



# Third Quarter 2004

## Quarterly Results Slides

August 27, 2004

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## Caution regarding forward-looking statements

From time to time, we make written and oral forward-looking statements, included in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications, which are made pursuant to the "safe harbor" provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements include, among others, statements with respect to our objectives for 2004, and the medium and long terms, and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "anticipate," "estimate," "expect," "intend," "plan," and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist 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 actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian economy in general and the strength of the local economies within Canada in which we conduct operations; the strength of the United States economy and the economies of other nations in which we conduct significant operations; the effects of changes in monetary and fiscal 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; changes in trade policy; the effects of competition in the markets in which we operate; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services in receptive markets; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); changes in tax laws; technological changes; our ability to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism; and our anticipation of and success in managing the risks implicated by the foregoing.

We caution that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions, 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 or on our behalf.



## 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 average common equity do not have any standardized meaning prescribed by US or Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other companies.

Further explanations of non-GAAP financial measures discussed in this presentation can be found in the "Explanation of certain terms" on chart 58 and reconciliation of non-GAAP measures to GAAP measures can be found throughout this presentation.



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## Financial overview

### *Third quarter highlights \**

- Net income of \$768 MM, down 1% from \$776 MM
- Diluted earnings per share of \$1.15, up 1% from \$1.14
- Return on equity (ROE) of 16.8%, down 60 basis points from 17.4%
- Total revenues up \$103 MM or 2%. Appreciation of the Canadian dollar relative to the U.S. dollar reduced revenues by \$35 MM
- Non-interest expense up \$139 MM or 5%. Appreciation of the Canadian dollar decreased NIE by \$25 MM
- Provision for credit losses of \$125 MM versus \$167 MM a year ago
- Tier 1 and Total capital ratios of 9.1% and 12.7%, versus medium-term goals of 8 - 8.5% and 11 - 12%, respectively (Canadian GAAP)

\* Growth vs. Q3/03



## Financial overview

### Key third quarter and first 9 mos. numbers\*

C\$ millions	U.S. GAAP		Cdn. GAAP	
	Q3/04	9 mos' 04	Q3/04	9 mos' 04
Net income	\$768	2,335	\$746	\$2,299
Net income growth	(1)%	5%	(5)%	2%
EPS – diluted	\$1.15	\$3.49	\$1.12	\$3.45
EPS growth	1%	8%	(3)%	5%
ROE	16.8%	17.6%	16.1%	17.0%
Total revenues	\$4,405	\$12,952	\$4,572	\$13,479
Revenue growth	2%	2%	3%	3%
Non-interest expense	\$2,720	\$8,230	\$2,743	\$8,297
NIE growth	5%	8%	5%	7%

\* Growth vs. Q3/03 and 9 months '03

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## Financial overview

### Impact of CAD vs. USD change

C\$ millions	Q3/04 vs. Q2/04*	Q3/04 vs. Q3/03*	9 mos'04 vs. 9 mos'03*
FX impact on:			
Total revenues	↑ 3	↓ 35	↓ 405
Non-interest expense	↓ 2	↓ 25	↓ 275
Net income	-	↓ 3	↓ 43
EPS - diluted (\$/share)	-	-	↓ \$0.07

Value of C\$1.00 in USD	Q3/04	Q2/04	Q3/03
Average	\$0.7451	\$0.7467	\$0.7282
Closing	\$0.7522	\$0.7288	\$0.7118

\* Translating USD denominated results using average CAD/USD exchange rates for respective periods

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US GAAP



## Financial overview

### Reconciliation of U.S. & Cdn. GAAP EPS

C\$ per share	Q3/04	Q2/04	Q3/03	9 months	
				2004	2003
<b>U.S. GAAP EPS - diluted</b>	<b>\$1.15</b>	<b>\$1.16</b>	<b>\$1.14</b>	<b>\$3.49</b>	<b>\$3.23</b>
Insurance accounting	-	(0.01)	-	(0.02)	(0.01)
Derivatives/hedging activities	(0.02)	(0.02)	0.03	(0.04)	0.05
Other	(0.01)	0.01	(0.01)	0.02	0.01
<b>Cdn. GAAP EPS - diluted</b>	<b>\$1.12</b>	<b>\$1.14</b>	<b>\$1.16</b>	<b>\$3.45</b>	<b>\$3.28</b>
<b>U.S. GAAP EPS less Cdn. GAAP EPS</b>	<b>\$0.03</b>	<b>\$0.02</b>	<b>\$(0.02)</b>	<b>\$0.04</b>	<b>\$(0.05)</b>



## Financial overview

### Performance vs. objectives – 2004

	Objectives for 2004	Performance 9 mos. '04
<b><u>Profitability measures</u></b>		
EPS growth – diluted	10-15%	8%
ROE	17-19%	17.6%
Revenue growth	5-8%	2% *
Expense growth	< revenue growth	8% **
Allocated specific PCL/avg. loans, accept. & reverse repos	0.35-0.45%	0.23%
<b><u>Capital ratios (OSFI)</u></b>		
Tier 1 capital	maintain strong	9.1%
Total capital	capital ratios	12.7%
Dividend payout ratio	40-50%	42%

\* Revenue growth was 5% excluding impact of CAD/USD exchange rate change (see chart 35)

\*\* Expense growth was 11% excluding impact of CAD/USD exchange rate change. Includes Q1/04 settlement costs with Rabobank, net of a related reduction in compensation expenses



## Business segment results

*Third quarter 2004*

C\$ millions	Net income	Net income growth*	ROE
<b>RBC Banking</b>	\$ 390	(6)%	21.8%
<b>RBC Investments</b>	113	-	16.0
<b>RBC Insurance</b>	75	32	25.3
<b>RBC Capital Markets</b>	165	12	18.0
<b>RBC Global Services</b>	60	22	36.5
<b>Other</b>	(35)**	n.m.	(5.1)
<b>Total</b>	\$ 768	(1)%	16.8%

\* Growth vs. Q3/03

\*\* Includes mark-to-market loss on derivatives in RBC Mortgage of \$13 million after-tax and processing disruption costs of \$9 million after-tax.

