



Royal Bank of Canada and Dexia Announce the Creation of

# RBC Dexia Investor Services

A unique proposition for institutional investors worldwide

Highlights for the Investment Community

June 9, 2005

## Caution Regarding Forward-Looking Statements

From time to time, we make written and oral forward-looking statements within the meaning of certain securities laws, including the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. We may make such statements in this presentation, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders and in other communications. These forward-looking statements include, among others, statements with respect to our objectives for 2005, our medium-and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” 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 our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian and United States economies and the economies of other countries in which we conduct business; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar; the effects of changes in monetary 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; the effects of competition in the markets in which we operate; the impact of changes in the laws and regulations regulating financial services and enforcement thereof (including banking, insurance and securities); judicial or regulatory judgments and legal proceedings; our ability to obtain accurate and complete information from or on behalf of our customers and counterparties; our ability to successfully realign our organizational structure, resources and processes; our ability to complete strategic acquisitions and to integrate our acquisitions successfully; the changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; operational and infrastructure risks; and other factors that may affect future results including changes in trade policies, timely development and introduction of new products and services, changes in tax laws, technological changes, 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 foregoing risks.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our 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. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

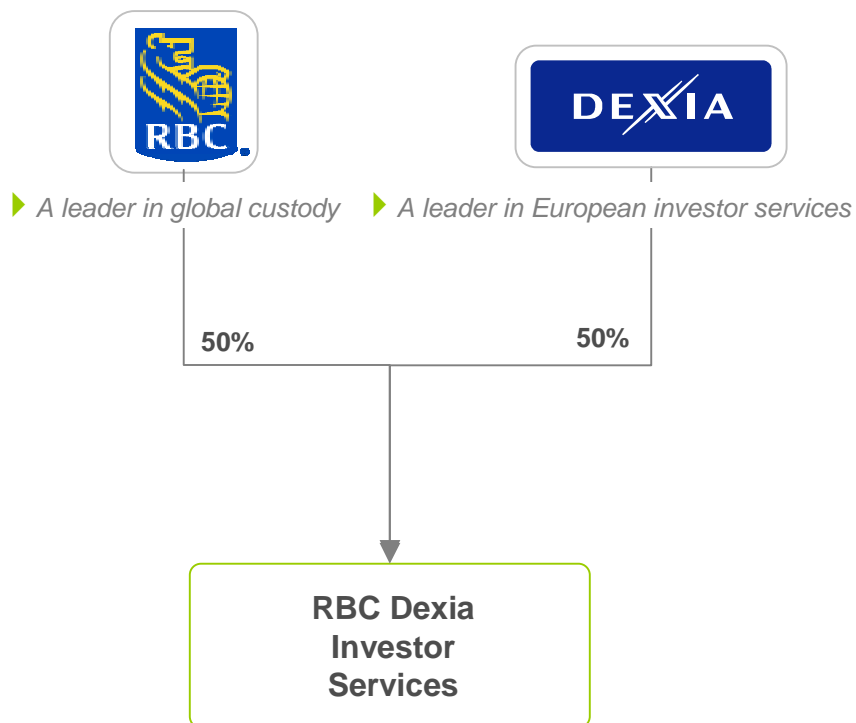
# Royal Bank of Canada ("RBC") and Dexia Form Institutional Investor Services JV Overview

Transaction

The new company

Financial impact

Conclusion



*Global custody, fund administration, transfer agency and related services for institutional investors worldwide*

- ▶ Royal Bank of Canada (RBC) and Dexia to combine their respective institutional investor services businesses \*
- ▶ Jointly-owned separate legal entity
- ▶ 50% / 50% ownership by RBC and Dexia
- ▶ Equal board representation
- ▶ Creates a powerful franchise to compete in the high-growth securities services industry
  - ▶ Full suite of products in Canada, Europe and Australasia
  - ▶ Significant cross-border servicing capabilities
  - ▶ In line with demands of sophisticated institutional investors
- ▶ Expected Aa3 rating by Moody's
- ▶ Attractive synergies expected to materialise in the medium term

