

**JOHN CLEGHORN'S PRESENTATION TO INSTITUTIONAL INVESTORS  
SCOTIA CAPITAL'S FINANCIAL SUMMIT 2000 CONFERENCE  
TORONTO, SEPTEMBER 13, 2000**

Good morning.

I'll be talking to you today about our key priorities and what we're doing to achieve them. But before doing so, I'd like to spend a few minutes outlining what we believe are Royal Bank's major strengths.

**First, a strong shareholder orientation (Chart 1).** It's reflected in our focus on financial performance and returns, acquisition discipline, and sound risk and capital management.

**Second, our distribution capability (Chart 2).** In personal and commercial banking we have a mobile sales force of 1,100 people selling mortgages and investment products. This results in better customer service and sales, and low fixed costs. Add to that 1,500 investment advisors in wealth management and another 400 agents in our insurance division.

While we are the 3<sup>rd</sup> largest mutual fund manager in Canada, we are the largest distributor of mutual funds through our branches, mobile sales force, investment advisors and discount brokerage.

**(Chart 3)** Internet banking has taken off, with a customer base in Canada of 1.1 million, double the level at the end of 1999. This represents an 11% customer penetration level, and we're targeting 20% by the end of 2002.

**A third strength is our well-diversified business mix (Chart 4).** This results in more stable returns and less earnings volatility than is the case for some of our competitors. Our family of businesses (banking, brokerage, insurance, trust investment banking, and so forth) have lived together for over a decade and learnt to help each other succeed, resulting in high cross-sales numbers I'll show you shortly.

#### **A fourth strength is our leadership in most products in Canada**

**(Chart 5)** We are the #1 wealth management organization in the country, with the leading positions in full-service brokerage, global private banking, investment management and trust. Our private banking operations rank among the top 20 in the world and were rated by Financial Times as the best offshore bank last year. In mutual funds, we're #1 among the banks but #3 overall in the country, and #2 in discount brokerage. Wealth management's ROE exceeds 40%, even after the allocation of additional capital for operating risk, which indicates the high return for this business.

We believe we're the largest processing bank in the country, and our newly formed Global Integrated Solutions segment includes our custody operations which rank among the top 12 in the world **(Chart 6)** and consistently receive very high rankings from money managers and consultants alike **(Chart 7)**.

**(Chart 8)** In retail banking, we have the highest market shares of mortgages and consumer credit and are #2 in personal deposits.

**(Chart 9)** And RBC Dominion Securities, the corporate and investment bank, has been the top-ranked securities underwriter in Canada for the past 11 years, in addition to winning other kudos mentioned on this slide.

**A fifth strength is our strong customer relationships and information.**

**(Chart 10)** We were one of the first Canadian banks to start a database of customer information in the 1970s that has been enriched over the years to allow us to better segment our customers, provide the right products to them and increase our business with them. We have 10 million customers who we segment by profitability and also by life cycle. We look not only at current profitability, but also at the lifetime value of a customer. This focus on the customer results in higher customer satisfaction, as the customer feels better understood. In fact, our customer satisfaction is the highest among the five largest banks in Canada, based on the latest survey by Market Facts. We've also succeeded in growing the number of our most profitable retail customers by 14% in 2 years.

Our customer focus also results in high revenue growth. **(Chart 11)** Sequential top-line growth in the retail bank was the highest among the Canadian banks in the third quarter.

**A sixth strength is a strong sales and cross-selling culture in the retail organization** – one that we've developed in recent years **(Chart 12)**. Our front-line retail employees have weekly sales targets and a portion of their variable compensation is based on their performance compared to these targets. We are giving our employees sophisticated customer information (such as the next likely customer purchase) right on their desktops, so every time they interact with a customer, they can attempt to generate a sale.

**(Chart 13)** We have a cross-selling or referral program in place, which has generated very good results. In 1999, every dollar of business referred from one part of the organization to another resulted in over \$3 of additional business being brought into the organization. Not surprising, then, that our retail revenue growth has been among the strongest in the industry.

**(Chart 14)** In the US, our retail cross-selling team ensures that revenue synergies are generated from the various businesses in the US – for example, following the purchase of Liberty Life and Liberty Insurance Services, creditor life will be sold to Prism's mortgage customers. We have a successful creditor life business in Canada, and that expertise can be applied to our US activities.

#### **Four priorities**

**(Chart 15)** It's with the intention of building upon these strengths and capitalizing on other opportunities that we've adopted four key priorities -- strong fundamentals, eBusiness leadership, expansion outside Canada, and growth of high-return or high P/E businesses.

## 1. Strong fundamentals

**(Chart 16)** With regard to fundamentals, we aim to be in the top quartile of North American banks in financial performance – that is ROE, EPS growth, top-line growth, cost control, asset quality measures and capital management.

**(Chart 17)** In our third quarter, both earnings and top line growth were about double the level of US banks' second quarter performance.

**(Chart 18)** And among Canadian banks as well, our core EPS growth was the strongest in the third quarter.

**(Chart 19)** We also had the highest core ROE in the industry.

**(Chart 20)** We've met or exceeded most of the targets we'd set for 2000.

And our bonus plan ensures a strong link between compensation and performance.

I spoke earlier about the strength of our diversified business base. **(Chart 21)** It's evident in our broad-based top-line performance. Each business segment generated double-digit revenue growth in the third quarter, with wealth management leading the way.

**(Chart 22)** Consumer loan growth remained strong in the quarter, and the outlook remains good due to declining personal taxes, a low Canadian unemployment rate and high consumer confidence.

**(Chart 23)** And our retail margin widened in the quarter due to better pricing discipline and a wider spread between the prime rate and core deposit costs.

**(Chart 24)** We continue to grow non-interest revenues as a percentage of total revenue, and reached 57% during the third quarter.

**(Chart 25)** On the cost front, we'd mentioned early last year that we were targeting annual savings of \$400 million on a run-rate basis by the end of 2000, and indeed we've already met that objective. Had it not been for the cost savings program we embarked upon last year, our expenses in the third quarter would have been about \$100 million higher than they were. It is these savings that resulted in our base costs rising just 1% over a year ago, compared to revenue growth of 13%.

