

## ROYAL BANK REPORTS FOURTH QUARTER AND FULL YEAR 2001 RESULTS

Diversified businesses and international expansion lead to record year.

**TORONTO, November 20, 2001** – For its fourth quarter ended October 31, 2001, Royal Bank of Canada (RY on TSE & NYSE) today announced net income of \$680 million (\$.94 per share) and cash net income of \$803 million (\$1.12 per share). Excluding the gain on the sale of RT Capital Management and the write-down of deferred income taxes, mentioned on page 11, core cash net income was \$564 million (\$.78 per share).

### Fourth quarter core financial highlights (U.S. GAAP and compared to a year ago):

- Cash net income \$564 million, down 5%.
- Diluted cash earnings per share \$.78, down 15%.
- Cash ROE 12.9%.
- Revenue growth 20%.
- Nonaccrual loans ratio 1.36%, up 13 basis points from last quarter.

### Full year core financial highlights (U.S. GAAP and compared to 2000):

- Cash net income \$2,517 million, up 10%.
- Diluted cash earnings per share \$3.68, up 4%.
- Cash ROE 17.1%.
- Revenue growth 19%.

	<u>For the three months ended</u>			<u>For the full year ended</u>		
	<u>Oct. 31, 2001</u>	<u>Oct. 31, 2001 (core, i.e., excluding special items<sup>(1)</sup>)</u>	<u>Oct. 31, 2000</u>	<u>Oct. 31, 2001</u>	<u>Oct. 31, 2001 (core, i.e., excluding special items<sup>(1)</sup>)</u>	<u>Oct. 31, 2000</u>
(C\$ millions, except per share and ROE amounts)						
<b>U.S. GAAP</b>						
Cash net income <sup>(2)</sup>	\$803	\$564	\$594	\$2,721	\$2,517	\$2,296
Net income	\$680	\$441	\$568	\$2,435	\$2,231	\$2,208
Cash EPS – diluted <sup>(2)</sup>	\$1.12	\$.78	\$.92	\$4.00	\$3.68	\$3.55
EPS – diluted	\$.94	\$.60	\$.88	\$3.55	\$3.24	\$3.40
Economic Profit <sup>(3)</sup>	\$15	\$15	\$184	\$583	\$583	\$714
Cash ROE <sup>(2)</sup>	18.6%	12.9%	20.1%	18.6%	17.1%	20.2%
ROE	15.7%	9.9%	19.2%	16.6%	15.1%	19.3%
<b>Canadian GAAP</b>						
Cash net income <sup>(2)</sup>	\$778	\$539	\$620	\$2,693	\$2,463	\$2,358
Net income	\$656	\$417	\$595	\$2,411	\$2,181	\$2,274
Cash EPS – diluted <sup>(2)</sup>	\$1.09	\$.74	\$.97	\$3.95	\$3.60	\$3.65
EPS – diluted	\$.91	\$.56	\$.93	\$3.52	\$3.16	\$3.51
Economic Profit <sup>(3)</sup>	\$(7)	\$(7)	\$207	\$539	\$539	\$764
Cash ROE <sup>(2)</sup>	18.1%	12.3%	20.9%	18.5%	16.8%	20.6%
ROE	15.2%	9.4%	20.0%	16.4%	14.8%	19.8%
<sup>(1)</sup> Special items in Q4/01 and 2001 are shown on page 11. There were no special items in 2000.						
<sup>(2)</sup> Cash basis net income, diluted EPS and ROE are computed by adding back to net income the after-tax amount of amortization for goodwill and other intangibles.						
<sup>(3)</sup> Economic Profit is cash operating earnings (i.e., net income available to common shareholders excluding the impact of special items and amortization of goodwill and other intangibles) less a charge for the cost of common equity.						

Commenting on the results, Gordon M. Nixon, President & Chief Executive Officer, said, “There is no doubt that the turbulence witnessed throughout the economy presented significant challenges for our company during the past quarter. This was reflected in reduced fourth quarter capital markets-related revenues, higher expenses due to restructuring and increased loan losses. Nevertheless, in 2001, RBC Financial Group posted solid growth in revenues, record earnings and a cash ROE of 18.6%. Our employees have done a tremendous job this year and are to be commended for their dedication and ongoing commitment to customer service in these difficult times.”

#### **Fourth quarter operating highlights:**

- Announced the consolidation of the Canadian financial planning businesses, creating one unique and highly trained sales force. The November 1 launch brought together 1,500 sales people from within Wealth Management and Personal & Commercial Banking.
- On October 31, completed the acquisition of Tucker Anthony Sutro, a Boston-based broker dealer, for US\$594 million in cash.
- Completed the sale of RT Capital Management for a gain of \$313 million (\$251 million after-tax).

**The bank’s interim consolidated financial results are expressed in Canadian dollars, and are prepared in accordance with U.S. and Canadian generally accepted accounting principles (GAAP).** U.S. GAAP interim financial results are provided on pages 21-27. Canadian GAAP interim financial results, including a reconciliation of significant differences from U.S. GAAP financial results, are provided on pages 28-36. The discussion & analysis which follows is based on the financial results prepared in accordance with U.S. GAAP and would not read differently in any material respect if based on the financial results prepared in accordance with Canadian GAAP, except as noted in the supplemental discussions on pages 7, 11 and 15.

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Fourth quarter 2001 highlights of results and supplementary financial information, and 2001 supplementary asset quality information, to be available on November 20 on Investor Relations website ([www.royalbank.com/investorrelation](http://www.royalbank.com/investorrelation)). Financial statements and notes for 2001 to be available on this website on November 22.

#### **Access to quarterly conference call**

Interested investors can listen to Royal Bank’s fourth quarter results conference call with analysts and institutional investors live, and archived, via the Internet and toll-free telephone.

The conference call is scheduled for Tuesday, November 20, 2001 at 2:00 p.m. (EST) and can be accessed on a listen-only basis:

- Via the Internet at: [www.royalbank.com/investorrelation/conference.html](http://www.royalbank.com/investorrelation/conference.html)
- Via telephone at: 1-888-833-1394. Please call between 1:50 and 1:55 p.m. (EST).

A recording of the conference call can be accessed after 4:00 p.m. (EST) on November 20:

- Via the Internet until December 11, 2001 at: [www.royalbank.com/investorrelation/conference.html](http://www.royalbank.com/investorrelation/conference.html)
- Via recorded telephone call until midnight December 11, 2001 at: 1-800-558-5253 and by entering the password 19965066.

## **CHIEF EXECUTIVE OFFICER'S MESSAGE**

This quarter was one of the most challenging we have faced for some time. The September 11 terrorist attacks in the U.S. led to further uncertainty and weakness in the economy and capital markets, exacerbating the difficulties that many industries and companies were already experiencing. As announced on October 19, we took a much larger provision for credit losses this quarter. We also accelerated our activities to downsize our capital markets businesses, reorganized and streamlined our Global Private Banking business, and completed a revaluation of the liabilities associated with certain pension, post-retirement and post-employment plans (as described on page 13). These actions translated into incremental net expenses of over \$180 million. Notwithstanding these measures, we recorded core cash net income of \$564 million in the fourth quarter. Including a \$251 million gain from the sale of RT Capital Management and the write-down of deferred income taxes, our cash net income was a record \$803 million. Revenues, even excluding the RT Capital sale, were up 20% over last year's fourth quarter, fuelled by our recent acquisitions and diversified business base. All business platforms recorded growth in revenues over last year's fourth quarter.

We currently forecast the North American economy to remain weak through the first half of 2002 but to begin to recover in the second half. So, while adjusting our businesses to ensure that we perform in tough markets in the short term, we continue also to take steps to position ourselves for sustained long-term growth and performance. I will comment on those in the context of our three key strategic priorities.

### **Strong fundamentals**

Our goal is to maintain financial performance in the top quartile of North American financial companies and to perform well compared to our own objectives. As shown on page 5, we performed very well this year in the areas of revenue growth and capital management. However, the substantial increase in our fourth quarter provision for credit losses, which related largely to the U.S. telecommunication sector, led to our core cash earnings per share growth, core cash return on equity and specific provision for credit losses ratio missing the objectives for 2001. While operating expenses grew faster than operating revenues due to our recent acquisitions, the growth rates were nil and 3%, respectively, excluding acquisitions.

In light of the weak economy and capital markets expected in the first half of 2002, our objectives for 2002 are somewhat more modest than our 2001 objectives (established in the fall of 2000) in the areas of earnings growth, revenue growth, ROE and portfolio quality.

However, we continue to target top quartile valuation in 2002. This year, our valuation remained in the top quartile of the TSE Banks & Trusts Index and our share price performance during the year was also better than the Index. In the past five years, our annualized total return to shareholders has been 19.4%, above the 17.8% for the TSE Banks Index, 8.2% for the S&P Bank Index, 5.8% for the TSE 300 and 10.0% for the S&P 500. Shareholders have benefited not only from solid share price appreciation, but also from our long history of uninterrupted and rising dividend payments. In the past two years alone, we have raised our common share dividends four times, reaching a quarterly common share dividend of \$0.36 in the fourth quarter, up 50% from the fourth quarter of 1999.

### **International expansion**

Included in this quarter were a full three months of results for RBC Centura, compared to two months last quarter. RBC Prism and RBC Liberty Insurance continued to perform well while RBC Dain Rauscher continued to experience the effects of weak capital markets.

The acquisition of Tucker Anthony Sutro was completed on October 31 and its operations are being integrated with RBC Dain Rauscher's. The returns from our recent wealth management acquisitions should improve over time as retention costs for acquisitions start to decline and as capital markets strengthen, resulting in stronger performance at RBC Dain Rauscher.

In 2001, 29% of revenues were from outside Canada, up from 16% in 2000.

Our greatest short-term priority for the U.S. is to maximize returns, by enhancing operating efficiencies and leveraging each platform for revenue growth. Our future expansion will remain highly focused and disciplined, targeted to those markets and businesses that promise high growth and strong returns. We are not expecting to make any significant acquisitions in the short term, though we continue to look for disciplined and strategic add-on acquisitions, primarily in Personal & Commercial Banking in the southeast USA.

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

We believe the long-term prospects in Wealth Management remain strong and we continue to take steps to position that business for long-term growth. Personal & Commercial Banking and Wealth Management are joining forces in the financial planning area and with a combined sales force of 1,500 will capitalize on the strong growth in the Canadian market. Last month, Royal Mutual Funds introduced RBC Advisor Funds, a new family of load mutual funds being marketed through brokers and independent financial planners.

One of the major strengths of RBC Financial Group is its diversified business base, which stabilizes our returns and reduces earnings volatility. For example, while weak capital markets and higher provisions for credit losses reduced the earnings of Wealth Management and Corporate & Investment Banking, respectively, this quarter, the remaining three business platforms recorded very solid earnings growth. Each of our five business platforms is looking for ways to improve customer relationships and product and channel offerings, while enhancing cost competitiveness and overall performance and returns. This entails a constant review of the portfolio of businesses within each platform and sometimes warrants sales or restructuring of underperforming or non-strategic operations.

I would like to acknowledge the terrific efforts of employees throughout RBC Financial Group this year. I would particularly recognize the tremendous efforts of those in our downtown New York office at One Liberty Plaza who accomplished incredible feats under extreme stress and duress this past September to get each of our businesses fully operational by the time their respective markets opened after the collapse of the World Trade Center towers.

I look forward to reporting on our performance next quarter.



Gordon M. Nixon  
President & Chief Executive Officer

## PERFORMANCE COMPARED TO OBJECTIVES

	2001 objective	2001 performance	2002 objective
<b>1. Valuation</b>			
Maintain top quartile valuation levels:			
• Share price/book value:	1 <sup>st</sup> quartile of TSE Banks & Trusts Index	1 <sup>st</sup> quartile	1 <sup>st</sup> quartile of TSE Banks & Trusts Index
• Share price/earnings <sup>(1)</sup> :	1 <sup>st</sup> quartile of TSE Banks & Trusts Index	1 <sup>st</sup> quartile	1 <sup>st</sup> quartile of TSE Banks & Trusts Index
Share price growth:	Above the TSE Banks & Trusts Index	Above the index	Above the TSE Banks & Trusts Index
<b>2. Cash earnings growth</b>			
Grow cash diluted earnings per share by:	10-15%	13% 4% excluding special items	5-10%
<b>3. Cash return on common equity</b>			
Achieve a cash return on common equity of:	18-20%	18.6% 17.1% excluding special items	17-19%
<b>4. Revenue growth</b>			
Achieve revenue growth of:	Over 10%	22% 19% excluding special items	7-10%
<b>5. Expense growth</b>			
Operating expenses versus operating revenues <sup>(2)</sup> :	Operating expense growth less than operating revenue growth	Operating expense growth 23%, compared to operating revenue growth of 19%, reflecting recent acquisitions	Operating expense growth less than operating revenue growth
<b>6. Portfolio quality</b>			
Achieve a ratio of specific provisions for credit losses to average loans (including reverse repurchase agreements) and bankers' acceptances of:	.30-.40%	.53%	.45-.55%
<b>7. Capital management</b>			
Capital ratios:	Maintain strong capital ratios	8.7% Tier 1 capital ratio 11.8% Total capital ratio versus medium-term goals of 8% and 11-12%, respectively	Maintain strong capital ratios
<sup>(1)</sup> Based on analysts' average diluted cash EPS estimates.			
<sup>(2)</sup> Operating expenses exclude special items, costs of Stock Appreciation Rights, certain acquisition expenses such as retention compensation and restructuring charges, while operating revenues exclude special items.			

