



**RBC
Financial
Group™**

Creating Value

Gord Nixon

***President & Chief Executive Officer
Royal Bank of Canada***

***National Bank Financial's
Annual Investment Seminar – Focus 2002***

**February 7, 2002
Montreal**

Gord Nixon, President & CEO, Royal Bank of Canada
Presentation to institutional investors
National Bank Financial's Annual Investor Seminar – Focus 2002
Montreal, February 7, 2002

Good afternoon everyone. I'd like to take this opportunity to tell you how we are creating value at Canada's largest financial services company, RBC Financial Group. In the half hour or so that I will be addressing you, I will focus on our four major priorities. But before that, I will outline for you what we believe are the major strengths of RBC Financial Group.

[Slide 1.] First, a strong shareholder orientation. This is not new to us. We've been shareholder focused for a number of years. That's reflected in our focus on financial returns as well as our credit culture and capital discipline. As you can see, our common share's 5-year compound annual total return up to the end of fiscal 2001 has outperformed various indices in North America. Clearly, shareholders have done well holding our shares, generating a 5-year return of over 19%.

[Slide 2.] And notwithstanding strong share price appreciation, our P/E multiple remains at the top of the Canadian banking sector.

[Slide 3.] In addition to providing our shareholders with steady share price growth, we've been raising common share dividends as earnings have grown. Our target payout range is 30-40%.

[Slide 4.] The second major strength that I would highlight is our diversification. We have developed a well-diversified business mix, which has resulted in reasonably stable returns and reduced earnings volatility. Just over half of our cash earnings come from our Personal & Commercial Banking operations. Corporate & Investment Banking accounted for 17% of our cash net income in 2001. Wealth Management's contribution was 14% last year, reflecting the weak retail brokerage volumes the industry has experienced, but its contribution has been as high as 21% in the second quarter of 2000.

Our goal is to eventually increase Wealth Management's contribution to roughly 25% as we believe the long-term growth prospects of that business are strong and its returns and P/E multiples are attractive. We remain committed to building our full service and integrated wealth management businesses, as we believe consumer trends will shift in the direction of a more conservative, fully-integrated wealth management offering which is consistent with RBC Financial Group's competitive strengths.

[Slide 5.] We're also unique among the Canadian banks in having sizeable Insurance operations and a significant share of the custody market in Canada. The custody business accounts for over half of our Transaction Processing segment's earnings. In aggregate, 27% of our cash earnings in 2001 were derived from Insurance, Transaction Processing and Wealth Management, all of which have little to do with asset quality and are less capital intensive. If you include the non-credit related portion of retail banking, that number exceeds 55%. We would like to continue to grow this percentage, capitalizing not only on our product and service advantages but also on our franchise and distribution network of over 2000 branches and 4500 ATMs worldwide.

[Slide 6.] Excluding special items in 2001, several of our business platforms generated cash ROE of over 20%, positive cash net income growth and double-digit revenue growth. The significant cash earnings growth rates in the Insurance and Personal & Commercial Banking platforms partially reflect the acquisition of Liberty Life and strong performance at RBC Prism, respectively. Similarly, the earnings shrinkage in Wealth Management and Corporate & Investment Banking show the effects of the Dain Rauscher acquisition, coupled with particularly weak capital market conditions – mostly during the latter part of the year.

[Slide 7.] Our third major strength is our leadership in most businesses in our domestic markets. I have already mentioned our sizeable positions in the Insurance and Transaction Processing businesses. In Wealth Management, we are #1 in most products, as outlined on this chart. In mutual funds, we are #1 among banks and #2 among all mutual fund providers in Canada. And in Corporate & Investment Banking, we've been the top-ranked securities underwriter in Canada for the past 12 years and the top M&A advisor in the country. In Personal & Commercial Banking, we have strong positions in all product lines and our core cash net income in 2001 of C\$1.4 billion was the largest amongst the Canadian banks. We also have a sizeable customer base of 10 million Canadian individual and business clients.

[Slide 8.] Our fourth strength is a strong sales and cross-selling culture. We have a successful history of cross-selling products in Canada, having generated on average over \$2 of new business for every dollar of business referred within the group between 1998 and 2001. Driven by both opportunity as well the needs and demands of our clients, we have reconfigured our networks and distribution channels and will continue to do so as trends in financial services continue to shift. If we can provide better tailored service to our client segments and increase product penetration across our various networks and channels we will not only increase our client profitability but also deepen our client relationships.

I will speak further about our success in working across our various business platforms later in my remarks.

[Slide 9.] Our fifth strength is a disciplined growth strategy. We've created a solid foundation in the United States, acquiring providers in full-service retail brokerage, Personal & Commercial Banking and Insurance. Our major criterion is that each acquisition be accretive to cash earnings in 2-3 years and, indeed, we have ensured that was the case before concluding each of these acquisitions. Each of our business platforms is responsible for ensuring that it continues to meet its aggressive financial targets including these acquisitions.

With that as background, I'd now like to turn to our **four key priorities**.

[Slide 10.] Our first key priority is to maintain and improve our fundamentals and rank in the top quartile of North American financial companies in financial performance. We will also focus on expansion outside Canada (largely in the U.S.) and grow our high-return and high-P/E multiple businesses. Finally, our fourth priority is to leverage our strengths in working across business platforms to deliver integrated financial services to our clients.

[Slide 11.] First, **strong fundamentals**. We have been consistently meeting this priority. Our core ROE continues to surpass the average of our North American peers.

[Slide 12.] Our revenues have grown at a compound annual rate of nearly 12% between 1997 and 2001 with acquisitions leading to a very strong 19% top-line growth in 2001. In fact, our 19% core revenue growth last year easily exceeded the average of 8% for the other Canadian banks.

[Slide 13.] As for costs, some of you may recall the cost cutting program begun in 1999 that led to C\$580 million of costs being taken out of our cost base by the end of 2000. The Personal & Commercial Banking platform, which accounts for a substantial share of our overall expenses, has shown significant improvement in its efficiency ratio since 1999. It's targeting further improvement over the next few years.

We are sustaining our focus on cost management, with each of our business platforms implementing steps in that regard.

[Slide 14.] We continue to be vigilant about portfolio quality. Between the end of 1999 and 2001, we had the second lowest growth rate in gross impaired loans among our Canadian banking peers.