**(Chart 26)** The cost savings we have realized have allowed us to accelerate our spending on strategic initiatives. These relate to recent acquisitions (such as Prism Financial , Prudential of America (Canada) and the Canadian card portfolio of Bank One) as well as other internal expansion initiatives such as specialized industries, credit derivatives and structured finance within corporate and investment banking. These initiatives will continue to support our top-line growth over the medium and long-term and help us evolve into a more broadly-based North American financial services company.

**(Chart 27)** Excluding expenses for strategic initiatives and Stock Appreciation Rights, we reached an efficiency ratio of 59.8% (using Canadian GAAP figures). On this basis, we continue to target an efficiency ratio of 59.5% exiting this year and are on track to meet that objective.

**(Chart 28)** We now rank second in the industry and have improved our standing despite the fact that the higher-efficiency ratio wealth management segment now accounts for 17% of our earnings, up from 15% a year ago.

Since business mix distorts the efficiency ratio, we think it's more meaningful to look at the cost ratios of the various business segments rather than an efficiency ratio for the entire organization because the business mix is not the same for everyone. We plan to grow the proportion of earnings derived from wealth management, and that will naturally put upward pressure on our total efficiency ratio. But wealth management generates the highest ROE, by far, so shareholders will be well served by its expansion. Each of our business segments is targeting improvement in its cost ratios going forward.

**(Chart 29)** Asset quality remains stable, with the provision for credit losses largely unchanged over the last few quarters.

**(Chart 30)** Our capital ratios compare favourably to our goals, and have benefited from strong internal capital generation and the issuance of innovative Tier 1 capital.

**(Chart 31)** We've been raising our dividends frequently and by substantial amounts. We've had six increases in three years, including an 11% increase to 60 cents per quarter, effective Q3/00. Over the past three years, we have increased our dividends by 54%.

So we've rewarded shareholders with an industry-leading core ROE, solid broad-based top-line and bottom line growth, and generous dividend increases. And we also continue to invest for future growth.

Turning now to our second priority,

## **2. eBusiness leadership**

**(Chart 32)** We want to be the leading eBusiness financial institution in Canada, with a strong link to the US. Each of our business segments has a mandate to achieve eBusiness leadership. We also have an eBusiness group, to support and enable our various business segments' eBusiness strategies.

**(Chart 33)** Our four key eBusiness objectives are to:

- One, build essential relationships with customers and partners,
- Two, create and distribute selected world class eBusiness products and services,
- Three, continually improve organizational cost efficiencies through the deployment of eBusiness technologies, and
- Four, create new eBusinesses.

**(Chart 34)** Our various eBusiness initiatives support these strategies, as you can see on this chart.

**(Chart 35)** Some of our recent announcements relate to vertical B2B electronic marketplaces, web-based custody applications, on-line auto financing, banking and brokerage for the Palm organizer, on-line real-time payment for merchants, and on-line account aggregation. Detailed press releases about these initiatives are in your packages.

**(Chart 36)** Our eBusiness platform in the US is still a work in process, but is beginning to take shape. Within the past two years, we've acquired Prism Financial, one of the fastest growing Internet mortgage originators, SFNB, rated the #1 Internet bank in the US for 7 consecutive quarters, and Bull & Bear Securities, a small on-line discount broker. The acquisitions present attractive cross-selling opportunities. PrimeStreet, an open finance on-line small business loan auction, in which we have a 34% stake, is now using approximately 40 US banks to provide financing to small businesses. I will provide more details on Prism in a few minutes. We also have a 2.8% equity stake in S1 Technologies, the original parent of SFNB.

We also announced, in April, the launch of VIP Private Capital -- an on-line private banking service for US investors.

Our third priority is

### **3. Expansion outside Canada**

**(Chart 37)** Each business segment has a global expansion mandate. Currently one-third of our earnings are international, and we expect this to grow.

We're largely focused on the US and looking for expansion opportunities via acquisitions, alliances and growth of existing operations. We are targeting areas where we have a competitive advantage and where we can generate top tier value and growth for our shareholders. We're not looking for a block-buster, but rather manageable bite-sized acquisitions that represent extensions of business lines and core competencies. We'd like the acquisitions to be cash accretive within 2-3 years at the outside. We intend to construct an integrated, broad-based financial services company in the U.S. without "betting the bank".

**(Chart 38)** In the last two years, all segments have made substantial investments outside of Canada. In total, we have invested over C\$1.8 billion, of which 75% has been international.

**(Chart 39)** The acquisition of Liberty Life and Liberty Insurance Services for US \$580 million is expected to close by October 31, 2000. Liberty provides us with a platform in the US to expand into other forms of insurance and distribution, a stable earnings stream, a presence in the growing direct business, a significant presence in the emerging fee-based administration business and a well-known brand in the Southeastern US market. Liberty also provides opportunities to cross-sell insurance products to customers of Prism, SFNB and Bull & Bear and banking products to customers of Liberty.

**(Chart 40)** Chicago-based Prism Financial Corporation, acquired in April for US\$115 million, originates, sells and brokers residential mortgage loans. We bought it for a variety of reasons. It's one of the fastest growing mortgage companies in the \$4.5 trillion US mortgage market and has grown over 100% annually in the last three years. It adds to our US network with over 180 offices. It has a rapidly growing Internet origination capability and a successful private labeling strategy on-line. It originates the same amount of mortgages as we originate here in Canada.

The company has a strong service orientation driven by its experienced sales force of over 1,100 and a good cost culture. Furthermore, Prism has a good track record of using acquisitions to drive its growth. We plan to leverage this track record by continuing its acquisition strategy and expanding its national presence.

Prism recently announced a deal to acquire AMRESO Builder Finance Group which will allow AMRESO to offer financing to the national home builders Prism has relationships with, while Prism can offer home mortgages to customers of AMRESO.

