



**RBC  
Centura**

# ***Executing Strategies for Success***

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National Bank Financial  
Canadian Financial Services Conference

Montreal – March 29, 2006

NOTE: Actual comments made at the presentation may differ slightly from what is shown here.

**[Slide 1]** Good morning. I'd like to begin by drawing your attention to this first cautionary slide regarding forward-looking statements that may be made during my presentation and in response to questions.

**[Slide 2]** I'm flattered that Rob Wessel asked me to address you today about RBC Centura – RBC's U.S. banking operations. As you may know, RBC Centura, together with RBC's Caribbean banking operations, Global Private Banking and RBC Dain Rauscher make up RBC's U.S. & International Personal & Business segment. This segment in total earned Cdn\$101 million or 9% of RBC's total earnings in the first quarter of this year, and in 2005, it earned Cdn\$401 million. So while RBC Centura does not account for a large part of RBC's earnings, we do represent RBC's banking footprint in the South East U.S. and provide a solid base for future growth.

**[Slide 3]** In fact, the population in RBC Centura's 5-state footprint is larger than all of Canada's and more than double the projected population growth rate over the next 5 years. There are other differences between our market and the Canadian environment with which many of you are most familiar.

Despite ongoing mergers and acquisitions, the Southeast banking market is exceedingly fragmented with more than 1,800 banks. Unlike Canada, new banks are created all the time. Consumers expect and support diversity and choice. No bank in the U.S. has a national franchise like Royal Bank's or its Canadian competitors'.

In addition, you don't have to be big to succeed in our market. Small and mid-sized players with segment-specific expertise are out-performing the big banks in our region in terms of new deposit growth and profitability. Small banks (those with less than US\$5 Billion in assets) have captured more than their fair share of deposit growth through branch expansion and strong customer experience. For example, small banks in the South East have 27% of total deposits but are capturing 86% of new deposit growth.

There is a significant performance gap between the few top performers and other players. We believe that revenue growth differentiates top performers. And it is the smaller banks that are leading the way. Market share and scale may be important in Canada, but they are not predictors of profitability in the U.S. So, the hallmarks of

successful strategies in the U.S. are to focus on meeting the needs of defined customer segments and executional excellence.

**[Slide 4]** RBC Centura is the 50th largest commercial bank in the U.S. by assets with headquarters in Raleigh, North Carolina. We have a rich history of banking in the South East. We have 276 branches in 5 states and are focusing on transforming our distribution from lower growth, rural markets to fast-growing metropolitan markets. We are deploying our resources to areas offering greatest growth. And we have done well on this front with 56 more branches in metropolitan areas today than we had in 2001 when RBC acquired Centura. Overall, 35% of our branches are now in urban areas compared to 21% in 2001.

We have 3 key lines of business – Personal, Small Business and Commercial and we are working hard to be the bank of choice for Businesses, Business Owners and Professionals. The competitive landscape requires a very focused strategy and excellent execution, both of which I believe we have.

**[Slide 5]** The vision and strategy we articulated to investors in the spring of 2005 has not changed. Our vision is about being a strong regional bank with the local roots and knowledge that provide the solutions only available from a global financial services firm like RBC.

Our “Client First” strategy is to focus on meeting both the personal and business banking needs of businesses, their owners and professionals as I just said. This builds on the experience and legacy of RBC Centura and its management team and it targets a fast growing and underserved market segment. We know from current experience that – when you get this right – it’s incredibly profitable. What we call “mixed” households (those that we provide both personal and business banking services to) are 1.6 times more profitable than business only Households and 6 times more profitable than the average personal banking Household.

RBC Centura has deep knowledge of our markets, and I have confidence that our business model and execution plan strike a good balance between the support and service our head office provides and the autonomy and performance we’re expecting from our field staff.

RBC Centura has done a lot of work in terms of strategic focus and execution over the past year.

**[Slide 6]** As we told you last year, in order to grow organically as the bank for businesses, business owners and professionals – we developed a 3 step plan in 2005.