Note: ROE and average common equity for the segments are discussed on chart 58

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## Business segment results

*First 9 mos. 2004*

C\$ millions	Net income	Net income growth*	ROE
<b>RBC Banking</b>	\$ 1,163	(1)%	22.1%
<b>RBC Investments</b>	393	37	19.7
<b>RBC Insurance</b>	201	20	25.4
<b>RBC Capital Markets</b>	494	37	18.7
<b>RBC Global Services</b>	173	29	36.2
<b>Other</b>	(89)	n.m.	(4.4)
<b>Total</b>	\$ 2,335	5%	17.6%

\* Growth vs. 9 months '03

Note: ROE and average common equity for the segments are discussed on chart 58

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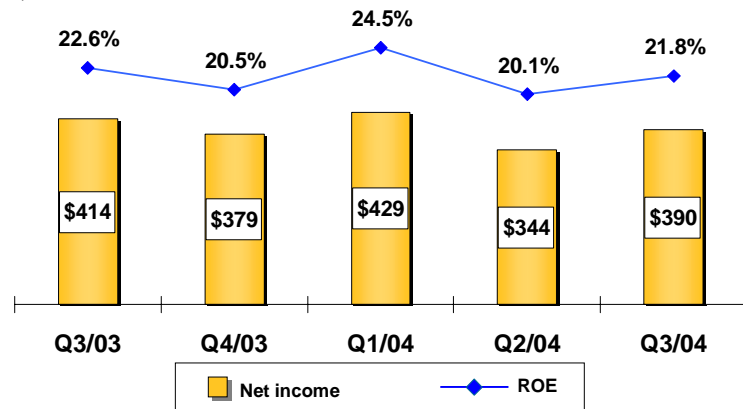
US GAAP



## RBC Banking

### Net income and ROE

C\$ millions



Note: ROE for the segments is discussed on chart 58



## Business segment results

### RBC Banking

C\$ millions	Q3/04	Q3/04 vs.		9 mos. 04	9 mos.04 vs. 9 mos.03
		Q2/04	Q3/03		
Total revenues	\$ 1,933	3%	(1)%	\$ 5,686	(2)%
Non-interest expense	1,220	1	5	3,577	2
Specific provision	128	(16)	(5)	421	-
General provision	-	n.m.	n.m.	(76)	n.m.
Total provision for credit losses	128	(16)	(5)	345	(18)
Net income	390	13%	(6)%	1,163	(1)%
Return on common equity	21.8%	↑ 170bp	↓ 80bp	22.1%	↑ 110bp
Average common equity	\$ 7,050	\$ 150	\$(200)	\$ 7,000	\$(400)
Efficiency ratio	63.1%	↓ 80bp	↑ 380bp	62.9%	↑ 250bp

See chart 32 for U.S. net income contribution

Note: ROE and average common equity for the segments are discussed on chart 58



## Business segment results

### RBC Banking – Domestic highlights\*

- Earnings down \$3 million or 1%, as modest revenue growth, lower provisions for credit losses and lower income taxes were more than offset by expense growth
- Revenues up \$8 million or 0.5%, as strong growth in loan and deposit balances and higher fee income were largely offset by spread compression on deposits

	Q3/04 vs. Q3/03
Revenues	↑ 0.5%
Net interest income	↓ 1.1%
Non-interest income	↑ 5.1%

#### Domestic volume growth:

Res. Mortgages	↑ 10.8%
Personal lending	↑ 12.4%
Credit cards	↑ 14.2%
Business lending**	↑ 3.0%
Personal deposits	↑ 3.7%
Business deposits**	↑ 10.6%

- Non-interest expense up \$50 million or 6% largely reflecting higher benefit and other compensation costs

\* Growth vs. Q3/03  
\*\* Excludes Commercial



## Business segment results

### RBC Banking - market shares

#### Market share among all financial institutions in Canada

	Rank*	May-04 vs. May-03	Market share		
			May-04	Feb-04	May-03
<b>Total deposits**:</b>	#1	↓ 13 bp	12.46%	12.50%	12.59%
<i>Personal deposits</i>		↓ 15 bp	14.95%	14.97%	15.10%
<i>Mutual funds</i>		↑ 46 bp	9.34%	9.41%	8.88%
<b>Residential mortgages</b>	#1	↑ 19 bp	15.04%	14.97%	14.85%
<b>Personal loans &amp; credit cards</b>	#2	↑ 67 bp	14.14%	13.72%	13.47%

\* Market share rank among all financial institutions in Canada, as of May 2004  
\*\* Consists of personal deposits and mutual funds



## Business segment results

### RBC Banking – U.S. highlights

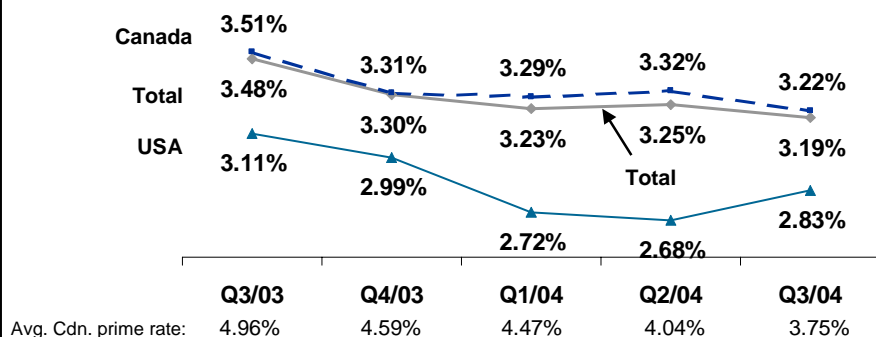
	Q3/04	Q2/04	Q3/03
Net income (C\$ millions)	\$17	\$(17)	\$41
Net income (US\$ millions)	\$13	\$(13)	\$30

- Q3/04 included a revenue deferral of C\$9 million pre-tax in RBC Mortgage from implementation of SEC Staff Accounting Bulletin No. 105. In addition, mark-to-market losses on derivatives of C\$13 million after-tax relating to certain economic hedges attributable to RBC Mortgage were reported in the Other segment.
- Q2/04 included an C\$18 million net loss relating to certain mortgage loans that are believed to have been fraudulently originated.



## Business segment results

### Net interest margin\* - RBC Banking



#### Q3/04 vs. Q3/03 ↓ 29 bps

Total margin decreased due to:

- Spread compression on deposits in Canada
- Lower returns from RBC Centura's investment portfolio

#### Q3/04 vs. Q2/04 ↓ 6 bps

Total margin decreased due to:

- Spread compression on personal deposits in Canada

\* Net interest income as a percentage of average assets



## Business segment results

### U.S. Banking revenues

	Revenues		
	Q3/04	Q2/04	Q3/03
<b>C\$ millions</b>			
RBC Mortgage	\$ 45	\$ 66	\$ 84
RBC Centura	<u>236</u>	<u>204</u>	<u>234</u>
Total U.S. RBC Banking	\$ 281	\$ 270	\$ 318
<b>US\$ millions</b>			
RBC Mortgage	\$ 33	\$ 49	\$ 61
RBC Centura	<u>176</u>	<u>152</u>	<u>171</u>
Total U.S. RBC Banking	\$ 209	\$ 201	\$ 232

- U.S. revenues improved C\$11 million from previous quarter. RBC Centura's revenue increased reflecting net interest income growth in loans and deposits, and a securities gain this quarter. Revenues at RBC Mortgage declined reflecting lower margins and a revenue deferral of C\$9 million from the implementation of SEC Staff Accounting Bulletin No. 105.
- U.S. revenues decreased C\$37 million from a year ago due to lower mortgage origination volumes and the factors affecting RBC Mortgage noted above. RBC Centura's revenue improved with strong loan and deposit growth largely offset by lower returns in its investment portfolio.