**(Chart 41)** We're expanding our investment banking capability in the US in specialized industries we know well such as energy, telecom and technology -- with a focus on equity sales and trading, high-yield, M&A, equity finance and research.

We have no aspirations to be a bulge bracket player in the US and we'll grow by building or hiring teams and through niche acquisitions in areas where we already have some expertise.

Outside North America, we want to build out credit derivatives and our global equity derivatives in Europe, while continuing to add to our structured finance team in London.

Our fourth priority is

#### **4. Growth of high-return, high-P/E multiple businesses**

**(Chart 42)** The primary focus is on wealth management, but all the business groups have selected segments for priority growth.

We will continue to identify business lines warranting special attention, such as the processing businesses under Global Integrated Solutions which were broken out as a separate segment earlier this year.

At the same time, lower performing business lines will be re-structured or sold, for example the commercial cards portfolio which was sold in the second quarter. We will also continue to outsource activities that do not represent core competencies, as we did with card processing which was outsourced to Total Systems in Georgia.

Let me now turn to why we believe Royal Bank is a solid investment opportunity.

**(Chart 43)** As you can see on this slide, our shares have done well in comparison to our Canadian bank peers, and very well compared to the S&P Bank index. Our relative outperformance reflects improved fundamentals since the release of our first quarter results this year.

**(Chart 44)** Although our share price has improved, we continue to be undervalued relative to banks around the world. Also, Canada's economic prospects look better on a comparative basis than they have for years.

**(Chart 45)** Most analysts rate us "strong buy" or "buy". As Canada's most profitable bank, we're aiming for even better performance. With leadership in most products, an excellent wealth management franchise, successful cross-selling culture and commitment to eBusiness leadership and disciplined international expansion, we're positioned for continued growth.

Thank you for your time and now I'd like to take your questions.




**ROYAL BANK  
OF CANADA**

**John E. Cleghorn  
Chairman & CEO**

**Presentation to  
Scotia Capital's  
Financial Summit  
2000  
Conference**

Toronto  
September 13, 2000



**Strength #1**

Shareholder orientation

Reflected in our focus on

- financial performance and returns
- acquisition discipline
- sound risk and capital management

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## Strength #2

### Distribution capability

- **Personal and Commercial Banking**
  - mobile sales force - 1,100 people
  - meet customer on their premises and at their convenience
  - sell mortgages and investment products
- **Wealth management**
  - 1,500 investment advisors
- **Insurance division**
  - 400 agents
- **Largest distributor of mutual funds in Canada (3rd largest mutual fund manager)**

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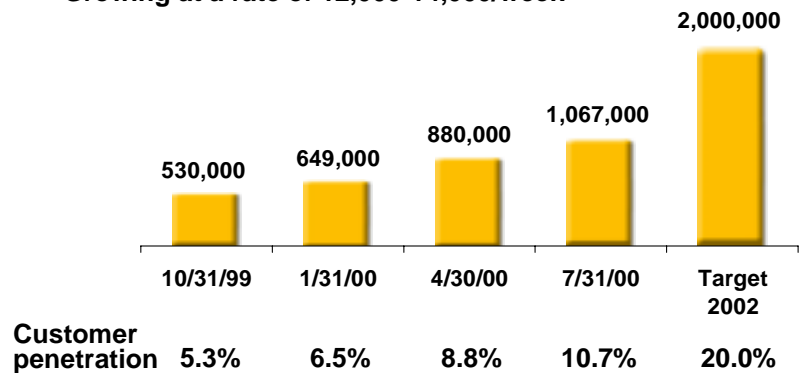


## Strength #2

### Distribution capability

#### Canadian on-line customers growing rapidly

- 1,067,000 customers at July 31, 2000 (812,000 banking and 255,000 brokerage)
- Growing at a rate of 12,000-14,000/week



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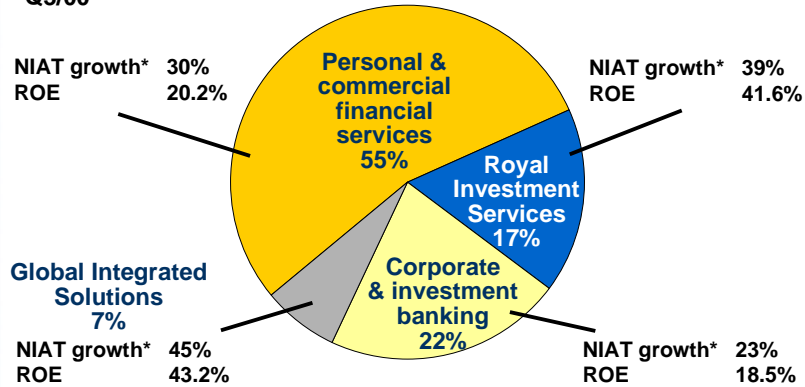


## Strength #3

### Well diversified business mix

Results in more stable returns and less volatile earnings

Q3/00



\*growth over core Q3/99 results

US GAAP 4



## Strength #4

### Leadership in most products in Canada

- **#1 wealth management organization in Canada**
  - **#1 in 3 businesses (full-service brokerage, private banking, investment management and trust)**
  - **#1 in mutual funds among the banks (#3 overall in the country)**
  - **Global private banking among top 20 in the world and rated #1 best offshore bank (Financial Times)**
    - **#2 in discount brokerage**
- **ROE in this segment >40%**

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## Strength #4

### Leadership in most products in Canada

#### Among top fifteen global custodians

##### Top 12 International Custodians

Year-end 1999 (Pro Forma) (US\$ billions)

1.	Bank of New York	(US)	6,330
2.	State Street	(US)	5,952
3.	Chase Manhattan	(US)	5,576
4.	Deutsche Bank	(Ger)	3,921
5.	Citibank	(US)	3,900
6.	Mellon	(US)	1,874
7.	Northern Trust	(US)	1,538
8.	HSBC GIS	(UK)	1,035
9.	BNP/Paribas	(Fra)	1,025
10.	Dresdner	(Ger)	804
11.	Brown Brothers Harriman	(US)	765
12.	Royal Bank/Royal Trust	(Can)	710