**THE DISCUSSION THAT FOLLOWS REFERS TO CORE RESULTS\***

**LINE OF BUSINESS RESULTS**

**Personal & Commercial Banking**

(C\$ millions, except for percentages)	For the three months ended			Growth	Growth (core, i.e., excluding special items)
	Oct. 31, 2001	Oct. 31, 2001 (core, i.e., excluding special items)	Oct. 31, 2000		
Gross revenues (taxable equivalent basis)	\$1,924	\$1,924	\$1,660	16%	16%
Non-interest expenses	\$1,131	\$1,131	\$949	19%	19%
Provision for credit losses	\$171	\$171	\$157	9%	9%
Cash net income	\$389	\$398	\$327	19%	22%
Net income	\$349	\$358	\$322	8%	11%
Cash net income as a % of total bank	48%	71%	55%	(700) bp	1,600 bp
Net income as a % of total bank	51%	81%	57%	(600) bp	2,400 bp
Cash ROE	17.1%	17.5%	23.7%	(660) bp	(620) bp
ROE	15.2%	15.6%	23.3%	(810) bp	(770) bp
Economic Profit	\$100	\$100	\$133	(25)%	(25)%
Efficiency ratio (NIE/Gross revenues)	58.8%	58.8%	57.2%	160 bp	160 bp
Operating efficiency ratio	59.1%	59.1%	56.3%	280 bp	280 bp

**Fourth quarter**

- The acquisition of RBC Centura (completed in the third quarter of 2001) contributed significantly to this segment's revenues and expenses this quarter compared to a year ago. Without this addition, revenues would have increased by 2%, expenses decreased by 2%, cash net income increased by 9%, net income increased by 10%, the operating efficiency ratio would have improved by 80 basis points to 55.5% and cash ROE would have been 25.4%.
- Economic Profit, cash ROE and ROE were reduced by an additional \$3.5 billion of average common equity attributed to the segment compared to a year ago, largely reflecting the acquisition of RBC Centura.

**Full year**

- Cash net income was up 24% from 2000, while net income was up 18%. Without RBC Centura, cash net income and net income would have been up 18% and 17%, respectively, as revenues grew 7%, substantially outpacing the 3% growth in expenses.

\* Management evaluates the bank's performance on a core basis (i.e., excluding special items) as well as on a reported basis (i.e., as reported in its consolidated financial statements). Special items are viewed by management as transactions that are not part of normal day-to-day business operations or are unusual in nature, thereby obscuring management's analysis of trends. There were some special items in 2001 (shown on page 11), but no significant special items in 2000. Throughout this discussion, comparisons to 2000 will be based on core 2001 numbers.

## Insurance

(C\$ millions, except for percentages)	For the three months ended		Growth
	Oct. 31, 2001	Oct. 31, 2000	
Gross revenues <sup>(1)</sup> (taxable equivalent basis)	\$148	\$67	121%
Non-interest expenses	\$103	\$50	106%
Cash net income	\$50	\$25	100%
Net income	\$43	\$25	72%
Cash net income as a % of total bank	6%	4%	200 bp
Net income as a % of total bank	6%	4%	200 bp
Cash ROE	21.9%	35.2%	(1,330) bp
ROE	18.6%	34.5%	(1,590) bp
Economic Profit	\$20	\$15	33%
Premiums and deposits	\$480	\$309	55%

<sup>(1)</sup> Comprise net interest income and gross premiums less policyholder benefits, reinsurance and policy acquisition costs.

### Fourth quarter

- The acquisition of RBC Liberty Insurance during the first quarter contributed to the strong growth over a year ago. However, even without this addition, revenues would have been up 24% and non-interest expenses would have risen at a much lower rate of 6%, while cash net income would have been up 52% and net income up 36%, reflecting continued strong performance in the Canadian life, creditor life and disability businesses.
- Economic Profit was up 33% and both cash ROE and ROE were reduced by an additional \$600 million of average common equity attributed to the segment, largely reflecting the acquisition of RBC Liberty Insurance.

### Full year

- Cash net income was up 83% from 2000, while net income was up 68%. Without RBC Liberty Insurance, cash net income and net income would have been up 45% and 40%, respectively, reflecting very strong performances from the Canadian life, creditor and travel insurance businesses this year.
- Had it not been for the impact of the September 11 events on our reinsurance and travel operations, net income would have been approximately \$30 million higher in 2001.
- Premiums and deposits were \$1,827 million in 2001, up 51% from 2000 (16% excluding RBC Liberty Insurance's premiums and deposits of \$421 million).

## Supplemental discussion – Canadian GAAP

### Fourth quarter

- Cash net income was \$24 million, down 52% from a year ago, while net income was \$20 million, down 60%. Excluding RBC Liberty Insurance, both cash net income and net income were down 52%, primarily due to a \$17 million reinsurance reserve release which took place in the fourth quarter of 2000, and also due to the impact of the deterioration in the economic environment, which resulted in a net increase in reserves. ROE was 8.2% and Economic Profit \$(5) million, down from 67.0% and \$40 million, respectively, a year ago as a result of the additional common equity attributed to this segment as mentioned above.

### **Full year**

- Cash net income was up 9% and net income down 1% from 2000. Excluding RBC Liberty Insurance, cash net income and net income would have both been up 3%, due to solid performances from Canadian life, creditor, and travel insurance businesses.
- Had it not been for the impact of the September 11 events on our reinsurance and travel operations, net income would have been approximately \$30 million higher in 2001.

### **Wealth Management**

(C\$ millions, except for percentages)	For the three months ended			Growth	Growth (core, i.e., excluding special items)
	Oct. 31, 2001	Oct. 31, 2001 (core, i.e., excluding special items)	Oct. 31, 2000		
Gross revenues (taxable equivalent basis)	\$1,065	\$752	\$654	63%	15%
Non-interest expenses	\$722	\$722	\$500	44%	44%
Cash net income	\$316	\$65	\$108	193%	(40)%
Net income	\$258	\$7	\$101	155%	(93)%
Cash net income as a % of total bank	39%	12%	18%	2,100 bp	(600) bp
Net income as a % of total bank	38%	2%	18%	2,000 bp	(1,600) bp
Cash ROE	60.3%	11.8%	50.3%	1,000 bp	(3,850) bp
ROE	49.1%	.6%	46.7%	240 bp	(4,610) bp
Economic Profit	\$(6)	\$(6)	\$75	(108)%	(108)%

### **Fourth quarter**

- RBC Dain Rauscher's Private Client Group and Fixed Income divisions, acquired in the first quarter, contributed to the significant growth in revenues and expenses over last year's fourth quarter. These divisions recorded \$26 million of retention compensation costs and \$12 million of goodwill amortization expenses related to the bank's acquisition of this business. In addition, Wealth Management accelerated efforts to downsize its operations in light of deteriorating market conditions, resulting in \$27 million of cost-cutting related expenses this quarter. Furthermore, as part of the re-organization of the Global Private Banking (GPB) business, whereby GPB is being combined with Canadian private banking, investment counselling and the Canadian trust businesses, a \$38 million write-down of goodwill relating to Connor Clark was recorded this quarter.

Without these additional expenses and the addition of RBC Dain Rauscher, Wealth Management's revenues and expenses would have both declined by 22% from a year ago, while cash net income would have been down 19% and net income down 21%. These reductions reflected substantially weaker capital markets and client trading volumes, compared to the fourth quarter of 2000.

- Cash ROE, ROE and Economic Profit declined reflecting the above-mentioned factors and an additional \$1.3 billion of average common equity attributed to the segment this quarter compared to last year, largely reflecting the acquisition of Dain Rauscher.

### **Full year**

- Cash net income was down 19% from 2000, while net income was down 43%. Without RBC Dain Rauscher, cash net income declined 12% due to weaker capital markets and client trading volumes, and downsizing expenses recorded in 2001, while net income declined 26% for these same reasons as well as the above-mentioned goodwill write-down and goodwill amortization expenses related to acquisitions made by Wealth Management over the past few years.

## Corporate & Investment Banking

(C\$ millions, except for percentages)	For the three months ended			Growth	Growth (core, i.e., excluding special items)
	Oct. 31, 2001	Oct. 31, 2001 (core, i.e., excluding special items)	Oct. 31, 2000		
Gross revenues (taxable equivalent basis)	\$664	\$664	\$570	16%	16%
Non-interest expenses	\$455	\$455	\$375	21%	21%
Provision for credit losses	\$259	\$259	\$22	1077%	1077%
Cash net income	\$(2)	\$1	\$119	(102)%	(99)%
Net income	\$(14)	\$(11)	\$112	(113)%	(110)%
Cash net income as a % of total bank	- %	- %	20%	(2,000) bp	(2,000) bp
Net income as a % of total bank	(2)%	(2)%	20%	(2,200) bp	(2,200) bp
Cash ROE	(1.0)%	(.6)%	18.7%	(1,970) bp	(1,930) bp
ROE	(2.4)%	(2.0)%	17.6%	(2,000) bp	(1,960) bp
Economic Profit	\$(119)	\$(119)	\$32	(472)%	(472)%

### Fourth quarter

- Dain Rauscher Wessels, acquired in the first quarter, contributed to the growth in revenues and expenses over a year ago. It recorded \$25 million of retention compensation costs and \$8 million of goodwill amortization expenses this quarter related to the bank's acquisition of this business. Also, like Wealth Management, Corporate & Investment Banking accelerated efforts to downsize its operations in light of deteriorating market conditions, resulting in \$30 million of cost-cutting related expenses in the fourth quarter. Without these costs and Dain Rauscher Wessels, revenues would have increased by 5%, expenses declined by 17%, cash net income declined by 62% and net income declined by 63%, while cash ROE would have been 1.6%. This still significant earnings decline reflects a \$237 million increase in the provision for credit losses over last year's fourth quarter, largely in the U.S. telecommunication sector.
- Cash ROE, ROE and Economic Profit were reduced by the factors mentioned above and an additional \$1.1 billion of average common equity attributed to the segment (reflecting the acquisition of Dain Rauscher Wessels) and growth in operational, market and credit risks.

### Full year

- Cash net income was down 21% from 2000, while net income was down 25%. Without Dain Rauscher Wessels, cash net income and net income declined 9% and 8%, respectively, reflecting a substantial increase in the provision for credit losses, which more than offset the cost discipline exhibited in this platform this year.

## Transaction Processing

(C\$ millions, except for percentages)	For the three months ended		Growth
	Oct. 31, 2001	Oct. 31, 2000	
Gross revenues (taxable equivalent basis)	\$185	\$173	7%
Non-interest expenses	\$129	\$126	2%
Cash net income	\$35	\$31	13%
Net income	\$33	\$29	14%
Cash net income as a % of total bank	4%	5%	(100) bp
Net income as a % of total bank	5%	5%	- bp
Cash ROE	28.4%	29.8%	(140) bp
ROE	27.1%	28.2%	(110) bp
Economic Profit	\$19	\$16	19%

### *Fourth quarter*

- Good cost discipline, combined with 7% revenue growth, resulted in growth of 13% in cash net income, 14% in net income and 19% in Economic Profit.

### *Full year*

- Cash net income and net income were up 7% from 2000, as revenue growth of 6% outpaced expense growth of 4%.

## Special items in 2001 (none in Q2/01 and 2000)

(C\$ millions, taxable equivalent basis)			
	Applicable segments	Pre-tax	After-tax
<b><u>For the three months ended Oct. 31, 2001</u></b>			
<b>Non-interest revenues</b>			
Gain on sale of RT Capital Management	Wealth Management (WM)	\$313	\$251
<b>Income taxes</b>			
Enactment of change in tax rates	Personal & Commercial Banking (P&CB)	-	\$(9)
	Corporate & Investment Banking (C&IB)	-	(3)
		-	\$(12)
<b>Total</b>		\$313	\$239
<b>Impact on EPS – diluted</b>			\$.34
<b><u>For the three months ended July 31, 2001</u></b>			
<b>Non-interest expenses</b>			
U.S. retail banking restructuring charge	P&CB	\$(91)	\$(57)
<b>Income taxes</b>			
Enactment of change in tax rates	P&CB	-	\$(36)
	WM	-	(5)
	C&IB	-	(24)
	“Other” segment	-	(24)
		-	\$(89)
<b>Total</b>		\$(91)	\$(146)
<b>Impact on EPS – diluted</b>			\$(.22)
<b><u>For the three months ended January 31, 2001</u></b>			
<b>Non-interest revenues</b>			
Gain on formation of Moneris joint venture	P&CB	\$89	\$77
Gain on sale of Group Retirement Services	WM	\$36	\$28
	P&CB	7	6
<b>Total</b>		\$132	\$111
<b>Impact on EPS – diluted</b>			\$.18
<b><u>For the full year ended October 31, 2001</u></b>			
<b>Non-interest revenues</b>	P&CB and WM	\$445	\$362
<b>Non-interest expenses</b>	P&CB	(91)	(57)
<b>Income taxes</b>	P&CB, WM, C&IB and “Other”	-	(101)
<b>Total</b>		\$354	\$204
<b>Impact on EPS – diluted</b>			\$.32
<b><i>Supplemental discussion – Canadian GAAP</i></b>			
In Q4/01, Canadian GAAP special items included the gain on the sale of RT Capital Management and the tax expense shown above, which increased net income after-tax by \$239 million and diluted earnings per share by \$.35.			
In Q3/01, Canadian GAAP special items included the U.S. retail banking restructuring charge shown above, as well as a tax expense of \$30 million (\$5 million in Personal & Commercial Banking, \$5 million in Wealth Management, \$15 million in Corporate & Investment Banking, and \$5 million in “Other”) to reflect a change in tax rates. Special items in Q3/01 reduced Canadian GAAP net income after-tax by \$87 million and diluted earnings per share by \$.13.			
In Q1/01, Canadian GAAP special items included the above, as well as a tax expense of \$33 million (\$19 million in Personal & Commercial Banking, \$(2) million in Insurance, \$10 million in Corporate & Investment Banking, and \$6 million in “Other”) to reflect a change in tax rates. Special items in Q1/01 increased Canadian GAAP net income after-tax by \$78 million and diluted earnings per share by \$.12.			
Special items for 2001 increased Canadian GAAP net income after-tax by \$230 million and diluted earnings per share by \$.36.			