- First – we needed to improve our operating performance and address the challenges impacting our results. We successfully achieved quick wins in 2005 and dramatically increased performance by embarking on a bold series of performance improvement measures. While we were improving our results, we started to put into place a viable long-term strategy and build a solid foundation for sustainable success. This entailed implementing a variety of initiatives to update our systems, change our infrastructure and improve our operations.
- Second – we are now optimizing our personal, business banking and commercial businesses to restore us to peer group performance;
- Third – we are looking to further enhance performance by implementing a local accountability model and by building out our branch network to achieve strong positions in select higher growth markets. By local accountability model, we mean putting greater responsibility and accountability closer to the customer.

**[Slide 7]** We made some significant strides in improving our financial performance in 2005, as you can see from this slide. Loans, deposits, net interest margin and revenue all increased substantially in an environment where we were able to significantly cut core costs and reduce the number of employees. These improvements have continued into the first quarter of 2006.

We are particularly proud of our success in opening branches. Suffice to say that with an industry average of 36 months to become profitable, 20 months break-even time at RBC Centura is a testament to the quality of service and value we are offering our customers. And, we are successfully rebuilding our in-footprint mortgage business with originations in the first year reaching nearly US\$1 billion.

**[Slide 8]** As part of Step 2 of our 3-Step Plan, optimizing our retail banking offer has been a major priority over the past year. To accomplish this, we have focused on two key areas:

The first relates to filling gaps and improving existing products to increase the competitiveness of our retail product suite. As this slide shows, we've made significant progress in a number of key areas, most notably:

- ❖ The launch of our new streamlined suite of checking accounts, and
- ❖ Providing more competitive product structures around home equity and other consumer lending products.

The second area we have focused on is re-engineering many of our consumer banking and lending processes to reduce paperwork and centralize processing to free up significant branch personnel time so they can focus on customer service and face-to face sales activities.

In short, we spent the past 12 months focused on execution, and delivered new products, services and processes faster and more efficiently than ever before.

**[Slide 9]** Since our strategy is focused on becoming the bank for business, business owners and professionals, a great deal of our time and energy has been focused in this area.

In the past year, we have completely redesigned and implemented a new small business delivery model focused on meeting the needs of businesses and operating companies with revenues of less than \$5 million as well as professionals.

To support this, we have created a dedicated sales force of 59 salespeople specifically focused on serving clients in this segment with revenues from \$1 - \$5 million. We are also preparing to launch our branch-based micro-business strategy, which will target businesses in the under \$1 million revenue segment.

At the same time, we have enhanced our product offering and we have made significant progress toward streamlining the credit delivery process for target customers, which you know is crucial to profitably serving this large and growing customer base. Initial results have been encouraging as our deal flow is up, and we are quickly building our deposit and loan portfolios in this area.

Spreads in business banking compare very favorably to all lines of business. To date, RBC Centura's business banking spreads for deposits are over 100 bps higher than for Personal Banking and over 80 bps higher than for Commercial Banking, while spreads for business banking loans are more than 80 bps higher than for Personal Banking and Commercial Banking.

**[Slide 10]** Commercial Banking has been a key driver of RBC Centura's success over a number of years, and some of our models, metrics and processes are the foundation of our small business model. In essence, continuing the strong results of commercial banking underpins the strength and vitality of the overall business.

We have seen double digit loan and deposit growth consistently from this business over the last several years and are working hard to have this continue throughout 2006.

We have also been able to put more focus on growing complementary service offerings for our commercial clients, through businesses such as RBC Capital Advisors, which is an RBC Centura subsidiary that handles the placement of long-term non-recourse commercial real estate with insurance companies, and Centura Investment Banking, which has a small team of 10 individuals providing M&A and capital raising services to smaller middle-market companies. These offerings have allowed us to start diversifying our revenue stream and increase our fee revenue base. Another example is our new, successful Knowledge-Based Industries (KBI) office in Boston which is contributing to earnings growth. In fact, all of these ancillary businesses grew earnings in 2005 and are generating very good returns.