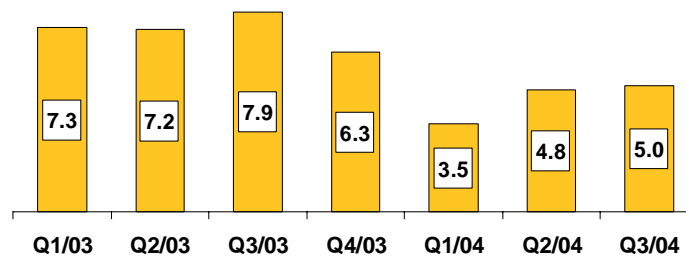


## Business segment results

### Mortgage Origination Volumes

US\$ billions

### RBC Mortgage



- Originations increased \$0.2 billion over the previous quarter, but are down over the same quarter last year when the industry experienced a record refinance boom.



## Business segment results

### Change in RBC Mortgage revenues

C\$ millions	Q3/04 vs.	
	Q2/04	Q3/03
<b>RBC Mortgage revenues</b>	\$ (21) (32)%	\$ (39) (46)%
Variance due to:		
Volumes, product mix and margin	(13)	(60)
SAB 105*	(9)	(9)
Sterling Capital Mortgage acquisition and other	1	31
FX impact	-	(1)
<b>Total</b>	<b>(21)</b>	<b>(39)</b>

\* SEC Staff Accounting Bulletin No. 105 requires deferral of revenues on mortgage servicing rights.

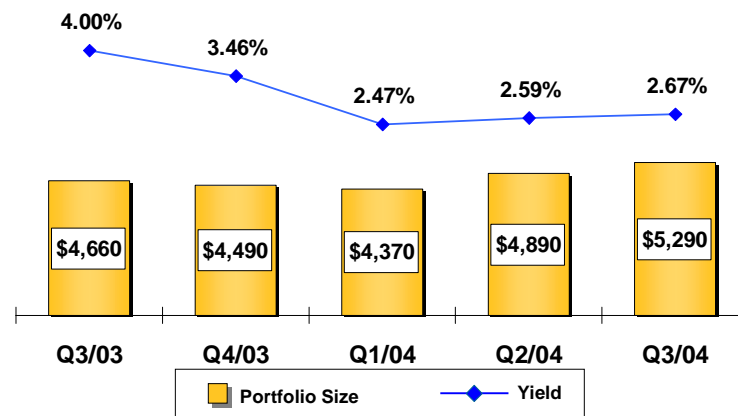


## Business segment results

### RBC Centura

#### Investment Portfolio size and yield

US\$ millions





## Business segment results

### *Change in RBC Centura revenues*

C\$ millions	Q3/04 vs.			
	Q2/04		Q3/03	
<b>RBC Centura revenue</b>	<b>\$ 32</b>	<b>16%</b>	<b>\$ 2</b>	<b>1%</b>
Variance due to:				
Loan and deposit portfolio	11		20	
Net interest income on investment portfolio*	-		(19)	
Securities gains	7		5	
Mezzanine financing payout	4		4	
Miscellaneous fees	10		(2)	
FX impact	-		(6)	
<b>Total</b>	<b>32</b>		<b>2</b>	

\* Net interest income on investment portfolio represents the yield on the investments less the cost of funding.



## Business segment results

### *Progress on improving U.S. Banking Performance*

#### RBC Centura:

##### Growing revenues:

- 18 *De novo* branches opened so far this year, with volumes tracking ahead of goals
- strong growth in consumer and business loans and deposits
- loan growth is being generated while maintaining a strong credit culture and pricing discipline
- new product and service offerings gaining traction (i.e. RBC Snowbird package, Professionals and Executives, Business Owners)

- Customer satisfaction remains strong
- Continuing cost reduction initiatives

#### RBC Mortgage:

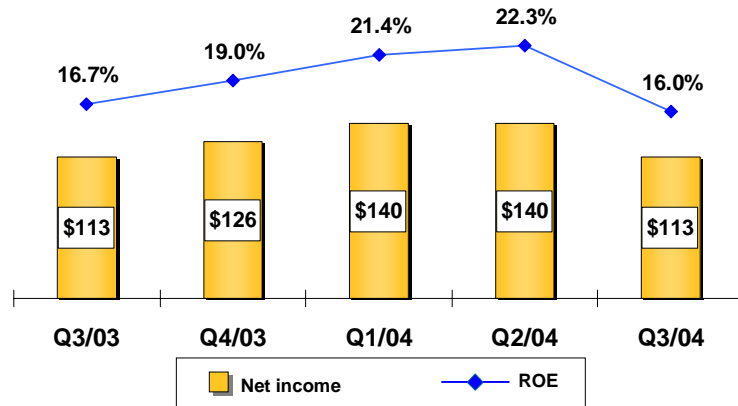
- New loan origination technology has been fully rolled out in the retail branch network
- Pricing and Branch Manager compensation model changes in place to improve margins
- Recruiting new loan officers in high potential markets and eliminating weak performers
- Significant progress made toward achieving operational excellence



## RBC Investments

### Net income and ROE

C\$ millions



Note: ROE for the segments is discussed on chart 58

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US GAAP



## Business segment results

### RBC Investments

C\$ millions	Q3/04	Q3/04 vs.		9 mos.04	9 mos.04 vs. 9 mos.03
		Q2/04	Q3/03		
Total revenues	\$ 925	(6)%	2%	\$ 2,835	8%
Non-interest expense	755	(2)	3	2,255	3
Provision for credit losses	2	n.m.	n.m.	4	n.m.
Net income	113	(19)	-	393	37
Return on common equity	16.0%	↓ 630bp	↓ 70 bp	19.7%	↑ 590bp
Average common equity	\$ 2,750	\$ 250	\$100	\$ 2,600	\$ (100)

See chart 32 for U.S. net income contribution

Note: ROE and average common equity for the segments are discussed on chart 58

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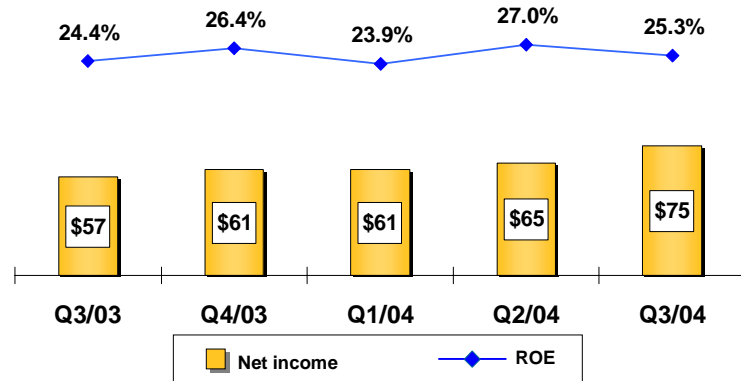
US GAAP