## **FINANCIAL PRIORITY: REVENUE GROWTH AND DIVERSIFICATION**

### **Revenues**

#### ***Fourth quarter***

Total revenues were up 20% from last year's fourth quarter. This growth rate excludes a \$313 million gain (\$251 million after-tax) recorded this quarter from the sale of RT Capital Management, which Wealth Management undertook to focus on its core business related to the retail investor.

During the quarter, the bank sold land leases for \$39 million. Excluding this sale, operating revenues would have been up 19%. On further excluding recent acquisitions (Centura, Dain Rauscher, Liberty Insurance and Prism Financial) operating revenues would have declined 2%, compared to a reduction in operating expenses (measured on the same basis) of 8% as mentioned on page 13.

#### ***Full year***

Total operating revenues were up 19% from 2000 and up 18% excluding the above-mentioned land lease sale. On further excluding recent acquisitions, operating revenues would have grown 3%, compared to a decline in operating expenses (measured on the same basis) of 2% as mentioned on page 13.

### **Net interest income**

#### ***Fourth quarter***

Taxable equivalent net interest income was up 28% from a year ago, and 11% excluding recent acquisitions. The net interest margin was 2.03%, up from 1.87% a year ago, reflecting wider margins in the Global Equity Derivatives business and the addition of RBC Centura, acquired in the third quarter.

#### ***Full year***

Taxable equivalent net interest income was up 23% from 2000 and up 14% excluding recent acquisitions. The net interest margin widened to 1.97% from 1.87% last year, due to the reasons mentioned above.

### **Non-interest revenues**

#### ***Fourth quarter***

Non-interest revenues were up 13% from a year ago. Partially driven by acquisitions, insurance revenues were up 90%, investment management and custodial fees up 29%, and deposit and payment service charges up 21%. Securitization revenues were up 226%, reflecting credit card and mortgage loan securitizations during the year, credit fees were up 9% and trading revenues up 9%, reflecting higher revenues from Global Equity Derivatives. Card service revenues fell 26%, reflecting the formation of the Moneris Solutions merchant transaction processing joint venture in the first quarter and the securitization of credit card receivables during the year. However, weak capital markets resulted in a 10% decline in capital market fees (from full-service brokerage, discount brokerage and institutional business) and a 3% reduction in mutual funds revenues. Although Royal Mutual Funds led the industry in the fourth quarter with net sales of \$1.1 billion, clients moved out of higher-yielding products to lower-yielding money market funds over the past year.

Non-interest revenues would have been up 11% this quarter excluding the above-mentioned land lease sales, and down 14% on further excluding recent acquisitions.

***Full year***

For 2001, non-interest revenues were up 15% from 2000, but down 6% excluding recent acquisitions. All sources of non-interest revenue were up, with the exception of card service revenues, which fell for the reasons mentioned above.

As a percentage of total revenues, non-interest revenues were 54% compared to 56% a year ago, reflecting the acquisition of Centura Banks, which derives a much higher proportion of its revenues from net interest income.

**FINANCIAL PRIORITY: COST CONTROL****Non-interest expenses*****Fourth quarter***

Non-interest expenses increased \$614 million or 30% from the fourth quarter of 2000.

Operating expenses (which exclude special items, the costs of Stock Appreciation Rights (SARs), and certain acquisition costs such as retention compensation and restructuring charges) were up \$620 million or 31% from a year ago.

A \$4.16 decline in Royal Bank's common share price between July 31 and October 31, 2001, resulted in a \$20 million expense reversal for SARs. SAR expenses were \$37 million in last year's fourth quarter.

During the fourth quarter, certain pension, postretirement and post-employment plans were reviewed. These resulted in changes to assumptions used to determine future benefit obligations and, as a result, an additional \$87 million of human resource benefit costs were recorded this quarter.

Also during the fourth quarter, capital market-related businesses within Corporate & Investment Banking and Wealth Management accelerated efforts to downsize their operations in light of deteriorating market conditions, which were exacerbated by the September 11 terrorist attacks in the U.S. This resulted in \$57 million of expenses related to cost cutting.

Furthermore, in the fourth quarter, as part of the re-organization of the Global Private Banking business mentioned on page 8 a \$38 million write-down of goodwill relating to Connor Clark was recorded this quarter.

Excluding the above-mentioned employee benefit, downsizing and goodwill write-down costs, operating expenses would have been up \$436 million or 22% from a year ago. If one also excludes all impacts of recent acquisitions, operating expenses would have been down \$163 million or 8% from last year's fourth quarter.

***Full year***

Non-interest expenses increased 25% from 2000.

Operating expenses were up 23% in 2001, with SAR expenses of \$23 million compared to \$52 million in 2000.

Excluding the above-mentioned \$87 million employee benefit, \$57 million downsizing, and \$38 million of goodwill write-down costs taken in the fourth quarter, operating expenses would have been up \$1.6 billion or 21% from 2000. On further excluding recent acquisitions, operating expenses would have been down \$167 million or 2%.

## FINANCIAL PRIORITY: STRONG CREDIT QUALITY

### Nonaccrual loans

Nonaccrual loans (before deducting the allowance for loan losses) were \$2.5 billion at October 31, 2001, up \$272 million from last quarter with the vast majority of the increase relating to corporate loans in a variety of industries. As a percentage of total loans (including bankers' acceptances), nonaccrual loans were 1.36%, up from 1.23% last quarter.

### Provision for credit losses

(C\$ millions)	For the three months ended			For the full year ended	
	Oct. 31, 2001	July 31, 2001	Oct. 31, 2000	Oct. 31, 2001	Oct. 31, 2000
<b>U.S. GAAP</b>					
Allocated	\$533	\$236	\$142	\$1,254	\$644
Unallocated	(108)	-	32	(135)	47
Total provision for credit losses	<u>\$425</u>	<u>\$236</u>	<u>\$174</u>	<u>\$1,119</u>	<u>\$691</u>
<b>Canadian GAAP</b>					
Specific provisions	\$425	\$236	\$134	\$1,049	\$571
General provision					
Allocated	108	-	8	205	73
Unallocated	(108)	-	32	(135)	47
Total general provision	<u>-</u>	<u>-</u>	<u>40</u>	<u>70</u>	<u>120</u>
Total provision for credit losses	<u>\$425</u>	<u>\$236</u>	<u>\$174</u>	<u>\$1,119</u>	<u>\$691</u>

### Fourth quarter

As shown above, the total provision for credit losses was \$425 million (including \$20 million relating to RBC Centura), up from \$174 million a year ago and \$236 million last quarter (with \$7 million relating to RBC Centura). The \$189 million increase from last quarter occurred in the Corporate & Investment Banking segment, largely in the U.S. telecommunication sector. Some of the increase reflected higher provisions taken on existing impaired loans and some represented provisions for newly classified impaired loans. The September 11 terrorist attacks in the U.S. further eroded the conditions of many companies and industries that were already experiencing difficulties.

During the quarter, net charge-offs (charge-offs, net of recoveries) were \$349 million or .78% of average loans, versus \$200 million or .48% a year ago and \$182 million or .42% last quarter.

### Full year

As shown above, the total provision for credit losses was \$1,119 million (including \$27 million relating to RBC Centura), up from \$691 million in 2000. The increase largely reflected provisions for corporate loans in the telecommunication portfolio.

The allowance for loan losses at October 31, 2001 was \$2.28 billion or 1.0% of total loans (including bankers' acceptances) and reverse repurchase agreements, unchanged from 1.0% at October 31, 2000 and down from 1.1% last quarter. During 2001, net charge-offs were \$940 million or .55% of average loans, versus \$677 million or .42% in 2000.

### **Supplemental discussion – Canadian GAAP**

#### ***Fourth quarter***

The specific provision for credit losses was up \$291 million from a year ago and \$189 million from last quarter. The increase from last quarter occurred in the Corporate & Investment Banking segment, largely in the U.S. telecommunication sector.

#### ***Full year***

In 2001, the specific provision for credit losses was \$1,049 million (including \$27 million relating to RBC Centura), up from \$571 million in 2000. The increase largely reflected provisions for corporate loans in the telecommunication portfolio. The specific provision for credit losses ratio was .53% of average loans (including reverse repurchase agreements) and bankers' acceptances, compared to the objective for 2001 of .30-.40%.

In 2002, the bank expects to record a specific provision for credit losses ratio in the range of .45-.55%.

The total general allowance (accumulated general provisions) was \$1.4 billion, or .83% of risk-adjusted assets, compared to \$1.4 billion or .82% of risk-adjusted assets last quarter, and \$1.2 billion or .76% of risk-adjusted assets at the end of 2000.

## **FINANCIAL PRIORITY: BALANCE SHEET AND CAPITAL MANAGEMENT**

### **Assets**

Total assets were \$362 billion at October 31, 2001, up \$68 billion or 23% from October 31, 2000 and \$28 billion or 8% from last quarter, with RBC Centura accounting for \$22 billion of the increase from October 31, 2000.

Total loans (before deducting the allowance for loan losses) were up \$13.3 billion or 8% from October 31, 2000, with residential mortgages up \$4.5 billion or 7% (despite \$800 million of mortgage securitizations during the year), personal loans up \$4.5 billion or 16%, and business and government loans and acceptances up \$4.7 billion or 7%. RBC Centura contributed \$1.2 billion, \$3.0 billion and \$8.3 billion, respectively, to these increases. Credit card balances decreased \$380 million or 8%, as credit card securitizations of \$1.0 billion more than offset RBC Centura's \$130 million of card balances and growth in RBC's card portfolio of \$490 million.

### **Deposits**

Total deposits were \$236 billion, up \$29.5 billion or 14% from October 31, 2000, with RBC Centura contributing \$11.7 billion of the increase. Interest bearing deposits were up \$27.5 billion and non-interest bearing deposits increased \$2.0 billion over a year ago.

## **Capital**

In June, the bank announced a normal course issuer bid through the facilities of The Toronto Stock Exchange. During the one-year period beginning June 22, 2001, and ending June 21, 2002, the bank may purchase up to 18 million shares in the open market at market prices. The amount and timing of the purchases are to be determined by the bank. During the fourth quarter, the bank repurchased 9.7 million common shares for \$450 million, at an average price of \$46.20 per share. Since commencement of the bid, the bank has repurchased 10.9 million common shares for \$510 million, at an average price of \$46.57 per share.

Capital strength for Canadian banks is regulated pursuant to guidelines issued by the Superintendent of Financial Institutions Canada (OSFI), based on standards issued by the Bank for International Settlements and Canadian GAAP financial information. OSFI has formally established risk-based capital targets for deposit-taking institutions in Canada of a Tier 1 capital ratio of at least 7% and a Total capital ratio of at least 10%.

At October 31, 2001, using OSFI guidelines and Canadian GAAP financial information, the bank's Tier 1 capital ratio was 8.7% versus 8.6% at October 31, 2000, while the Total capital ratio was 11.8% versus 12.0% at October 31, 2000. Both ratios met the bank's medium-term (3-5 year) capital goals of 8% for Tier 1 capital and 11-12% for Total capital. Risk-adjusted assets were \$170.5 billion were up 7.6% from October 31, 2000, largely reflecting the acquisition of Centura Banks.

During the quarter, the bank redeemed the first preferred shares series H totalling \$300 million. Additionally, during the quarter the bank announced the planned redemption in November 2001 of first preferred shares series I totalling US\$200 million. Subsequent to quarter end, on November 8, 2001, the bank issued US\$400 million of subordinated debentures through the European Medium Term Note Programme.

## **RISK MANAGEMENT**

### **Liquidity risk**

As outlined on page 51 of Royal Bank's 2000 Annual Report, the bank's liquidity risk management objective is to ensure that it has the ability to generate sufficient cash or its equivalents in a timely and cost-effective manner to meet its commitments as they fall due. At October 31, 2001 the bank's liquid assets and assets purchased under reverse repurchase agreements (before pledging) totalled \$137 billion or 38% of total assets, as compared to \$101 billion or 34% of total assets at October 31, 2000. Minimum cash flow management targets are also being met.

### **Market risk measures – trading activities**

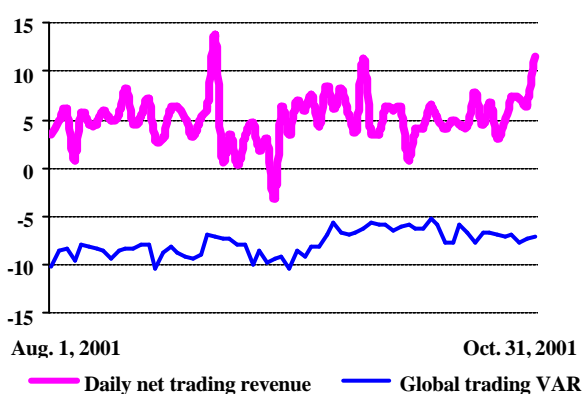
As outlined on pages 49 and 50 of Royal Bank's 2000 Annual Report, the bank has established risk management policies and limits for its trading activities that allow it to monitor and control the exposure to market risk resulting from these activities. The market risk associated with trading activities is managed primarily through a Value-At-Risk (VAR) methodology. The table below shows the period-end, high, average and low VAR by major risk category for the bank's combined trading activities for the quarter ended October 31, 2001 and for the year ended October 31, 2000, and indicates that the Global VAR amounts in the fourth quarter were below the levels in 2000. The graphs below show the daily net trading revenue compared to the global trading VAR amounts and a histogram of daily net trading revenue for the quarter ended October 31, 2001. During the fourth quarter, the bank experienced only one day of trading losses, and it did not exceed the VAR estimate for that day.

