



THE MARKET

Royal Bank of Canada (RY on TSX and NYSE) and its subsidiaries operate under the master brand name of RBC. It is Canada's largest bank as measured by assets and market capitalization and one of North America's leading diversified financial services companies.

RBC provides personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis. RBC employs more than 70,000 full- and part-time employees who serve more than 15 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 36 other countries.

RBC holds strong market positions in its four business segments.

Canadian Banking provides personal and business financial services in Canada and insurance products and services internationally. With its leading national distribution network and the most valuable brand in Canada, it serves approximately 14 million clients through the country's most extensive branch and ATM network, its proprietary and specialized sales forces, online channels and call centres.

Wealth Management comprises businesses that directly serve the growing wealth management needs of affluent and high net worth clients in Canada, the U.S. and outside North America, and businesses that provide asset management

and trust products through RBC and external partners. It is a market leader in Canadian wealth and asset management, and has strong and growing businesses in the U.S. and internationally. Wealth Management has a network of 300 offices in 20 countries around the world.

U.S. & International Banking provides personal and business banking solutions to individuals, businesses, business owners and professionals through more than 430 banking centres in the U.S. Southeast. Its Caribbean operations provide banking solutions to individuals and business throughout a network of 46 branches in eight Caribbean countries and territories.

It also maintains a 50 per cent ownership in RBC Dexia Investor Services, which offers a complete range of investor services, such as custody and fund administration, to institutions worldwide.

Capital Markets provides corporate and institutional clients with advice, capital, access to the world's financial markets and innovative products to help them achieve their growth objectives. By leveraging its leadership position in Canada, it has built a strong and growing U.S. mid-market capital markets franchise. Outside North America, it has established itself as a leading provider of global financial services. Notable areas of strength include global fixed income distribution capabilities, structuring and trading, foreign exchange, and infrastructure finance, as well as broad capabilities in global mining and energy.



ACHIEVEMENTS

For the third consecutive year, RBC has been named Canada's most valuable brand in the annual study conducted by U.K.-based Brand Finance. The study measures how much a company's reputation is worth by looking at how much it would cost to rent their trademarks, logos and other brand-related assets from a third party. According to the study, the value of the RBC brand increased from \$4.5 billion in 2006 to \$5 billion in 2007.

RBC was also ranked among the Top 100 Most Powerful Brands globally in the second annual BrandZ Top 100 Most Powerful Brands survey. With a ranking of 39th, Royal Bank is the first Canadian company to make the list.

RBC received the prestigious honour of the 2007 "Bank of the Year" for Canada, awarded by the world's oldest international banking magazine, *The Banker*, which reflects the success and overall achievements of the world's top financial institutions.

Royal Bank was also named one of the world's top 100 sustainable companies, according to the third annual "Global 100" ranking announced in *BusinessWeek* magazine and it scored first place in the *Newsweek International* online ranking of the 100 companies worldwide considered most capable of adapting to risks and opportunities presented by climate change, relative to their peers.

RBC scored first place in the "2007 Best 50 Corporate Citizens in Canada" ranking, according to *Corporate Knights* magazine and was named to the *Climate Disclosure Leadership Index 2007*, a prestigious honour roll of world leaders at understanding and managing the financial risks and opportunities resulting from climate



change. Among financial institutions, RBC ranked first in Canada, second in North America and tied for fifth place globally.

These honours add to a growing suite of awards and recognition garnered by RBC for sustainability and corporate responsibility, including the 2007 Dow Jones Sustainability Index, the

Jantzi Social Index and the FTSE4Good Index, recognizing the world's financial, social and environmental corporate leaders.

HISTORY

As early as 1875, the *Halifax Chronicle* saw vast potential in the upstart Merchants' Bank of Halifax (renamed The Royal Bank of Canada in 1901) and publicly noted the bank's impressive ability to remain "always moving, alive and active." Willing to test the outer limits of the Canadian banking consensus, Royal Bank's evolution from a small regional bank into a national institution is attributed to the strength of its people and to its bold strategies tempered by the required caution.

The history of RBC closely parallels the evolution of Canada from growth to maturity. Whether opening a branch at the "end of steel" in support of emerging communities alongside Canada's fledgling national railway, or aggressively pursuing new e-commerce delivery channels, Royal Bank has always anticipated and responded to the needs of Canadians.



RECENT DEVELOPMENTS

In 2007, the RBC Wealth Management segment acquired J.B. Hanauer & Co., a financial services firm specializing in retail fixed income and wealth management services, expanding Wealth Management's presence in strategic and desirable New Jersey, Florida and Pennsylvania markets.

RBC U.S. & International Banking expanded its banking footprint in key growth areas in the U.S. Southeast through targeted acquisitions and *de novo* branch openings such as announcing its intention to acquire Alabama National Bancorporation, which is expected to close in early 2008 pending shareholder and regulatory approvals. This would better position RBC to serve the banking needs of businesses, business owners and professionals in key markets in the U.S. Southeast.