## RBC Insurance

### Net income and ROE

C\$ millions



Note: ROE for the segments is discussed on chart 58



## Business segment results

### RBC Insurance

C\$ millions	Q3/04	Q3/04 vs.		9 mos.04	9 mos.04 vs. 9 mos.03
		Q2/04	Q3/03		
Insurance premiums, investment & fee income	\$ 632	22%	25%	\$ 1,646	10%
Ins. policyholder benefits, claims & acq. expense	422	23	26	1,095	8
Non-interest expense	128	22	9	340	8
Net income	75	15	32	201	20
Return on common equity	25.3%	↓ 170 bp	↑ 90 bp	25.4%	↓ 100bp
Average common equity	\$ 1,150	\$ 200	\$250	\$ 1,050	\$ 200
Premiums & deposits	\$ 734	16%	32%	\$ 1,932	23%

See chart 32 for U.S. net income contribution

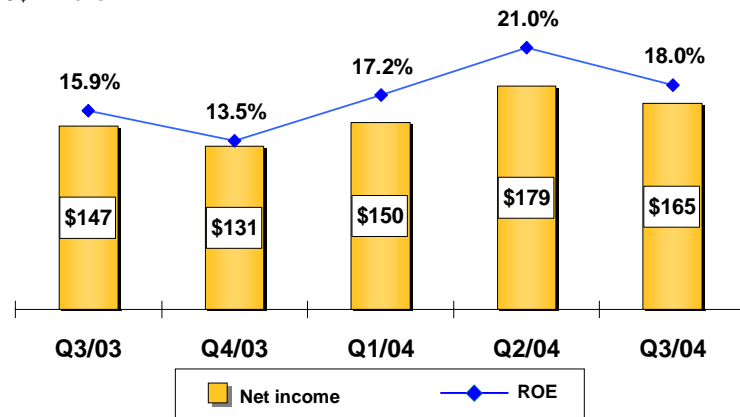
Note: ROE and average common equity for the segments are discussed on chart 58



## RBC Capital Markets

### Net income and ROE

C\$ millions



Note: ROE for the segments is discussed on chart 58

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US GAAP



## Business segment results

### RBC Capital Markets

C\$ millions	Q3/04	Q3/04 vs.		9 mos.04	9 mos.04 vs. 9 mos.03
		Q2/04	Q3/03		
Total revenues	\$ 681	(7)%	(1)%	\$ 2,152	8%
Non-interest expense	463	(5)	10	1,584	28
Specific provision	3	(77)	(92)	6	(97)
General provision	-	n.m.	n.m.	(60)	n.m.
Total provision for credit losses	3	(77)	(92)	(54)	(131)
Net income	165	(8)%	12%	494	37
Return on common equity	18.0%	↓ 300bp	↑ 210bp	18.7%	↑ 650bp
Average common equity	\$ 3,600	\$ 150	\$ (50)	\$ 3,500	\$ (350)

See chart 32 for U.S. net income contribution

Note: ROE and average common equity for the segments are discussed on chart 58

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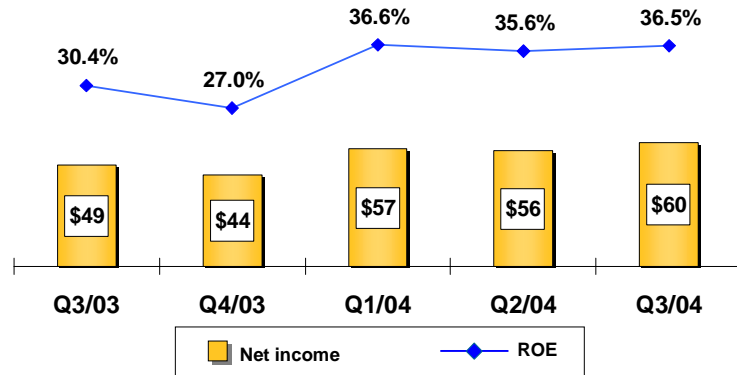
US GAAP



## RBC Global Services

### Net income and ROE

C\$ millions



Note: ROE for the segments is discussed on chart 58



## Business segment results

### RBC Global Services

C\$ millions

	Q3/04	Q3/04 vs.		9 mos.04	9 mos.04 vs. 9 mos.03
		Q2/04	Q3/03		
Total revenues	\$ 239	4%	10%	\$ 688	10%
Non-interest expense	157	2	5	466	7
Specific provision	-	n.m.	n.m.	(3)	n.m.
General provision	-	n.m.	n.m.	(14)	n.m.
Total provision for credit losses	-	n.m.	n.m.	(17)	n.m.
Net income	60	7%	22%	173	29%
Return on common equity	36.5%	↑ 90bp	↑ 610 bp	36.2%	↑ 830bp
Average common equity	\$ 650	-	-	\$ 650	-

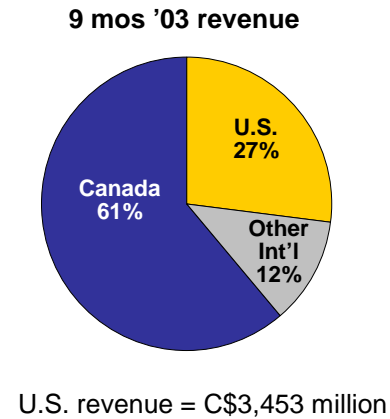
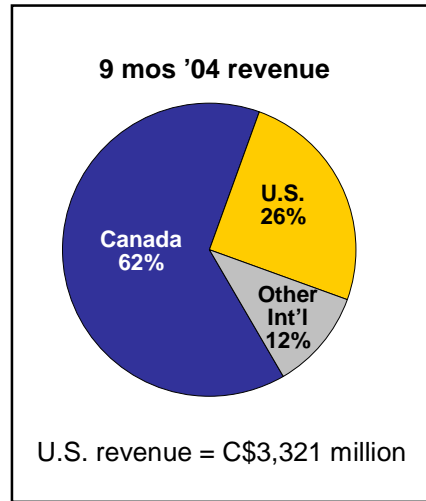
See chart 32 for U.S. net income contribution