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## Strength #4

### Leadership in most products in Canada

#### Highly-rated custody operations

##### Overall Global Custodian - 2000

1.	Pictet	5.74
2.	ROYAL TRUST	5.53
3.	Brown Bros. Harriman	5.51
4.	Northern Trust	5.28
5.	Chase Manhattan	4.89
6.	Deutsche	4.83
7.	Bank of New York	4.79
8.	HSBC GIS	4.74
9.	State Street	4.72
10.	Citibank	4.09
11.	Mellon	4.00

##### Investment Managers - 2000

1.	Pictet	5.70
2.	ROYAL TRUST	5.51
3.	Brown Bros. Harriman	5.44
4.	Northern Trust	5.13
5.	Chase Manhattan	4.79
6.	Bank of New York	4.59
7.	State Street	4.36
8.	Deutsche Bank	4.20
9.	HSBC GIS	4.20
10.	Citibank	4.11
11.	Mellon	3.95

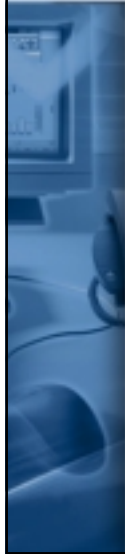
\* source: R&M Consultants survey, February 2000, ranking custodian performance on customer service, etc.

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## Strength #4

### Leadership in most products in Canada



	<u>Market Share<sup>1</sup></u>	<u>RY Ranking</u>
<b>Residential mortgages</b>	<b>15.3%</b>	<b>#1</b>
<b>Consumer credit <sup>2</sup></b>	<b>17.0%</b>	<b>#1</b>
<b>Personal deposits</b>	<b>15.7%</b>	<b>#2</b>

<sup>1</sup> of all financial institutions in Canada

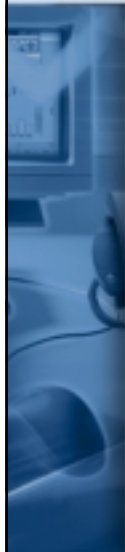
<sup>2</sup>consists of personal loans and credit cards

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## Strength #4

### Leadership in most products in Canada



- **Top-ranked underwriter of debt and equity securities in Canada for the past 11 years**
- **Largest provider of syndicated loans in Canada, among the top 25 in North America and among the top 10 non-US banks globally**
- **The leading mergers & acquisitions advisor in Canada for the past 11 years, advising on 11 of the 25 largest transactions involving Canadian corporations in 1999**
- **Among the world's top 10 energy banks**

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## Strength #5

### Strong customer relationships and information

- One of the first Canadian banks to create customer database
  - 20+ years of data (developed in 1970's)
  - 10 million customers, segmented by profitability and life cycle
  - focus on lifetime profitability of customer
- Results
  - #1 in customer satisfaction among the 5 largest banks in Canada (Market Facts)
  - 14% increase in most profitable retail customers, in 2 years

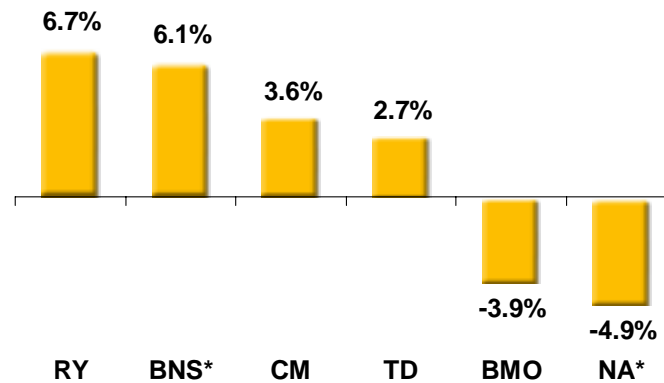
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## Strength #5

### Strong customer relationships and information

#### Highest growth in retail revenue (Q3/00 vs. Q2/00)



\* includes wealth management

Cdn GAAP 11



## Strength #5

### Strong sales and cross-selling culture

- Front-line retail employees have weekly sales targets with variable compensation tied to targets
- Employees provided with tools to achieve sales targets
  - direct access to sophisticated customer information
  - cross-selling or referral programs

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## Strength #5

### Successful cross-selling culture

- Have been operating an integrated platform of financial services since the late 1980s
- Cross-selling success is gaining momentum and is embedded in the organization
- Retail revenue growth among the strongest in the industry

#### Total referrals between RBFG businesses

Year	Business Referred (C \$ billions)	New Sales (C \$ billions)	New Sales/ Business Referred
1997*	3.0	2.7	.9 X
1998	2.4	4.0	1.6 X
1999	1.2	3.9	3.3 X

\*three months - from August 1/97 to October 31/97

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## Strength #5

### Strong sales and cross-selling culture

- **U.S. retail cross-selling team ensures revenue synergies generated from various U.S. businesses**
  - **example - sell creditor life product to Prism's mortgage customers following Liberty acquisition**
- **Transplant expertise developed in Canada**
  - **example - thriving creditor life business in Canada**

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## Key priorities

- 1. Strong fundamentals**
- 2. eBusiness leadership**
- 3. Expansion outside Canada**
- 4. Growth of high-return or high P/E businesses**

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## Priority #1 - Strong fundamentals

- **Profitability**
  - return on equity
  - earnings per share growth
- **Revenue growth**
- **Cost control**
- **Asset quality and risk profile**
- **Capital management**

**Objective: Deliver financial performance in top quartile of North American banks**

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## Priority #1 - Strong fundamentals

### Strong performance versus US banks

	<b>Royal Bank</b> <b><u>Q3/00 vs. Q3/99</u></b>	<b>US Banks*</b> <b><u>Q2/00 vs. Q2/99</u></b>
<b>EPS growth</b>	<b>32%</b>	<b>16%</b>
<b>Revenue growth</b>	<b>13%</b>	<b>7%</b>

