



## Third Quarter 2010 Results

August 26, 2010

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 forward-looking statements in this Q3 2010 presentation, in other filings with Canadian regulators or the SEC, in reports to shareholders and in other communications. Forward-looking statements in this presentation include, but are not limited to, statements relating to our vision and strategic goals. The forward-looking information contained in this presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented and our vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "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 or conclusions will not prove to be accurate, that our assumptions may not be correct and that our vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, operational and liquidity and funding risks, and other risks discussed in the Risk, capital and liquidity management section and in our 2009 Annual Report to Shareholders; general business, economic and financial market conditions in Canada, the United States and certain other countries in which we conduct business, including the effects of the European sovereign debt crisis; changes in accounting standards, policies and estimates, including changes in our estimates of provisions, allowances and valuations; the effects of changes in government fiscal, 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, changes to and new interpretations of risk-based capital guidelines, and reporting instructions and liquidity regulatory guidance, and the Dodd-Frank Wall Street Reform and Consumer Protection Act; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; our ability to successfully execute our strategies and to complete and integrate strategic acquisitions and joint ventures successfully; and development and integration of our distribution networks.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. 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. Except as required by law, 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 and other factors can be found in the Risk, capital and liquidity management section of our Q3 2010 Report to Shareholders and in our 2009 Annual Report to Shareholders.

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



## Overview

**Gordon M. Nixon**

**President & CEO**

## Earnings review



	Q3 2010	Q2 2010	Q3 2009
Net income (\$ millions)	\$ 1,276	\$ 1,329	\$ 1,561
Diluted earnings per share	\$ 0.84	\$ 0.88	\$ 1.05
ROE	14.3%	15.8%	19.4%

- Strong results in Canadian Banking, Wealth Management and Insurance. Capital Markets was impacted by lower trading results due to challenging market conditions.
- Q3 2010 earnings were down as business growth, improvements in credit quality and our ongoing cost management efforts were more than offset by a significant decline in trading revenue.

## Financial highlights



### Net Income by Segment

\$ millions	Q3 2010	Change vs. Q2 2010	Change vs. Q3 2009
Canadian Banking	\$ 766	\$ 30	\$ 97
Wealth Management	185	95	17
Insurance	153	46	(14)
International Banking	(76)	(49)	19
Capital Markets	201	(301)	(361)
Corporate Support <sup>(1)</sup>	47	-	-
<b>Net income</b>	<b>\$ 1,276</b>	<b>\$ (53)</b>	<b>\$ (285)</b>

(1) YoY and QoQ trend analysis is not relevant. Corporate Support reported net loss of \$79MM in Q2 2010, and net income of \$90MM in Q3 2009. See Corporate Support section of the Q3 2010 Report to Shareholders for more information.

## Capital Markets revenue



\$ millions	Q3 2010	Q2 2010	Q3 2009	Change vs. Q2 2010
Sales and Trading revenue	\$ 415	\$ 1,172	\$ 1,768	(65%)
Trading revenue (teb) <sup>(1)</sup>	188	1,022	1,788	-
Exclude: loss (gain) on MBIA <sup>(2)</sup>	100	(182)	1	-
Exclude: loss (gain) on BOLI <sup>(2)</sup>	73	(28)	(1)	-
Adjusted trading revenue <sup>(3)</sup>	361	812	1,788	(56%)
Commissions and non-trading related items	227	150	(20)	-
Adjusted Sales and Trading revenue <sup>(3)</sup>	\$ 588	\$ 962	\$ 1,768	(39%)
Corporate and Investment Banking revenue	\$ 539	\$ 428	\$ 346	26%
Total adjusted Capital Markets revenue <sup>(3)</sup>	\$ 1,127	\$ 1,390	\$ 2,114	(19%)

- Sales and Trading revenue was affected by significant industry-wide declines in client activity and lower trading margins, particularly in Europe.
- Trading results reflect accounting volatility as market conditions caused large fluctuations in valuations on MBIA and BOLI which resulted in losses this quarter compared to gains in the prior quarter (see slide 23 in Appendix).
- Strong results in our investment banking businesses with QoQ improvement in equity origination, loan syndication and M&A activity in all geographies.