[Slide 15.] Our consumer loan quality has held up very well over the past 8 quarters. Consumer loans that are 90 days and more past due represented 43 basis points of outstanding balances last quarter compared to 62 basis points in Q1 2000. Consumer impaired loan growth has been relatively low at 2% quarter-over-quarter and 5% year-over-year.

[Slide 16.] Given the economic slowdown, it is relevant to compare our portfolio to what it was in the last recession – in the early 1990s.

We have seen quite a substantial shift in our loan mix in the past decade. Business and government loans as a percentage of the total have fallen by 14 percentage points and mortgages and personal loans in total have risen by the same amount. As you know, the loss ratio of our mortgage portfolio is very low (1 basis point in Canada in 2001), so this mix shift has positive implications for loan losses when compared to the last economic downturn. Our business and government loan portfolio is also far more diversified than it was in the early 1990's, with our exposure spread across a wide number of industry sectors.

I'd also note that loans and acceptances, as a multiple of common equity, have fallen from 15.0x in 1990 to 6.8x in 2001.

[Slide 17.] Turning to capital, we have maintained strong capital ratios through funding activity, while also redeeming high-cost issues such as our Series H preferred shares during 2001. We have a share repurchase program underway, which allows for the repurchase of up to 18 million shares or about 3% of our float by the end of June 2002. By the end of 2001, we had repurchased 10.9 million shares under this program.

[Slide 18.] We met the majority of our objectives for 2001, although we did fall short in a couple of areas. Looking back at 2001, what pleases me most is that despite significant acquisition costs, higher loan losses, one-time restructuring charges, weak equity markets and larger-than-forecast losses in RBC Dain Rauscher, we were still able to meet most of our financial objectives and generated record earnings in 2001. I believe this highlights the benefits of our diversification. While the pursuit of long-term growth is impacting our short-term results, we remain committed to our priority of strong fundamentals and are very focused on managing the balance between long-term growth and short-term returns.

[Slide 19.] In light of the weak economy expected in the first half of next year, our objectives for 2002 in the areas of cash ROE, cash earnings growth, revenue growth and portfolio quality are less aggressive than were our 2001 objectives. If the economy and capital markets do much better this year than expected last December, our performance should reflect that more positive outlook.

[Slide 20.] It's in recognition of our strong franchise and performance that rating agencies have accorded us high debt ratings. When compared to the 10 largest banks in North America in market value, we and Citigroup are the only two to be rated both AA- by S&P and higher than Aa3 by Moody's.

[Slide 21.] I'll turn now to our second priority – **expansion outside Canada**. We have intentionally taken the approach of ensuring that each of our platforms invests in growth as long as the expansion meets our financial thresholds and, in combination, investments are complementary and well within our overall size criteria. We have both sizeable market shares in Canada and exportable strengths in each business division and, as a result, it is important that each platform look to the international markets for growth. In addition, many of our corporate clients are expanding in the United States and looking for service capability in that market. With global players operating in Canada and the financial borders shrinking, we believe North American capabilities and presence are essential to compete longer term in many of our businesses and will help us maintain, grow and develop client relationships.

Finally, we believe that diversification of earnings will ensure consistent shareholder value creation by capitalizing on product and service convergence while at the same time reducing exposure to one sector. A good example is the impact of weak capital markets on our wealth management platform. While we believe wealth management is a key part of our future growth, depressed capital markets had a negative impact on our earnings in 2001. The strength of other platforms, however, to some degree offset this impact, enabling us to continue to invest in this important sector.

[Slide 22.] Over the past two years, we've carefully analyzed the market and expanded in the United States in businesses that we know well and where we feel we have a competitive advantage – full-service brokerage, Personal & Commercial Banking and Insurance. In Corporate & Investment Banking, which has historically represented the majority of the bank's international operations, we have shrunk in markets such as Asia and Latin America and reduced our overall lending activities in order to invest in non-lending businesses. We have grown in Europe and the United States where we feel we have some competitive advantage and can meet our return thresholds. In all our businesses, we've pursued deals that were manageable (that is, not too large in relation to our size), companies that generated healthy returns, had good management that shared our culture and operating philosophy.

[Slide 23.] This chart shows the 6 key acquisitions we've made in the United States in four business platforms since the spring of 2000. We started with Prism Financial, acquired in April 2000, which had an excellent 2001 with interest rates falling. It acquired a builder finance business last year, which has continued to grow. That was followed by the purchase of South Carolina headquartered Liberty Life and Life Insurance Services in November 2000, which subsequently bought insurance software and outsourcing assets from Genelco. Liberty gives us a stable earnings base, with revenue spread across agency sales, direct business administrative services and software. We then bought Dain Rauscher a year ago, which gives us 1100 brokers across largely the mid-west United States and an expanded equity capital markets capability via Dain Rauscher Wessels.

The acquisition of North Carolina based Centura Banks in June 2001 allowed us to enter the attractive Southeast U.S. Personal & Commercial Banking market.

And the purchase of Tucker Anthony Sutro, which closed this past fall, when integrated into RBC Dain Rauscher, makes us the 9th largest U.S. retail brokerage firm with 2100 brokers in the U.S.. In total, our Wealth Management division has over 3500 brokers in North America.

[Slide 24.] Tucker Anthony Sutro, with its presence mostly on the East and West coasts, nicely complements Dain Rauscher's presence largely in the mid-west and, being close to Centura, makes it easier to expand the retail brokerage business organically in the Southeast USA.

[Slide 25.] These acquisitions have given us more than 2 million customers in one and a half years, compared to the 10 million we've built up in Canada over a century. It demonstrates the substantial size and potential of the U.S. market.

[Slide 26.] These acquisitions have resulted in a much higher proportion of U.S. and international revenues. In 2001, U.S. revenues were up to 20% of the total from 7% the previous year.

[Slide 27.] Under our new branding strategy, the prefix "RBC" is being attached to each of our U.S. company names. For example, Centura Banks has been renamed RBC Centura and Dain Rauscher is now called RBC Dain Rauscher. This "RBC" prefix provides a cohesive umbrella that allows customers to recognize that each of these companies is part of the RBC group. At the same time, by also retaining the original company name, we are capitalizing on the strong brand equity and franchise value built over time by each of these firms in their local markets.