RBC U.S. and International Bank also acquired 39 branches in Alabama that were owned by AmSouth Bancorporation and added 17 branches in Georgia with the acquisition of Flag Financial Corporation.

The U.S. & International Banking segment also took steps to dramatically grow its banking operation in the Caribbean by announcing its intention in October 2007 to acquire RBTT. This transformational acquisition would extend RBC's reach into many important regional markets, notably Trinidad and Tobago, Jamaica and the Dutch Caribbean, and provides the platform for additional growth both within and outside the region. The acquisition would create one of the most expansive banking networks in the Caribbean in 18 countries and territories across the region. It is expected to close in the middle of 2008.

Capital Markets completed three acquisitions to expand its client base and enhance its capabilities.

- Carlin Financial Group, which provides RBC Capital Market's clients with a best-in-class North American electronic trade execution platform;
- Daniels & Associates, L.P., a U.S. merger and acquisition advisory firm specializing in the communications, media and entertainment, and technology sectors; and
- Seasongood & Mayer, LLC, strengthening Capital Markets franchise as one of the leading municipal finance platforms in the U.S.

RBC is committed to make a lasting social impact through inspired, responsible giving and by building strong partnerships with the charitable sector. RBC contributed more than \$82 million to community causes worldwide in 2007, through donations of more than \$47 million, and additionally more than \$35 million in sponsorship of community events and organizations.

The RBC Environmental Blueprint™, unveiled in 2007, formalized the company's longstanding commitment to environmental sustainability. The Blueprint includes RBC commitments to reduce the impact of its environmental footprint and outlines how the company will approach new and emerging environmental issues in its business activities. The RBC Environmental Blueprint includes the company's revised environmental policy, originally drafted in 1991, and takes into consideration new and emerging issues related to climate change, biodiversity (including issues related to forests and indigenous peoples) and water.

RBC also announced the creation of the RBC Blue Water Project™ an innovative 10-year, \$50 million grant program to support projects dedicated to water conservation, watershed protection, access to clean drinking water, and other water-related issues in Canada and around the world. This is the largest charitable commitment ever in the company's history. The first grant recipient of this project was a \$10 million, 10-year donation to support the ONE DROP Foundation. ONE DROP is dedicated to fighting poverty in the world by giving everyone access to water.

PROMOTION

RBC's advertising and promotions in all markets express the same important message — that

Half empty? Half full?

Fresh water is the world's most important natural resource. No one can live without it, and it is in increasingly short supply. Consider the facts:

More than a billion people on the planet are trying to live with little or no access to fresh water. More than two billion live without proper sanitation. Over 2 million people die each year from diseases associated with poor water and sanitary conditions; 5,400 children a day are among that toll.

Fresh water shortages are not restricted to developing nations. Parts of North America suffer continued drought conditions.

Even in water-rich Canada, many areas are under serious water stress, and shortages are becoming alarmingly common in municipalities across the country. Many aboriginal reserves in Canada are under boil-water advisories.

That's the half empty part.

RBC believes there is reason to be hopeful. Here's why:

A lot of good people are doing a lot of good work to address the problem. To help in this cause, RBC is introducing the RBC Blue Water Project™, our largest charitable commitment to date, a 10-year, \$50-million plan to fund global solutions for the preservation, conservation and access of fresh water.

The RBC Blue Water Project will supply grants to local and global organizations to help improve access to fresh water, to support watershed preservation, to fund advocacy and research, and to support conservation projects.

That's why we see the glass half-full too.

Reliable access to fresh water is a global, local and personal issue. For our 70,000 employees. For our 15 million clients around the world. For everyone.

At RBC we're committed to helping safeguard this most important of liquid assets.

RBC Environmental Blueprint™

RBC helps clients succeed. RBC has a broad range of advertising, promotional and sponsorship activities that support this message. Through these initiatives, RBC is able to showcase a professional, approachable brand image that communicates RBC's client-centric approach.

BRAND VALUES

"Always earning the right to be our clients' first choice" is the RBC corporate vision driven by every employee's understanding that their role is to enable its clients' success.

The values held by employees that contribute to this success include service, teamwork, responsibility, diversity and integrity.

THINGS YOU DIDN'T KNOW ABOUT RBC

- In 1947, RBC made its first contribution to support athletes on the Canadian Team going to the Olympic Winter Games in St. Moritz, Switzerland. This marked the beginning of a relationship that continues today. RBC is the oldest national partner of any national Olympic program around the world.
- In 1900, Royal Bank employed a staff of 245 and operated 40 branches. The average price on the stock market for Royal Bank shares was \$177.50 per share.
- Royal Bank was the first Canadian bank to install a computer, an IBM 1401 in 1961.