\* Source: Goldman Sachs report of August 11, 2000

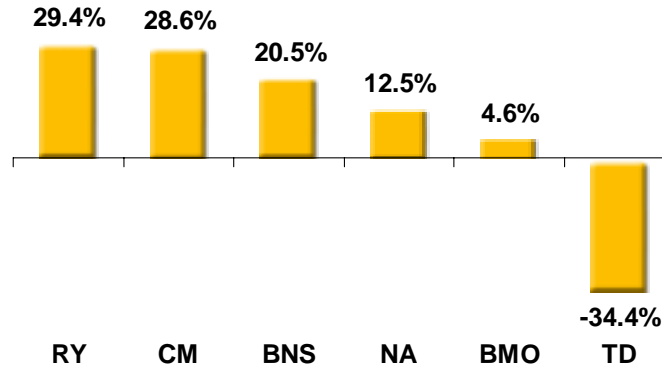
US GAAP 17



## Priority #1 - Strong fundamentals

### Highest EPS growth rate

Change in core EPS<sup>1</sup>  
(Q3/00 vs. Q3/99)



<sup>1</sup> excludes unusual items (restructuring charges, gains on dispositions and write-downs) for all the banks and based on accrual (not cash) EPS

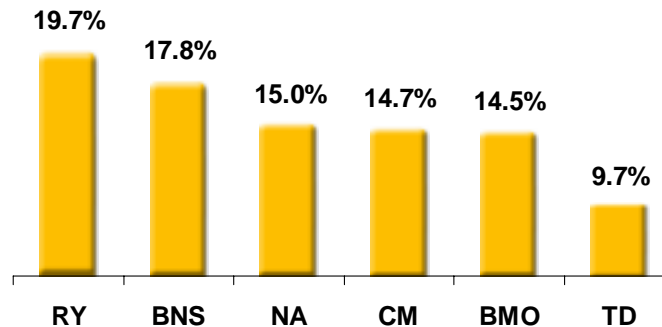
Cdn GAAP 18



## Priority #1 - Strong fundamentals

### Highest Canadian bank ROE

Q3/00 Core ROE<sup>1</sup>



<sup>1</sup> excludes unusual items (restructuring charges, gains on dispositions and write-downs) for all the banks and based on accrual (not cash) ROE

Cdn GAAP 19



## Priority #1 - Strong fundamentals

### Solid Q3/00 performance\*

	3-5 year goal	Target for 2000	Performance	
			Q3/00	Q3/99
ROE	17-20%	17-20%	19.5%	16.0%
EPS growth (fully diluted)	-	12-14%	32%	2%
Revenue growth	-	mid-single digits	13%	8%
Expense growth	-	< revenue growth	11%	8%
Efficiency	-	-	63.6%	64.8%
Efficiency excluding Strategic initiatives & SARs**	59.5%	-	60.3%	63.1%
Specific provision for credit losses/ average loans, BAs & repos	0.35-0.40%	0.30-0.40%	0.37%	0.39%
Dividend payout ratio	30-40%	-	34%	36%
Common equity to risk-adjusted assets	7.0%	-	7.2%	7.1%
Tier 1 capital (OSFI)	8.0%	-	8.5%	8.4%
Total capital (OSFI)	11.0-12.0%	-	11.5%	11.6%

\*core numbers exclude one-time items - there were one-time items in Q3/00

\*\*Share Appreciation Rights

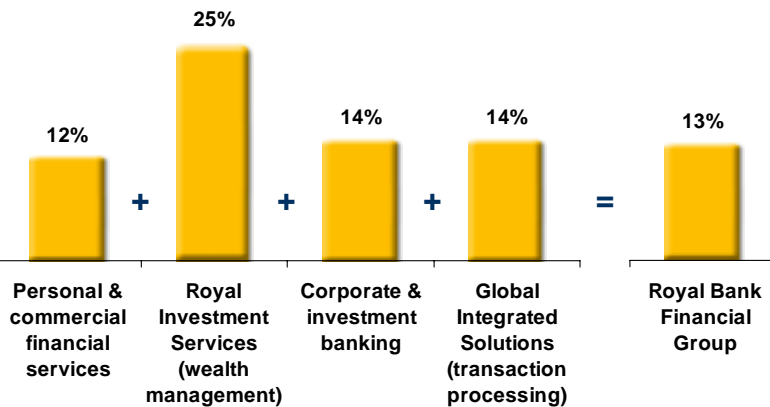
US GAAP 20



## Priority #1 - Strong fundamentals

### 13% top-line growth (Q3/00 vs. Q3/99)

#### Growth by segment

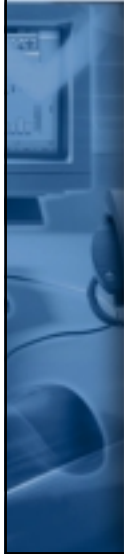


US GAAP 21



## Priority #1 - Strong fundamentals

### Consumer loan growth continues



	<u>July 31, 2000 vs.</u>	
	<u>April 30, 2000</u>	<u>July 31, 1999</u>
Residential mortgages*	3%	8%
Personal loans	2%	12%
Credit cards**	20%	34%
<b>Total consumer loans</b>	<b>3%</b>	<b>10%</b>

\* growth before securitizations of \$2.2 billion in Q4/99

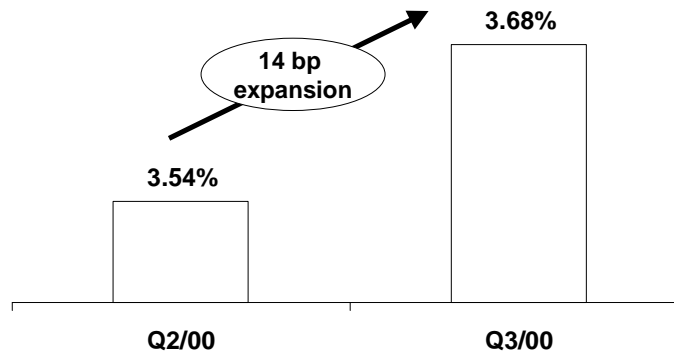
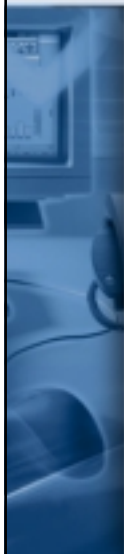
\*\*growth before reversal of prior securitizations (\$0.5 billion in Q3/00, \$0.5 billion in Q2/00, and \$0.3 billion in Q4/99)