[Slide 28.] With the purchase of Centura Banks and Tucker Anthony Sutro in the second half of 2001, we entered the second phase of our U.S. expansion strategy. The first phase represented putting together the original building blocks in each of the businesses we wanted to extend into the United States. In this second phase, we will be able to reap the savings from cost synergies related to integrating our acquisitions. Now, Security First Network Bank and the functions of RBC Prism and RBC Builder Finance have been merged into RBC Centura. This is expected to result in US\$70 million of cost savings. Similarly, with Tucker Anthony Sutro being the second retail brokerage firm to be acquired in the U.S., we can look forward to substantial cost savings of over US\$60 million as it is merged into RBC Dain Rauscher.

[Slide 29.] In the near term, we will be consolidating our recent acquisitions and ensuring we meet operating targets by enhancing operating efficiencies and leveraging each platform for revenue growth. To do so, we're looking at opportunities on a North-South basis - that is each platform is looking at its entire North American business and determining ways to maximize its cost effectiveness and revenue potential. We're also looking on an East-West basis - that is, within the United States, we are reviewing opportunities for eliminating duplication and building revenue growth by exporting our cross-selling experience into the U.S.. While we are not expecting to make large acquisitions in the short term, we will continue to look for disciplined add-on investments that represent value and provide an attractive strategic fit.

The returns from our recent acquisitions should improve over time, all things being equal, as the retention compensation payout and upfront costs associated with the acquisitions start to decline.

[Slide 30.] Our third priority is to **grow high-P/E multiple businesses.** While our primary focus is Personal & Commercial Banking and Wealth Management, all business platforms have selected segments for priority growth. In order to channel capital into high-growth and high-multiple businesses, we will continue to look for opportunities to sell businesses that are not performing well, are non-strategic, or those that require substantial low-return capital investments to remain viable. We will invest only in those areas of our core platforms which are less capital intensive and have good growth opportunities.

[Slide 31.] Our fourth priority is to **leverage our strengths in working across business platforms to provide integrated financial solutions to customers.**

American Banker recently gave us the “innovator of the year” award for 2001, citing our leadership in customer relationship management, cross-selling initiatives and U.S. expansion to develop new avenues for growth.

Let me begin with cross-selling, which provides substantial benefits. It’s significantly more efficient to sell a new product to an existing customer than it is to get a new customer. And you don’t take on additional credit risk. Furthermore, companies that deliver products in a fashion most convenient to the customer, and not necessarily most consistent with their internal organization structures, serve their customer better and are rewarded with more of their customers’ business. They are also compelled to bring down barriers between businesses, resulting in the elimination of duplicate delivery channels, products and functions and therefore in lower costs.

We also believe that time is one of the most precious commodities we have today, and customers will increasingly value the convenience and time savings from one-stop financial services shopping. By integrating our different products and services, we can better serve the needs of our customers, provide them better value and have better customer retention, revenue growth, efficiency and profitability. Much like we have seen in other industries such as retailing, the integration of financial services is, in my view, ultimately beneficial for the customer.

RBC Financial Group is ideally positioned for cross-selling and financial services integration with our broadly diversified business mix, very strong market positions in most businesses in Canada, sizeable customer base, strengths in customer relationship management and philosophy of deepening customer relationships. We believe that the provision of integrated financial services is a trend that will gather momentum, and we want to be positioned as a leader, not a laggard, in that respect. We see ourselves not as a bank but as a diversified financial services company with significant potential for capturing further “share of wallet” of our customers.

[Slide 32.] We have numerous cross-platform efforts well underway throughout our organization, including a successful referral program. This chart lists a few examples of cross-platform initiatives we have implemented, which I will discuss in more detail.

[Slide 33.] The referral program, which tracks and encourages business referrals between different parts of RBC Financial Group, has led to us garnering nearly \$13 billion of new business, or \$2.20 of new business for every dollar of business referred within the group, between 1998 and 2001. The majority of the consumer referrals have been from Personal & Commercial Banking to Wealth Management, although we are now capitalizing on insurance products where possible.

[Slide 34.] Last fall, Wealth Management and Personal & Commercial Banking joined forces to deliver a streamlined, efficient, and ‘best in class’ financial planning sales force of 1,500. They will focus on a couple of key segments, allowing us to better retain and service our customers through their life cycle stages and generate more revenue.

[Slide 35.] We are well positioned as “first-time” advice providers for clients in the early life stages. However, as they grow their investment assets and become more sophisticated, they look towards independent financial planners to provide advice. This is reflected in our under penetration in the Builder & Borrower and Wealth Accumulator segments, who we understand well through our CRM and research efforts. We want to develop a more proactive relationship with clients in these two key segments, meet their needs for more complex advice, and retain them over their lifetime.

Our older clients, individuals in their 60s and 70s, account for two-thirds of our deposit base and about 46% of P&CB net income. They leave significant assets to their heirs. Annually, an estimated \$2.4 billion of P&CB assets transfer to the next generation Builder & Borrowers and Wealth Accumulators segments. Overall, an estimated \$80 to \$140 billion (life insurance, real estate, pension proceeds, financial assets and business assets) will transfer from one generation to the next annually in Canada over the next 50 years. Our goal is to capture more of these assets transferred by proactively addressing our clients' needs.

[Slide 36.] While the financial planning venture will focus on the current 1,500 sales people with financial planning accreditation, it will also have responsibility for compliance and investment skill development for the additional 6,500+ mutual fund sales people within RBC in Canada.

Both platforms are heavily involved in the venture. P&CB provides CRM tools, services and the computer desktop to their financial planners. Wealth Management is overseeing the compliance and effectiveness of the sales organization.

[Slide 37.] Another example of a cross-platform initiative is the integration of domestic private banking with three Wealth Management businesses geared to high net worth clients. This integration is expected to deliver the benefits of critical mass, cost savings and a more simplified distribution structure. Additionally, in a new move, the integrated Global Private Banking (GPB) division will offer both proprietary and third-party products and solutions, including independent wrap accounts, structured solutions and outside expert tax advice. By combining the high net worth businesses in Canada and around the world, we will provide a more competitive global capability in the fully integrated international private banking market.

[Slide 38.] In addition to referring substantial business to Wealth Management that I'd mentioned earlier, P&CB refers commercial clients requiring cash management products and solutions to Transaction Processing. P&CB manages the physical distribution network for RBC Financial Group, including nearly 100 "shared location" branches, which can house Wealth Management Personal Financial Advisors and Action Direct employees.