(1) Teb: taxable equivalent basis.

(2) Q3 2010 after-tax losses on MBIA and BOLI were \$47MM (\$0.03/share) and \$25MM (\$0.02/share) respectively. See Capital Markets and Exposures to selected financial instruments sections of the Q3 2010 Report to Shareholders for discussion.

(3) Non-GAAP measure: see slide 24 for discussion of non-GAAP measures.

## Capital position

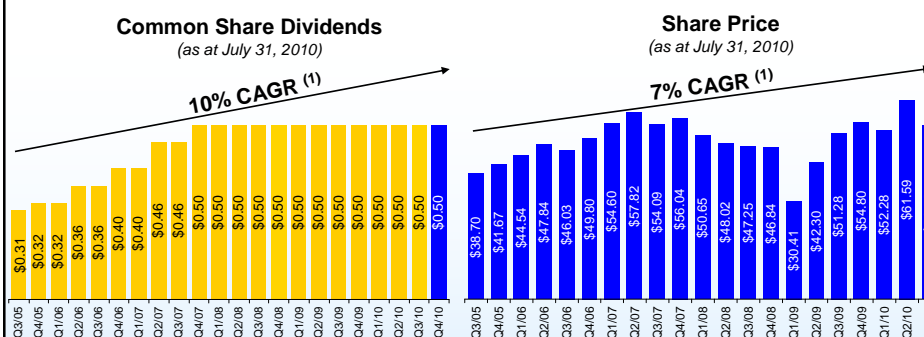


	Q3 2010	Basel II		OSFI Target
		Q2 2010	Q3 2009	
Tier 1 capital ratio (%)	12.9	13.4	12.9	7.0 +
Assets-to-capital multiple (x)	16.5	16.0	16.3	-
Tier 1 common ratio (%) <sup>(1)</sup>	9.6	9.7	9.1	-

- Robust capital measures.
- Tier 1 capital ratio was down 50 bps QoQ, largely due to higher risk-adjusted assets and the redemption of innovative tier 1 instruments, partly offset by earnings generation.

(1) See Capital management section of the Q3 2010 Report to Shareholders for further information and calculation.

## Proven long-term track record of performance



Total Shareholder Return (in home currency, as at July 31, 2010)	1-year	3-year	5-year	10-year
RBC	10%	4%	11%	14%
S&P/TSX Composite Index	13%	(3)%	5%	4%
S&P 500 Index	14%	(7)%	0%	(1)%
RBC rank vs. peer group (7 Canadian, 5 U.S. and 7 Int'l financial institutions)	12	4	2	4

(1) 5-year CAGR (Compound Annual Growth Rate).

## Where we are going



### Our Goals

#### **Vision**

**Always earning the right to be our clients' first choice**

In Canada, to be the undisputed leader in financial services

In the U.S., to be a leading provider of capital markets, wealth management and banking services by building on and leveraging our considerable capabilities

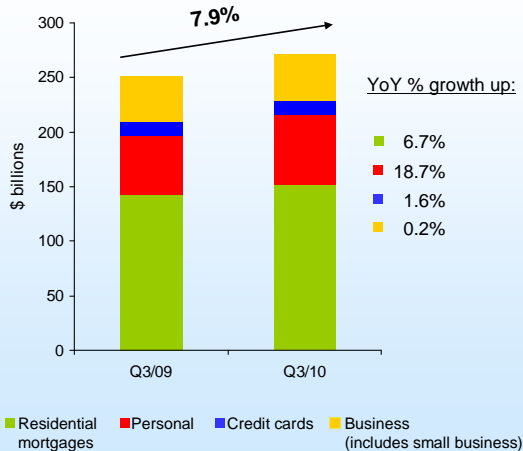
Outside North America, to be a premier provider of select capital markets, wealth management and banking services in markets of choice