**[Slide 11]** It isn't an understatement to say that, without a highly motivated, effective salesforce, one can't achieve one's goals. Without an effective salesforce, the best product offering in the world will go begging for customers. And conversely, a great salesforce can succeed even when supported by a merely adequate product set.

As a result, we've put a lot of time and energy into optimizing RBC Centura's entire distribution system. As this slide shows, we've reorganized to achieve our goal of putting greater responsibility and accountability closer to the customer (our local accountability model). To accomplish this, we've increased the number of regional managers while decreasing the number of branches for which they are responsible.

Within the branches, we have simplified the number of sales roles and have provided greater clarity on what the sales forces are responsible for accomplishing. We have reinforced individual accountability and to reward performance, we've introduced a new performance-driven compensation program that uses individual, local and regional information to measure performance against key metrics.

At the same time, we are continuing to implement a rigorous sales management process that includes specialized market planning to understand customers around each branch in order to become their first choice for banking. It also includes enhanced sales

management which entails simplifying our sales routines with higher consistency and effectiveness, supported by increased coaching to drive accountability and results at the local market level.

**[Slide 12]** I want to spend a few minutes talking about our optimization efforts in terms of growing our physical footprint. As you might remember if you were at the investor presentation in Toronto last spring, we've done an exhaustive analysis which resulted in the division of our branches into three segments as described on this chart.

We have different strategies for each of these three market segments. For example, in our traditional markets, we are focusing on increasing product penetration to existing clients. In the metro markets we are focused on expanding distribution and selling specialized business products to commercial customers, among other initiatives.

We continually use this segmentation scheme to drive a variety of important implementation decisions, from staffing decisions to mix of business plans.

Most importantly, this segmentation drives our De Novo growth strategy as well as our strategies for each area. We are focusing all of our future De Novo growth plans in those markets that provide us with the best mix of market growth and target clients concentration.

**[Slide 13]** This chart illustrates the progress we're making with our De Novo branches. We currently have 30 branches which have been in business less than 2 years, and I am proud to say once again that we have achieved break even performance across that portfolio in just under 20 months, which exceeds the industry average of 36 months by a long shot.

While we have slowed our de novo expansion to focus on our business and operational initiatives, we opened two new branches in Atlanta (Peach Road and Cumberland) this month following 10 openings in 2005 and 18 in 2004. We also expect to re-accelerate our de novo growth starting in 2007 to 15–20 new branch openings per year primarily in the Atlanta and Florida markets.

**[Slide 14]** With all of these initiatives, we are seeing the fruits of our transformation, and many of our key metrics are trending in a positive direction.

Cross sell ratio for new households is our way of measuring whether we are the bank of choice for our key customer demographic. As you can see on figure 1, we have experienced a growth of over 25% in the number of products we sell to our new

customers in the past year. This data will be more clearly articulated on the next page in this presentation.

In terms of the number of new checking accounts we open every day per branch, you can see in Figure 2 that we have increased this rate by over 50% in the last few months after introducing a new suite of products better suited to our target market.

This trend is echoed in Figure 3, where for our Instalment loans we have clearly been opening more every month than we have been closing in the last five months.

Finally, our Commercial business continues to grow. Figure 4 shows our sustained growth from 2004, and we are working hard to have this rate of growth continue going forward.

**[Slide 15]** As I have mentioned, a critical component of our strategic alignment has been our focus on segments of our market that are more profitable. As you can see from this slide, we lost a few more customers than we gained in 2005. **However**, that is not the story. By every profitability metric we have considered, the new customers that we have engaged have been more profitable.

And this data drives right to the heart of our strategy. Our typical target customer is a business, business owner or professional – in some cases all three. We have realigned our sales force and metrics to be able to service the multi-faceted needs of this customer, from competitive and timely business banking products to high-touch personal lending and deposit services. We call this customer a “mixed household”.

So, the conclusion on the slide is a key message we want you to take away – the right customers in the right locations will make us profitable – not a branch on every corner with little or no focus.

