



Phillips, Hager & North Investment Management Joins Forces with RBC

February 21, 2008

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



Caution regarding forward-looking statements

Certain statements contained in this document may be deemed to be forward-looking statements under certain securities laws, including the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities legislation. These forward-looking statements include, but are not limited to statements with respect to the acquisition of Phillips, Hager & North Investment Management Ltd. (PH&N) by RBC. Forward-looking statements are typically identified by words such as "believe", "expect", "forecast", "anticipate", "intend", "estimate", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could", or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations and other forward-looking information, including statements about the acquisition of PH&N by RBC 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, but are not limited to the possibility that the proposed acquisition does not close when expected or at all because required regulatory or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, that RBC and PH&N may be required to modify the terms and conditions of the proposed transaction to achieve regulatory approval, or that the anticipated benefits of the transaction are not realized as a result of such things as the strength of the economy and competitive factors in the areas where PH&N does business; 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; RBC's ability to complete the acquisition of PH&N and to integrate it with RBC successfully; reputational risks, and other factors that may affect future results of RBC and PH&N, including timely development and introduction of new products and services, changes in tax laws, and technological and regulatory changes. We caution that the foregoing list of important factors is not exhaustive. Additional information about these and other factors can be found in RBC's 2007 Annual Report.

Except as required by law, Royal Bank of Canada assumes no obligation to update the forward-looking statements contained in this document.



Executing on our strategy in 2008 and beyond

To be the undisputed leader in financial services in Canada

To grow our Wealth Management segment, including extending our lead in the Canadian wealth and asset management markets



Phillips, Hager & North Investment Management (PH&N) will further our objectives in the Wealth Management segment:

- Attractive long-term growth potential driven by economic growth and demographics
- High quality recurring revenue and earnings
- Relatively small balance sheet and capital requirements for organic growth

3



Combines two leaders for benefit of clients

Canadian Leader

- ▶ Will create Canada's pre-eminent private sector asset manager:
 - AUM > \$160B ⁽¹⁾
 - Top 5 in institutional asset management
 - Leading provider of investment management to high net worth private clients
 - Top 2 in mutual funds, substantially closing the gap with largest manager (gap < \$3B)

Complementary Offering and Reach

- ▶ Will broaden presence across asset classes, clients and distribution channels
 - Asset classes (fixed income and equity)
 - Clients (institutional, retail, high net worth)
 - Mutual fund distribution (Canadian banking network, advisors, direct-to-investor, consultants, RBC's global network)

Shared Commitment to Clients

- ▶ Combines two recognized leaders with similar client-centric cultures and strong track records
- ▶ Shared commitment to providing clients with value-for-money, transparency and choice

Superb Management Team

- ▶ Two talented management teams to join forces, with PH&N's President to lead the Global Asset Management business as its CEO
- ▶ Shared goal to retain 100% of clients

(1) Based on RBC's and PH&N's respective year-ends

4



Overview of Phillips, Hager & North Investment Management (PH&N)

- Founded in Vancouver in 1964
- One of Canada's oldest independent investment management firms and a full-range provider of investment management solutions
- Recognized leader in fixed income investment mandates and consistently ranks among the best in Canada
- Strong reputation within the investment industry and consultant community for client service, performance and value
- 300 staff, including 97 investment professionals, in its Vancouver, Victoria, Calgary, Toronto and Montreal offices
- As at December 31, 2007, PH&N had \$69.2 billion of AUM
 - 81% institutional
 - 19% private discretionary and non-discretionary clients

5



Overview of RBC Asset Management

- One of Canada's largest money managers
 - 12% market share, largest single-company provider
 - Over \$87 billion AUM
 - Over 250 employees
- Led the Canadian mutual fund industry in net sales of long-term funds for 4 consecutive years
- AUM first and second quartile performance as at December 31, 2007 ⁽¹⁾

	1 year	3 year	5 year	10 year
	90%	89%	93%	82%
- Focus on excellence in "four pillars" of asset management company
 - Portfolio management and execution
 - Product development, sales and marketing
 - Middle office excellence
 - Risk management and compliance
- Commitment to client-focused product innovation
- Track record of broadening and leveraging distribution channels to better serve clients