## Canadian Banking volume growth

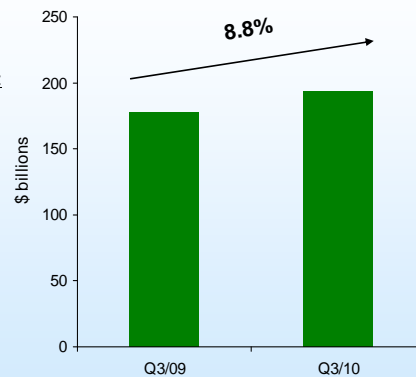


**Combined year-over-year loan and deposit growth of 8.3%**

### Average Loans and Acceptances



### Average Deposits



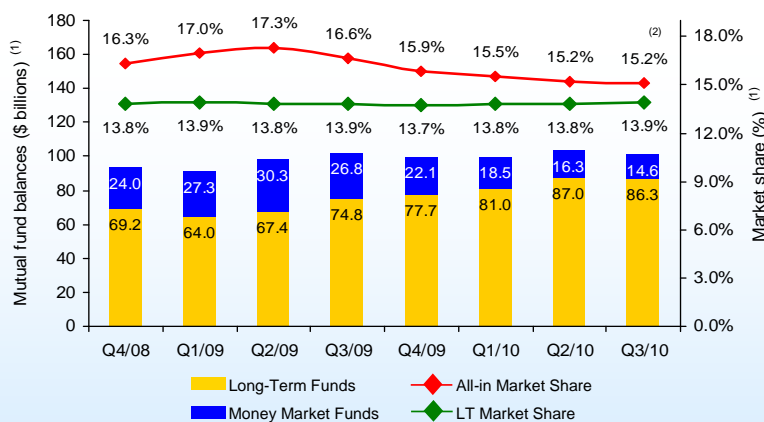
## Canadian retail momentum



		Q3 2010		Q3 2009	
		Rank	Market Share <sup>(1)</sup>	Rank	Market Share <sup>(1)</sup>
Leadership in most personal products	Consumer lending <sup>(2)</sup>	1	21.1%	2	20.8%
	Personal core deposits	2	20.0%	2	18.5%
	Personal investments <sup>(3)</sup>	1	15.9%	1	17.0%
Leadership in business products	Business loans <sup>(4)</sup>				
	\$0 - \$250M	1	26.3%	1	26.5%
	\$250M - \$5MM	1	26.6%	1	26.9%
	Business deposits & investments	1	22.4%	1	22.5%

- (1) Market share is calculated using most current data available from Bank of Canada (BoC), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA). BoC and IFIC data is at June 2010 and CBA data is at March 2010. Market share is of total Chartered Banks unless otherwise noted.
- (2) Comprises residential mortgages, personal loans and credit cards.
- (3) Comprises GICs and mutual funds. Mutual fund market share is per IFIC.
- (4) Market share is of the nine Chartered Banks that submit Business loan tiered data to CBA on a quarterly basis.

## Canadian mutual fund balances & market share



- Mutual funds assets under management continued to lead the industry in 2010 at \$101B.
- Sales of long-term mutual funds led the industry over the past 5 and 10 year periods ending Q3 2010, while long-term fund assets increased 35% since the market low in Q1 2009.
- Money market fund balances peaked in Q2 2009, driven by investors' flight to safety. Many investors have since moved to high interest savings accounts offering higher yields.

(1) Source: IFIC

(2) Individual market shares: RBC AM 12.3% and PH&N 2.9%; market share figures as at July 31, 2010.