**[Slide 16]** Our strategies have been working so far and we have been getting closer to peer norms. Whether its return on assets, margins or efficiency ratios, we have been improving and we will continue to focus on execution to get us there.

We have clear accountability behind each of the initiatives I have just highlighted. We have clear focus on what needs to be done and have direct line of sight on our goal of returning to peer group performance in 2007 and further improving thereafter. We also believe that what gets measured gets done – and we have clear success measures in place to track our performance against our goals.

**[Slide 17]** To summarize, we have been focused on executing on our Three Step Plan ever since we re-organized around our “Client First” strategy of meeting the personal and business banking needs of businesses, owners and professionals. We completed step 1 by improving our operating performance, and now our attention is acutely focused on strategic execution across all areas of our business. This is in line with our goal to not only restore performance to regional peer norms but to enhance our performance even further.

We are completely overhauling and improving our infrastructure and execution at the front line. We are also building world class compliance capabilities. We are developing a strong and scalable platform that will allow us to grow our businesses and improve our earnings profile. We are servicing our clients better and continue to look for ways to enhance our offerings.

But one of the most important achievements of this new foundation is that our employees at RBC Centura feel rejuvenated and excited about the work we have accomplished, what lies ahead and our prospects for the future.

Upon returning to peer group performance, we will consider strategic acquisitions in key markets, which have our target client segments, in order to further accelerate our transformation and growth.

Thank you for your attention. I now look forward to taking your questions.



## Caution regarding forward-looking statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and the United States Private Securities Litigation Reform Act of 1995. We may make such statements in this document, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to our objectives for 2006, our medium-term goal, 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," "forecast," "objective" and words and expressions of similar import are intended to identify forward-looking statements.

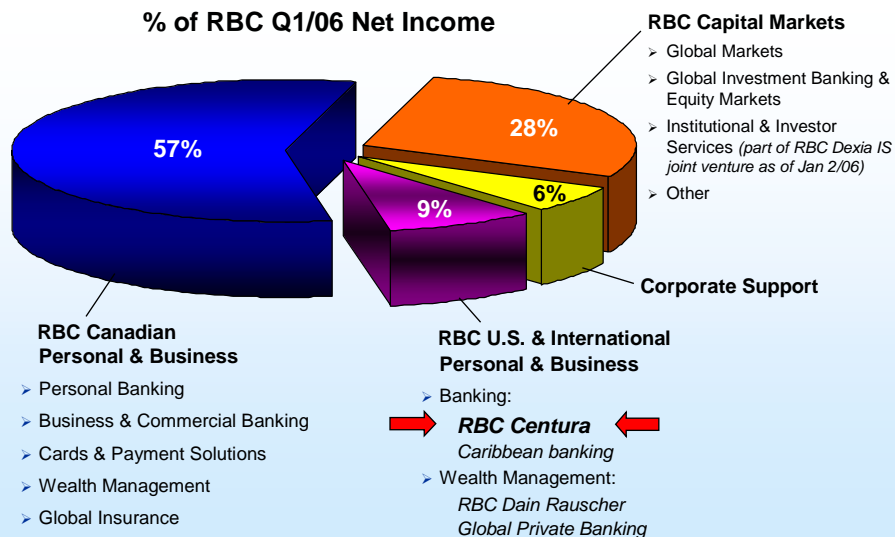
By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors or assumptions 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 management of credit, market, liquidity and funding and operational risks; 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 and British pound; 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 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 organization, resources and processes; our ability to complete strategic acquisitions and joint ventures and to integrate our acquisitions and joint ventures successfully; 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; other factors that may affect future results including changes in trade policies, timely development and introduction of new products and services, changes in our estimates relating to reserves and allowances, changes in tax laws, technological changes, unexpected changes in consumer spending and saving habits; natural disasters such as hurricanes, the possible impact on our businesses from public health emergencies, international conflicts and other developments including those relating to the war on terrorism; and our success in anticipating and managing the foregoing risks.

