

# Wealth Management: Global Private Banking

Michael Lagopoulos  
Head of Global Private Banking



*Presentation to Analysts & Institutional Investors*  
*Toronto, April 22, 2005*



# Our global footprint

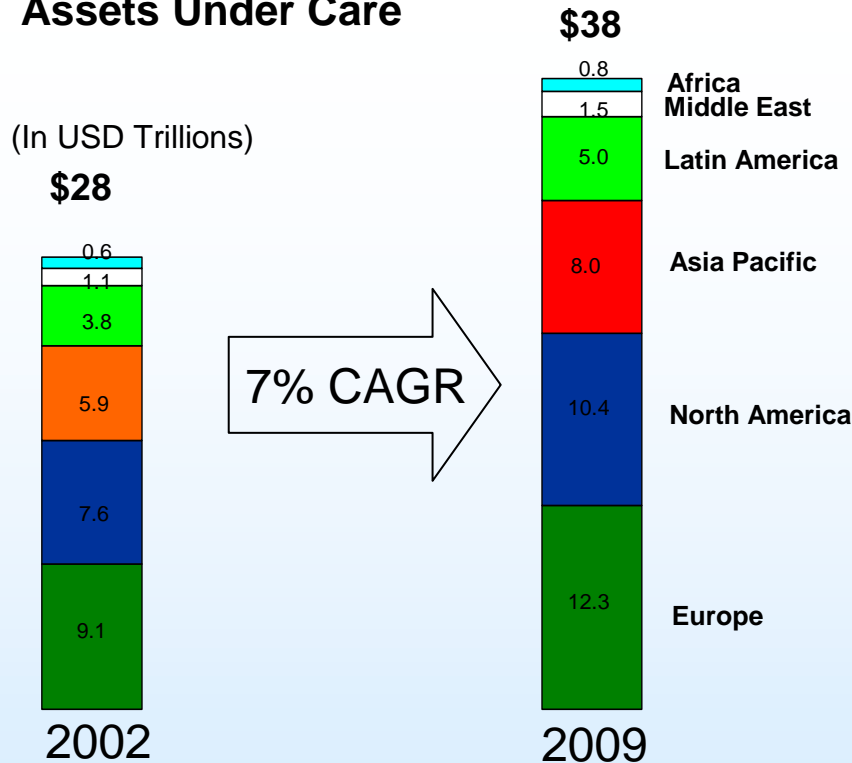


- 20,000 HNW Households
- 27 offices in 20 countries
- RBC is a top 20 global private banking business in a highly fragmented industry
  - Largest competitor has less than 3% market share
  - Ten largest competitors control less than 12% of total market
- Client Assets Under Care (AUC) was U.S. \$84B at end of '04
- Target High Net Worth clients have more than U.S. \$1MM in investable assets and pay more than U.S. \$10,000 in revenues
- Services include:
  - Banking / lending
  - Trust and structured solutions
  - Discretionary investment management
  - Investment advisory
  - Global custody

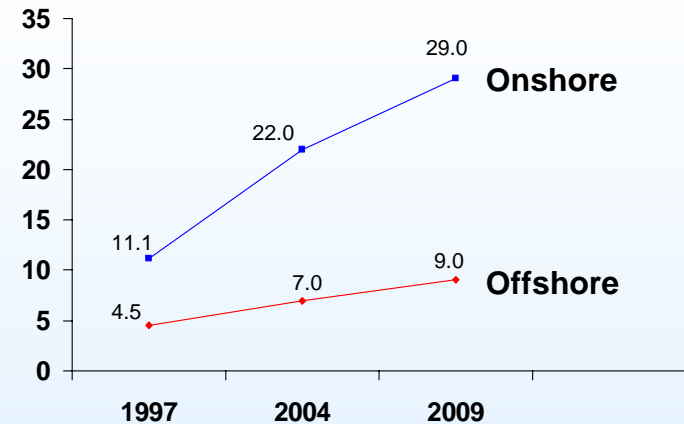


# Perspectives on global private banking

## Assets Under Care



(USD Trillions)



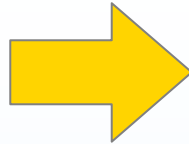
- Servicing of high net worth clients around the world for their wealth management needs is a large, attractive and growing market
- This market is expected to see compound annual growth of 7% over the next 5 years

- Onshore markets (i.e. client serviced in their country of residence) will grow faster than offshore markets.
- Growth in offshore markets (i.e. client serviced outside their country of residence) will slow but will still be 24% of overall HNW market in 2009.