## Trading activities<sup>(1)</sup>

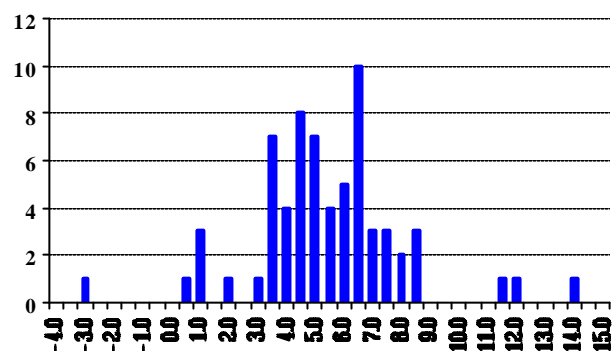
(C\$ millions)	<u>For the three months ended Oct. 31, 2001</u>				<u>For the full year 2000</u>			
	Quarter-end	High	Average	Low	Year-end	High	Average	Low
<b>Global VAR by major risk category</b>								
Equity	\$7	\$10	\$7	\$5	\$14	\$22	\$13	\$6
Foreign exchange and commodity	2	6	3	1	4	11	5	2
Interest rate	3	7	4	2	7	9	5	3
<b>Global VAR<sup>(2)</sup></b>	<b>\$7</b>	<b>\$10</b>	<b>\$8</b>	<b>\$5</b>	<b>\$18</b>	<b>\$24</b>	<b>\$16</b>	<b>\$10</b>

(1) Amounts are presented on a pre-tax basis and represent one-day VAR at a 99% confidence level.  
(2) Global VAR reflects the correlation effect from each of the risk categories through diversification.

**Daily net trading revenue versus global trading VAR (C\$ millions)**



**Histogram of daily net trading revenue (number of days, C\$ millions)**



## OPERATING HIGHLIGHTS

### Personal & Commercial Banking

- RBC Centura opened its first Knowledge-Based Industries centre of expertise. The Raleigh, North Carolina-based unit provide high tech customers in the U.S. with end-to-end financial solutions, including early-stage loans and commercial banking services. It will also serve as a platform for expansion into other U.S. technology centres.
- RBC Royal Bank and Canada Mortgage and Housing Corporation (CMHC) announced that RBC will adopt CMHC's high speed, on-line risk and mortgage assessment platform. This technology will enable RBC Royal Bank to approve mortgages for most clients in less than one minute.
- RBC's Royal Direct telephone banking channel was recognized by Next 21, a national program honouring outstanding achievement in the area of the Internet and e-commerce sponsored by the *National Post* and global professional services firm Andersen.
- RBC launched a successful staff and client pilot of CashEdge, RBC's aggregation service. Account aggregation provides clients with a single view of all their financial information, including information from other financial institutions. CashEdge is now being made available to all clients with selective marketing to 12,500 customers with "high potential lifetime value."

## Insurance

- RBC Insurance announced it was expanding its sale of home and auto insurance products in Canada to include associations, employers and affinity groups. With RBC Insurance group home and auto insurance plans, employers or groups can offer employees or members a value-added insurance option without incurring the cost of maintaining an additional benefit program.
- RBC Insurance announced the launch of a new comprehensive online home and auto insurance quoting tool. This latest service, accessed through [www.rbcinsurance.com](http://www.rbcinsurance.com), gives customers across Canada the ability to get immediate insurance quotes on a full range of home and auto products including motor homes, boats, trailers, cottages and rental properties.
- RBC Insurance recently announced the launch of critical illness insurance products in both Canada and the United States. The products pay out a lump sum benefit to survivors of a wide range of specified critical illnesses such as heart attack, cancer, stroke, paralysis and kidney failure.

## Wealth Management

- On October 31, the acquisition of Tucker Anthony Sutro was completed for US\$594 million and the integration of the firm with its U.S. broker-dealer subsidiary, RBC Dain Rauscher, commenced to create the ninth largest full-service brokerage firm in the United States. The combined businesses will be called RBC Dain Rauscher and it creates a national U.S. wealth management platform with a combined sales force of over 2,000 financial consultants and a network of 160 brokerage offices in 41 states. RBC's wealth management presence in North America has grown to more than 3,500 investment advisers and nearly 300 brokerage offices.
- Royal Mutual Funds led the industry in net sales in the fourth quarter and continued implementing new initiatives to further grow the business. For instance, in October, Royal Mutual Funds Inc. introduced RBC Advisor Funds, a new family of load mutual funds available to Canadian investors through brokers and independent financial planners. RBC Advisor Funds are comprised of 16 funds including diversified fixed income, global balanced, global equity, traditional Canadian and US equity funds. RBC Advisor Funds also include more targeted solutions such as Global Equity Sector Funds, Emerging Market Equities, Global Small Cap Equities and Global High Yield Bonds. These focused mandates provide investors with excellent opportunities to diversify their investment portfolios. RBC Advisor funds offer a service, support and compensation model that is more attractive to the broker and independent financial planner community.
- Wealth Management restructured its distribution channels to enhance the client experience by offering a more valuable, seamless, comprehensive and solution-based proposition while augmenting shareholder return. In addition to the Financial Planning business operated jointly with Personal & Commercial Banking, Wealth Management will consist of Canadian & International Brokerage (including self-directed and full-service brokerage), Global Private Banking (combining Global Private Banking, RBC Private Counsel, Canadian private banking, and the Canadian personal trust business), Global Asset Management and U.S. Wealth Management (including RBC Dain Rauscher and the recently acquired Tucker Anthony Sutro).

## **Corporate & Investment Banking**

- RBC Dominion Securities acted for Canadian Pacific Limited as its sole advisor in the \$23.7 billion spin-off of five component companies. This transaction along with other high profile mandates announced during the quarter, secured the firm's position as the leading M&A advisor in Canada with transactions valued in excess of \$40 billion for the first nine months of calendar 2001.
- The foreign exchange business, ranked among the top 10 in the world this year based on revenues, continued to perform strongly. Business volumes for our proprietary Web-based foreign exchange trading system, FX Direct, increased 48% over fourth quarter levels in 2000.
- It was announced on November 1 that RBC Capital Markets was the global brand name for the businesses of RBC Dominion Securities and Dain Rauscher Wessels, formerly the U.S. equity capital markets division of Dain Rauscher Inc. The integrated firms provide clients with a strong North American investment banking capability with a global focus on their selected markets.

## **Transaction Processing**

- RBC Global Services was recognized as the best overall Canadian subcustodian in *Global Custodian* magazine's annual Agent Bank Review for 2001. RBC Global Services is the only Canadian subcustodian, and one of only seven subcustodians worldwide, to achieve "Top-Rated" status every year since the prestigious survey began in 1989.
- RBC Global Services continues to lead the market for Canadian dollar Continuous Linked Settlement (CLS) mandates, having added six new clients during the fourth quarter. The business is expected to begin operations in the second quarter of 2002.
- The 2001 Stewart Associates Survey has ranked RBC for the third consecutive year as the top Cash Management Bank in Canada on 7 of 8 service criteria. RBC received top rating in: knowledge level of staff, pro-activity, ability and willingness to accommodate system enhancements and accuracy and reliability.

## **Other**

- RBC announced the consolidation of the financial planning businesses creating one unique and highly trained sales force. The November 1 launch brought together 1,500 sales people from within Wealth Management and Personal & Commercial Banking. This is the first step in addressing a unique and fast growing market segment.
- As of October 31, RBC's online banking and trading services enrolment of individual and business customers were 1.9 million, a 50% increase in 12 months and a 260% increase since October 1999.
- RBC has successfully implemented Banter e-mail software to assist in handling the volume of e-mail received (24,000 monthly). The new system is now capturing all public site and online banking emails and providing agents with suggested automated responses. While in the pilot stage 10,000 e-mails were received and expected efficiency gains of 200 per cent in e-mails processed daily were achieved.

- RBC's Board of Directors was recognized as the best in Canada by *Canadian Business* magazine in their first annual ranking in October 2001. RBC was the only company to score 100 per cent in accountability and also received high marks for independence. The magazine indicated that the split of Chairman and CEO roles sets "Royal apart from the competition."
- RBC was named most respected financial institution and second of all companies in the *Globe and Mail's Report on Business* annual list of Canada's Most Respected Corporations. RBC topped all of the ranked companies in many of the categories, including "people management" and "financial performance," and was second in "best long-term investment value." For the sixth year RBC was the top corporation in Canada in "corporate social responsibility."

### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

Royal Bank, from time to time, makes written and oral forward-looking statements, included in this press release, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications. Such forward-looking statements include objectives for 2002 and the medium-term, and strategies to achieve those objectives, set forth herein. 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 economic conditions including fluctuations in interest rates and inflation, regulatory developments, technological changes and 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.

## Selected Financial Highlights (unaudited)

(C\$ millions, except per share and percentage amounts)

	As at and for the three months ended						
	Change from October 31 2000	October 31 2001	July 31 2001	October 31 2000	Change from October 31 2000	October 31 2001	October 31 2000
<b>Earnings</b>							
Net interest income (1)	28 %	\$ 1,772	\$ 1,715	\$ 1,381	23 %	\$ 6,529	\$ 5,307
Non-interest revenue	32	2,265	1,963	1,720	22	8,155	6,680
Gross revenues (1)	30	4,037	3,678	3,101	22	14,684	11,987
Provision for credit losses	144	425	236	174	62	1,119	691
Non-interest expenses	30	2,636	2,598	2,022	26	9,641	7,628
Net income	20	680	436	568	10	2,435	2,208
Cash net income (2)	35	803	518	594	19	2,721	2,296
Return on common equity	(350) bp	15.7%	10.8%	19.2%	(270) bp	16.6%	19.3%
Cash return on common equity (2)	(150) bp	18.6%	13.1%	20.1%	(160) bp	18.6%	20.2%
Economic Profit (3)	(92) %	\$ 15	\$ 167	\$ 184	(18) %	\$ 583	\$ 714
<b>Balance sheet and off-balance sheet data</b>							
Loans	8 %	\$ 181,100	\$ 177,623	\$ 167,812			
Assets	23	362,483	334,902	294,054			
Deposits	14	235,687	225,321	206,237			
Common equity	44	16,215	16,308	11,296			
Assets under administration	14	1,337,700	1,271,800	1,175,200			
Assets under management	14	104,800	110,500	92,300			
<b>Capital ratios (Canadian basis) (4)</b>							
Common equity to risk-adjusted assets	210 bp	9.4%	9.5%	7.3%			
Tier 1 capital	10 bp	8.7%	9.3%	8.6%			
Total capital	(20) bp	11.8%	12.3%	12.0%			
<b>Capital ratios (U.S. basis) (5)</b>							
Common equity to risk-adjusted assets	230 bp	9.5%	9.5%	7.2%			
Tier 1 capital	30 bp	8.1%	8.5%	7.8%			
Total capital	(10) bp	11.2%	11.6%	11.3%			
<b>Common share information</b>							
Shares outstanding (in thousands)							
End of period	12 %	674,021	683,312	602,398	12 %	674,021	602,398
Average basic	13	681,758	658,296	602,108	6	641,516	606,389
Average diluted	13	687,334	663,996	606,710	6	647,216	609,865
Earnings per share							
Basic	7	\$ 0.95	\$ 0.60	\$ 0.89	5	\$ 3.58	\$ 3.42
Diluted	7	0.94	0.60	0.88	4	3.55	3.40
Cash, diluted (2)	22	1.12	0.72	0.92	13	4.00	3.55
Share price							
High (6)	9	\$ 53.25	\$ 51.50	\$ 48.88	9	\$ 53.25	\$ 48.88
Low (6)	6	41.60	42.80	39.17	53	41.60	27.25
Close	(3)	46.80	50.96	48.30	(3)	46.80	48.30
Dividends per share	20	0.36	0.36	0.30	21	1.38	1.14
Book value per share – period end	28	24.06	23.87	18.75	28	24.06	18.75
Market capitalization (\$ billions)	8	31.5	34.8	29.1	8	31.5	29.1
<b>Number of:</b>							
Employees (full-time equivalent) (7)	8,336	57,568	58,136	49,232			
Automated banking machines (8)	(24)	4,545	4,636	4,569			
Service delivery units:							
Canada	(16)	1,317	1,322	1,333			
International (9)	418	724	720	306			

(1) Taxable equivalent basis.

(2) Cash net income, cash return on common equity and cash diluted earnings per share are computed by adding back to net income the after-tax amount of amortization for goodwill and other intangibles.

(3) Economic Profit is cash operating earnings (i.e., net income available to common shareholders excluding the after-tax impact of special items and amortization of goodwill and other intangibles) less a charge for the cost of common equity.

(4) Using guidelines issued by the Superintendent of Financial Institutions Canada (OSFI) and Canadian GAAP financial information.

(5) Using guidelines issued by the Board of Governors of the Federal Reserve System in the United States and U.S. GAAP financial information.

(6) Intraday high and low share prices.

(7) The number of employees at October 31, 2001 includes 1,042 (1,049 at July 31, 2001) at RBC Liberty Insurance; 3,803 (3,941 at July 31, 2001) at RBC Dain Rauscher; 3,234 (3,430 at July 31, 2001) at RBC Centura; and 286 at Perpetual Fund Services. The employees of Tucker Anthony Sutro Corporation (2,311 at October 31, 2001) will be included in the total commencing first quarter 2002.

(8) Includes 256 automated banking machines for RBC Centura.

(9) International service delivery units include branches, specialized business centres, representative offices and agencies. The number at October 31, 2001, includes 103 units for RBC Dain Rauscher, 240 units for RBC Centura and 264 units for RBC Prism (191 at October 31, 2000).