[Slide 39.] We have a variety of insurance products that are sold outside the Insurance platform. For instance, 58% of mortgages and loans sold through P&CB to 2.6 million clients have creditor life insurance attached to them. Insurance underwrites the travel insurance protection that is one of the standard benefits for P&CB's VISA Gold card customers. Almost two-thirds of total home & auto policies issued by Insurance is to P&CB clients. Additionally, 75% of Wealth Management's full-service brokers have an insurance licence and, of these, 60% sold insurance policies, including RBC Insurance product, in 2001.

[Slide 40.] Wealth Management is availing itself of the rich customer information that P&CB has. For example, Global Private Banking is contacting 140,000 prospects generated from data mining P&CB's non-resident clients to provide them international services. In addition, Action Direct and P&CB are targeting the more than 1.5 million P&CB online banking clients who do not currently use Action Direct's online trading platform, NetAction.

[Slide 41.] C&IB has multiple linkages across RBC Financial Group. For instance, as the needs of P&CB commercial clients have grown, often to IPO and beyond, C&IB has inherited and built relationships with these clients through their growth stages. P&CB's commercial clients are high-volume users of foreign exchange and money market instruments provided by C&IB. The distribution strength of Wealth Management's retail network has positioned C&IB favourably with corporate clients looking to do issues of debt and equity securities.

[Slide 42.] Transaction Processing is also busy with a variety of integrated offerings. They are leveraging existing account management teams in P&CB and C&IB for the sale of specialized products and provide specialist sales forces to add value to these client relationships.

They are also working with GPB to in-source their offshore fund administration and custody activities.

In summary, while each of our platforms is strong in Canada, they have further growth opportunities from leveraging the strengths, customer relationships and competencies of other platforms and of our entire Canadian franchise.

I'll now turn to our U.S. operations, where we are also actively pursuing our cross-platform leverage priority.

[Slide 43.] While we've been reasonably good at cross-selling in Canada, we realize that few financial companies have done so successfully yet in the U.S. consumer market. Few U.S. financial companies have been operating a broad diversified business platform, including banking, brokerage, insurance and investments for very long, and as a result the market is more fragmented with a number of monoline providers. In addition, few companies have focused on the sales management disciplines and sophisticated customer analytics needed to support cross-selling, as we have been doing.

I should point out that revenue synergies from cross-selling were not factored into our financial models for valuing acquisitions. All the same, we are engaged in a number of cross-selling activities in the U.S.

[Slide 44.] Last fall, an individual from our Insurance business in Canada was appointed to head insurance operations at RBC Centura and he is working closely with RBC Liberty Insurance. Half of all RBC Centura branches have received enhanced creditor life insurance sales training provided by RBC Liberty, and RBC Liberty Insurance products will be marketed directly by RBC Centura to RBC Prism mortgage customers.

RBC Centura has co-located into two RBC Liberty offices in South Carolina – in Greenville and in Myrtle Beach.

[Slide 45.] With the acquisition of Tucker Anthony Sutro, RBC Dain Rauscher now has an office in Richmond, Virginia and is considering opening a regional office in North Carolina. RBC Dain Rauscher will ultimately take over the high-end wealth management business of RBC Centura as RBC Centura focuses on an Account Manager Investments strategy.

RBC Centura intends to co-locate teams of commercial bankers in the key markets of its sister companies in the United States in order to capture the commercial banking business of our U.S. customers.

[Slide 46.] In addition to working with RBC Centura, as I just discussed, RBC Liberty Insurance is looking at substantial opportunities with RBC Dain Rauscher. RBC Dain Rauscher, with some 2,100 financial consultants, generates about US\$400 million of annuities and US\$100 million of life insurance sales per year. RBC Liberty Insurance is seeking high net worth product capabilities including variable life insurance and variable annuities through acquisition so that it can deliver a competitive proprietary choice to the financial consultants. A growing share of insurance sales through RBC Dain Rauscher could represent significant growth in RBC Liberty Insurance revenue. In summary, our first priority in the United States is to generate cost and revenue leverage within each platform. Initiatives are also underway to capitalize on cross-platform opportunities and position us for integration of financial services in the U.S..

These cross-platform efforts in the U.S. began not too long ago and the results will be evident over time.

[Slide 47.] Finally, I can't emphasize enough the importance of values (shown on this chart), culture, management buy-in and compensation with respect to capitalizing on cross-platform leverage. We have five business platforms, each with its own culture and in some cases many cultures, and different businesses are motivated and incented differently. It's critical to recognize and capitalize on these differences. What is important to me is that we build common cultural threads that bind the businesses together. These cultural threads and organizational values cannot be compromised. Teamwork and working together to succeed is one of our key values and a critical part of the culture within each platform.

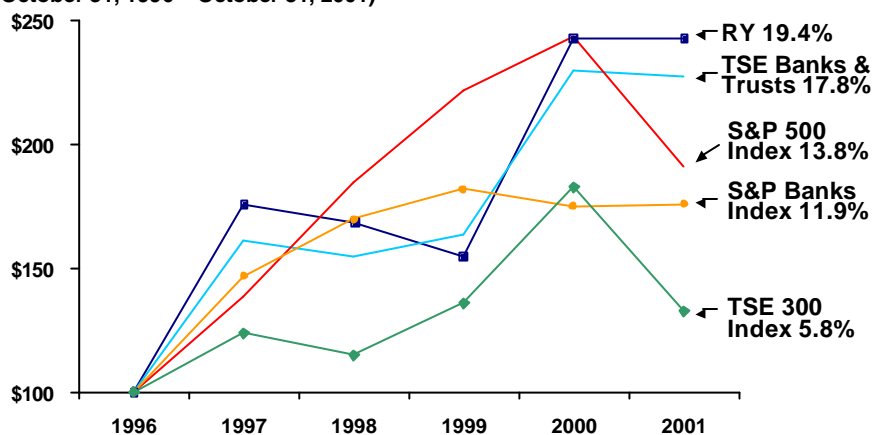
[Slide 48.] In conclusion, our organization will maintain its focus on the principles that have served us so well – growing the company judiciously, maintaining a diversified business base, keeping a balanced risk profile, watching costs, managing capital and maintaining leadership in our various businesses by winning more of our customers' business. We have and will maintain an unrelenting focus on providing value to our clients and building long-term relationships whether it be the largest of wholesale clients or the smallest of consumer customers. We also want to continue to perform in the top quartile of North American financial companies.

Thank you for your attention, and I'd be happy to take your questions now.