Additional information about these factors can be found under "Risk Management" and "Additional Risks That May Affect Future Results" in our 2005 Management's Discussion and Analysis.

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.



## Part of a diversified financial services group





RBC Centura

## South East U.S. an attractive market for growth

- 5-state market has larger and faster growing population than Canada's
- Very fragmented retail banking market
- Small and mid-sized banks out-performing big banks



South East 5-state market

Population (MM) <sup>a</sup>	47.7 ('05)
2005-2010 projected population growth <sup>a</sup>	10.0%
Gross state product (US\$MM) <sup>b</sup>	1,744 ('04)
GDP per capita (US\$000) <sup>b</sup>	36.5 ('04)
Total banks <sup>a</sup>	1,852 ('04)
Total bank branches <sup>a</sup>	14,208 ('04)



Canada

Population (MM) <sup>c</sup>	32.4 ('05)
2005-2010 projected population growth <sup>c</sup>	4.2%
GDP (US\$MM) <sup>c</sup>	939 ('05)
GDP per capita (US\$000) <sup>c</sup>	29.0 ('05)
Total banks <sup>d</sup>	52 ('05)
Total bank branches <sup>d</sup>	5,932 ('03)

Sources: a SNL Datasource; b USBEA; c Statistics Canada; d Canadian Bankers' Association



RBC Centura

## Our U.S. retail bank in fast growing region

- RBC Centura is the 50<sup>th</sup> largest U.S. commercial bank by assets as of June 2005 \*
- Total assets of US\$20 billion as at Dec 31, 2005
- Headquartered in Raleigh, North Carolina
- History of banking in the Southeast since 1899
- 276 banking centers, 34 Builder Finance offices and 3,700+ employees (full-time equivalent basis)
- 3 Main Lines of Business
  - Personal (Retail)
  - Business
  - Commercial



RBC Centura Branches



\* Source: U.S. Federal Reserve Bank

Jan 2006

## Clear focus on success

### Right vision



Combine the broad capabilities of RBC with the local market knowledge of RBC Centura : *Global Resources, Local Solutions*

### Right strategy



Meet the personal and business needs of small businesses, their owners and professionals. A growing, underserved and disproportionately high-value segment

### Right market knowledge



Build on the significantly different needs and opportunities of our various market segments

### Right business model



Employ local market and client knowledge to meet the needs of the markets we serve

**Strategy + Execution = Success**

## Successfully executing on our Three Step Plan

### 1. Improve operating performance

2005

**Goals:** Quick wins and re-design strategy:

- Organize and align resources to achieve success
- Develop plan for a solid small business model
- Build on solid commercial banking base

### 2. Optimize personal, business banking & commercial businesses

2006–2007

**Restore performance to regional peer norms:**

- Fill the product and service gaps in the retail bank offering
- Implement small business delivery model aligned with the specific needs of this segment

### 3. Transform company through local accountability model and de novo growth

2006 onwards

**Further enhance performance:**

- Develop and implement local accountability business model
- Continue focused de novo expansion in high growth markets
- Consider strategic acquisitions in key markets to grow target client segments

Complete     Significant Progress     Ongoing effort



## Improved operating performance

in US\$

	2005 vs. 2004	Q1/06 vs. Q1/05
✓ Loan growth	16%	12%
✓ Deposit growth	9%	8%
✓ Net interest margin improvement	33bps	2bps
✓ Revenue growth	17% *	9% **

**Step 1.** Improve operating performance

- ✓ Loan growth
- ✓ Deposit growth
- ✓ Net interest margin improvement
- ✓ Revenue growth
- ✓ Strong revenue growth achieved in 2005 while reducing expenses by 2%\*\*\* and support staff by 6%
- ✓ Positive NIBT for 30 open de novo branches in Q4 2005 with an average time to breakeven of 20 months.
- ✱ Started rebuild of in-footprint mortgage capability with total originations of nearly \$1 billion in 2005.