## Consolidated Balance Sheet (unaudited)

(\$ millions)

	October 31, 2001	July 31, 2001	October 31, 2000
<b>Assets</b>			
<b>Cash resources</b>			
Cash and due from banks	\$ 1,792	\$ 2,157	\$ 947
Interest-bearing deposits with other banks	15,724	15,576	15,461
	17,516	17,733	16,408
<b>Securities</b>			
Trading account	58,413	56,047	48,827
Available for sale	22,687	21,904	13,936
Held to maturity	-	-	698
	81,100	77,951	63,461
<b>Assets purchased under reverse repurchase agreements</b>	35,870	25,101	18,303
<b>Loans</b>			
Residential mortgage	67,444	66,499	62,984
Personal	32,511	32,264	28,019
Credit card	4,283	4,128	4,666
Business and government loans and acceptances	76,862	74,732	72,143
	181,100	177,623	167,812
Allowance for loan losses	(2,278)	(2,173)	(1,871)
	178,822	175,450	165,941
<b>Other</b>			
Derivative-related amounts	28,642	19,710	19,334
Premises and equipment	1,598	1,473	1,216
Goodwill	4,952	4,153	693
Other intangibles	619	600	208
Other assets	13,364	12,731	8,490
	49,175	38,667	29,941
	\$ 362,483	\$ 334,902	\$ 294,054
<b>Liabilities and shareholders' equity</b>			
<b>Deposits</b>			
Canada			
Non-interest-bearing	\$ 22,397	\$ 22,481	\$ 22,011
Interest-bearing	118,161	115,614	116,113
International			
Non-interest-bearing	2,461	2,510	863
Interest-bearing	92,668	84,716	67,250
	235,687	225,321	206,237
<b>Other</b>			
Acceptances	9,923	9,621	11,628
Obligations related to securities sold short	16,037	14,895	12,873
Obligations related to assets sold under repurchase agreements	20,864	14,010	9,005
Derivative-related amounts	29,448	19,644	18,574
Other liabilities	24,178	24,939	15,912
	100,450	83,109	67,992
<b>Subordinated debentures</b>	6,662	6,457	5,825
<b>Non-controlling interest in subsidiaries</b>	1,479	1,453	703
<b>Shareholders' equity</b>			
Capital stock			
Preferred	1,990	2,254	2,001
Common (shares issued and outstanding - 674,020,927; 683,312,319 and 602,397,936)	6,959	7,041	3,074
Retained earnings	9,311	9,259	8,314
Accumulated other comprehensive income	(55)	8	(92)
	18,205	18,562	13,297
	\$ 362,483	\$ 334,902	\$ 294,054

## Consolidated Statement of Income (unaudited)

(C\$ millions)

	For the three months ended			For the year ended	
	October 31, 2001	July 31, 2001	October 31, 2000	October 31, 2001	October 31, 2000
<b>Interest income</b>					
Loans	\$ 2,879	\$ 2,976	\$ 3,124	\$ 12,032	\$ 11,538
Trading account securities	536	549	427	2,143	1,519
Available for sale and held to maturity securities	309	293	280	1,138	1,150
Assets purchased under reverse repurchase agreements	245	284	277	1,163	1,078
Deposits with banks	204	201	223	831	824
	4,173	4,303	4,331	17,307	16,109
<b>Interest expense</b>					
Deposits	1,894	2,077	2,514	8,712	9,057
Other liabilities	420	416	345	1,693	1,429
Subordinated debentures	99	103	97	405	344
	2,413	2,596	2,956	10,810	10,830
<b>Net interest income</b>	1,760	1,707	1,375	6,497	5,279
<b>Provision for credit losses</b>	425	236	174	1,119	691
<b>Net interest income after provision for credit losses</b>	1,335	1,471	1,201	5,378	4,588
<b>Non-interest revenue</b>					
Capital market fees	460	473	513	1,870	1,810
Trading revenues	388	407	355	1,820	1,540
Deposit and payment service charges	250	232	206	887	756
Investment management and custodial fees	228	229	177	895	684
Mutual fund revenues	134	140	138	546	528
Card service revenues	68	74	92	290	420
Credit fees	59	60	54	237	212
Insurance revenues	78	67	41	263	151
Foreign exchange revenue, other than trading	79	77	83	300	299
Securitization revenues	49	38	15	125	104
Gain (loss) on sale of securities	(36)	4	(22)	(128)	(11)
Gain from divestitures	313	-	-	445	-
Other	195	162	68	605	187
	2,265	1,963	1,720	8,155	6,680
<b>Non-interest expenses</b>					
Human resources	1,507	1,527	1,208	5,696	4,695
Occupancy	201	174	146	716	570
Equipment	187	212	177	713	664
Communications	179	176	197	679	695
Professional fees	117	136	89	411	267
Amortization of goodwill and other intangibles	124	82	27	288	91
Other	321	291	178	1,138	646
	2,636	2,598	2,022	9,641	7,628
<b>Net income before income taxes</b>	964	836	899	3,892	3,640
Income taxes	256	372	317	1,350	1,412
<b>Net income before non-controlling interest</b>	708	464	582	2,542	2,228
Non-controlling interest in net income of subsidiaries	28	28	14	107	20
<b>Net income</b>	<b>\$ 680</b>	<b>\$ 436</b>	<b>\$ 568</b>	<b>\$ 2,435</b>	<b>\$ 2,208</b>
Preferred share dividends	31	37	34	135	134
Net income available to common shareholders	\$ 649	\$ 399	\$ 534	\$ 2,300	\$ 2,074
Average number of common shares (in thousands)	681,758	658,296	602,108	641,516	606,389
<b>Earnings per share</b> (in dollars)	<b>\$0.95</b>	<b>\$0.60</b>	<b>\$0.89</b>	<b>\$3.58</b>	<b>\$3.42</b>
Average number of diluted common shares (in thousands)	687,334	663,996	606,710	647,216	609,865
<b>Diluted earnings per share</b> (in dollars)	<b>\$0.94</b>	<b>\$0.60</b>	<b>\$0.88</b>	<b>\$3.55</b>	<b>\$3.40</b>

## Consolidated Statement of Changes in Shareholders' Equity (unaudited)

(C\$ millions)

	For the three months ended			For the year ended	
	October 31, 2001	July 31, 2001	October 31, 2000	October 31, 2001	October 31, 2000
<b>Preferred shares</b>					
Balance at beginning of period	\$ 2,254	\$ 2,009	\$ 1,982	\$ 2,001	\$ 1,973
Issued	-	250	-	250	-
Redeemed for cancellation	(295)	-	-	(295)	-
Issuance costs, net of related income taxes	-	(3)	-	(3)	-
Translation adjustment on shares denominated in foreign currency	31	(2)	19	37	28
Balance at end of period	1,990	2,254	2,001	1,990	2,001
<b>Common shares</b>					
Balance at beginning of period	7,041	3,717	3,053	3,074	3,063
Shares issued and options granted on acquisition of a subsidiary	18	3,338	21	4,009	109
Issuance costs, net of related income taxes	-	(2)	-	(12)	-
Purchased for cancellation	(100)	(12)	-	(112)	(98)
Balance at end of period	6,959	7,041	3,074	6,959	3,074
<b>Retained earnings</b>					
Balance at beginning of period	9,259	9,156	7,961	8,314	7,495
Net income	680	436	568	2,435	2,208
Preferred share dividends	(31)	(37)	(34)	(135)	(134)
Common share dividends	(244)	(246)	(181)	(897)	(689)
Premium paid on common shares purchased for cancellation	(348)	(49)	-	(397)	(562)
Issuance costs, net of related income taxes	(5)	(1)	-	(9)	(4)
Balance at end of period	9,311	9,259	8,314	9,311	8,314
<b>Accumulated other comprehensive income, net of related income taxes</b>					
Unrealized gains and losses on available for sale securities	190	110	(56)	190	(56)
Unrealized foreign currency translation gains and losses net of hedging activities	(38)	(47)	(36)	(38)	(36)
Gains and losses on derivatives designated as cash flow hedges	(190)	(55)	-	(190)	-
Additional pension obligation	(17)	-	-	(17)	-
	(55)	8	(92)	(55)	(92)
<b>Shareholders' equity at end of period</b>	<b>\$ 18,205</b>	<b>\$ 18,562</b>	<b>\$ 13,297</b>	<b>\$ 18,205</b>	<b>\$ 13,297</b>
<b>Other comprehensive income, net of related income taxes</b>					
Net income	\$ 680	\$ 436	\$ 568	\$ 2,435	\$ 2,208
Change in unrealized gains and losses on available for sale securities	80	72	9	246	29
Change in unrealized foreign currency translation gains and losses, net of hedging activities	9	(4)	1	(2)	2
Cumulative effect of initial adoption of FAS 133	-	-	-	60	-
Change in gains and losses on derivatives designated as cash flow hedges	(142)	(24)	-	(250)	-
Reclassification to earnings of gains and losses on cash flow hedges	7	(1)	-	-	-
Additional pension obligation	(17)	-	-	(17)	-
<b>Total other comprehensive income</b>	<b>\$ 617</b>	<b>\$ 479</b>	<b>\$ 578</b>	<b>\$ 2,472</b>	<b>\$ 2,239</b>

## Results by Business and Geographic Segments

## a) Quarterly Earnings by Business Segment (1)

(C\$ millions)

	PERSONAL & COMMERCIAL BANKING			INSURANCE			WEALTH MANAGEMENT		
	Q4	Q3	Q4	Q4	Q3	Q4	Q4	Q3	Q4
	01	01	00	01	01	00	01	01	00
Net interest income on taxable equivalent basis	1,440	1,386	1,252	55	54	23	91	105	101
Non-interest revenue	484	460	408	93	87	44	974	698	553
Gross revenues on taxable equivalent basis	1,924	1,846	1,660	148	141	67	1,065	803	654
Taxable equivalent adjustment	1	3	1	-	-	-	-	-	-
Gross revenues	1,923	1,843	1,659	148	141	67	1,065	803	654
Provision for credit losses	171	175	157	-	-	-	(1)	1	(1)
Non-interest expenses	1,131	1,201	949	103	103	50	722	705	500
Income taxes (2)	272	229	231	2	(9)	(8)	86	41	54
<b>Net income</b>	<b>349</b>	<b>238</b>	<b>322</b>	<b>43</b>	<b>47</b>	<b>25</b>	<b>258</b>	<b>56</b>	<b>101</b>
Net income as a % of total	51	55	57	6	11	4	38	13	18
Return on common equity (%)	15.2	11.5	23.3	18.6	20.2	34.5	49.1	10.1	46.7
Average assets (\$ bn)	155.6	147.9	133.5	7.3	6.9	2.5	11.8	12.4	7.8
Average loans (\$ bn)	143.9	138.1	129.2	0.4	0.4	-	4.0	4.1	2.7
Average deposits (\$ bn)	121.1	115.2	101.7	-	-	-	15.9	16.0	14.6
Average common equity (\$ bn)	8.7	7.6	5.2	0.9	0.9	0.3	2.1	2.0	0.8

	CORPORATE & INVESTMENT BANKING			TRANSACTION PROCESSING			TOTAL (3)		
	Q4	Q3	Q4	Q4	Q3	Q4	Q4	Q3	Q4
	01	01	00	01	01	00	01	01	00
Net interest income on taxable equivalent basis	158	127	(21)	40	35	38	1,772	1,715	1,381
Non-interest revenue	506	565	591	145	143	135	2,265	1,963	1,720
Gross revenues on taxable equivalent basis	664	692	570	185	178	173	4,037	3,678	3,101
Taxable equivalent adjustment	7	5	5	-	-	-	12	8	6
Gross revenues	657	687	565	185	178	173	4,025	3,670	3,095
Provision for credit losses	259	68	22	-	-	(4)	425	236	174
Non-interest expenses	455	435	375	129	120	126	2,636	2,598	2,022
Income taxes (2)	(43)	84	56	23	21	22	284	400	331
<b>Net income</b>	<b>(14)</b>	<b>100</b>	<b>112</b>	<b>33</b>	<b>37</b>	<b>29</b>	<b>680</b>	<b>436</b>	<b>568</b>
Net income as a % of total	(2)	23	20	5	8	5	100	100	100
Return on common equity (%)	(2.4)	10.3	17.6	27.1	29.5	28.2	15.7	10.8	19.2
Average assets (\$ bn)	161.9	164.1	137.6	2.5	2.5	1.8	346.3	344.1	294.4
Average loans (\$ bn)	30.2	29.3	31.8	2.1	2.1	1.3	178.0	174.0	164.9
Average deposits (\$ bn)	74.4	72.4	65.9	8.2	7.9	7.5	232.9	224.3	204.4
Average common equity (\$ bn)	3.5	3.5	2.4	0.5	0.5	0.4	16.4	14.6	11.1

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust), and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners, and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Treasury, Management & Trade, Correspondent Banking and Broker Dealers.

(2) Includes non-controlling interest.

(3) The difference between the total and the business segments presented represents other activities, which mainly comprise Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

## b) Quarterly Earnings by Geographic Segment

(C\$ millions)

	Q4/01			Q3/01			Q4/00		
	Canada	Int'l	Total	Canada	Int'l	Total	Canada	Int'l	Total
Net interest income on taxable equivalent basis	\$ 1,374	\$ 398	\$ 1,772	\$ 1,354	\$ 361	\$ 1,715	\$ 1,281	\$ 100	\$ 1,381
Non-interest revenue	1,409	856	2,265	1,213	750	1,963	1,333	387	1,720
Gross revenues on taxable equivalent basis	2,783	1,254	4,037	2,567	1,111	3,678	2,614	487	3,101
Taxable equivalent adjustment	8	4	12	6	2	8	6	-	6
Gross revenues	2,775	1,250	4,025	2,561	1,109	3,670	2,608	487	3,095
Provision for credit losses	168	257	425	174	62	236	203	(29)	174
Non-interest expenses	1,529	1,107	2,636	1,598	1,000	2,598	1,676	346	2,022
Income taxes (1)	359	(75)	284	411	(11)	400	340	(9)	331
<b>Net income</b>	<b>\$ 719</b>	<b>\$ (39)</b>	<b>\$ 680</b>	<b>\$ 378</b>	<b>\$ 58</b>	<b>\$ 436</b>	<b>\$ 389</b>	<b>\$ 179</b>	<b>\$ 568</b>

(1) Includes non-controlling interest.