US GAAP 22



## Priority #1 - Strong fundamentals

### Retail margin widens

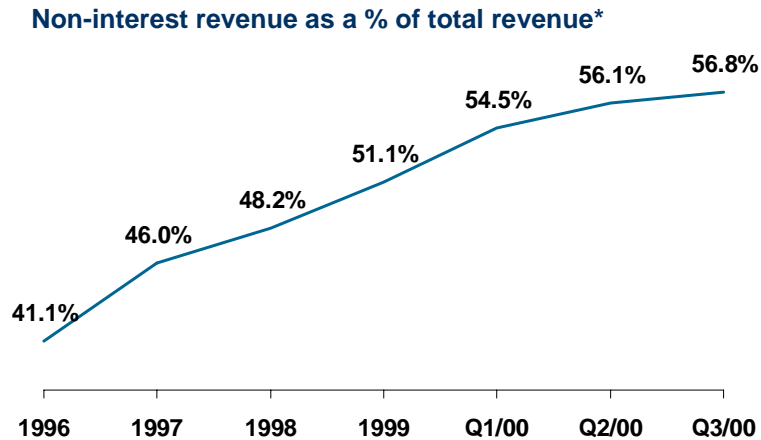


US GAAP 23



## Priority #1 - Strong fundamentals

### Non-interest revenue continues to grow



\*excluding one-time items (none in Q1/00, Q2/00 & Q3/00). One-time revenues: C\$105MM in 1999, C\$247MM in 1998, C\$115MM in 1997 and C\$83MM in 1996 US GAAP 24



## Priority #1 - Strong fundamentals

### Substantial cost savings

- **Already met objective of \$400 million of annual cost savings on a run-rate basis targeted for end of 2000**
  - **Q3/00 expenses about \$100 million lower than they would have been without cost savings**
  - **base\* costs up 1% while revenues up 13% over Q3/99**

\*base costs exclude costs for strategic initiatives and performance-related costs

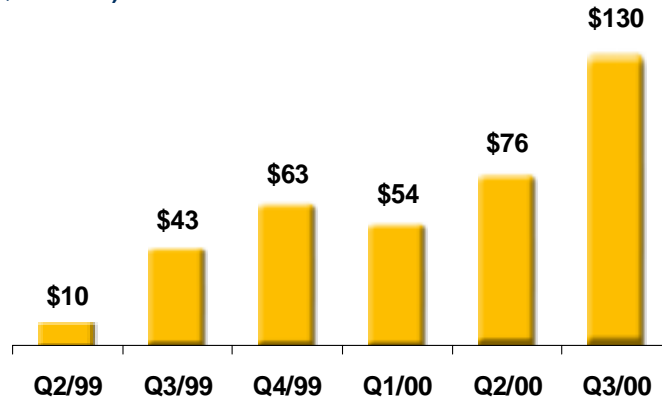
US GAAP 25



## Priority #1 - Strong fundamentals

### Accelerated spending on strategic initiatives

(C\$ millions)

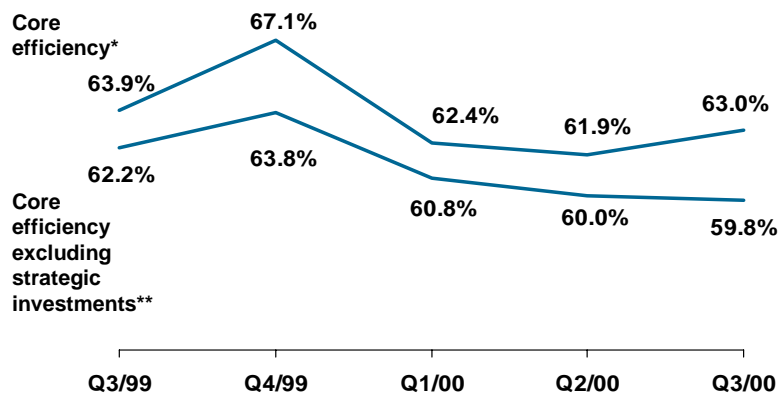


US GAAP 26



## Priority #1 - Strong fundamentals

### Cost savings and revenue growth are improving efficiency



\*excluding one-time items

\*\*excludes revenues and expenses associated with strategic initiatives and costs of Stock Appreciation Rights