Long-term shareholder value creation

Five year annualized total return¹
(October 31, 1996 – October 31, 2001)



¹ in Canadian dollars, assuming dividends are reinvested



Still attracting premium valuation

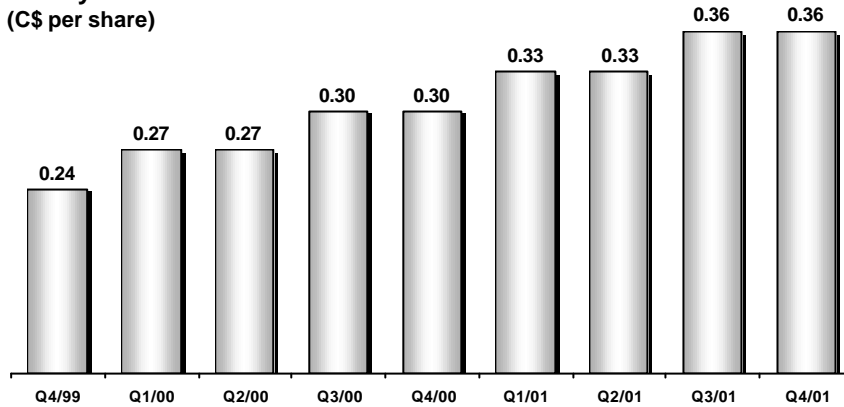
	P/E on 2002 cash estimates ¹	P/E on 2003 cash estimates ¹
RBC	12.9x	11.3x
TD	12.7x	11.1x
CIBC	12.4x	10.5x
BMO	12.1x	11.0x
BNS	10.8x	9.6x
NA	10.6x	9.6x
Cdn. average	11.9x	10.5x

¹ based on most recent street cash EPS estimates for 2002 and 2003 and share prices on February 1, 2002.



Dividends up 50% from Q4/99

Steady dividend increases
(C\$ per share)

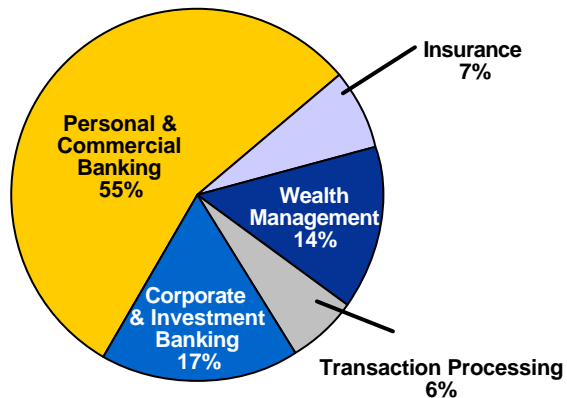


- history of uninterrupted dividend payments
- target payout range 30-40% (39% in 2001)



Well diversified business mix

Cash net income contribution – 2001¹

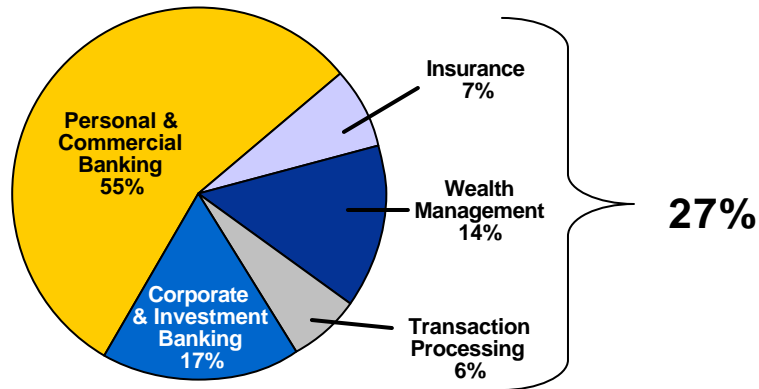


¹ excluding special items



27% of cash earnings from asset quality immune businesses

Cash net income contribution – 2001¹



¹ excluding special items



Strong returns & revenue growth in all business segments

2001 ¹	Cash Net		
	Cash ROE	Income Growth	Revenue Growth
Personal & Commercial Banking	20.0%	24%	13%
Insurance	21.9%	83%	119%
Wealth Management	18.4%	(19)%	23%
Corporate & Investment Banking	11.8%	(21)%	19%
Transaction Processing	31.1%	7%	6%

¹ excluding special items; growth over 2000 results



Leadership in most businesses

- Insurance – travel & creditor insurance
- Transaction Processing – Custody, Correspondent Banking, Payments, Trade Finance & Cash Management
- Wealth Management – full-service brokerage, private banking, trust, mutual funds
- Corporate & Investment Banking – securities underwriting, M&A advisory
- Personal & Commercial Banking – customers and earnings



Excellent cross-selling results in Canada

- RBC has demonstrated cross-sell capability in Canada
- Successful cross-selling record
 - Business referrals resulted in new sales of C\$13 billion in 1998-2001
 - C\$2.20 of new externally generated sales for C\$1 of business referred internally



Disciplined acquisitions

- Acquisitions should be cash accretive in 2-3 years

Prism Financial
Liberty Insurance
Dain Rauscher
Centura Banks
Tucker Anthony Sutro

Cash EPS

In Year 1
In Year 1
In Year 2
In Year 2
In Year 3¹

¹ neutral to Cash EPS in Year 2 (2003)



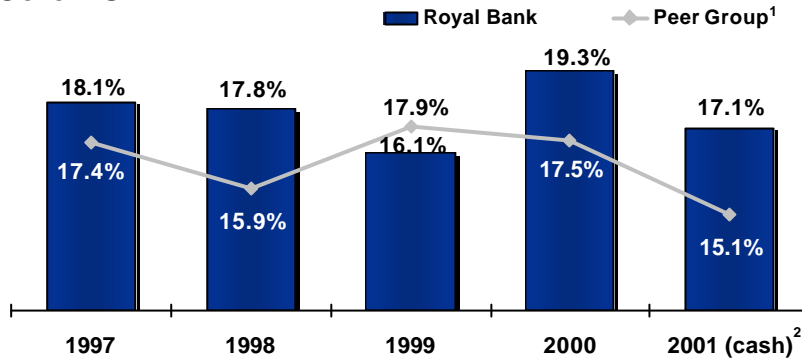
Key priorities

1. Strong fundamentals
2. International expansion
3. Growth of high-return & high-P/E multiple businesses
4. Cross-platform leverage