## c) Full Year Earnings by Business Segment (1)

*(C\$ millions)*

	PERSONAL & COMMERCIAL BANKING		INSURANCE		WEALTH MANAGEMENT	
	2001	2000	2001	2000	2001	2000
Net interest income on taxable equivalent basis	5,347	4,705	206	84	384	359
Non-interest revenue	1,839	1,566	336	163	3,040	2,138
Gross revenues on taxable equivalent basis	7,186	6,271	542	247	3,424	2,497
Tax equivalent adjustment	6	6	-	-	-	-
Gross revenues	7,180	6,265	542	247	3,424	2,497
Provision for credit losses	732	649	-	-	2	(1)
Non-interest expenses	4,216	3,684	375	173	2,691	1,846
Income taxes (2)	936	817	(6)	(29)	223	239
<b>Net income</b>	<b>1,296</b>	<b>1,115</b>	<b>173</b>	<b>103</b>	<b>508</b>	<b>413</b>
Net income as a % of total	53	50	7	5	21	19
Return on common equity (%)	18.5	20.5	20.0	38.6	27.0	47.8
Average assets (\$ bn)	143.0	129.7	6.3	2.2	11.3	8.0
Average loans (\$ bn)	135.4	125.7	0.3	-	4.0	2.6
Average deposits (\$ bn)	111.4	98.9	-	-	15.6	14.4
Average common equity (\$ bn)	6.7	5.1	0.8	0.3	1.8	0.8

	CORPORATE & INVESTMENT BANKING		TRANSACTION PROCESSING		TOTAL (3)	
	2001	2000	2001	2000	2001	2000
Net interest income on taxable equivalent basis	429	43	150	160	6,529	5,307
Non-interest revenue	2,352	2,287	563	514	8,155	6,680
Gross revenues on taxable equivalent basis	2,781	2,330	713	674	14,684	11,987
Tax equivalent adjustment	21	22	-	-	32	28
Gross revenues	2,760	2,308	713	674	14,652	11,959
Provision for credit losses	407	91	(2)	(21)	1,119	691
Non-interest expenses	1,804	1,456	476	459	9,641	7,628
Income taxes (2)	200	259	95	102	1,457	1,432
<b>Net income</b>	<b>349</b>	<b>502</b>	<b>144</b>	<b>134</b>	<b>2,435</b>	<b>2,208</b>
Net income as a % of total	14	23	6	6	100	100
Return on common equity (%)	9.6	20.8	29.4	32.2	16.6	19.3
Average assets (\$ bn)	159.5	131.9	2.4	1.6	331.6	284.1
Average loans (\$ bn)	30.7	31.4	2.0	1.2	172.1	160.0
Average deposits (\$ bn)	73.6	61.9	7.7	7.6	221.4	196.1
Average common equity (\$ bn)	3.3	2.3	0.5	0.4	13.9	10.7

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust), and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners, and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Treasury, Management & Trade, Correspondent Banking and Broker Dealers.

(2) Includes non-controlling interest.

(3) The difference between the total and the business segments presented represents other activities, which mainly comprise Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

## d) Full Year Earnings by Geographic Segment

*(C\$ millions)*

	For the year ended October 31, 2001			For the year ended October 31, 2000		
	Canada	Int'l	Total	Canada	Int'l	Total
Net interest income on taxable equivalent basis	\$ 5,324	\$ 1,205	\$ 6,529	\$ 4,796	\$ 511	\$ 5,307
Non-interest revenue	5,210	2,945	8,155	5,277	1,403	6,680
Gross revenues on taxable equivalent basis	10,534	4,150	14,684	10,073	1,914	11,987
Table equivalent adjustment	26	6	32	28	-	28
Gross revenues	10,508	4,144	14,652	10,045	1,914	11,959
Provision for credit losses	757	362	1,119	703	(12)	691
Non-interest expenses	6,355	3,286	9,641	6,470	1,158	7,628
Income taxes (1)	1,424	33	1,457	1,326	106	1,432
<b>Net income</b>	<b>\$ 1,972</b>	<b>\$ 463</b>	<b>\$ 2,435</b>	<b>\$ 1,546</b>	<b>\$ 662</b>	<b>\$ 2,208</b>

(1) Includes non-controlling interest.

## Credit Related Information (unaudited)

(C\$ millions)

Nonaccrual loans	October 31	July 31	April 30	January 31	October 31
	2001	2001	2001	2001	2000
<b>Nonaccrual loans</b>					
Residential mortgage	\$ 179	\$ 162	\$ 179	\$ 180	\$ 199
Personal	325	325	294	291	247
Business and government	1,961	1,706	1,515	1,265	1,232
	<b>\$ 2,465</b>	<b>\$ 2,193</b>	<b>\$ 1,988</b>	<b>\$ 1,736</b>	<b>\$ 1,678</b>
<b>Nonaccrual loans as a % of related loans (including acceptances)</b>					
Residential mortgage	0.27%	0.24%	0.28%	0.28%	0.32%
Personal	1.00%	1.01%	0.99%	0.95%	0.88%
Business and government loans	2.55%	2.28%	2.17%	1.81%	1.71%
<b>Total</b>	<b>1.36%</b>	<b>1.23%</b>	<b>1.18%</b>	<b>1.03%</b>	<b>1.00%</b>

(C\$ millions)

Allowance for credit losses	For the three months ended			For the year ended	
	October 31	July 31	October 31	October 31	October 31
	2001	2001	2000	2001	2000
<b>Allowance at beginning of period</b>	\$ 2,283	\$ 2,061	\$ 1,970	\$ 1,975	\$ 1,900
<b>Provision for credit losses</b>	425	236	174	1,119	691
<b>Charge-offs</b>					
Residential mortgage	(14)	(4)	(3)	(24)	(11)
Personal	(102)	(105)	(114)	(401)	(372)
Credit card	(39)	(44)	(46)	(171)	(150)
Business and government	(248)	(71)	(106)	(529)	(306)
	<b>(403)</b>	<b>(224)</b>	<b>(269)</b>	<b>(1,125)</b>	<b>(839)</b>
<b>Recoveries</b>					
Personal	20	18	16	67	44
Credit card	14	11	25	44	48
Business and government	20	13	28	74	70
	<b>54</b>	<b>42</b>	<b>69</b>	<b>185</b>	<b>162</b>
<b>Net charge-offs</b>	<b>(349)</b>	<b>(182)</b>	<b>(200)</b>	<b>(940)</b>	<b>(677)</b>
<b>Centura Banks at date of acquisition</b>	-	157	-	157	-
<b>Adjustments</b>	33	11	31	81	61
<b>Allowance at end of period</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Net charge-offs (excluding LDCs) as a % of average loans</b>	0.78%	0.42%	0.48%	0.55%	0.42%
<b>Net charge-offs as a % of average loans</b>	0.78%	0.42%	0.48%	0.55%	0.42%
<b>Allocation of allowance</b>					
Residential mortgage	\$ 49	\$ 50	\$ 57	\$ 49	\$ 57
Personal	480	440	403	480	403
Credit card	152	126	88	152	88
Business and government	1,486	1,335	1,090	1,486	1,090
Allocated allowance	2,167	1,951	1,638	2,167	1,638
Unallocated allowance	225	332	337	225	337
<b>Total</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Composition of allowance</b>					
Allocated specific	\$ 951	\$ 850	\$ 747	\$ 951	\$ 747
Allocated country risk	31	29	28	31	28
Allocated general	1,185	1,072	863	1,185	863
<b>Total allocated allowance</b>	<b>2,167</b>	<b>1,951</b>	<b>1,638</b>	<b>2,167</b>	<b>1,638</b>
Unallocated allowance	225	332	337	225	337
	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Consisting of:</b>					
Allowance for loan losses	\$ 2,278	\$ 2,173	\$ 1,871	\$ 2,278	\$ 1,871
Allowance for off-balance sheet and other items (1)	109	104	98	109	98
Allowance for tax-exempt securities	5	6	6	5	6
<b>Total</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Allowance for loan losses as a % of loans (including acceptances)</b>	1.3%	1.2%	1.1%	1.3%	1.1%
<b>Allowance for loan losses as a % of loans (including acceptances) and reverse repurchase agreements</b>	1.0%	1.1%	1.0%	1.0%	1.0%
<b>Allowance for loan losses as a % of nonaccrual loans (coverage ratio), excluding LDCs</b>	93%	99%	112%	93%	112%

(1) Commencing in 2000, the allowance for off-balance sheet and other items was separated and reported under Other liabilities. Previously, the amount was included in the allowance for loan losses.

## Selected Financial Highlights (unaudited)

(\$ millions, except per share and percentage amounts)

	Change from October 31 2000	As at and for the three months ended			Change from October 31 2000	For the year ended	
		October 31 2001	July 31 2001	October 31 2000		October 31 2001	October 31 2000
<b>Earnings</b>							
Net interest income (1)	29 %	\$ 1,784	\$ 1,719	\$ 1,381	23 %	\$ 6,549	\$ 5,307
Other income	29	2,255	2,008	1,753	22	8,215	6,732
Gross revenues (1)	29	4,039	3,727	3,134	23	14,764	12,039
Provision for credit losses	144	425	236	174	62	1,119	691
Non-interest expenses	32	2,668	2,638	2,020	29	9,755	7,581
Net income	10	656	492	595	6	2,411	2,274
Cash net income (2)	25	778	573	620	14	2,693	2,358
Return on common equity	(480) bp	15.2%	12.5%	20.0%	(340) bp	16.4%	19.8%
Cash return on common equity (2)	(280) bp	18.1%	14.7%	20.9%	(210) bp	18.5%	20.6%
Economic Profit (3)	(103) %	\$ (7)	\$ 167	\$ 207	(29) %	\$ 539	\$ 764
<b>Balance sheet and off-balance sheet data</b>							
Loans	19 %	\$ 204,980	\$ 191,126	\$ 172,647			
Assets	24	359,260	329,974	289,740			
Deposits	15	233,447	222,291	202,896			
Common equity	40	16,141	16,181	11,504			
Assets under administration	14	1,337,700	1,271,800	1,175,200			
Assets under management	14	104,800	110,500	92,300			
<b>Capital ratios (4)</b>							
Common equity to risk-adjusted assets	210 bp	9.4%	9.5%	7.3%			
Tier 1 capital	10 bp	8.7%	9.3%	8.6%			
Total capital	(20) bp	11.8%	12.3%	12.0%			
<b>Common share information</b>							
Shares outstanding (in thousands)							
End of period	12 %	674,021	683,312	602,398	12 %	674,021	602,398
Average basic	13	681,758	658,296	602,108	6	641,516	606,389
Average diluted	13	687,334	663,996	606,710	6	647,216	609,865
Earnings per share							
Basic	(1)	\$ 0.92	\$ 0.69	\$ 0.93	1	\$ 3.55	\$ 3.53
Diluted	(2)	0.91	0.68	0.93	0	3.52	3.51
Cash, diluted (2)	12	1.09	0.81	0.97	8	3.95	3.65
Share price							
High (5)	9	\$ 53.25	\$ 51.50	\$ 48.88	9	\$ 53.25	\$ 48.88
Low (5)	6	41.60	42.80	39.17	53	41.60	27.25
Close	(3)	46.80	50.96	48.30	(3)	46.80	48.30
Dividends per share	20	0.36	0.36	0.30	21	1.38	1.14
Book value per share – period end	25	23.95	23.68	19.10	25	23.95	19.10
Market capitalization (\$ billions)	8	31.5	34.8	29.1	8	31.5	29.1
<b>Number of:</b>							
Employees (full-time equivalent) (6)	8,336	57,568	58,136	49,232			
Automated banking machines (7)	(24)	4,545	4,636	4,569			
Service delivery units							
Canada	(16)	1,317	1,322	1,333			
International (8)	418	724	720	306			

(1) Taxable equivalent basis.

(2) Cash net income, cash return on common equity and cash diluted earnings per share are computed by adding back to net income the after-tax amount of amortization for goodwill and other intangibles.

(3) Economic Profit is cash operating earnings (i.e., net income available to common shareholders excluding the after-tax impact of one-time items and amortization of goodwill and other intangibles) less a charge for the cost of common equity.

(4) Using guidelines issued by the Superintendent of Financial Institutions Canada (OSFI) and Canadian GAAP financial information.

(5) Intraday high and low share prices.

(6) The number of employees at October 31, 2001 includes 1,042 (1,049 at July 31, 2001) at RBC Liberty Insurance; 3,803 (3,941 at July 31, 2001) at RBC Dain Rauscher; 3,234 (3,430 at July 31, 2001) at RBC Centura; and 286 at Perpetual Fund Services. The employees of Tucker Anthony Sutro Corporation (2,311 at October 31, 2001) will be included in the total commencing first quarter 2002.

(7) Includes 256 automated banking machines for RBC Centura.

(8) International service delivery units include branches, specialized business centres, representative offices and agencies. The number at October 31, 2001, includes 103 units for RBC Dain Rauscher, 240 units for RBC Centura and 264 units for RBC Prism (191 at October 31, 2000).