(1) Source: Morningstar

6



Top five Canadian institutional money manager

- Will enable RBC to provide a complete range of asset management products and services across all types of retirement plans – individual and group

TOP MONEY MANAGERS (by pension assets)

	Total (\$ millions)
Caisse de depot et placement du Quebec ⁽¹⁾	172,808
Barclays	51,611
TD Asset Mgmt	37,692
Phillips, Hager & North Investment Management	36,091
State Street Global Advisors	34,936
Jarislowsky Fraser	28,783
AllianceBernstein	28,535
McLean Budden	27,971
Greystone	23,461
Connor, Clark & Lunn	19,240

(1) Assets as of December 31, 2006

Source: Firms participating in Benefits Canada's 2007 Top 40 Money Managers Survey, November 2007. Data as of June 30, 2007.

7



Leading presence in private client segment

- RBC and PH&N combined will have one of the largest private client investment counselling market shares in Canada
- Formidable presence across Canada with combined total of 51 private counselling investment professionals, with significant strength and presence in western Canada
- Together with IDA-discretionary investment management business within full-service brokerage (RBC Dominion Securities), RBC will bolster its leadership in serving high net worth clients' investment needs

8



Top two in Canadian mutual fund industry

- Adding PH&N's mutual fund assets will reinforce RBC's leadership in the Canadian fund industry – 70% larger than next competitor

Rank	Company	Net Assets (\$ millions)	Market Share
1	IGM Financial	103,865	15.5%
2	RBC Asset Management + PH&N	101,096	15.1%
2	RBC Asset Management	81,602	12.2%
3	CI Investments	59,097	8.8%
4	TD Asset Management	54,879	8.2%
5	CIBC Asset Management	49,467	7.4%
6	AIM Trimark Investments	42,341	6.3%
7	Fidelity Investments Canada	40,031	6.0%
8	BMO Financial Group	36,422	5.4%
9	AGF Funds	27,707	4.1%
10	Franklin Templeton	25,139	3.7%
11	Dynamic Mutual Funds	20,417	3.0%
12	PH&N	19,494	2.9%

Source: As reported to IFIC. Data as of January 31, 2008, total market reported \$671,593,000.

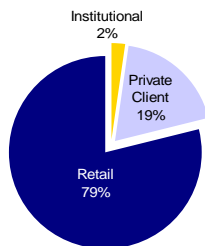
9



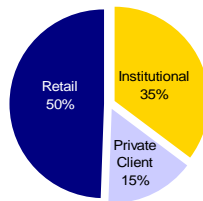
Broadens presence across all client segments

- Balanced mix between institutional, mutual funds and private client segments
- Well positioned for growth with each client segment through ability to leverage capabilities of both organizations

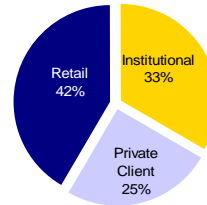
RBC Asset Management and RBC Private Counsel AUM (~\$95 billion)



RBC Asset Management, RBC Private Counsel and PH&N AUM (~\$160 billion)



RBC Wealth Management including PH&N Global AUM (~\$ 230 billion)



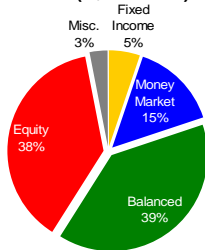
10



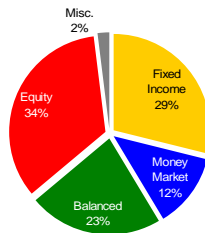
Broadens presence across all asset classes

- Complementary investment management strength enhances product offering and diversifies asset base
 - Premier fixed income offering fits with RBC's strengths in equity and portfolio funds, not only in Canada but also in the U.S. and internationally
- Ability to offer best-in-class investment capabilities across all asset classes

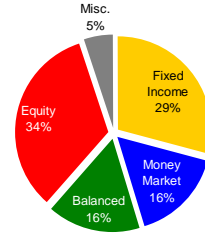
RBC Asset Management and RBC Private Counsel AUM (~\$95 billion)



RBC Asset Management, RBC Private Counsel and PH&N AUM (~\$160 billion)