# High Growth in Savings Underpin Attractiveness of Securities Services Industry

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## Total Industry

Region/Fund Type	Assets Under Custody (CAD Trillion)	Projected 5-yr Growth (% p.a.)
<b>Europe</b>		
Collective Funds (Mutual Funds)	5.1	18-20
Pensions	3.2	8-10
Banks, Brokers, Other	11.2	7-9
Insurance Companies	8.0	4-6
<b>Asia</b>		
Collective Funds (Mutual Funds)	1.8	10-12
Pensions	1.6	8-10
Banks, Brokers, Other	6.4	7-9
Insurance Companies	3.2	0-2
<b>Canada</b>		
Collective Funds (Mutual Funds)	0.7	10-12
Pensions	0.7	5-7
Insurance Companies	0.6	4-6
<b>United States</b>		
Collective Funds (Mutual Funds)	9.8	8-10
Pensions	10.4	6-8
Banks, Brokers, Other	11.2	7-9
Insurance Companies	3.2	4-6

Source: Prudential Securities, Investment Company Institute, Employee Benefit Research Institute, *The Economist*

# Benefits of the Transaction

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- ▶ RBC's global custody and Dexia's investor services capabilities create a powerful franchise to compete in Europe, the highest-growth securities services market in the world
- ▶ Greater geographic reach with local market coverage in 15 countries on four continents
- ▶ Scale allows for lower per-unit cost, an ability to compete for larger mandates and increased return on investments
- ▶ Attractive opportunities for synergies
- ▶ Strategic alignment of parent companies

# RBC Dexia Investor Services At a Glance

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**Name:** ► RBC Dexia Investor Services

**Head office:** ► London, U.K.

**Employees:** ► Approximately 3,500

**Board of directors:** ► Equal representation by both parent companies  
► Chairman: Marc Hoffmann (rotational basis)  
► Vice Chairman: Marty Lippert (rotational basis)  
► CEO: José Placido; Deputy CEO: Michel Malpas

**Parents:** ► Royal Bank of Canada (50%) and Dexia (50%)<sup>1</sup>

**Rating:** ► Expected to be rated Aa3 by Moody's

**Closing date:** ► By early calendar 2006, subject to regulatory approvals<sup>2</sup>

1. Through its wholly-owned (99.9%) subsidiary Dexia Banque Internationale à Luxembourg.
2. Canadian, Luxembourg, Belgian, U.K. and Australian regulators.

# Combination of Market Leaders

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	<b>RBC's Institutional Investor Services</b>	<b>Dexia Fund Services</b>	<b>RBC Dexia Investor Services</b> <i>(Pro forma)</i>
Head office	Toronto, Canada	Luxembourg	London, U.K.
Employees	1,900	1,600	3,500
Assets under custody (AUC) <sup>1</sup>	CAD1,694 bn / €1,059 bn	CAD594 bn / €371 bn	CAD2,288 bn / €1,430 bn
Cross-border AUC <sup>1</sup>	CAD911 bn / €570 bn	CAD594 bn / €371 bn	CAD1,505 bn / €941 bn
No. of funds under administration	1,247	1,962	3,209
No. of shareholder accounts	0.5 million	4.3 million	4.8 million
Market presence	5	11	15
Locations	Canada United Kingdom United Arab Emirates Australia Singapore	Luxembourg France Belgium Italy Netherlands Spain	Ireland Switzerland Singapore Hong Kong Cayman Islands  All locations of RBC Investor Services and Dexia Fund Services

1. RBC at January 31, 2005 / Dexia at December 31, 2004. Exchange rates: CAD / € = 1.60

# Commitment to Institutional Investor Services With Complementary Capabilities

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## RBC's Institutional Investor Services

- ▶ Recognised globally as a leading global custodian servicing institutional investors for more than 100 years
- ▶ Leadership in Canada: full-service capability serving all client segments
- ▶ Top-ranked international securities lending service (27 markets globally, USD43 billion of securities on loan) <sup>1</sup>

## Dexia Fund Services

- ▶ Leading global custody, fund administration and transfer agency capabilities in Europe
- ▶ Unique Luxembourg platform and local market expertise in 11 key markets
- ▶ European leader in transfer agency services through First European Transfer Agent (FETA)