## Consolidated Balance Sheet (unaudited)

(\$ millions)

	October 31, 2001	July 31, 2001	October 31, 2000
<b>Assets</b>			
<b>Cash resources</b>			
Cash and deposits with banks	\$ 1,792	\$ 2,157	\$ 947
Interest-bearing deposits with other banks	15,743	15,610	15,461
	17,535	17,767	16,408
<b>Securities</b>			
Trading account	58,192	54,145	45,477
Investment account	21,877	21,200	14,266
Loan substitute	438	457	465
	80,507	75,802	60,208
<b>Loans</b>			
Residential mortgage	67,442	66,497	62,984
Personal	32,511	32,264	28,019
Credit card	4,283	4,128	4,666
Business and government	67,152	65,309	60,546
Assets purchased under reverse repurchase agreements	35,870	25,101	18,303
	207,258	193,299	174,518
Allowance for loan losses	(2,278)	(2,173)	(1,871)
	204,980	191,126	172,647
<b>Other</b>			
Derivative-related amounts	27,240	18,713	19,155
Customers' liability under acceptances	9,923	9,621	11,628
Premises and equipment	1,602	1,477	1,249
Goodwill	4,919	4,174	648
Other intangibles	619	600	208
Other assets	11,935	10,694	7,589
	56,238	45,279	40,477
	\$ 359,260	\$ 329,974	\$ 289,740
<b>Liabilities and shareholders' equity</b>			
<b>Deposits</b>			
Personal	\$ 101,381	\$ 98,970	\$ 89,632
Business and government	107,141	100,728	93,618
Banks	24,925	22,593	19,646
	233,447	222,291	202,896
<b>Other</b>			
Acceptances	9,923	9,621	11,628
Obligations related to securities sold short	16,443	15,073	13,419
Obligations related to assets sold under repurchase agreements	20,864	14,010	9,005
Derivative-related amounts	28,646	19,286	18,574
Other liabilities	23,979	23,470	14,149
	99,855	81,460	66,775
<b>Subordinated debentures</b>	6,314	6,296	5,825
<b>Non-controlling interest in subsidiaries</b>	1,479	1,453	703
<b>Shareholders' equity</b>			
Capital stock			
Preferred	2,024	2,293	2,037
Common (shares issued and outstanding - 674,020,927; 683,312,319 and 602,397,936)	6,973	7,055	3,076
Retained earnings	9,168	9,126	8,428
	18,165	18,474	13,541
	\$ 359,260	\$ 329,974	\$ 289,740

## Consolidated Statement of Income (unaudited)

(\$ millions)

	For the three months ended			For the year ended	
	October 31, 2001	July 31, 2001	October 31, 2000	October 31, 2001	October 31, 2000
<b>Interest income</b>					
Loans	\$ 3,124	\$ 3,260	\$ 3,401	\$ 13,195	\$ 12,616
Securities	845	842	707	3,281	2,669
Deposits with banks	204	201	223	831	824
	4,173	4,303	4,331	17,307	16,109
<b>Interest expense</b>					
Deposits	1,894	2,077	2,514	8,712	9,057
Other liabilities	408	412	345	1,673	1,429
Subordinated debentures	99	103	97	405	344
	2,401	2,592	2,956	10,790	10,830
<b>Net interest income</b>	1,772	1,711	1,375	6,517	5,279
<b>Other income</b>					
Capital market fees	460	473	513	1,870	1,810
Trading revenues	388	407	355	1,820	1,540
Deposit and payment service charges	250	232	206	887	756
Investment management and custodial fees	228	229	177	895	684
Mutual fund revenues	134	140	138	546	528
Card service revenues	116	125	92	458	420
Credit fees	59	60	54	237	212
Insurance revenues	39	69	71	201	191
Foreign exchange revenue, other than trading	84	80	83	312	299
Securitization revenues	49	38	17	123	115
Gain (loss) on sale of securities	(36)	4	(22)	(128)	(11)
Gain from divestitures	313	-	-	445	-
Other	171	151	69	549	188
	2,255	2,008	1,753	8,215	6,732
<b>Gross revenues</b>	4,027	3,719	3,128	14,732	12,011
<b>Provision for credit losses</b>	425	236	174	1,119	691
	3,602	3,483	2,954	13,613	11,320
<b>Non-interest expenses</b>					
Human resources	1,515	1,538	1,206	5,723	4,651
Occupancy	207	174	146	724	570
Equipment	212	217	178	771	665
Communications	181	178	197	686	695
Professional fees	117	137	89	412	267
Amortization of goodwill and other intangibles	123	81	26	284	87
Other	313	313	178	1,155	646
	2,668	2,638	2,020	9,755	7,581
<b>Net income before income taxes</b>	934	845	934	3,858	3,739
Income taxes	250	325	325	1,340	1,445
<b>Net income before non-controlling interest</b>	684	520	609	2,518	2,294
Non-controlling interest in net income of subsidiaries	28	28	14	107	20
<b>Net income</b>	<b>\$ 656</b>	<b>\$ 492</b>	<b>\$ 595</b>	<b>\$ 2,411</b>	<b>\$ 2,274</b>
Preferred share dividends	31	37	34	135	134
Net income available to common shareholders	\$ 625	\$ 455	\$ 561	\$ 2,276	\$ 2,140
Average number of common shares (in thousands)	681,758	658,296	602,108	641,516	606,389
<b>Earnings per share</b> (in dollars)	<b>\$0.92</b>	<b>\$0.69</b>	<b>\$0.93</b>	<b>\$3.55</b>	<b>\$3.53</b>
Average number of diluted common shares (in thousands)	687,334	663,996	606,710	647,216	609,865
<b>Diluted earnings per share</b> (in dollars)	<b>\$0.91</b>	<b>\$0.68</b>	<b>\$0.93</b>	<b>\$3.52</b>	<b>\$3.51</b>

## Consolidated Statement of Changes in Shareholders' Equity (unaudited)

(\$ millions)

	For the three months ended			For the year ended	
	October 31, 2001	July 31, 2001	October 31, 2000	October 31, 2001	October 31, 2000
<b>Preferred shares</b>					
Balance at beginning of period	\$ 2,293	\$ 2,045	\$ 2,018	\$ 2,037	\$ 2,009
Issued	-	250	-	250	-
Redeemed for cancellation	(300)	-	-	(300)	-
Translation adjustment on shares denominated in foreign currency	31	(2)	19	37	28
Balance at end of period	2,024	2,293	2,037	2,024	2,037
<b>Common shares</b>					
Balance at beginning of period	7,055	3,729	3,055	3,076	3,065
Shares issued and options granted on acquisition of a subsidiary	18	3,338	21	4,009	109
Purchased for cancellation	(100)	(12)	-	(112)	(98)
Balance at end of period	6,973	7,055	3,076	6,973	3,076
<b>Retained earnings</b>					
Balance at beginning of period	9,126	8,976	8,047	8,428	7,541
Net income	656	492	595	2,411	2,274
Preferred share dividends	(31)	(37)	(34)	(135)	(134)
Common share dividends	(244)	(246)	(181)	(897)	(689)
Cumulative effect of initial adoption of <i>Employee Future Benefits</i> accounting standard, net of related income taxes	-	-	-	(221)	-
Premium paid on common shares purchased for cancellation	(348)	(49)	-	(397)	(562)
Issuance costs, net of related income taxes	-	(6)	-	(19)	(4)
Unrealized foreign currency translation gains and losses, net of hedging activities and related income taxes	9	(4)	1	(2)	2
Balance at end of period	9,168	9,126	8,428	9,168	8,428
<b>Shareholders' equity at end of period</b>	<b>\$ 18,165</b>	<b>\$ 18,474</b>	<b>\$ 13,541</b>	<b>\$ 18,165</b>	<b>\$ 13,541</b>

## Results by Business and Geographic Segments

## a) Quarterly Earnings by Business Segment (1)

(\$ millions)

	PERSONAL & COMMERCIAL BANKING			INSURANCE			WEALTH MANAGEMENT		
	Q4 01	Q3 01	Q4 00	Q4 01	Q3 01	Q4 00	Q4 01	Q3 01	Q4 00
Net interest income on taxable equivalent basis	1,440	1,386	1,252	55	54	23	92	105	101
Other income	522	506	409	54	88	73	975	699	553
Gross revenues on taxable equivalent basis	1,962	1,892	1,661	109	142	96	1,067	804	654
Tax equivalent adjustment	1	3	1	-	-	-	-	-	-
Gross revenues	1,961	1,889	1,660	109	142	96	1,067	804	654
Provision for credit losses	171	175	157	-	-	-	(1)	1	(1)
Non-interest expenses	1,164	1,240	949	101	105	50	722	704	499
Income taxes (2)	280	204	232	(12)	(4)	(4)	86	41	55
<b>Net income</b>	<b>346</b>	<b>270</b>	<b>322</b>	<b>20</b>	<b>41</b>	<b>50</b>	<b>260</b>	<b>58</b>	<b>101</b>
Net income as a % of total	53	55	55	3	8	8	40	12	17
Return on common equity (%)	15.1	13.1	23.3	8.2	17.1	67.0	49.4	10.4	46.7
Average assets (\$ bn)	155.6	147.9	133.4	6.0	5.7	2.5	11.8	12.4	7.8
Average loans and bankers' acceptances (\$ bn)	142.3	137.9	129.2	0.4	0.4	-	4.0	4.1	2.7
Average deposits (\$ bn)	121.1	115.2	101.7	-	-	-	15.9	16.0	14.6
Average common equity (\$ bn)	8.7	7.6	5.2	0.9	0.9	0.3	2.1	2.0	0.8

	CORPORATE & INVESTMENT BANKING			TRANSACTION PROCESSING			TOTAL (3)		
	Q4 01	Q3 01	Q4 00	Q4 01	Q3 01	Q4 00	Q4 01	Q3 01	Q4 00
Net interest income on taxable equivalent basis	158	127	(21)	40	35	38	1,784	1,719	1,381
Other income	508	566	591	145	143	135	2,255	2,008	1,753
Gross revenues on taxable equivalent basis	666	693	570	185	178	173	4,039	3,727	3,134
Tax equivalent adjustment	7	5	5	-	-	-	12	8	6
Gross revenues	659	688	565	185	178	173	4,027	3,719	3,128
Provision for credit losses	259	68	22	-	-	(4)	425	236	174
Non-interest expenses	455	435	373	129	120	126	2,668	2,638	2,020
Income taxes (2)	(42)	85	57	23	21	22	278	353	339
<b>Net income</b>	<b>(13)</b>	<b>100</b>	<b>113</b>	<b>33</b>	<b>37</b>	<b>29</b>	<b>656</b>	<b>492</b>	<b>595</b>
Net income as a % of total	(2)	20	19	5	8	5	100	100	100
Return on common equity (%)	(2.2)	10.5	17.8	27.1	29.5	28.2	15.2	12.5	20.0
Average assets (\$ bn)	159.1	161.2	137.6	2.5	2.5	1.8	342.2	339.0	291.2
Average loans and bankers' acceptances (\$ bn)	58.0	61.6	53.3	2.1	2.1	1.3	205.3	205.2	184.7
Average deposits (\$ bn)	71.4	69.4	65.9	8.2	7.9	7.5	230.3	221.2	201.0
Average common equity (\$ bn)	3.5	3.5	2.4	0.5	0.5	0.4	16.3	14.5	11.2

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust), and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners, and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Treasury, Management & Trade, Correspondent Banking and Broker Dealers.

(2) Includes non-controlling interest.

(3) The difference between the total and the business segments presented represents other activities, which mainly comprise Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

## b) Quarterly Earnings by Geographic Segment

(\$ millions)

	Q4/01			Q3/01			Q4/00		
	Canada	Int'l	Total	Canada	Int'l	Total	Canada	Int'l	Total
Net interest income on taxable equivalent basis	\$ 1,385	\$ 399	\$ 1,784	\$ 1,358	\$ 361	\$ 1,719	\$ 1,281	\$ 100	\$ 1,381
Other income	1,422	833	2,255	1,253	755	2,008	1,347	406	1,753
Gross revenues on taxable equivalent basis	2,807	1,232	4,039	2,611	1,116	3,727	2,628	506	3,134
Tax equivalent adjustment	8	4	12	6	2	8	6	-	6
Gross revenues	2,799	1,228	4,027	2,605	1,114	3,719	2,622	506	3,128
Provision for credit losses	168	257	425	174	62	236	203	(29)	174
Non-interest expenses	1,563	1,105	2,668	1,636	1,002	2,638	1,674	346	2,020
Income taxes (1)	359	(81)	278	372	(19)	353	348	(9)	339
<b>Net Income</b>	<b>\$ 709</b>	<b>\$ (53)</b>	<b>\$ 656</b>	<b>\$ 423</b>	<b>\$ 69</b>	<b>\$ 492</b>	<b>\$ 397</b>	<b>\$ 198</b>	<b>\$ 595</b>

(1) Includes non-controlling interest.

## c) Full Year Earnings by Business Segment (1)

(\$ millions)

	PERSONAL & COMMERCIAL BANKING		INSURANCE		WEALTH MANAGEMENT	
	2001	2000	2001	2000	2001	2000
Net interest income on taxable equivalent basis	5,346	4,705	206	84	385	359
Other income	1,976	1,567	274	202	3,042	2,138
Gross revenues on taxable equivalent basis	7,322	6,272	480	286	3,427	2,497
Tax equivalent adjustment	6	6	-	-	-	-
Gross revenues	7,316	6,266	480	286	3,427	2,497
Provision for credit losses	732	649	-	-	2	(1)
Non-interest expenses	4,331	3,660	375	173	2,688	1,838
Income taxes (2)	953	828	(28)	(19)	224	244
<b>Net income</b>	<b>1,300</b>	<b>1,129</b>	<b>133</b>	<b>132</b>	<b>513</b>	<b>416</b>
Net income as a % of total	54	50	6	6	21	18
Return on common equity (%)	18.5	20.7	15.0	49.0	27.2	48.2
Average assets (\$ bn)	143.1	129.7	5.3	2.1	11.2	8.0
Average loans and bankers' acceptances (\$ bn)	134.9	125.6	0.3	-	4.0	2.6
Average deposits (\$ bn)	111.4	98.9	-	-	15.6	14.4
Average common equity (\$ bn)	6.7	5.1	0.8	0.3	1.8	0.8

	CORPORATE & INVESTMENT BANKING		TRANSACTION PROCESSING		TOTAL (3)	
	2001	2000	2001	2000	2001	2000
Net interest income on taxable equivalent basis	430	43	150	160	6,549	5,307
Other income	2,346	2,287	563	514	8,215	6,732
Gross revenues on taxable equivalent basis	2,776	2,330	713	674	14,764	12,039
Tax equivalent adjustment	21	22	-	-	32	28
Gross revenues	2,755	2,308	713	674	14,732	12,011
Provision for credit losses	407	91	(2)	(21)	1,119	691
Non-interest expenses	1,804	1,445	476	459	9,755	7,581
Income taxes (2)	208	264	95	102	1,447	1,465
<b>Net income</b>	<b>336</b>	<b>508</b>	<b>144</b>	<b>134</b>	<b>2,411</b>	<b>2,274</b>
Net income as a % of total	14	22	6	6	100	100
Return on common equity (%)	9.3	21.1	29.4	32.2	16.4	19.8
Average assets (\$ bn)	156.4	131.9	2.4	1.6	327.1	281.9
Average loans and bankers' acceptances (\$ bn)	59.6	53.0	2.0	1.2	199.8	179.8
Average deposits (\$ bn)	70.5	61.9	7.7	7.6	218.4	193.8
Average common equity (\$ bn)	3.3	2.3	0.5	0.4	13.8	10.8

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust), and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners, and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Treasury, Management & Trade, Correspondent Banking and Broker Dealers.