## Capital Markets achievements



- ✓ Best Investment Bank in Canada for 3<sup>rd</sup> consecutive year (*Euromoney*)
- ✓ Best Bank for Fixed Income e-Trading and Non-Core Currency Bonds (*Credit Magazine's 2010 European Credit Awards*)
- ✓ Joint bookrunner and hedge manager on largest ever U.K. Gilt offering, and the largest ever European government bond to date

Rankings	Rank	Value (\$ millions)	# of deals	Market Share
Canadian corporate debt <sup>(1)</sup>	1	12,945	56	29.8%
Canadian all debt (excl. self funded) <sup>(2)</sup>	1	19,814	64	25.8%
Canadian equity and equity-related (excl. structured products) <sup>(3)</sup>	1	5,796	56	17.3%
U.S. M&A <sup>(4)</sup>	19	11,232	28	2.9%

(1) Bloomberg: January 2010 - July 2010

(2) Thomson Reuters: January 2010 – June 2010

(3) FPIinformart: November 2009 – July 2010

(4) Bloomberg: January 2010 – June 2010, in US\$. Ranking up from #51 with a market share of 0.1% during the same period of 2009



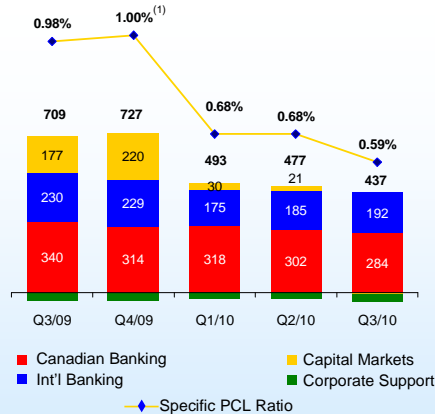
## Risk Review

**Morten Friis**  
Chief Risk Officer

## Specific provision for credit losses (PCL)



\$ millions



Q3 2010 vs. Q2 2010 (down \$40MM):

- Cdn Banking (avg. bal \$271.7B):**  
 Down \$18MM mainly due to lower write-offs in the credit card portfolio, and lower provisions in the unsecured personal and residential mortgage portfolios, partially offset by increased provisions in the business lending portfolio.
- Capital Markets (avg. bal \$29.2B):**  
 A recovery of \$9MM comprised of recoveries on a few large accounts that more than offset specific PCL in the current quarter. This compared to specific PCL of \$21MM in the prior quarter.
- Int'l Banking (avg. bal \$29.4B):**  
 Up \$7MM largely due to higher provisions in U.S. banking, mainly reflecting higher commercial provisions, partially offset by lower provisions in the Caribbean portfolio.

### Specific PCL Ratio <sup>(1)</sup> <sup>(2)</sup>

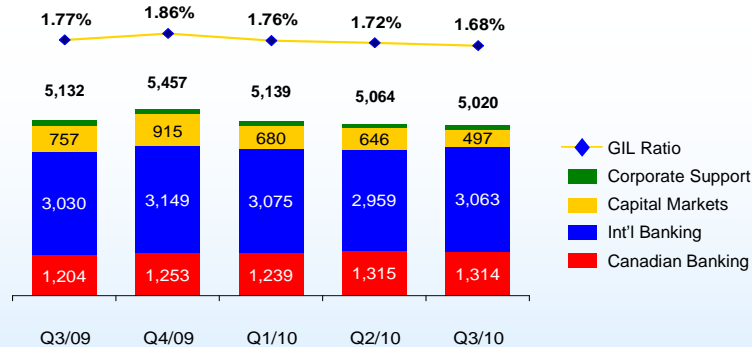
	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
Canadian Banking	0.54%	0.48%	0.48%	0.47%	0.41%
Int'l Banking	2.69%	2.80%	2.27%	2.58%	2.59%
Capital Markets	1.96%	2.63%	0.38%	0.29%	(0.12)%

- (1) Q4 2009 impacted by the reclassification of AFS securities to loans as per the amendment to CICA section 3855. See page 58 of our 2009 Annual Report for details.
- (2) Specific PCL ratio: specific provision for credit losses as a percentage of average net loans and acceptances.

## Gross impaired loans (GIL)



\$ millions



### GIL Ratio <sup>(1)</sup>

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
Canadian Banking	0.48%	0.48%	0.47%	0.49%	0.48%
Int'l Banking	8.94%	9.72%	10.02%	10.08%	10.44%
Capital Markets	2.11%	2.76%	2.17%	2.23%	1.70%

- (1) GIL ratio: gross impaired loans as a percentage of related average loans and acceptances.