1. As at January 31, 2005



# Combined Cross-Border Coverage Across Canada, Europe, UK and Australasia

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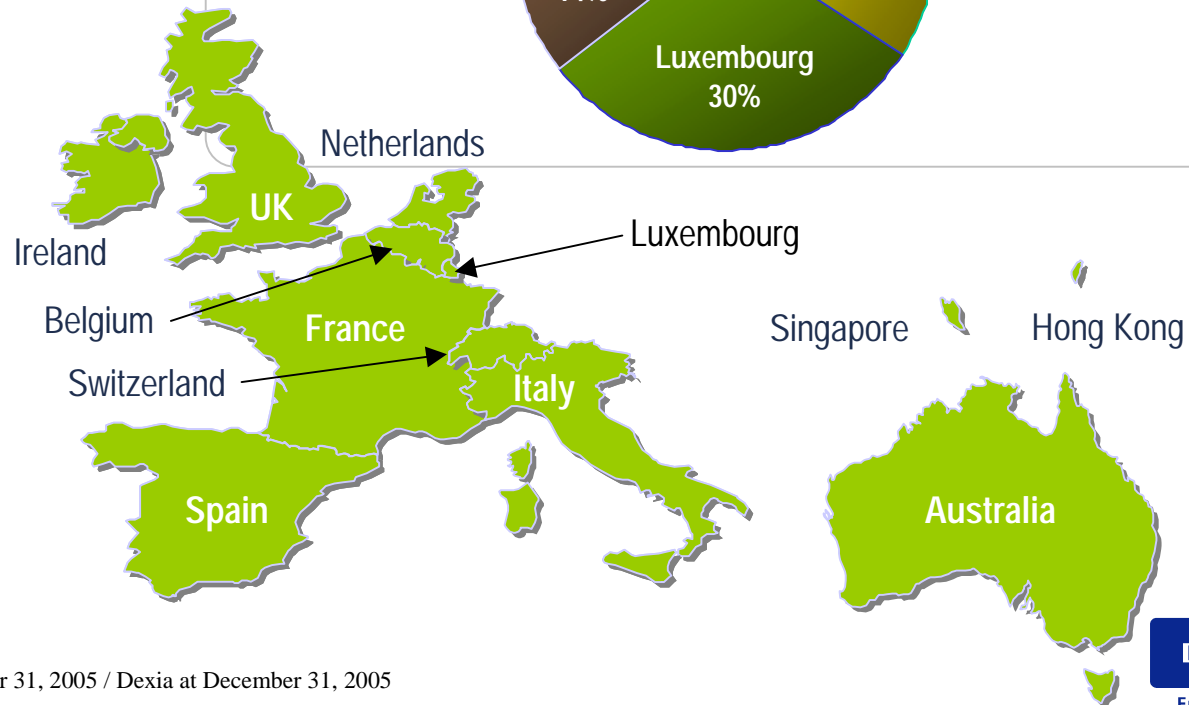
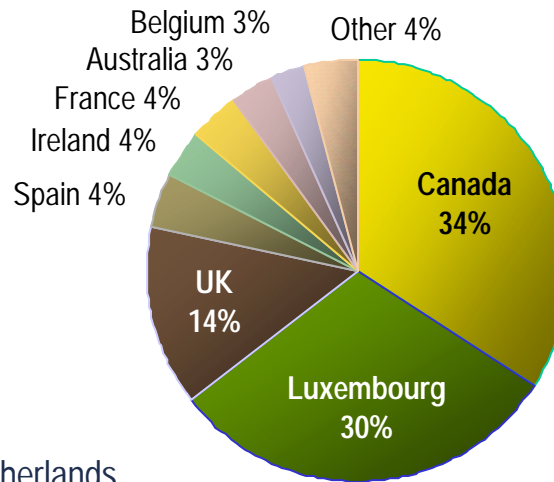
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RBC Dexia Investor Services Revenues by Geography

(Pro forma, fiscal 2004\*)



# Significant Size and Scale

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## Client Assets Under Custody<sup>1</sup>

Top Global Custodians

At December 31, 2004		USD billion
1	Bank of New York	9,700
2	State Street	9,497
3	JPMorgan	9,137
4	Citigroup	7,900
5	BNP Paribas	3,374
6	HSBC	2,819
7	Northern Trust	2,649
8	Mellon <sup>2</sup>	2,406
9	Royal Bank of Canada / Dexia Group <sup>3</sup>	1,830
10	Société Générale	1,518
11	Investors Bank & Trust	1,430
12	Credit Suisse Group	1,232
13	Brown Brothers Harriman	1,130
14	Credit Agricole <sup>3</sup>	1,010
15	Nordea Bank	630

1. Includes custody, fund administrations, transfer agency.
2. Excludes CIBC Mellon (\$512) and ABN AMRO Mellon (\$422)
3. Pro forma. RBC at January 31, 2005 / Dexia at December 31, 2004.
4. At 30-June-2004.

