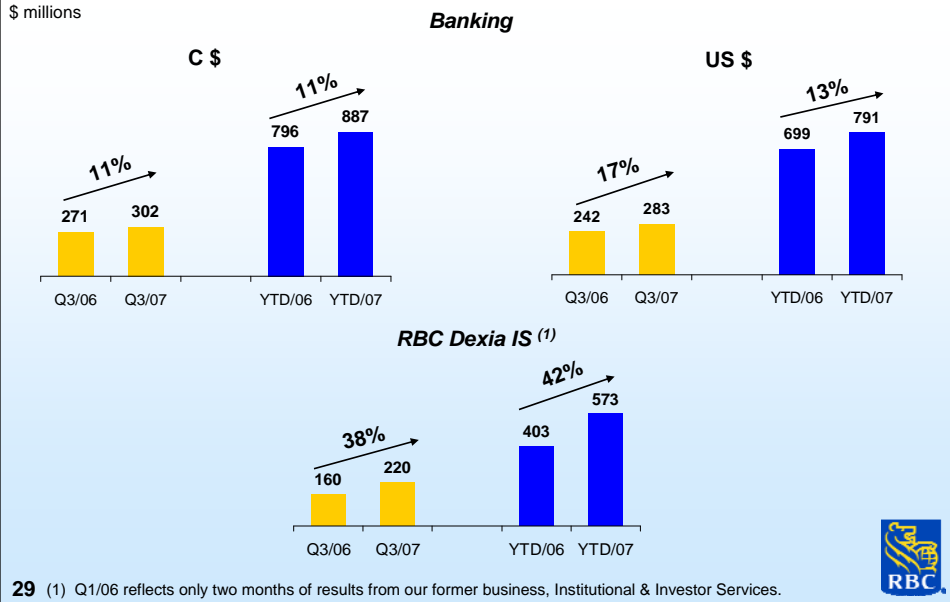
\$ millions	Q3 2007	Change vs. Q3 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenues</b>	<b>\$ 522</b>	<b>21%</b>	<b>\$ 1,460</b>	<b>22%</b>
Provision for credit losses (PCL)	17	240	37	85
Non-interest expense (NIE)	389	27	1,118	24
<b>Net income</b>	<b>\$ 87</b>	<b>6%</b>	<b>\$ 221</b>	<b>21%</b>

**Implementation of strategic initiatives continued to drive growth**

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## U.S. & International Banking Revenue



## Capital Markets Performance

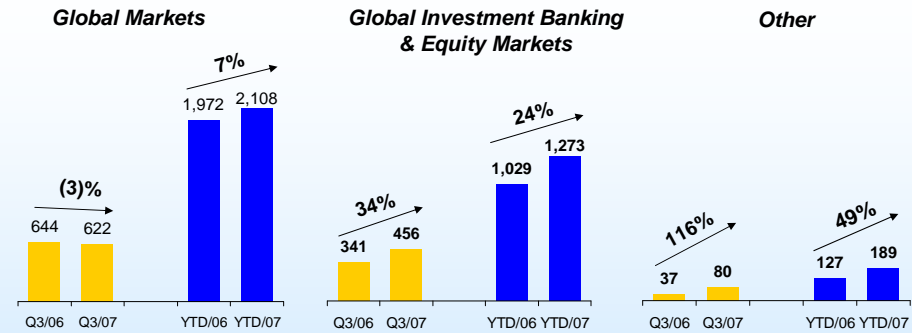
\$ millions	Q3 2007	Change vs. Q3 2006	YTD 2007	Change vs. YTD 2006
<b>Total revenue</b>	<b>\$ 1,158</b>	<b>13%</b>	<b>\$ 3,570</b>	<b>14%</b>
Recovery of credit losses	(7)	0	(20)	(83)
Non-interest expense (NIE)	693	7	2,185	12
<b>Net income<sup>(1)</sup></b>	<b>\$ 360</b>	<b>19%</b>	<b>\$ 1,106</b>	<b>5%</b>