RBC Wealth Management including PH&N Global AUM (~\$ 230 billion)



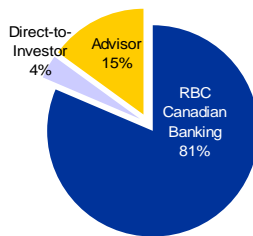
11



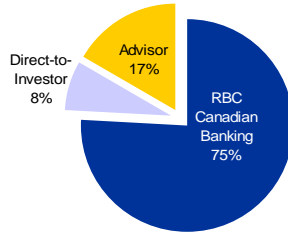
Broadens mutual fund distribution channels

- Strong distribution networks provides foundation for growth
 - Opportunity to leverage RBC's established relationships with third party dealers to distribute PH&N's products through existing wholesalers
 - PH&N offers a direct-to-investor channel through its Investment Funds Centre, which has the potential for greater leverage while accelerating RBC's growth in this space

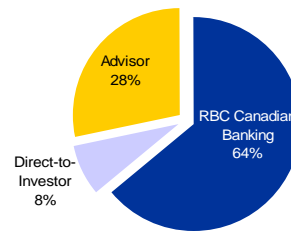
RBC Asset Management



RBC Asset Management and PH&N



Global Asset Management including PH&N



12



Shared commitment to clients

- Shared focus on transparency, value and choice in product offerings
 - Both RBC and PH&N deliver high value products with low fees and can meet total investing needs of clients
 - Both firms offer clients and advisors exceptional choice and value in terms of accessing products based on their relationship and need for advice
 - Strong competitive position will benefit from trends in the asset management industry focussing on global capabilities, client needs-based product development, client and advisor support and investment performance
- Commitment to excellence in client service and performance
 - PH&N ranked #1 among all competitors in Canada for client service with strong track record of performance
 - RBC's client-first strategy mirrors this focus, exemplified by the success of its portfolio solutions and industry leading investment performance

13



Strong track records of performance

- PH&N's strong performance in fixed income funds complements RBC's strengths in equity and portfolio funds
 - PH&N received Lipper awards in 2007 for:
 - Best Bond fund family
 - Top honours for its Short-term Bond & Mortgage fund
 - High Yield Bond fund
 - RBC was awarded "Best Overall Fund Group" in Canada in 2007 for best risk-adjusted investment performance over prior three years
 - Roughly 90% of RBC fund assets in top two quartiles of performance on one-year, three-year and five-year basis and #1 among top ten fund companies in each time period ⁽¹⁾
- Combined, RBC and PH&N would have 13 five-star funds in their portfolio, as ranked by Morningstar, and 37 four and five-star funds - one of the highest percentages in the industry ⁽²⁾

(1) Source: Morningstar. Data as of December 31, 2007.

(2) Source: Morningstar. Data as of January 31, 2008.

14



Superb management team

- Senior management from RBC and PH&N partnering for future growth:
 - President of PH&N, John Montalbano will be appointed CEO of RBC's asset management business in Canada and will have responsibility for the Global Asset Management business line comprising RBC Asset Management, PH&N and Voyageur Asset Management
 - Brenda Vince, President of RBC Asset Management, will assume responsibility for combined retail fund and high net worth businesses
 - Damon Williams will continue as Head of Institutional Management for PH&N
 - Dan Chornous, currently Chief Investment Officer (CIO) of RBC Asset Management will assume that role for PH&N as well
 - Hanif Mamdani, currently CIO of PH&N, will become Head of Alternative Investments for combined firm in Canada.

15



Transaction summary

Description	RBC will acquire 100% of the outstanding shares of PH&N
Consideration	27 million RBC common shares, with a portion deferred until three years after closing. The purchase price will be adjusted if PH&N's net client outflows exceed a certain threshold prior to closing.
Closing Conditions	Subject to regulatory approvals and other customary closing conditions
Expected Closing	On or about April 30, 2008
RBC EPS Impact	Not material to RBC EPS in the near term

16



Investor Relations contacts

Amy Cairncross, Director, Investor Relations (416) 955-7809

William Anderson, Director, Investor Relations (416) 955-7804

www.rbc.com/investorrelations