- ▶ JV represents sizeable operation with revenues of approximately CAD 810 million (€506 m) and net income of approximately CAD 140 million (€90 m) in fiscal 2004 (pro forma)
- ▶ Among top 10 global custodians in the world based on client assets under custody (AUC)
- ▶ A leader in specialised, value-added fund services:
  - Fund accounting - over 3,200 investment funds (CAD459 billion in AUA)
  - Shareholder services - 4.8 million accounts (CAD638 billion in AUA)

# Full Suite of Products

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## Global Custody

Subcustody network of 81 markets  
Settlement & safekeeping  
Corporate actions  
Proxy voting  
Tax reclaims

## Investment Administration

Portfolio accounting  
Fund administration  
Hedge fund services  
Trustee services  
Pension services  
Compliance monitoring  
Legal support

## Transfer Agency

Shareholder services  
Universal ordering

## Related Services

Online service delivery

Cash management

Securities lending

Foreign exchange

Investment analytics

Tri-party repos

Transition management

Commission recapture

# Servicing Broad Range of Sophisticated Institutional Investors

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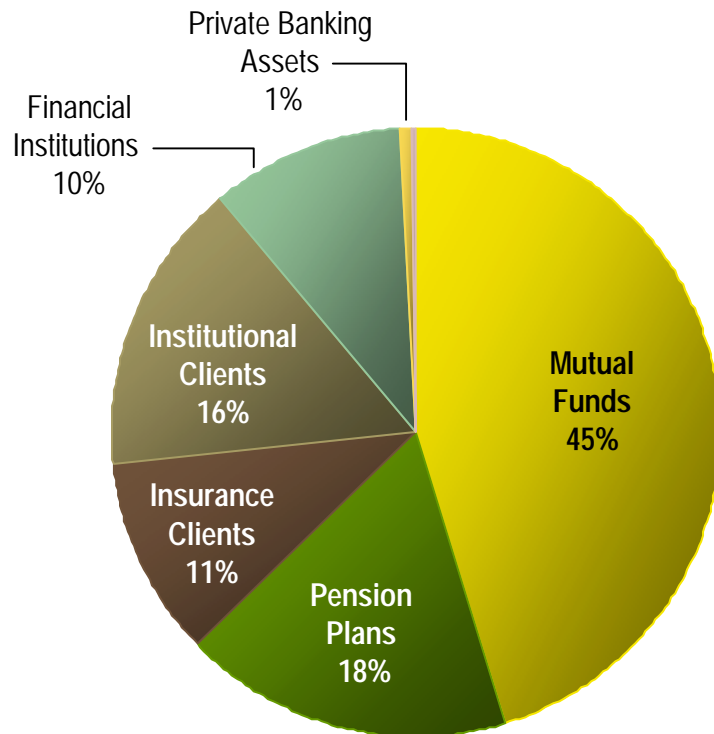
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## Client Assets Under Custody

(Pro forma, fiscal 2004)



- ▶ Well positioned in the high-growth mutual fund segment
- ▶ Strong capabilities among established insurance and pension clients
- ▶ Client diversity enhances business stability

# Compelling Synergies – CAD 80m (€50 m) pre-tax expected in the medium term

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## Cost Synergies

- ▶ Rationalize subcustody network
- ▶ Reduce IT infrastructure costs
- ▶ Streamline administrative functions
- ▶ Share development costs across a larger base of users
- ▶ Rationalize purchasing and procurement

## Revenue Synergies

- ▶ Cross-sell RBC global custody services to existing Dexia fund administration and transfer agency clients
- ▶ Cross-sell Dexia fund administration and transfer agency services to existing RBC custody clients
- ▶ Generate new business mandates based on ability to offer bundled product suite in European and offshore markets
- ▶ Offer RBC's superior ancillary services, such as securities lending, to existing Dexia clients

# Financial Impact on RBC

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- ▶ RBC will contribute its existing institutional investor services business including the net assets that support the operation
- ▶ Under current accounting interpretations:
  - ▶ RBC's share of JV net income in Year 1 (2006), including one-time expenses, is expected to be in line with the stand-alone business contribution in 2004 and accretive thereafter
  - ▶ we expect no material impact on our Tier 1 capital ratio

# A Powerful Proposition

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- ▶ **Significant scale** with a presence **across Canada, Europe, U.K. and Australasia** offering a **full suite of products** for sophisticated institutional investors
- ▶ Well positioned to realise synergy benefits and capitalise on new market opportunities as they arise
- ▶ Attractive financial profile