(2) Includes non-controlling interest.

(3) The difference between the total and the business segments presented represents other activities, which mainly comprise Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

## d) Full Year Earnings by Geographic Segment

(\$ millions)

	For the year ended October 31, 2001			For the year ended October 31, 2000		
	Canada	Int'l	Total	Canada	Int'l	Total
Net interest income on taxable equivalent basis	\$5,343	\$ 1,206	\$ 6,549	\$ 4,796	\$ 511	\$ 5,307
Other income	5,343	2,872	8,215	5,311	1,421	6,732
Gross revenues on taxable equivalent basis	10,686	4,078	14,764	10,107	1,932	12,039
Taxable equivalent adjustment	26	6	32	28	-	28
Gross revenues	10,660	4,072	14,732	10,079	1,932	12,011
Provision for credit losses	757	362	1,119	703	(12)	691
Non-interest expenses	6,469	3,286	9,755	6,423	1,158	7,581
Income taxes (1)	1,450	(3)	1,447	1,359	106	1,465
<b>Net income</b>	<b>\$1,984</b>	<b>\$ 427</b>	<b>\$ 2,411</b>	<b>\$ 1,594</b>	<b>\$ 680</b>	<b>\$ 2,274</b>

(1) Includes non-controlling interest.

## Reconciliation of Canadian and U.S. Generally Accepted Accounting Principles

(\$ millions)	Three months ended	Year ended	As at October 31, 2001	
	October 31, 2001	October 31, 2001	Shareholders' equity	Assets
	Net income	Net income		
<b>Canadian GAAP</b>	\$656	\$2,411	\$18,165	\$359,260
Derivative instruments and hedging activities (1)	1	(1)	(191)	1,235
Substantively enacted tax rate change (2)	-	(16)	-	-
Reclassification of securities	-	-	199	199
Trade date accounting	-	-	-	(1,464)
Insurance accounting (3)	23	41	19	1,290
Additional pension obligation (5)	-	-	(17)	12
Other	-	-	30	1,951
<b>U.S. GAAP</b>	<b>\$680</b>	<b>\$2,435</b>	<b>\$18,205</b>	<b>\$362,483</b>

(\$ millions)	Three months ended	Year ended	As at October 31, 2000	
	October 31, 2000	October 31, 2000	Shareholders' equity	Assets
	Net income	Net income		
<b>Canadian GAAP</b>	\$595	\$2,274	\$13,541	\$289,740
Substantively enacted tax rate change (2)	-	16	16	16
Reclassification of securities	-	-	(56)	(46)
Trade date accounting	-	-	-	419
Insurance accounting (3)	(25)	(29)	(13)	416
Postretirement benefits other than pensions (4)	(9)	(35)	(163)	123
Pension benefits (4)	(4)	-	(27)	(27)
Other	11	(18)	(1)	3,413
<b>U.S. GAAP</b>	<b>\$568</b>	<b>\$2,208</b>	<b>\$13,297</b>	<b>\$294,054</b>

(\$ millions)	Three months ended	As at July 31, 2001	
	July 31, 2001	Shareholders' equity	Assets
	Net income		
<b>Canadian GAAP</b>	\$492	\$18,474	\$329,974
Derivative instruments and hedging activities (1)	(2)	(58)	591
Substantively enacted tax rate change (2)	(59)	-	-
Reclassification of securities	-	115	115
Trade date accounting	-	-	147
Insurance accounting (3)	6	1	1,210
Other	(1)	30	2,865
<b>U.S. GAAP</b>	<b>\$436</b>	<b>\$18,562</b>	<b>\$334,902</b>

(1) Under U.S. GAAP, all derivatives are recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in net income, or if the derivative is designated and to the extent it functions effectively as a cash flow hedge, in other comprehensive income within shareholders' equity. For derivatives designated as fair value hedges, the changes recorded in net income are generally offset by changes in the fair value of the hedged item attributable to the risk being hedged. The changes recorded in other comprehensive income are subsequently reclassified to net income to offset the effects of variability in cash flows of the hedged item. Under Canadian GAAP, only derivatives used in sales and trading activities are recorded on the balance sheet at fair value. Recording derivatives and hedging activities in accordance with U.S. GAAP increased net income by \$1 million for the three months ended October 31, 2001 and decreased it by \$1 million for the year then ended; increased securities by \$53 million, other assets by \$1,412 million, deposits by \$344 million, other liabilities by \$734 million and subordinated debentures by \$348 million; and decreased cash resources by \$19 million, loans by \$211 million and shareholders' equity by \$191 million as at October 31, 2001.

(2) Under U.S. GAAP, the effects of changes in tax rates on deferred income taxes are recorded when the tax rate change has been passed into law. Under Canadian GAAP, these effects are recorded when the tax rate change has been substantively enacted. The reductions in the corporate tax rate announced during calendar year 2000 and considered substantively enacted then, have been passed into law. Adjusting for the effects of their enactment in accordance with U.S. GAAP reduced net income by \$16 million for the year ended October 31, 2001.

(3) There are difference between U.S. and Canadian GAAP with respect to life insurance premiums, investment accounting and actuarial reserving. These lead to timing differences in the charging or releasing of actuarial reserves to income and in the recognition of gains and losses on investments. The application of U.S. GAAP to the bank's insurance operations increased net income by \$23 million for the three months ended October 31, 2001 and by \$41 million for the year then ended. Also, excluding the effects of reclassification of securities, other assets and other liabilities increased by \$1.326 million and \$1.271 million respectively, the related deferred income taxes decreased other assets by \$36 million and shareholders' equity increased by \$19 million as at October 31, 2001.

(4) The bank adopted the new accounting standard issued by the CICA for Employee Future Benefits which requires the bank to accrue the costs of all postretirement benefits over the working lives of employees instead of the previous method of expensing costs when paid. The new standard also requires a change to the discount rate used to value future benefit obligations from an estimated long-term rate to a market-based interest rate. As a result of adopting this new standard on November 1, 2000, there are no longer differences between Canadian and U.S. GAAP related to employee future benefits accounting except as noted in footnote 5.

(5) For defined benefit pension plans, U.S. GAAP requires that the excess of the unfunded accumulated benefit obligation over the unrecognized prior service cost be recorded in other comprehensive income. Recognition of this additional pension obligation increased other liabilities by \$29 million, the related deferred income taxes increased other assets by \$12 million and shareholders' equity decreased by \$17 million as at October 31, 2001.

For a complete discussion of U.S. and Canadian GAAP differences see Note 17 to the consolidated financial statements for the year ended October 31, 2000 included on page 77A of the 2000 Annual Report.

## Credit Related Information (unaudited)

(\$ millions)

Impaired loans	October 31	July 31	April 30	January 31	October 31
	2001	2001	2001	2001	2000
<b>Net impaired loans (1)</b>					
Residential mortgage	\$ 153	\$ 135	\$ 152	\$ 154	\$ 162
Personal	137	122	105	98	51
Business and government	1,193	1,057	940	698	690
Total before general allowance	1,483	1,314	1,197	950	903
General allowance	(1,301)	(1,300)	(1,166)	(1,166)	(1,102)
<b>Total</b>	<b>\$ 182</b>	<b>\$ 14</b>	<b>\$ 31</b>	<b>\$ (216)</b>	<b>\$ (199)</b>
<b>Net impaired loans as a % of related loans and acceptances</b>					
Residential mortgage	0.22%	0.20%	0.24%	0.24%	0.26%
Personal	0.45%	0.38%	0.36%	0.32%	0.18%
Business and government loans	1.06%	1.06%	0.98%	0.77%	0.77%
Total before general allowance	0.69%	0.65%	0.62%	0.50%	0.49%
<b>Total</b>	<b>0.08%</b>	<b>0.01%</b>	<b>0.02%</b>	<b>(0.11%)</b>	<b>(0.11%)</b>

(\$ millions)

Allowance for credit losses	For the three months ended			For the year ended	
	October 31	July 31	October 31	October 31	October 31
	2001	2001	2000	2001	2000
<b>Allowance at beginning of period</b>	\$ 2,283	\$ 2,061	\$ 1,970	\$ 1,975	\$ 1,900
<b>Provision for credit losses</b>	425	236	174	1,119	691
<b>Write-offs</b>					
Residential mortgage	(14)	(4)	(3)	(24)	(11)
Personal	(102)	(105)	(114)	(401)	(372)
Credit card	(39)	(44)	(46)	(171)	(150)
Business and government	(248)	(71)	(106)	(529)	(306)
	(403)	(224)	(269)	(1,125)	(839)
<b>Recoveries</b>					
Personal	20	18	16	67	44
Credit card	14	11	25	44	48
Business and government	20	13	28	74	70
	54	42	69	185	162
<b>Net write-offs</b>	(349)	(182)	(200)	(940)	(677)
<b>Centura Banks at date of acquisition</b>	-	157	-	157	-
<b>Adjustments</b>	33	11	31	81	61
<b>Allowance at end of period</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Net write-offs (excluding LDCs) as a % of average loans and acceptances</b>	0.67%	0.35%	0.43%	0.47%	0.38%
<b>Net write-offs as a % of average loans and acceptances</b>	0.67%	0.35%	0.43%	0.47%	0.38%
<b>Allocation of allowance (1)</b>					
Residential mortgage	\$ 49	\$ 50	\$ 57	\$ 49	\$ 57
Personal	480	440	403	480	403
Credit card	152	126	88	152	88
Business and government	1,486	1,335	1,090	1,486	1,090
Allocated allowance	2,167	1,951	1,638	2,167	1,638
General unallocated allowance	225	332	337	225	337
<b>Total</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Composition of allowance (1)</b>					
Specific, including allowance for loan substitute securities	\$ 951	\$ 850	\$ 747	\$ 951	\$ 747
Country risk	31	29	28	31	28
General allocated allowance for credit losses	1,185	1,072	863	1,185	863
General unallocated allowance for credit losses	225	332	337	225	337
<b>Total allowance for credit losses</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Consisting of:</b>					
Allowance for loan losses	\$ 2,278	\$ 2,173	\$ 1,871	\$ 2,278	\$ 1,871
Allowance for off-balance sheet and other items (2)	109	104	98	109	98
Allowance for loan substitute securities	5	6	6	5	6
<b>Total</b>	<b>\$ 2,392</b>	<b>\$ 2,283</b>	<b>\$ 1,975</b>	<b>\$ 2,392</b>	<b>\$ 1,975</b>
<b>Allowance for loan losses as a % of loans (including reverse repurchase agreements) and acceptances</b>	1.1%	1.1%	1.0%	1.1%	1.0%
<b>Allowance for loan losses as a % of gross impaired loans (coverage ratio), excluding LDCs</b>	93%	99%	112%	93%	112%

(1) Impaired loans are net of specific allowance.

(2) Commencing in 2000, the allowance for off-balance sheet and other items was separated and reported under Other liabilities. Previously, the amount was included in the allowance for loan losses.

## Share Information (unaudited)

(Number of shares in thousands)

	October 31, 2001	July 31, 2001	October 31, 2000
<b>First preferred shares (1)</b>			
Non-cumulative Series E	1,500	1,500	1,500
Non-cumulative Series H	-	12,000	12,000
US \$ Non-cumulative Series I	8,000	8,000	8,000
Non-cumulative Series J	12,000	12,000	12,000
US \$ Non-cumulative Series K	10,000	10,000	10,000
Non-cumulative Series N	12,000	12,000	12,000
Non-cumulative Series O	6,000	6,000	6,000
US \$ Non-cumulative Series P	4,000	4,000	4,000
Non-cumulative Series S	10,000	10,000	-
	63,500	75,500	65,500
<b>Series 2010 and 2011 trust securities issued by RBC Capital Trust (2)</b>	1,400	1,400	650
<b>Class B and C shares issued by Royal Bank DS Holdings Inc. (1)</b>	1,847	1,939	1,961
<b>Stock options (3)</b>			
Outstanding at end of period	30,158	30,735	25,880
Exercisable at end of period	12,895	13,254	8,881
<b>Common shares</b>	674,021	683,312	602,398

(1) Details provided in Royal Bank of Canada's 2000 Annual Report Notes 7 and 11 on pages 66 and 71, respectively.

(2) Reported in Non-controlling interest in subsidiaries in the consolidated balance sheet. Conversion features are available in the prospectus dated July 17, 2000 for Series 2010, and in the prospectus dated November 29, 2000 for Series 2011.

(3) During November 2000, 5,618,600 stock options were issued with Stock Appreciation Rights (SARs) attached. A participant is entitled to exercise either an option or the corresponding SAR. On January 10, 2001, 1,884,438 stock options were issued to employees of Dain Rauscher as partial consideration for acquisition. On June 5, 2001, 130,000 stock options were granted to former executives of Centura Banks, Inc., now executives of RBC Centura.