Note: ROE and average common equity for the segments are discussed on chart 58



## Expansion outside Canada

### Proportion of U.S. revenue



## Contributions from U.S.

C\$ millions	Net income				
	Q3/04	Q2/04	Q3/03	9 mos'04	9 mos'03
<b>RBC Banking</b>	17	(17)	41	6	140
<b>RBC Investments</b>	31	30	31	93	53
<b>RBC Insurance</b>	4	(2)	-	8	13
<b>RBC Capital Markets</b>	38	59	19	26 *	68
<b>RBC Global Services</b>	1	2	2	7	5
<b>Other</b>	(13)	(3)	(2)	(26)	(2)
<b>Total U.S.</b>	78	69	91	114	277

\* 9 months '04 includes Q1/04 expense of Rabobank settlement before the reduction in compensation expenses



## Retention compensation costs

*Costs to continue to fall in 2004*

C\$ millions

	2001 A		2002 A		2003 A		2004 F*		2005 F*	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
RBCInv	88	54	107	66	66	41	37	23	23	14
RBCCM	88	54	51	31	18	11	3	2	-	-
<b>Total</b>	<b>176</b>	<b>108</b>	<b>158</b>	<b>97</b>	<b>84</b>	<b>52</b>	<b>40</b>	<b>25</b>	<b>23</b>	<b>14</b>

\* Includes for RBC Investments, \$10 million pre-tax in Q1 and \$9 million in Q2 and Q3 (\$6 million after tax in all three quarters). For RBC Capital Markets, \$3 million pre-tax (\$2 million after tax) in Q1 and nil for Q2 and Q3. Retention compensation costs are expected to be immaterial in 2006 and beyond

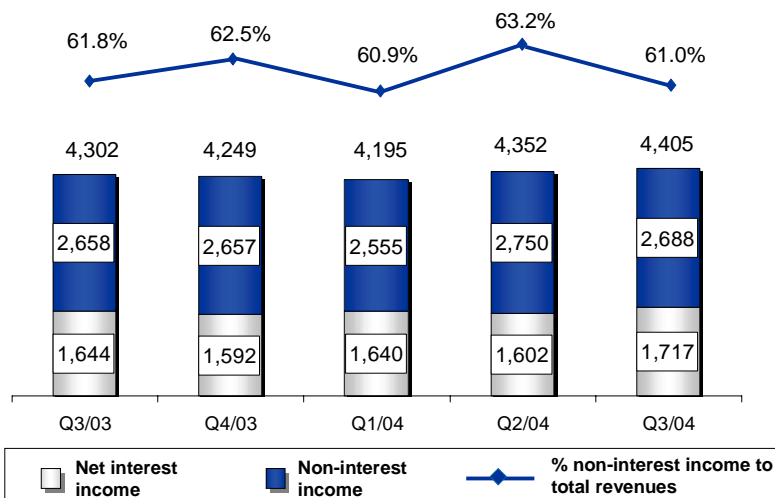
RBCInv = RBC Investments RBCCM = RBC Capital Markets

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## Total revenues

C\$ millions



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US GAAP



## Total revenues

### Impact of strengthening CAD on revenues

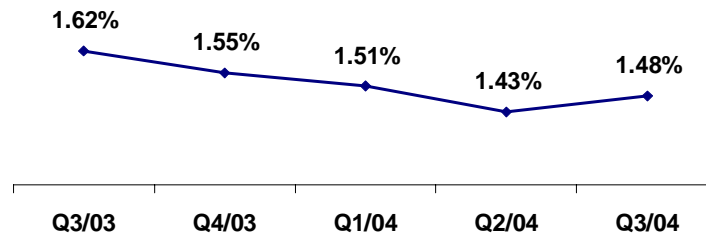
C\$ millions	Q3/04 vs.				9 mos'04 vs.	
	Q2/04		Q3/03		9 mos'03	
<b>Change in total revenues</b>	\$ 53	1%	\$ 103	2%	\$ 254	2%
Impact of CAD vs. USD*	(3)		35		405	
<b>Change in total revenues excluding above factor</b>	\$ 50	1%	\$ 138	3%	659	5%

\* Translating USD denominated results using Q3/04 CAD/USD exchange rates compared to the exchange rate for Q2/04 and Q3/03



## Total revenues

### Net interest margin\* - RBC



**Q3/04 vs. Q3/03 ↓ 14 bp:**

Margin decreased due to:

- Domestic deposit spread compression in RBC Banking
- Lower returns from RBC Centura's investment portfolio

**Q3/04 vs. Q2/04 ↑ 5 bp:**

Margin increased largely due to:

- Higher net interest income from syndicated loan transactions and trading in RBC Capital Markets

\* Net interest income as a percentage of average assets



## Total revenues

### Year over year growth in non-interest income

C\$ millions	Q3/04 vs.				9 mos'04 vs.	
	Q2/04		Q3/03		9 mos'03	
<b>Non-interest income growth</b>	\$ (62)	(2)%	\$ 30	1%	\$ 281	4%
<b>Due to:</b>						
Insurance premiums, investment & fee income	\$ 116	22%	\$ 127	25%	\$ 149	10%
Mutual fund revenues	2	1	48	29	134	27
Securities gains	13	72	42	n.m.	50	n.m.
Investment management and custodial fees	(25)	(8)	20	7	87	10
Card services revenues	15	21	5	6	13	6
FX revenues other than trading	(40)	(36)	(3)	(4)	53	26
Securitization	(33)	(59)	(6)	(21)	38	37
Underwriting and Other Advisory	(53)	(20)	(11)	(5)	155	29
Securities brokerage commissions	(58)	(18)	(15)	(5)	140	18
Mortgage banking revenue	(49)	n.m.	(66)	n.m.	(147)	(77)
Trading revenues	(66)	(16)	(188)	(35)	(349)	(23)
Other	116	29	77	18	(42)	(3)
	<b>37</b>				<b>US GAAP</b>	



## Non-interest expense

C\$ millions	Q3/04	Q2/04	Q3/03	9 mos'04	9 mos'03
Non-interest expense	\$ 2,720	\$ 2,729	\$ 2,581	\$ 8,230	\$ 7,654
Change - Q3/04 and Q3 YTD vs prior periods		-	5%		8%
<b>NIE Includes:</b>					
• Variable compensation costs	\$ 566	\$ 606	\$ 565	\$ 1,718	\$ 1,555
• Retention compensation expense*	9	9	15	31	63
• Stock compensation expense					
- Stock Appreciation Rights**	2	(1)	-	2	12
- Performance-deferred stock plan	19	19	10	52	23
- Stock options	3	3	2	8	4
• Benefits expense	282	273	224	829	698

\* Related to the acquisitions of Dain Rauscher, Dain Rauscher Wessels, Tucker Anthony Sutro and William R. Hough & Co.