**19% earnings growth largely reflected robust M&A and equity origination activities and higher FX and equity trading**



## Capital Markets Revenue

Teb \$ millions

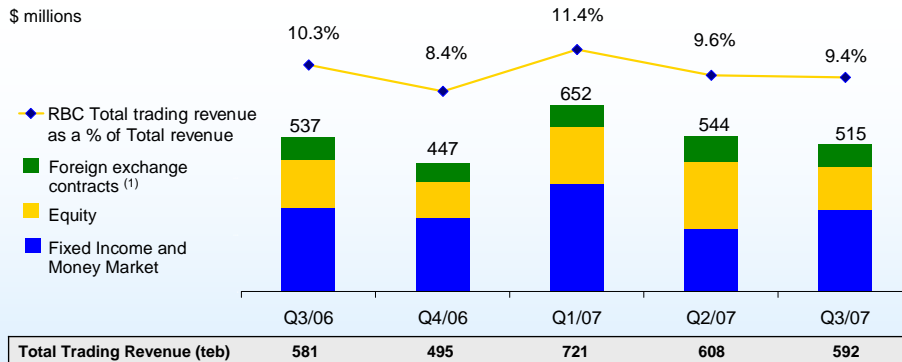


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## RBC Total Trading Revenue

\$ millions



- Compared to last year, fixed income and equity trading results were lower, attributable to U.S. subprime market concerns and its effect on other financial markets. However, equity trading was up from the prior year on a taxable equivalent basis.
- Trading revenues as a percentage of RBC's total is in line with historical periods.


32 (1) Includes commodity and precious metals.







## Appendices

 Operating Leverage			
\$ millions, except percentage amounts	YTD 2007	YTD 2006	Change vs. YTD 2006
Total revenue	\$ 16,847	\$ 15,288	10.2%
add: TEB adjustment	215	163	31.9
less: Revenue related to VIEs	32	(11)	nm
less: Global Insurance revenue	2,305	2,485	(7.2)
less: Impact of financial instruments accounting standards	88	-	nm
Total revenue (adjusted)	\$ 14,637	\$ 12,977	12.8%
Non-interest expense	\$ 9,380	\$ 8,540	9.8%
less: Global Insurance-related non-interest expense	400	375	6.7
Non-interest expense (adjusted)	\$ 8,980	\$ 8,165	10.0%
<b>YTD 2007 operating leverage <sup>(1)</sup></b>			<b>2.8%</b>

34 (1) See slide 42 for definition. Non-GAAP - See slide 43 for a discussion of Non-GAAP financial measures.



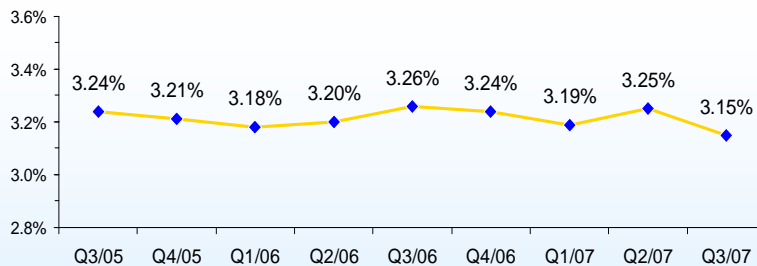
## Details on Credit Protection Portfolio

Industry (\$millions)	Buy <sup>(1)</sup>	Sell <sup>(1)</sup>
Automotive	424	-
Consumer goods	-	74
Energy	716	-
Financial services	1,779	59
Governments	243	-
Industrial products	-	-
Mining & Metals	208	-
Other services	53	-
Real Estate and Related	65	-
Telecommunication and media	11	-
Transportation & Environmental	402	-
Other/Unclassified	425	76
<b>Total</b>	<b>4,326</b>	<b>209</b>
<b>Total Investment-Grade</b>	<b>3,785</b>	<b>209</b>
<b>Total Non-investment-Grade</b>	<b>541</b>	<b>-</b>

35 (1) Net of off-setting buys and sells in the amount of \$294 mm.



## Canadian Banking Net Interest Margin <sup>(1)</sup>



- NIM compression reflects impact of portfolio mix and steepening of the yield curve.
- Average NIM YTD 2007 of 3.19%

36 (1) NIM (average earning assets). See slide 42 for definition.