**Note: Based on RBC Centura Banks Inc.'s results for RBC's fiscal years ending October 31, 2005 and 2004.**

\* Excludes gain from sale of merchant acquiring card portfolio in 2004.

\*\* Excludes investment write-down of US\$5 million in Q1/06.

\*\*\* Excludes business realignment charges and a valuation allowance in 2004 relating to certain mortgage loans believed to have been fraudulently originated in 2001 and 2002, as well as related recoveries recorded in 2005.

For a reconciliation of these non-GAAP measures, see slide 19.

Complete   
  Significant Progress   
  Ongoing effort

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## Optimizing Personal Banking products & processes

**Step 2.** Optimize personal, business banking & commercial businesses

### Product Suite Execution

- ✓ Introduced New Checking Account Suite: Fewer account options (from nine to three), easier to sell, differentiated features
- ✓ Home equity: Expanded underwriting and more competitive product structures
- ✱ Increased product bundling

### Process Re-engineering

- ✱ Accelerated credit delivery: Streamlining activities and reducing need to escalate credit requests
- ✱ Centralizing non-sales related activity: underwriting and fulfilment

Complete   
  Significant Progress   
  Ongoing effort

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## Improving Business Banking capabilities

Step 2.

Optimize personal, business banking & commercial businesses

### Re-design and implement a small business product and service model

- Created a business offering focused on companies with revenues <US\$5MM and professionals
- Implemented new account management model. Over 20,000 small business accounts reassigned to appropriate (and trained) personnel.
- Re-engineering sales force: hired 29 of 59 Business Bankers in last 12 months.
- Overhauled incentives for business bankers to align with customer needs.
- Overhauling branch banking business delivery (companies and professionals <US\$1MM)
- Creating end-to-end process improvements to simplify and reduce cost of delivery for credit products through the branch system
- Delivering new suite of credit products tailored to the needs of the business customer

Complete

Significant Progress

Ongoing effort



## Growing Commercial Banking

Step 2.

Optimize personal, business banking & commercial businesses

- More than 1200 new high-value commercial clients added since merger with RBC in 2001, including 204 clients added in 2005.
- Commercial banking business continues to grow with deposits growing 28% and commercial & industrial loans 18% in 2005 compared to 2004.
- Re-aligned Commercial Real Estate group to be more focused and to provide better execution.
- Ancillary businesses (Treasury Management, RBC Capital Advisors, Knowledge-Based Industries and Centura Investment Banking) have provided excellent ROI, and have participated as a vital complementary service for Commercial customers.
- Strong cross-selling success with RBC Centura Private Bankers

Complete

Significant Progress

Ongoing effort



## Putting greater responsibility and accountability closer to customers

**Step 3.** Transform local accountability model and de novo growth

### ☑ Reorganized sales force

- Additional regions and regional management to reduce span of control

	Jan 1, 2005	Mar 1, 2006
Regional Presidents	5	5
Regional Managers	19	29
Branches/Regional Mgr	12 to 15	5 to 15

•High impact, FTE neutral

### ☑ Redesigned compensation program

- New top to bottom performance-based compensation program
- Supported by individual, branch, and regional level MIS
  - weekly reporting of key performance metrics and ranking of performance