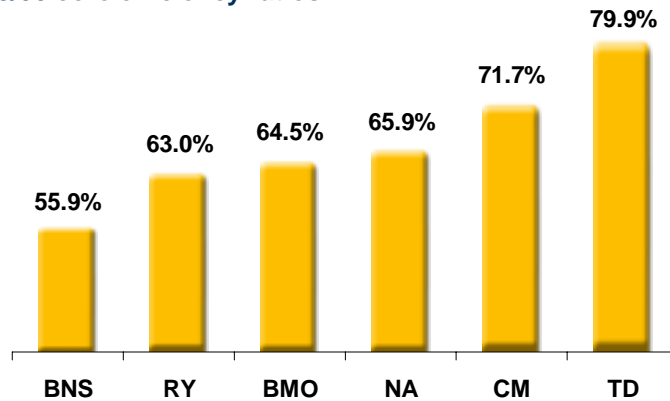
Cdn GAAP 27



## Priority #1 - Strong fundamentals

### Competitive efficiency ratio

Q3/00 core efficiency ratios<sup>1</sup>



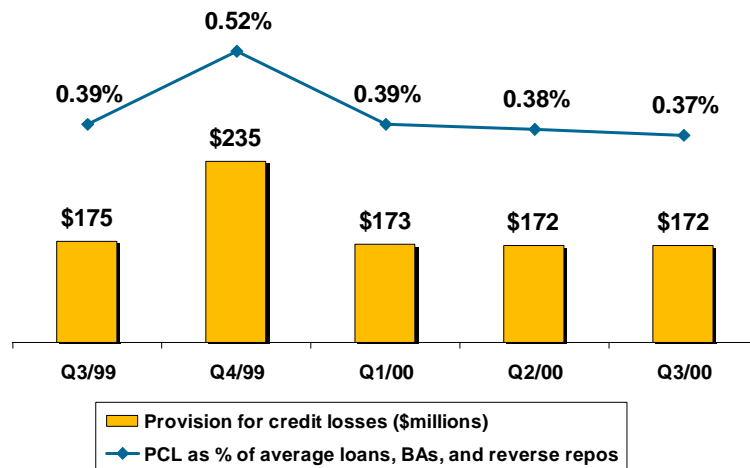
<sup>1</sup> excludes unusual items (restructuring charges, gains on dispositions and write-downs) and based on accrual (not cash) numbers.

Cdn GAAP 28



## Priority #1 - Strong fundamentals

### Stable asset quality



US GAAP 29



## Priority #1 - Strong fundamentals

### Capital ratios strengthen

	3-5 year goal	Q3/00	Q2/00	Q3/99
Common equity/ risk adjusted assets	7.0%	7.2%	7.1%	7.1%
Tier 1 capital ratio	8.0%	8.5%	8.0%	8.4%
Total capital ratio	11.0-12.0%	11.5%	11.1%	11.6%

Issued \$650 million of RBC TruCS™ (Trust Capital Securities) in Q3/00, included in Tier 1 and Total capital

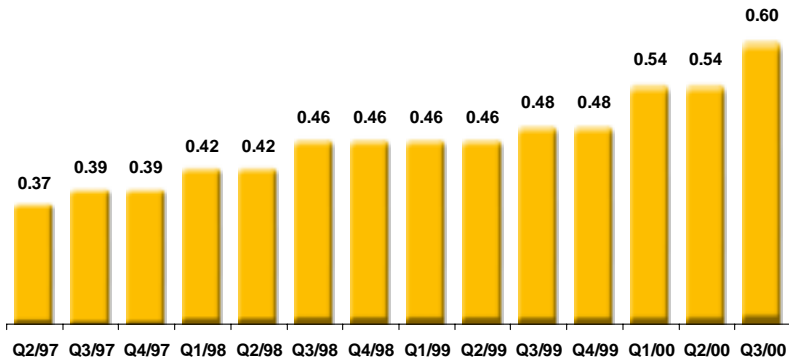
Cdn GAAP 30



## Priority #1 - Strong fundamentals

### Consistent dividend increases

Dividends per common share in C\$



- Dividend payout target range 30-40% (33% payout in Q3/00)

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## Priority #2 - eBusiness leadership

- **Objective to be leading eBusiness financial institution in Canada, with strong link to the U.S.**
- **Each business segment has eBusiness leadership mandate**
- **eBusiness group supports each segment's eBusiness strategies**

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## Priority #2 - eBusiness leadership

### eBusiness objectives

- **Build essential relationships with customers and partners**
- **Create and distribute selected world class eBusiness products and services**
- **Continually improve organizational cost efficiencies through the deployment of eBusiness technologies**
- **Create new eBusinesses**

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## Priority #2 - eBusiness leadership

### eBusiness initiatives

Strategy	Initiative		
<b>Relationships</b>	AOL Canada Mediagriff	Sona Innovations Entrust ERNEX	Microcell Qpass e-route Inc
<b>Products &amp; Services</b>	YouDecide.com Magnet VLINX.com	SFNB Bull & Bear Securities	DirectAg.com CashEdge Prism
<b>Reduce Base Cost</b>	Self-enrollment for on-line banking		S1 Technologies
<b>Innovation</b>	VIP Private Capital		PrimeStreet

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## Priority #2 - eBusiness leadership

### Recent announcements

- J.V. with Mediagrif Interactive Technologies to build vertical B2B electronic marketplaces
- J.V. with Bottomline Technologies to develop web-based custody and related product applications
- Alliance with Chariots.com to provide on-line auto financing
- J.V. with Baldhead Systems to launch encrypted wireless banking and brokerage service for Palm organizer
- Launched e-SELECT, a virtual payment terminal for on-line merchants, that provides on-line businesses with a new, real-time Internet payment service
- Preparing, with CashEdge Inc., a fall launch of an on-line account aggregation service to Canadian Internet banking users. Royal Bank also acquired approximately 10% of CashEdge's total equity

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## Priority #2 - eBusiness leadership

### US eBusiness platform

- Prism Financial - one of the fastest growing Internet mortgage originators in the US (Internet origination growth of 175% in 1999 to US\$336 mm)
- Security First Network Bank (SFNB) - ranked #1 among 60 US Internet banks by Gomez Advisors ([www.gomezadvisors.com](http://www.gomezadvisors.com)) for 7 consecutive quarters - significantly upgraded Website re-launched July 00
- Bull & Bear Securities - on-line discount broker
- PrimeStreet - open finance on-line lending for small business in which we have a 34% stake
- S1 Technologies - 2.8% equity stake
- VIP Private Capital - open finance on-line private banking for individuals with >US\$500,000 in investable assets

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## Priority #3 - Expansion outside Canada

### Each segment has a global mandate

- Largely target US through niche approach:
  - where we have competitive advantage
  - where we can generate top tier value and growth for our shareholders
  - through combination of acquisitions, alliances and expansion of existing operations
  - looking for manageable bite-sized acquisitions, not block-buster, to extend business lines and core competencies
  - want acquisitions to be cash accretive in 2-3 years

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## Priority #3 - Expansion outside Canada

### Substantial investments outside Canada in the past two years

#### Personal & commercial banking

- ✓ Security First Network Bank\*
- ✓ S1 Technologies\*
- AOL Canada\*
- Ernex
- E-route\*
- ✓ PrimeStreet\*
- ✓ Prism Financial\*
- Mediagrif Interactive Technologies\*
- Bank One's credit card business