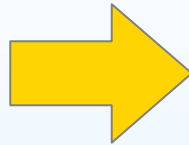
# Clear focus on success

## Right vision



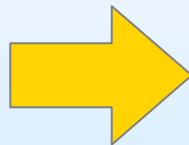
- Provide integrated wealth management services to High Net Worth clients in markets where our brand and capabilities provide a competitive advantage

## Right strategy



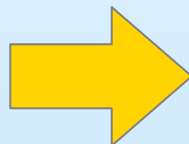
- Grow GPB's 20,000 HNW client base with an innovative relationship management model where each HNW client is allocated a senior resource who is responsible for their business right across RBC

## Right market knowledge



- Excellent local market knowledge base used to develop custom solutions for clients in the 20 countries where we operate

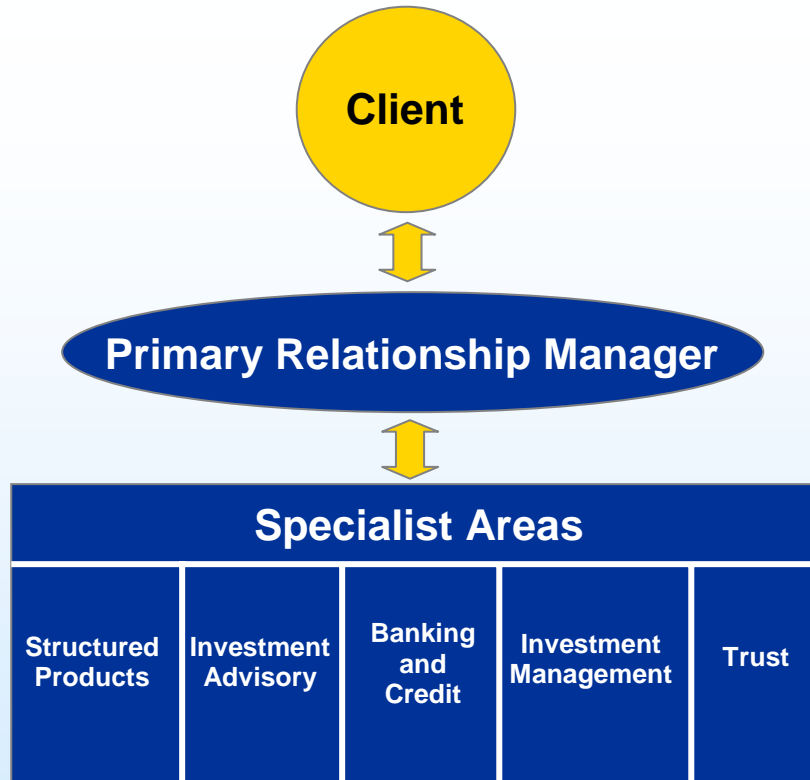
## Right business model



- Highly profitable business with consistent contribution to RBC's financial results
- Diversifies earnings
- Growth opportunities are considerable



# Client relationship management model



## Integrated wealth management model:

- One team member is designated Primary Relationship Manager (PRM).
- Client receives a single consolidated report
- “Know Your Client” and client documentation done only once for all locations and lines of service
- Client management process includes strategic client review undertaken each year to ensure client has entire range of services they require
- Primary Relationship Manager has responsibility for:
  - Client discovery, diagnostic and strategy
  - Client service and satisfaction
  - Client retention
  - Organizational performance against client
  - Cross selling and up-selling

**Global Private Banking can double profitability by leveraging existing 20,000 client relationships without adding a single new client**



# Strategic initiatives and timeline

**Long-term Strategy:** Build multi-generational relationships with wealthy international families through an expanding network of RBC professionals who can deliver the full spectrum of RBC capabilities complimented by an open architecture approach

**Step 1: 2005**  
*Accelerate organic growth in target segments & geographies*

- Accelerate organic growth via enhanced client segmentation strategies
- Investments:
  - Enhance Investment Management capabilities and distribution more broadly to existing client base through open architecture service offering
  - Expand Advisory capability (leverage RBC Dominion Securities and RBC Dain Rauscher into GPB international markets)
  - Leverage RBC Capital Markets structured product capability against private client base
- Credit:
  - Adopt more competitive international credit policies for private clients
- Expand sales offices in United States, Latin America, Europe/Middle East, Asia via lift outs.

**Step 2: 2006 onwards**  
*Expansion through organic growth, product development, and targeted acquisitions*

- Rollout of Common Operating Platform within Global Private Banking and cost synergies with RBC Global Technology & Operations
- Expand distribution in select international markets, concentrating on UK, U.S., and Latin America
- Continue to fill product and service gaps funded by revenue growth
- Review acquisition opportunities to expand Global Private Banking in UK, U.S. and Latin America
- Accelerate recruitment of individuals and teams of business developers from competition



# Key measures of success



Summary of Key Metrics	Actual	
	2003	2004
1. # of target clients with assets > U.S. \$1 MM	19,400	20,375
2. Fee based revenue as a % of total revenue	74.5%	74.6%
3. AUC* growth rates		
▪ Investment advisory	+15 %	+17 %
▪ Investment management	+2 %	+8 %
▪ Credit	+16 %	+18 %
4. Mix of business ( % of revenue)		
▪ Trust & Structured Solutions	30 %	28 %
▪ Banking	29 %	27 %
▪ Investments	19 %	23 %
▪ Custody	13 %	11 %
▪ Credit	9 %	11 %

\* AUC (Assets Under Care) =  
Assets under administration and assets under management