### ✱ Implementing rigorous sales management process

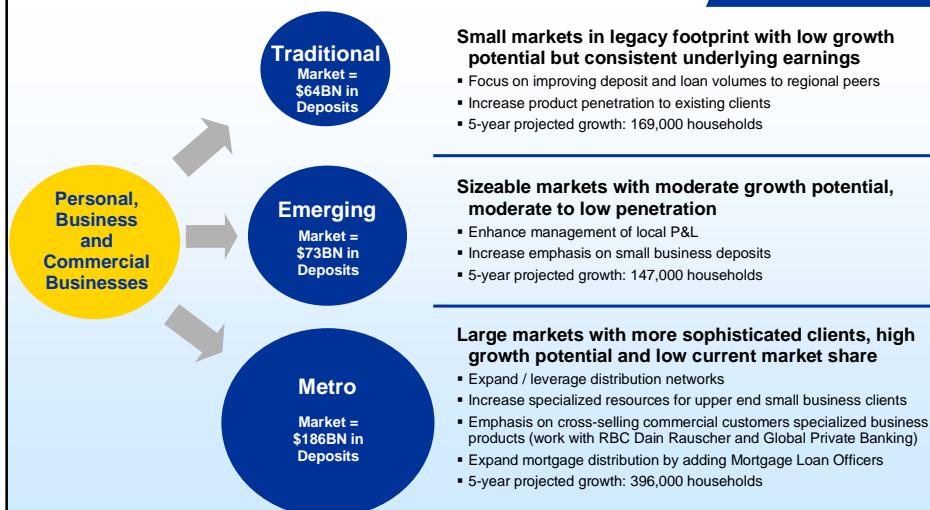
- Sales management to support personal and business banking
- Daily and weekly accountability at the branch and individual level
- Effective coaching support for each sales team member

☑ Complete    ✱ Significant Progress    ➡ Ongoing effort



## Market segmentation driving important implementation decisions

**Step 3.** Transform local accountability model and de novo growth



Note: Scaled to reflect market potential and NIBT impact

## Strong de novo branch performance

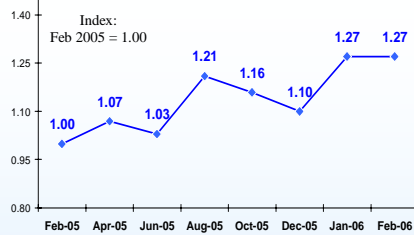
**Step 3.** Transform local accountability model and de novo growth

- **Strategy**
  - Focus on key Metro market areas to support our strategy and to be relevant to our customers, not to “be on every corner”
- **Performance**
  - Time-to-profitability is among industry best (average of 20 months to breakeven, versus industry average of 36 months)
- **2006 Execution**
  - Slowed expansion to focus on key business development and operational initiatives, following 10 de novo branches in 2005 and 18 in 2004.
  - Re-accelerate in 2007 with 15–20 new branch openings planned per year, primarily in Atlanta and Florida markets

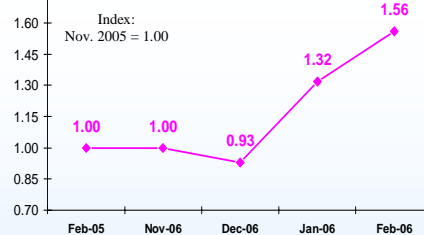


## Seeing the benefits of our transformation

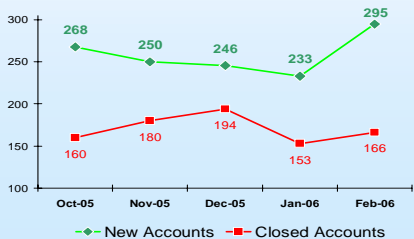
**Figure 1: Cross Sell Ratio for New Households**



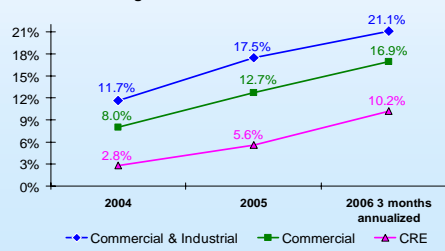
**Figure 2: New Personal Checking Accounts per day**



**Figure 3: New vs. Closed Accounts for Instalment Loans per month**



**Figure 4: Commercial Loan Growth**



Note: For RBC's fiscal years ended October 31<sup>st</sup>.