\*\* Under Canadian GAAP, the cost of stock appreciation rights was \$2 million in Q3/04, \$(5) million in Q2/04 and nil in Q3/03. Since Q2/02, under U.S. GAAP, the expense is based on past experience estimated to be 40% of all participants exercising stock appreciation rights and 60% exercising options. Under Canadian GAAP, the expense is based on 100% of all participants exercising their stock appreciation rights



## Non-interest expense

C\$ millions

	Q3/04 vs.				9 mos'04 vs	
	Q2/04		Q3/03		9 mos'03	
<b>Non-interest expense growth</b>	\$ (9)	-	\$ 139	5%	\$ 576	8%
<b>Due to:</b>						
Human resources	\$ (20)	(1)%	\$ 82	5%	\$ 284	6%
Occupancy	18	10	14	7	17	3
Equipment	6	3	16	8	27	4
Communications	(3)	(2)	-	-	(31)	(6)
Professional fees	(3)	(2)	9	8	15	5
Amortization of goodwill and intangibles	(5)	(24)	-	-	(2)	(4)
Outsourced item processing	(5)	(6)	5	7	3	1
Other*	3	1	13	7	263	48

\* 9 mos '04 amount includes costs related to Rabobank settlement, before the reduction in related human resource compensation costs

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US GAAP



## Solid balance sheet

### *Impact of FIN46R\* (Consolidation of VIEs) on loans*

C\$ millions

	Q3/04	Q2/04
Personal loans	\$ 3,104	\$ 3,198
Credit cards	851	822
<b>Total consumer loans</b>	<b>\$ 3,955</b>	<b>\$ 4,020</b>
Business & government loans	3,797	3,425
<b>Total gross loans</b>	<b>\$ 7,752</b>	<b>\$ 7,445</b>

\* In accordance with FASB FIN 46R - Consolidation of Variable Interest Entities (VIEs), since January 31, 2004, we have included in our balance sheet assets owned by certain multi-seller asset-backed commercial paper conduit programs (multi-seller conduits) that we administer. We are currently in the process of restructuring these consolidated multi-seller conduits, which may result in us not having to include their assets in our balance sheet in future periods. We have excluded the assets of these multi-seller conduits from the respective loan balances on the following slide so as not to overstate the growth in these balances from prior periods.

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US GAAP



## Solid balance sheet

### *Growth in loan balances excluding impact of FIN 46R\**

C\$ millions	July 31, 2004 vs.			
	April 30, 2004		July 31, 2003	
Residential mortgages**	\$ 2,010	3%	\$ 5,010	6%
Personal loans	1,340	4	4,399	14
Credit cards***	390	7	682	12
<b>Total consumer loans</b>	<b>\$ 3,740</b>	<b>3%</b>	<b>\$ 10,091</b>	<b>9%</b>
Business & government loans****	(294)	-	4,692	8
<b>Total gross loans</b>	<b>\$ 3,446</b>	<b>2%</b>	<b>\$ 14,783</b>	<b>9%</b>
Allowance for loan losses	(46)	(3)	(463)	(21)
<b>Total net loans</b>	<b>\$ 3,492</b>	<b>2%</b>	<b>\$ 15,246</b>	<b>9%</b>

\* See footnote on chart 40

\*\* Reflects \$4.8 billion of securitizations during 12 months ended July 31, 2004

\*\*\* Reflects \$1.0 billion of securitizations during 12 months ended July 31, 2004

\*\*\*\* Reflects \$0.2 billion of securitizations during 12 months ended July 31, 2004



## Capital strength

### *Maintaining strong capital ratios*

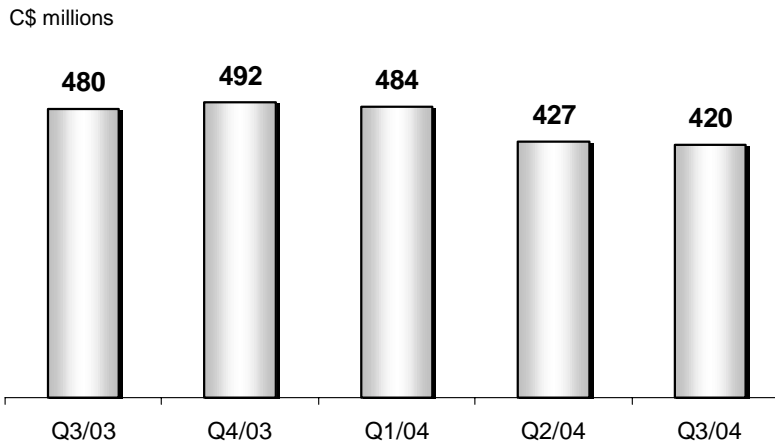
#### Capital ratios (using OSFI guidelines)

	<u>Q3/04</u>	<u>Q2/04</u>	<u>Q3/03</u>
• Tier 1 ratio:	<b>9.1%</b>	9.3%	9.6%
• Total capital ratio:	<b>12.7%</b>	12.9%	12.7%

**Tier 1 capital ratio in Q3/04 declined by 50 bp from Q3/03 due primarily to a \$13 billion increase in risk-adjusted assets to \$183 billion at July 31, 2004 and the deduction of treasury stock**



## Internal capital generation



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## Capital strength

### *Share repurchases*

	# of shares	Average price	\$ repurchased
Q3/04: under program commenced June 24/04	1.7 mm	\$59.92	\$100.0 mm
Q3/04: prior to June 24/04 (program commenced June 24/03)	2.9 mm	\$59.55	\$172.5 mm
<b>Total Q3/04</b>	<b>4.6 mm</b>	<b>\$59.68</b>	<b>\$272.5 mm</b>
Total under program commenced June 24/03, ended June 23/04	14.1 mm	\$60.60	\$854.4 mm

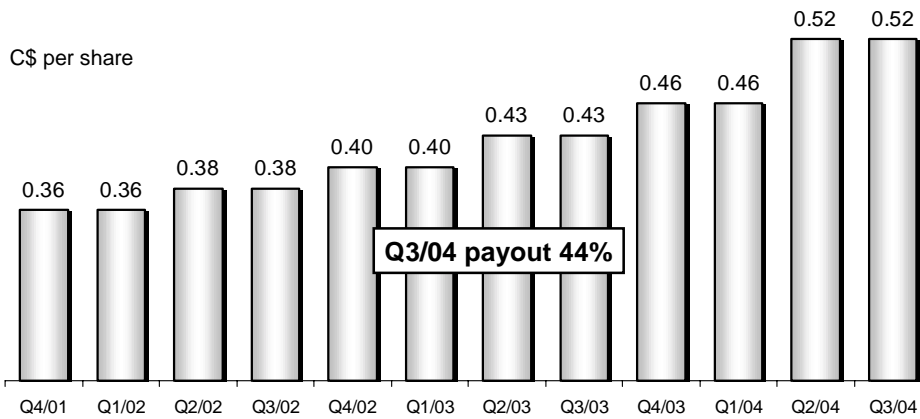
Current program allows for the repurchase of 25 million shares by June 23, 2005, leaving 23.3 million shares which can still be repurchased