Strong ROE performance vs. North American peer group

Core ROE



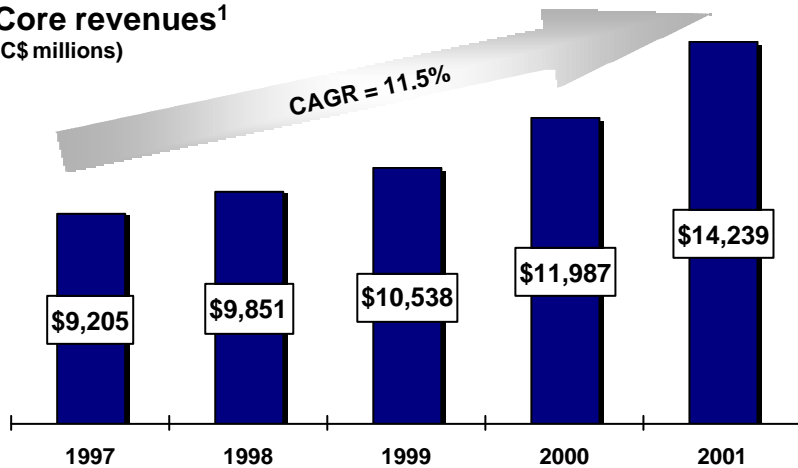
¹ selected peer group comprised of: Bank of New York, Wells Fargo, PNC Financial, Bank One, JP Morgan Chase, US Bancorp, First Union, Bank of America, FleetBoston, KeyCorp, Power Financial, TD Bank, CIBC, Scotiabank, Bank of Montreal

² 2001 cash ROE for Canadian banks, and 9 months 2001 cash ROE for U.S. banks; accrual ROE used where cash is unavailable



Strong revenue growth

Core revenues¹ (C\$ millions)



¹ excluding onetime revenues in 1997, 1998, 1999 & 2001



Continuing to watch costs

- **Cost cutting program begun in 1999 yielded excellent results**
- **C\$580 million taken out of cost base (1999-2000)**
- **Personal & Commercial Banking segment core efficiency ratio has improved by 630 basis points since 1999 to 58.2% in 2001**
- **Committed to continuing cost management**



Impaired loan growth

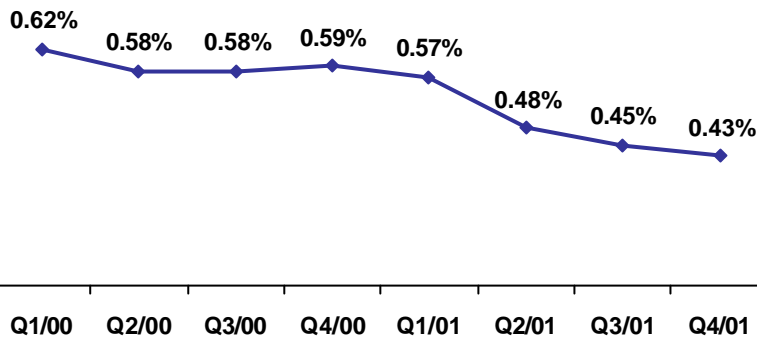
- **Vigilant about portfolio quality**
- **Second lowest growth in gross impaired loans of Big 5 Canadian banks (1999-2001)**



Consumer loan quality

90+ days delinquent

% of outstanding balance¹

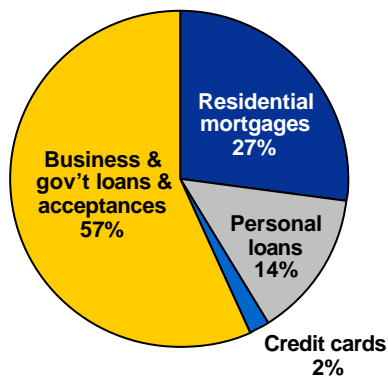


¹ total consumer loans excluding student loans

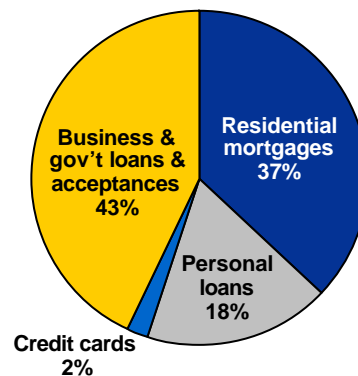


Significant change in loan mix in last 10 years

As at October 31, 1991

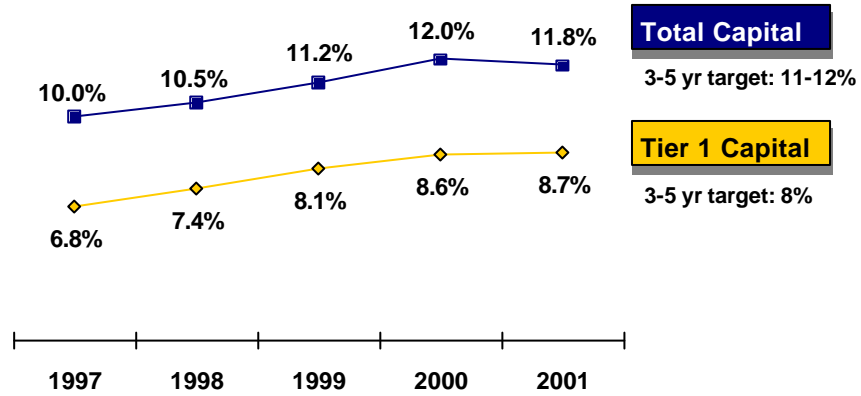


As at October 31, 2001





Maintained strong capital ratios



Solid overall financial performance

	2001 objectives	2001 performance
Cash EPS growth	10 - 15%	✓
Cash ROE	18 - 20%	✓
Revenue growth	over 10%	✓
Expense growth	Operating expense growth < operating revenue growth	✗
Specific provision ratio ¹	0.30 - 0.40%	✗
Capital management ¹	Maintain strong capital ratios	✓

¹ based on Canadian GAAP financial information



2002 objectives reflect economy

	2002 objectives ¹
Cash ROE	17 - 19%
Cash EPS growth	5 - 10%
Revenue growth	7 - 10%
Expense growth	Operating expense growth < operating revenue growth
Specific provision ratio ²	0.45 - 0.55%
Capital management ²	Maintain strong capital ratios