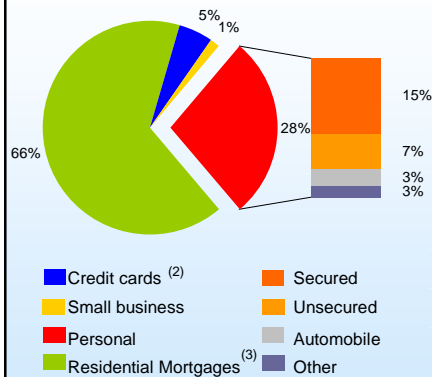


## Credit quality – Canadian Banking retail portfolio

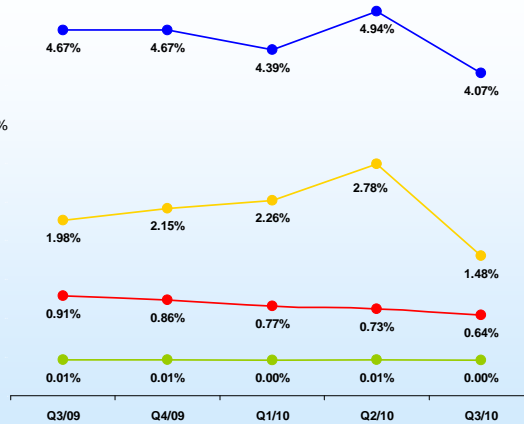


### Credit quality improving in our retail portfolio

#### Average Retail Loans \$232 billion



#### Specific PCL Ratio by product <sup>(1)</sup>



(1) Specific PCL ratio: specific PCL as a percentage of average net loans and acceptances.

(2) Includes credit card securitization.

(3) Includes residential mortgages securitization.

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## Financial Review

Janice Fukakusa

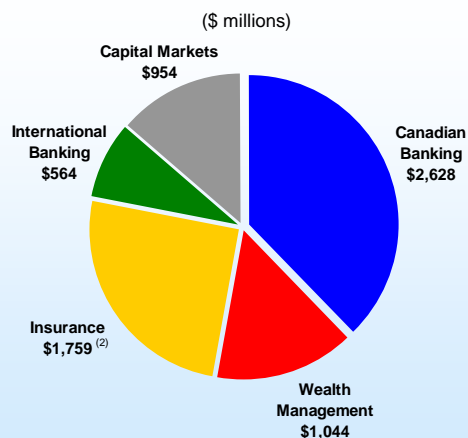
Chief Administrative Officer  
and Chief Financial Officer

## Financial highlights



### Total Q3 2010 Revenue: \$6,827 million

#### Revenue by Business Segment <sup>(1)</sup>



\$ millions	Change vs. Q2 2010	Change vs. Q3 2009
Canadian Banking	\$ 37	\$ 147
Wealth Management	69	26
Insurance <sup>(2)</sup>	432	184
International Banking	(39)	(89)
Capital Markets	(646)	(1,160)
<b>Total <sup>(1) (2)</sup></b>	<b>\$ (140)</b>	<b>\$ (996)</b>

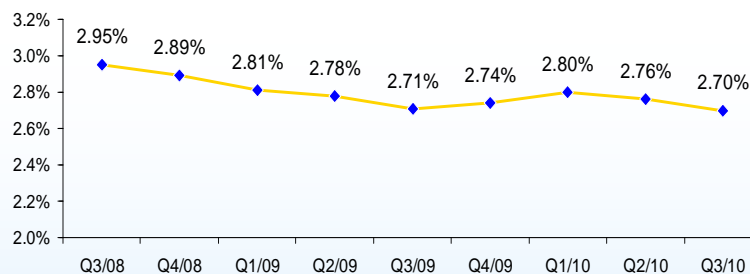
(1) Corporate Support not included.