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## Common share dividends

*Five increases since Q1/02*



- history of uninterrupted dividend payments



## Asset quality

*Highlights*

- Credit quality continues to be strong across all portfolios
- Nonaccrual loans down \$216 million from Q2/04 and \$477 million from Q3/03
- Allocated specific PCL ratio of 0.23% (YTD) continues to be below our medium term goal of 0.35 to 0.45%
- Net charge-offs ratio of 0.36% down from 0.58% in Q2/04 and 0.52% in Q3/03

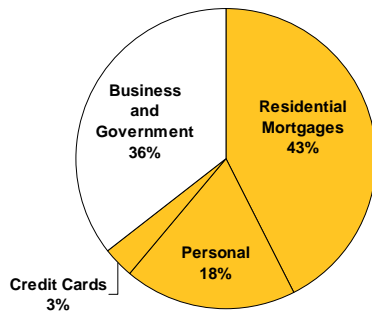


# Asset quality

## Balanced portfolio mix

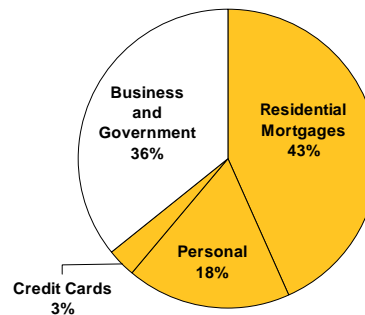
### Gross loans and acceptances\*

Q3, 2004



Total: C\$193 billion

Q3, 2003



Total: C\$178 billion

\* Excluding amounts on chart 40

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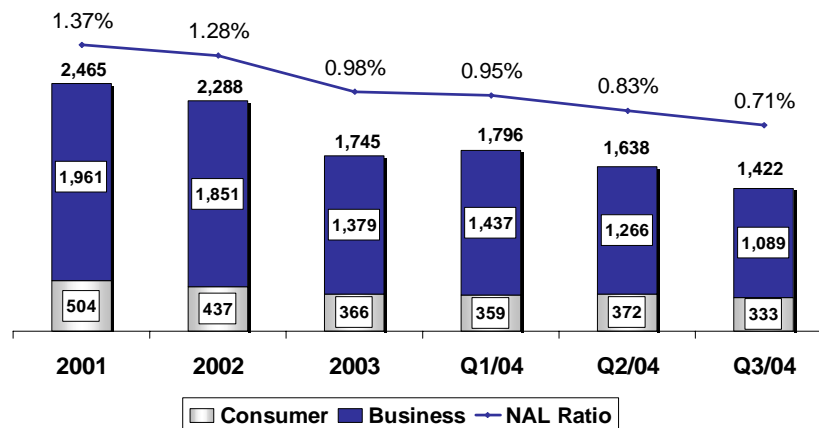
US GAAP



# Asset quality

## Nonaccrual loans and ratio\*

C\$ millions



\* Nonaccrual loans (before deducting allowance for credit losses) as a percentage of loans and acceptances

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## Asset quality

### *Nonaccrual loans*

C\$ millions

	Q3/04	Q3/04 vs.			
		Q2/04		Q3/03	
<b>Nonaccrual loans</b>	<b>\$ 1,422</b>	<b>\$ (216)</b>	<b>(13)%</b>	<b>\$ (477)</b>	<b>(25)%</b>
<b>Comprising:</b>					
Canada - consumer	\$ 272	\$ (38)	(12)%	\$ (58)	(18)%
Canada - business	570	(94)	(14)	(196)	(26)
U.S.A. - consumer	46	(5)	(10)	-	-
U.S.A. - business	420	(15)	(3)	57	16
Other international	114	(64)	(36)	(280)	71



## Asset quality

### *Provision for (recovery of) credit losses*

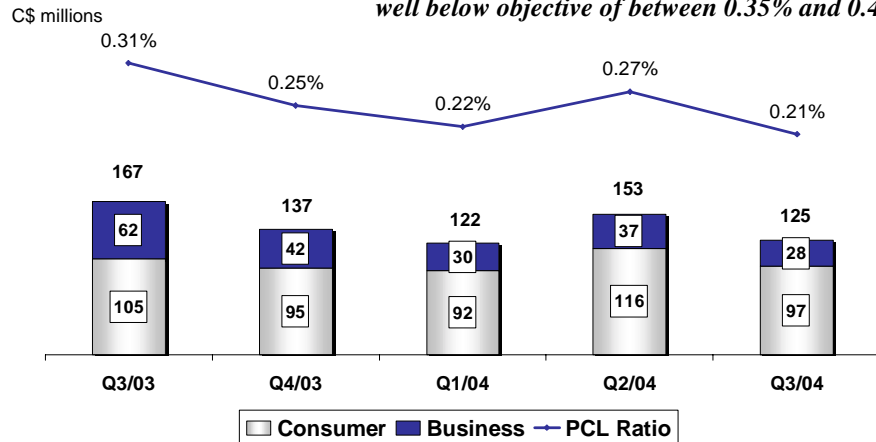
C\$ millions

	Q3/04	Q2/04	Q1/04
<b>Allocated specific provision</b>	<b>\$ 125</b>	<b>\$ 153</b>	<b>\$ 122</b>
<b>Allocated and unallocated general provision</b>	<b>-</b>	<b>-</b>	<b>(150)</b>
<b>Total provision for credit losses</b>	<b>125</b>	<b>153</b>	<b>(28)</b>



## Asset quality

### *Allocated specific provision for credit losses and ratio\** *well below objective of between 0.35% and 0.45%*



\* Allocated specific provision for credit losses as a percentage of average loans and acceptances and reverse repurchase agreements

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US GAAP

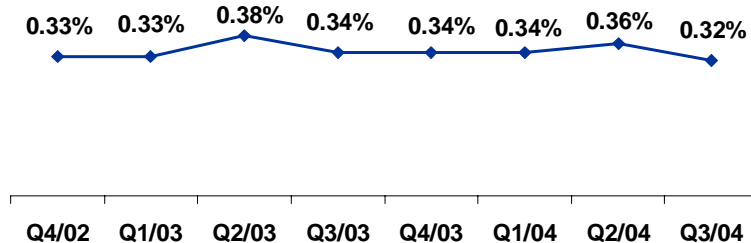


## Asset quality

### *Stable Canadian consumer loan portfolio*

#### Provision for credit losses

% of average balances\*, annualized



\* Total Canadian residential mortgage, personal loan and credit card portfolios. Excludes the student loan portfolio, which has unique portfolio characteristics