## Leading Market Shares in Every Product

		Rank <sup>(1)</sup>	Market Share (May 2007)	Balances Growth (Q3/07 vs. Q3/06)
<b>Leadership in most personal products</b>	Consumer lending (residential mortgages, personal loans and credit cards) <sup>(2)</sup>	1	15.2%	12%
	Personal core deposits	2	13.5%	9%
	Personal investments (GICs + mutual funds)	1	11.9%	14%
<b>Leadership in business products</b>	Business deposits and investments <sup>(3)(4)</sup>	1	21.8%	8%
	Business loans <sup>(2)(3)</sup>	1	12.6%	9%

(1) Market share rank among financial institutions in Canada. Source: RBC

(2) Includes securitized assets.

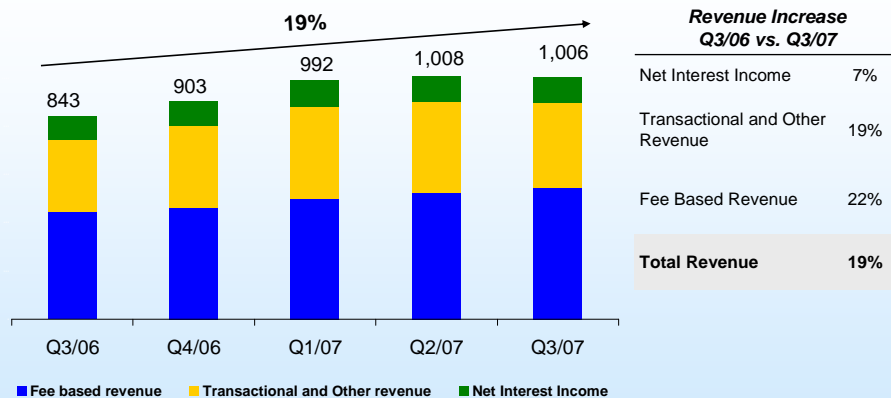
(3) Market share based on OSFI data (Includes CAD balances for Canadian Banking and Capital Markets).  
Balance growth is for Canadian Banking only.

(4) Excludes market share of non-bank financial institutions.

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## Wealth Management Revenues

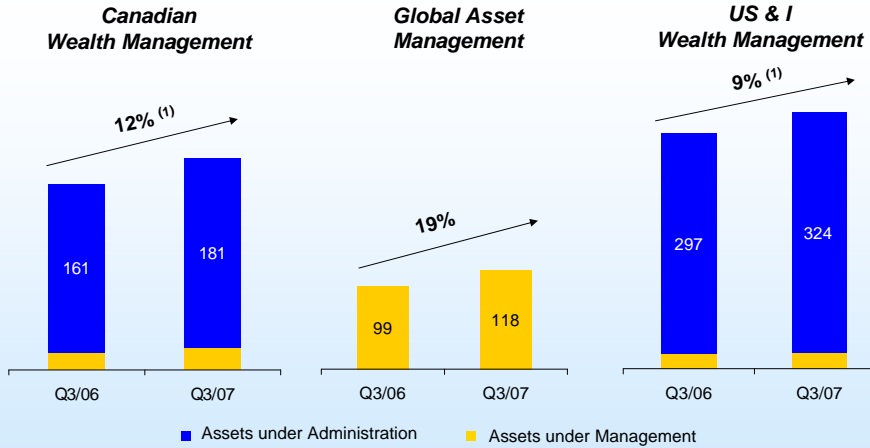


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## Wealth Management AUA and AUM

\$ billions



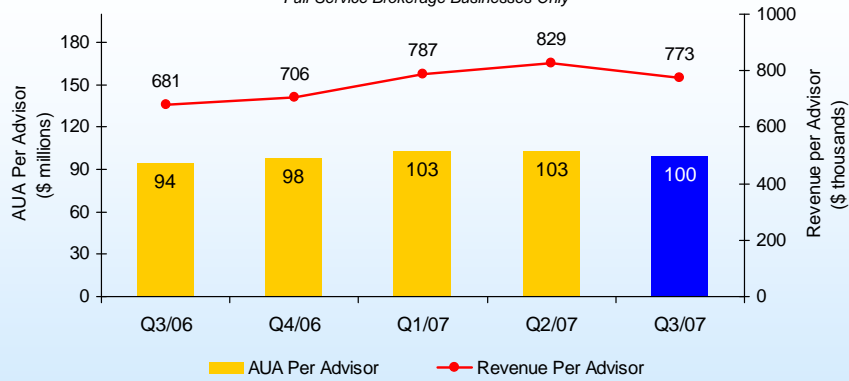
39 (1) Represents growth in assets under administration only.