#### Insurance

- Mutual of Omaha
- Prudential Canada
- ✓ Liberty Life & Liberty Insurance Services

✓ = international, \* = eBusiness

#### Royal Investment Services

- ✓ Credit Suisse Private Banking
- ✓ Coutts Group
- ✓ Bull & Bear Securities\*
- ✓ Hartley Poynton
- Connor Clark
- ✓ Ernst & Young - Guernsey
- ✓ Ernst & Young - Jersey
- ✓ VIP Private Capital\*

#### Corporate & investment banking

- ✓ Hambros Bond Business
- ✓ U.S. High Yield Team
- ✓ U.S. Energy Team
- Total Canadian \$ 450 MM
- ✓ Total International \$1,390 MM
- Total Investments \$1,840 MM

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## Priority #3 - Expansion outside Canada

### US expansion - Liberty Life & Liberty Insurance Services

- RY to acquire Liberty Life and Liberty Insurance Services (the insurance operations of Liberty Corporation) for US \$580 million
- Liberty provides RY with a platform in the US to expand into other forms of insurance and distribution, a stable earnings stream, a presence in the growing direct business, a significant presence in the emerging fee-based administration business and a well-known brand in the Southeastern US market
- Opportunities to cross-sell insurance products to customers of Prism, SFNB and Bull & Bear and banking products to customers of Liberty

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## Priority #3 - Expansion outside Canada

### US expansion - Prism Financial

- Acquired for US\$115 million in April 2000 - niche entry into US residential mortgage origination
- Growing on-line capability, salesforce of over 1,100 loan officers, 180+ branches in 27 states, and a successful acquisition track record
- Sell SFNB, Bull & Bear and Liberty Life products to Prism's customers
- Lower Prism's on-balance sheet funding costs
- Announced deal to buy AMRESKO Builder Finance Group (ABFG), from AMRESKO Inc. - potential cross-selling opportunities

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## Priority #3 - Expansion outside Canada

### Corporate & investment banking

- Expand in US energy, telecom. & technology
  - hired energy team in Houston (Sept '99)
  - formed high-yield group (Oct. '99)
  - expanded telecom equity research team (Jul. '00)
- Build, hire teams or do niche acquisitions (no bulge bracket aspirations)
- Very successful niche acquisitions:
  - global equity derivatives team (New York - 1995)
  - Hambros bond business (London - 1998)
- Niche expertise globally:
  - credit derivatives
  - build-out of global equity derivatives in Europe
  - structured finance team in London

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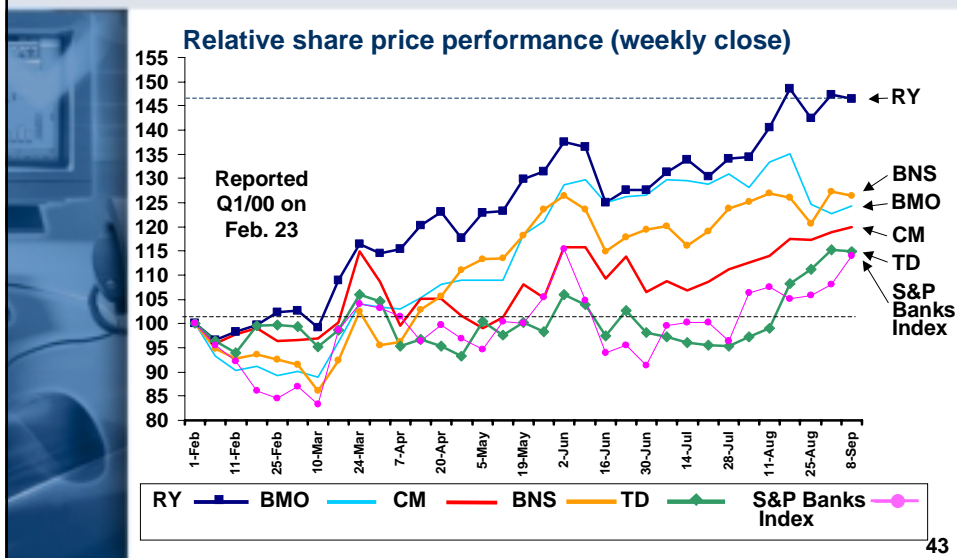
## Priority #4 - Grow high-return, high P/E businesses

- Primary focus on wealth management, but all business groups have selected segments for priority growth
- Continue to identify business lines warranting special attention (example Global Integrated Solutions segment created this year)
- Lower performing business lines to be restructured or sold
- Outsourcing opportunities to be pursued

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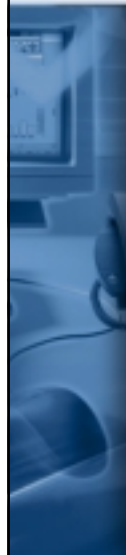
## Share price outperforming peers



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## RY - attractive valuation



	<u>Royal Bank</u>	Bank Indices*	
		<u>U.S. S&amp;P Regional</u>	<u>U.K. FTSE Retail</u>
Price (09/08/00)	C\$87.00 US\$58.75		
2000E P/E	12.9	17.9	14.7
2001E P/E	11.7	15.7	13.1
Price/book	2.4x	3.4x	3.5x

\* Source: IBES

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## RY – a compelling investment



- Several analyst upgrades this year
- 12 out of 13 analysts rate the bank a buy or higher
- Canada's most profitable bank, aiming for even better performance
- Leadership in most products
- Excellent wealth management franchise
- Successful cross-selling culture
- Commitment to eBusiness leadership and disciplined international expansion
- Positioned for continued growth

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## Forward looking statements

This presentation may contain certain forward looking statements with respect to the Canadian economy, Royal Bank's financial condition, results of operations, and strategies and objectives for the coming year(s). 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. Royal 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, changes in Canadian and/or global economic conditions including fluctuations in currencies, interest rates and inflation, regulatory developments, technological changes, the effects of competition in the geographic and business areas where the bank operates. Royal 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 events.