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## Asset quality

### Details on credit protection portfolio

C\$ millions, at July 31, 2004

	<u>Bought</u>	<u>Sold</u>
<b>Financial services</b>	\$ 312	\$ -
<b>Automotive</b>	136	7
<b>Energy</b>	126	24
<b>Mining and Metals</b>	60	-
<b>Transportation &amp; environmental</b>	52	-
<b>Telecommunication and Media</b>	16	47
<b>Health</b>	-	60
<b>Industrial Products</b>	-	66
<b>Consumer Goods</b>	-	259
<b>Other industries</b>	48	285
<b>Total</b>	<u>\$ 750</u>	<u>\$ 748</u>
<b>Investment grade</b>	\$ 690	\$ 748
<b>Non-investment grade</b>	\$ 60	-

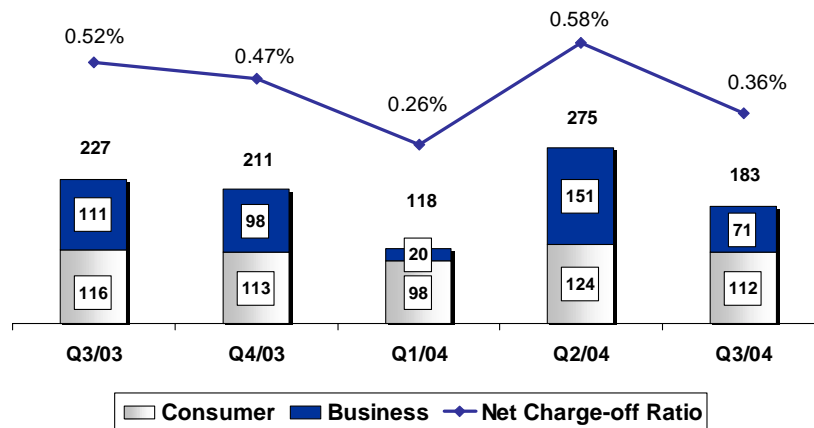
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## Asset quality

### Net charge-offs and ratio \*

C\$ millions



\* Net charge-offs as a percentage of average loans and acceptances

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## Asset quality

### Further reductions in sensitive sectors\*

C\$ millions

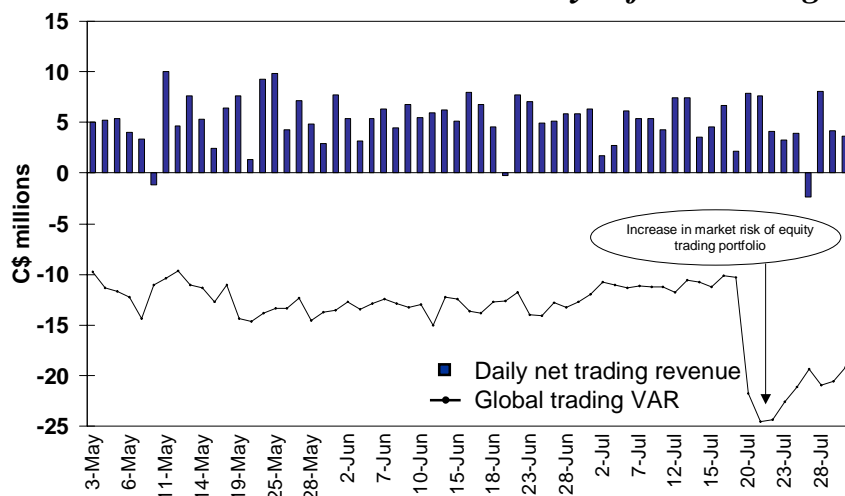
	Q3/04					Q2/04	
	Inv. Grade	Non-inv. grade	Total Loans	Impaired Gross	Net	Total loans	Net impaired
<b>Power Generation and Distribution</b>	578	465	1,043	182	130	1,052	136
<b>Telecom and Cable</b>	51	567	618	53	47	758	57
<b>Airlines and Aerospace</b>	142	384	526	22	6	538	6

\* Total loans from these three sectors represented 1.09% of total gross loans and acceptances as of Q3/04, down from 1.19% as of Q2/04



## Trading revenue performance

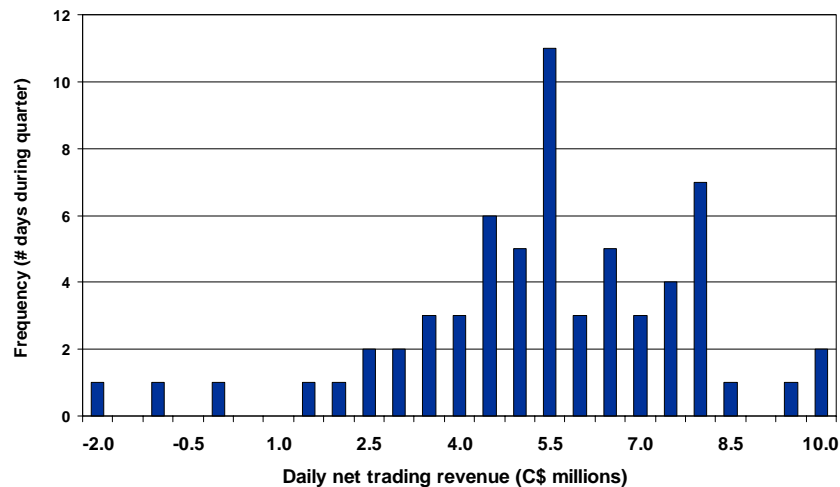
### Three days of net trading losses





## Trading revenue performance

### *Distribution of Q3/04 trading revenues*



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## Explanation of certain terms

**Average common equity:** GAAP does not prescribe a method for allocating equity to business segments. For management and reporting purposes, we attribute common equity to each of our business segments (including the "Other" segment) based on methodologies designed to measure the equity capital necessary to underpin the risks of the businesses in each segment, as discussed on page 54 of our 2003 annual report, under the discussion of "Economic Capital". The capital attribution methodologies involve judgment by management, are revised from time to time, and will impact other measures such as business segment ROE. Average common equity for the segments is calculated using methods intended to approximate the average of the daily balances for the period, while average common equity for RBC is calculated as the average of the month-end balances for the period.

**Return on equity (ROE):** ROE is calculated as net income available to common shareholders, as a percent of average common equity for the period.

**Credit derivatives:** In order to mitigate risk on portions of our portfolio, we enter into credit derivative contracts. We believe that an analysis which nets credit derivative gains and losses (which are recorded in "non-interest income") on accounts in default against provision for credit losses is useful since it reflects the full loss associated with such accounts and management considers such information when evaluating our credit exposures. We also believe that investors may find this information useful in their assessment of our credit quality and risk management.

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