RBC Centura

## Benefiting from our focus on businesses, their owners and professionals

Description	Lost in 2005	New in 2005	Difference
# Households (HH)	45,310	40,249	(5,061)
Loans & Deposits per HH	\$ 39,051	\$ 77,883	\$ 38,832
Revenue per HH per month	\$ 61	\$ 108	\$ 47
Services per HH	1.80	2.50	0.70
% of single service HHs	52%	33%	(1900)bps

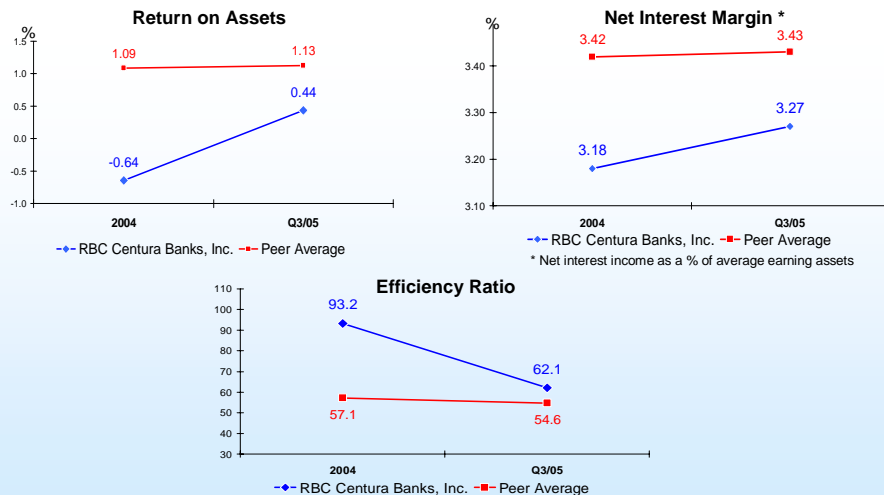
Conclusion: The quality of the “new” households in all measurable respects is better compared to the “lost”

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RBC Centura

## Restoring performance to peer norms



Source: SNL Datasource – based on FDIC filings for year ended December 31, 2004 and quarter ended September 31, 2005 (last available information)

- Peer average consists of AmSouth Bancorporation, Astoria Federal Savings & Loan Association, Citizens Bank of Pennsylvania, Colonial BancGroup, Compass Bancshares, First Citizens BancShares, Mercantile Bankshares Corporation, South Financial Group, TD Banknorth, Webster Financial Corporation

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- Re-organized around our “Client First” strategy and successfully improved 2005 performance
- Executing our strategy on every front
  - Personal
  - Small Business
  - Commercial
- Look to complete our Three Step Plan to further enhance performance

## APPENDIX

**National Bank Financial  
Canadian Financial Services Conference**

*Montreal – March 29, 2006*



## Reconciliation of revenue growth & expense reduction

in US\$	2005 vs. 2004	Q1/06 vs. Q1/05
Revenue growth (excluding noted items)	17%	9%
Gain from sale of merchant acquiring card portfolio *	(5)%	-
Investment write-down **	-	(3)%
Revenue growth (based on reported figures)	12%	6%

	2005 vs. 2004
Expense reduction (excluding noted items)	2%
Business realignment charges in 2004 (and related recoveries in 2005)	3%
Valuation allowance in 2004 (and related recoveries in 2005) ***	6%
Expense reduction (based on reported figures)	11%

\* \$35 million gain from the sale of our merchant acquiring card portfolio. See RBC's 2005 Annual Report page 53.

\*\* US\$5 million write-down of an investment. See RBC's Q1/06 Report to Shareholders page 17.

\*\*\* The valuation allowance in 2004 relates to certain mortgage loans believed to have been fraudulently originated in 2001 and 2002 (see Annual Report page 53), as well as related recoveries recorded in 2005.

NOTE: Revenue growth and expense reduction excluding noted items are non-GAAP measures – refer to discussion of the use of non-GAAP financial information on slide 20.



## Note to users

We use a variety of financial measures to evaluate our performance. In addition to GAAP-prescribed measures, we use certain non-GAAP measures we believe provide useful information to investors regarding our financial condition and results of operations. Readers are cautioned that non-GAAP financial measures, such as revenue growth excluding certain items and expense reduction excluding certain items, do not have any standardized meaning prescribed by Canadian GAAP, and therefore, are unlikely to be comparable to similar measures presented by other companies.