(2) Q3 2010 revenue includes a \$230 million impact from fair value changes on investments backing our life, health and annuity liabilities, a decrease of \$108 million YoY and an increase of \$200 million QoQ, which was largely offset in PBCAE.

RBC | THIRD QUARTER 2010 RESULTS

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## Canadian Banking net interest margin <sup>(1)</sup>



Average bps <sup>(2)</sup>	Q3 2010	Q2 2010	Q3 2009
Bank of Canada Overnight Rate	46	25	25
Prime/BA (Bankers' Acceptance)	179	182	185

- NIM down 6 bps QoQ reflecting narrower Prime/BA spread, and competitive pricing on credit cards and mortgages, partly offset by higher short term interest rates which benefited our deposits.
- NIM was relatively flat YoY as the impact of loan repricing activity was offset by narrower Prime/BA spread and higher mortgage breakage costs.

(1) Net interest margin (average earning assets): net interest income divided by average total earning assets.

(2) Source: Bloomberg, Bank of Canada.

RBC | THIRD QUARTER 2010 RESULTS

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## Other-other income



\$ millions	Q3 2010	Q2 2010	Q3 2009	Change vs. Q2 2010	Change vs. Q3 2009
Other income – segments	134	116	166	18	(32)
FV adjustments on RBC debt	35	32	(214)	3	249
CDS on corporate loans	21	(39)	(128)	60	149
Accounting impact - FX translation on certain AFS securities in WM	26	(68)	-	94	26
Funding related items	(117)	(45)	132	(72)	(249)
Other misc. items	(9)	83 <sup>(1)</sup>	(64)	(92)	55
<b>Other-other income</b>	<b>\$ 90</b>	<b>\$ 79</b>	<b>\$ (108)</b>	<b>\$ 11</b>	<b>\$ 198</b>

(1) Includes FX translation impact on AFS securities in International Banking. See International Banking section of Q2 Report to Shareholders for discussion.



## Appendix

## Capital Markets (CM) trading



\$ millions	Q3 2010	Q2 2010	Q3 2009	Change vs. Q2 2010
CM trading revenue (teb) <sup>(1)</sup>	\$ 188	\$ 1,022	\$ 1,788	(82%)
Interest rate and credit	(19)	650	1,188	-
Exclude: loss (gain) on MBIA <sup>(2)</sup>	100	(182)	1	-
Exclude: loss (gain) on BOLI <sup>(2)</sup>	73	(28)	(1)	-
Adjusted interest rate and credit <sup>(3)</sup>	154	440	1,188	(65%)
Equities	105	231	464	(55%)
FX & commodities	102	141	136	(28%)
Adjusted CM trading revenue (teb) <sup>(1) (3)</sup>	\$ 361	\$ 812	\$ 1,788	(56%)

(1) Teb: taxable equivalent basis.

(2) Q3 2010 after-tax losses on MBIA and BOLI were \$47MM (\$0.03/share) and \$25MM (\$0.02/share) respectively. See Capital Markets and Exposures to selected financial instruments sections of the Q3 2010 Report to Shareholders for discussion.

(3) Non-GAAP measure: see slide 24 for discussion of non-GAAP measures.

## 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 result of operations and should enhance the comparability of our financial performance for the three months ended July 31, 2010 with the three months ended April 30, 2010 and July 31, 2009, respectively. Readers are cautioned that non-GAAP measures, such as Adjusted trading revenue, Adjusted Sales and Trading revenue, Adjusted Capital Markets revenue, Adjusted interest rate and credit revenue, and Adjusted Capital Markets trading revenue do not have any standardized meaning prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures disclosed by other companies.

Additional information about our Key performance measures can be found under the "Key performance measures" section in our Q3 2010 Report to Shareholders and our Q3 2010 Supplementary Financial Information.

Definitions can be found under our "Glossary" section in our 2009 Annual Report to Shareholders and in our Q3 2010 Supplementary Financial Information.

### Investor Relations Contacts

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