¹ based on core results

² based on Canadian GAAP financial information



Strong debt ratings

Compared to 10 largest North American banks in market capitalization:

	<u>Moody's</u>	<u>S&P</u>
Citigroup	Aa1	AA-
Royal Bank	Aa2	AA-
JP Morgan Chase	Aa3	AA-
Fifth Third	N/R	AA-
Bank of America	Aa2	A+
Wells Fargo	Aa2	A+
Bank of New York	Aa3	A+
Bank One	Aa3	A
US Bancorp	A1	A
First Union	A1	A
FleetBoston	A2	A



Disciplined international expansion

- Allowed each platform to expand outside Canada within financial threshold and overall size criteria
- Four key reasons for disciplined U.S. expansion:
 1. sizeable market shares in Canada
 2. clients expanding in U.S.
 3. global players in Canada requiring North American capabilities and presence on our part
 4. earnings diversification ensures consistent shareholder value creation



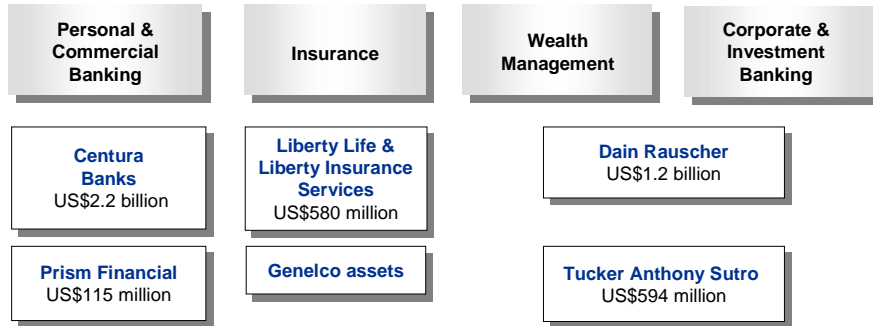
U.S. expansion strategy

- Carefully analyzed the market
- Expanded in businesses where we have competitive advantage
- Looked for deals that are:
 - manageable
 - generate healthy returns
 - strong performers with good management
 - good cultural fit
 - similar operating philosophies
 - share profitable growth aspirations



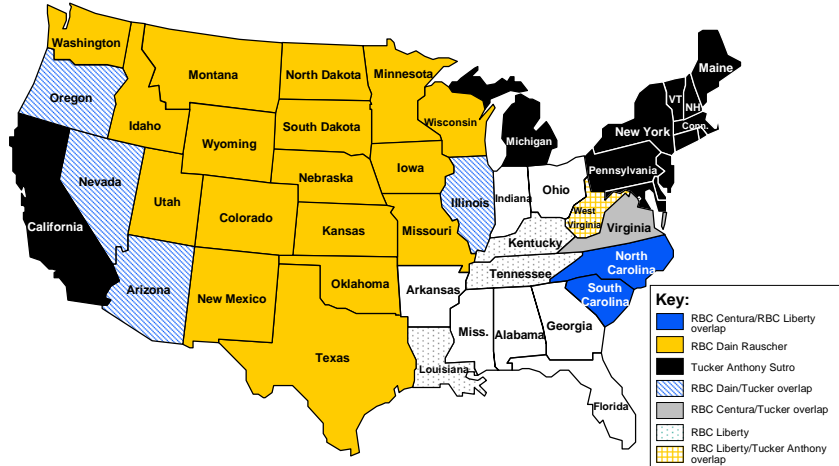
Building sizeable U.S. platform

U.S. acquisitions since April 2000



National coverage in the U.S.

RBC Centura, RBC Dain Rauscher & Tucker Anthony Sutro and RBC Liberty Insurance



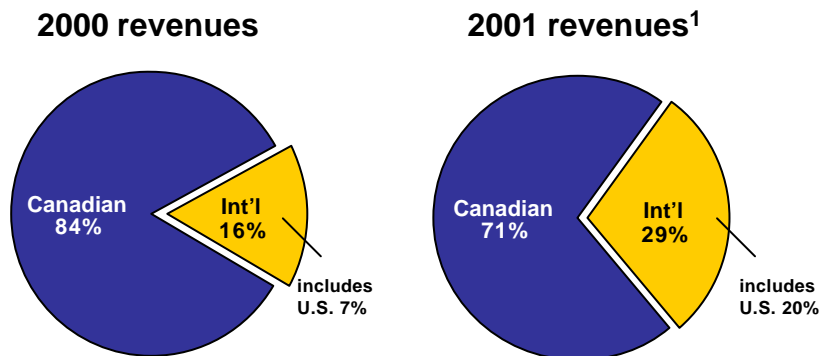


Growing U.S. client base

	<u># of clients</u>
RBC Liberty Insurance	700,000+ households
RBC Centura	700,000
RBC Dain Rauscher	500,000 accounts
Tucker Anthony	300,000 accounts
Recent U.S. acquisitions	2,200,000+



Proportion of U.S. revenues growing



¹ excluding special items



U.S. branding



Entered phase II of U.S. expansion strategy

- **Integration of SFNB and functions of RBC Prism and RBC Builder Finance into RBC Centura**
 - expected to result in US\$70 million of cost savings
- **Merger of Tucker Anthony into RBC Dain Rauscher**
 - cost savings of over US\$60 million expected to be realized



U.S. expansion priorities

Near-term focus

- Consolidating recent acquisitions
- Meeting operating targets



Grow high-P/E businesses

- Primary focus on Personal & Commercial Banking and Wealth Management, but all business groups have selected segments for priority growth
- Lower performing or non-strategic business lines to be restructured or sold
- Building solid, highly-profitable U.S. platform key priority



Financial services convergence

- **Cross-selling entails lower costs and no additional credit risk**
- **Better customer retention, revenue growth and profitability**
- **RBC Financial Group ideally positioned for financial services integration**
 - diversified business mix
 - strong market positions
 - sizeable customer base
 - strengths in CRM



Cross-platform efforts are well underway

- **Successful referral program continues**
- **Wealth Management and Personal & Commercial Banking teaming to provide financial planning**
- **Integrating Global Private Banking with RBC Private Counsel, Canadian private banking and personal trust**
- **Segments have other cross-platform initiatives underway**



Successful cross-platform referral program

- P&CB has generated approximately 150,000 referrals to Action Direct since 1997, with \$2.1 billion in AUA of new business and referrals

(C\$ billions)