## Productivity per Advisor

### AUA and Revenue Per Advisor <sup>(1)</sup>

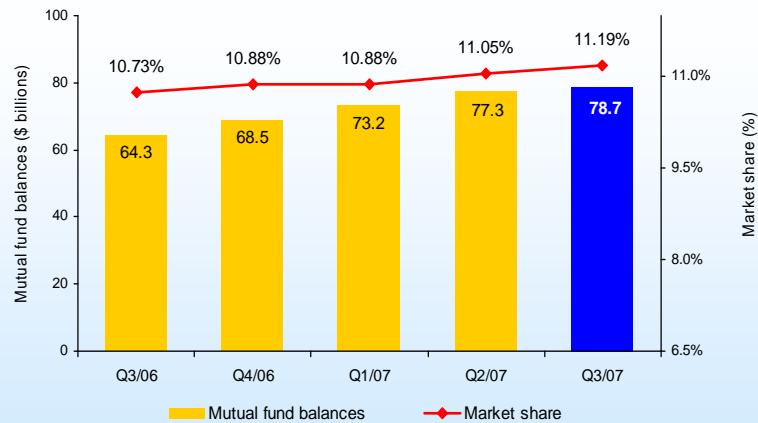
Full-Service Brokerage Businesses Only



40 (1) Includes Investment Advisors and Financial Consultants. Includes the J.B. Hanauer acquisition.



## Canadian Mutual Fund Balances and Market Share



***Continued leadership in long-term fund sales***



41 Source: RBC. Market share figures as at quarter end.

## Definitions

**GIL ratio:** Gross impaired loans as a percentage of related loans and acceptances.

**Operating leverage:** The difference between revenue growth rate (as adjusted) and non-interest expense growth rate (as adjusted). Revenue is based on *teb*, excluding consolidated variable interest entities (VIEs), accounting adjustments related to the new Financial Instruments Accounting Standards and Global Insurance-related revenue, while non-interest expense excludes Global Insurance-related expense. Non-GAAP measure. See slide 43 for a discussion of Non-GAAP measures.

**Net interest margin (average assets):** Net interest income divided by average assets.

**Net interest margin (average earning assets):** Net interest income divided by average earning assets.

**nm:** not meaningful

**RBC Dexia IS AUA:** Represents the total Assets under Administration of the joint venture, of which we have a 50% ownership interest. RBC Dexia IS was created on January 2, 2006, and we contributed AUA of \$1,400 billion to the joint venture at that time. As RBC Dexia IS reports on a one-month lag basis, AUA- RBC Dexia IS reported for Q3/07 are as at June 30, 2007.

**Specific PCL ratio:** Specific provision for credit losses as % of average loans and acceptances.

**Teb:** Taxable equivalent basis. A measure that increases Net interest income from certain tax advantaged sources (in our case, Canadian taxable corporate dividends) to their tax equivalent value, making it comparable to income from taxable sources. There is an offsetting adjustment in the tax provision, thereby generating the same after-tax net income as reported under GAAP.

**VIE:** Variable Interest Entity. Starting in Q1 2005, we consolidated certain entities in accordance with AcG 15. Revenue and expense from certain consolidated VIEs have been included in Capital Markets results. Amounts relate to third parties and do not impact our results.



42 Note: Please see Report to Shareholders Third Quarter 2007 for all reconciliations and definitions.



## 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 Operating Leverage (adjusted) and Global Insurance results excluding certain items, 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 the "Key Financial Measures (Non-GAAP)" section in our Q3 2007 Interim Report to Shareholders.

### Investor Relations Contact

Marcia Moffat, Head, Investor Relations	(416) 955-7803
Bill Anderson, Director, Investor Relations	(416) 955-7804
Amy Cairncross, Director, Investor Relations	(416) 955-7809
<a href="http://www.rbc.com/investorrelations">www.rbc.com/investorrelations</a>	