Year	Business referred (internal)	New sales from business referred (external)	New sales/ business referred
1997 ¹	\$3.0	\$2.7	\$0.90 X
1998	2.4	4.0	1.70 X
1999	1.2	3.9	3.30 X
2000	1.4	2.7	1.90 X
2001	0.8	2.0	2.50 X
1998-2001	5.8	12.6	\$2.20 X
1997-2001	\$8.8	\$15.3	N/A

¹ for three months (August 1 to October 31, 1997)



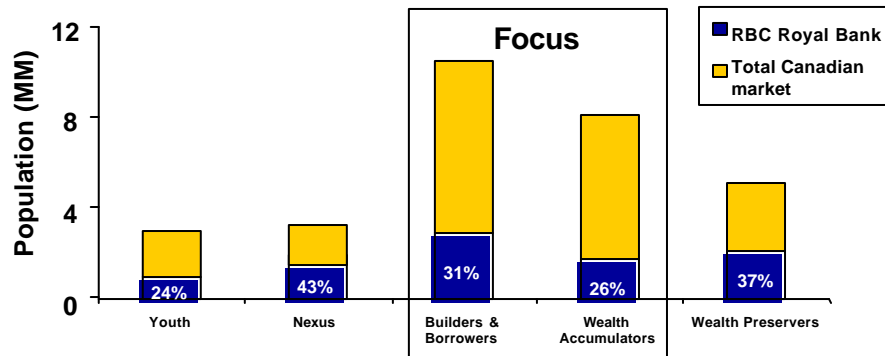
Wealth Management and P&CB financial planning venture

- Launched November 1st, 2001
- Financial planning initiative creates a growth opportunity with our clients by:
 - building loyalty
 - focusing an accredited sales force on key segments to increase revenue
 - better covering client life cycle stages to increase the lifetime of relationships



Financial planning opportunities

- Retain & grow our customers through their life stages
- Increase our market penetration in the Builders & Borrowers and Wealth Accumulator segments
- Capture the estimated C\$80 to C\$140 billion annual intergenerational wealth transfer



35



Financial planning is leveraging platforms' strengths

- 8,000 licensed individuals within Canadian operations:
 - 6,000 in P&CB and 2,000 in Wealth Management
 - approximately 6,500 licensed to sell Mutual Funds
- Financial planning has identified 1,500 individuals¹ as "specialists" (either have a PFP or CFP designation)

¹ 335 Personal Financial Advisors, 550 Investment Retirement Planners and 615 Account Manager Investments

36



Global Private Banking integration

- In Oct. '01, restructured Wealth Management distribution channels and combined:
 - Global Private Banking (GPB)
 - RBC Private Counsel
 - Canadian personal trust business
 - Canadian private banking (from P&CB)
- Benefits of critical mass, cost savings and simplified Canadian distribution structure
- Integrated GPB will offer both proprietary and third-party products and solutions



Personal & Commercial Banking

- Refer commercial clients requiring cash management solutions to Transaction Processing
- P&CB manages physical network for RBC Financial Group, including nearly 100 locations shared with other platforms



Insurance

- **58% of mortgages and loans sold through P&CB have creditor life insurance**
- **Underwrite travel insurance for P&CB's VISA Gold**
- **P&CB clients represent 65% of total home & auto policies issued**
- **75% of full-service retail brokers have an insurance licence**



Wealth Management

- **Global Private Banking is contacting 140,000 prospects generated from data mining P&CB clients**
- **Action Direct and P&CB targeting 1.5 million+ P&CB online banking clients not using Action Direct's NetAction**



Corporate & Investment Banking (C&IB)

- C&IB has inherited and built on relationships of P&CB commercial and KBI clients through their growth stages
- C&IB provides P&CB's commercial clients with FX and money market instruments
- Wealth Management's retail distribution strength gives C&IB competitive advantage



Transaction Processing

- Leveraging existing account management teams in P&CB and C&IB
- Working with GPB to in-source their offshore fund administration and custody activities



Applying our cross-selling model in the U.S.

- **Few financial companies have succeeded in cross-selling in the U.S. consumer market. Unlike us in Canada,**
 - few U.S. companies operate diversified platforms – except at high-end
 - few focused on sales management disciplines and sophisticated customer analytics
- **Revenue synergies from cross-selling not factored into financial models for valuing acquisitions – focus is on maximizing cross-selling potential to increase expected returns**



RBC Centura and RBC Liberty Insurance working together

- **Head of Insurance, appointed for RBC Centura from RBC Insurance in Canada, working with RBC Liberty Insurance**
- **50% of RBC Centura branches received enhanced creditor life insurance training by RBC Liberty**
- **RBC Centura co-located into two RBC Liberty offices in South Carolina (Greenville & Myrtle Beach)**



RBC Centura and RBC Dain Rauscher working together

- **Centura Securities link to RBC Dain Rauscher**
 - build and take brokerage operation and wealth management to new level
 - RBC Dain Rauscher is considering opening a regional office in North Carolina
- **RBC Centura to co-locate commercial bankers in the key markets of its U.S. sister companies**



RBC Liberty Insurance and RBC Dain Rauscher working together

- **RBC Liberty Insurance looking to acquire high net worth product capabilities for sale by RBC Dain Rauscher brokers**
 - variable life insurance
 - variable annuities



Our values encourage teamwork

- **Our values are:**
 - service – excellent service to clients and each other
 - teamwork – working together to succeed
 - responsibility – personal responsibility for high performance
 - diversity – diversity for growth and innovation
 - integrity – trust through integrity in everything we do



Conclusion

- **Will maintain clear focus on shareholders through unwavering commitment to:**
 - disciplined growth
 - diversification
 - continued strong risk profile
 - improved efficiency
 - judicious capital management
 - business leadership
 - superior returns



Caution regarding forward-looking statements

Royal Bank of Canada, from time to time, makes written and oral forward-looking statements, included in this presentation, the Annual Report, 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 the bank's objectives for 2002, and the medium term, and strategies to achieve those objectives, as well as statements with respect to the bank's 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. The bank cautions 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 the bank conducts operations; the strength of the United States economy and the economies of other nations in which the bank conducts 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; changes in trade policy; the effects of competition in the markets in which the bank operates; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services by the bank 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; the ability of the bank to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; and the bank's anticipation of and success in managing the risks implicated by the foregoing.

The bank cautions that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the bank, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the bank.