



RBC Centura: Initiatives and Strategy

***Presentation to Analysts &
Institutional Investors***

Kel Landis

CEO, RBC Centura Banks, Inc.

**Charlotte, North Carolina
June 12, 2002**



Agenda

- **Centura background**
- **RBC Centura overview**
- **Progress against initial goals**
- **2002-2003 strategic priorities**
- **Eagle Bancshares**



Looking back



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Looking back

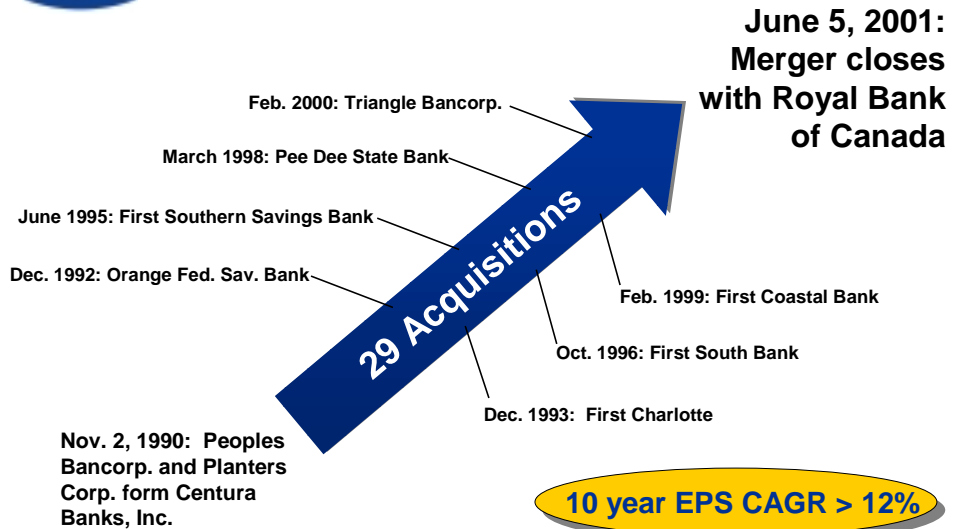
Centura was a leader In:

- **sales culture evolution**
 - started 7 years ago with daily sales routines
- **customer profitability**
 - among the first U.S. banks to operationalize this
- **channel development**
 - first in NC and among first in U.S. to offer online banking
- **capital deployment**
 - adopted EVA in 1994

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Company history



Consistent values

RBC Centura

Care about the customer

Always do what's right

Respect and empower each other

Expect excellence in everything we do

RBC

Excellent service to clients and each other

Trust through integrity in everything we do

Diversity for growth and innovation

Working together to succeed

Personal responsibility For high performance



Who we are now



RBC Centura

- transition well received by customers and employees
- no customer loss
- actually, gaining business from affiliation with RBC Financial Group

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Our corporate vision

To build a leading U.S. financial services network in areas where we have a clear competitive advantage and where we can generate top-tier performance

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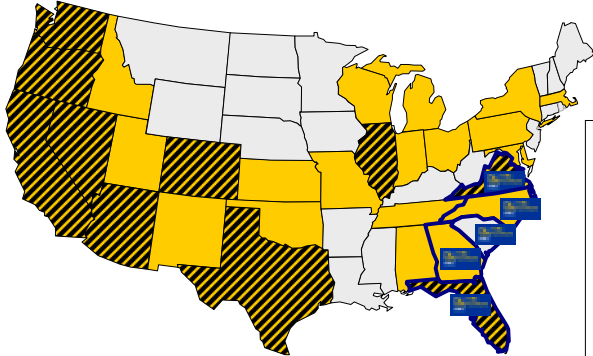


Our mission

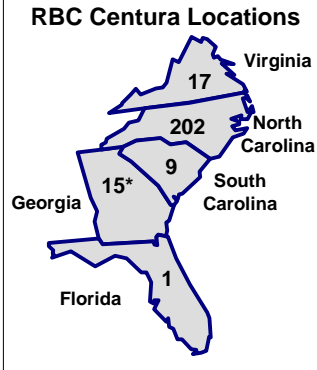
To make a difference in the lives of our customers and communities in a way that differentiates us in the marketplace and provides personal growth opportunities for each of us



U.S. footprint



- RBC Centura Locations
- RBC Mortgage Locations
- RBC Builder Finance Locations



*Pending close of Eagle Bancshares transaction



RBC Banking – U.S. platform

- 800,000 personal and commercial clients
- RBC Centura
 - 230 retail and business branches in five Southeastern states (North Carolina, South Carolina, Virginia, Georgia, and Florida)
 - assets of US\$14.0 billion (3/31/02)
- National niche business lines:
 - RBC Mortgage – 235 offices in 28 states
 - RBC Builder Finance – 14 offices in 11 states

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RBC Mortgage

Shauneen Bruder
President, RBC Centura Banks, Inc.



**RBC
Mortgage™**

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RBC Mortgage corporate vision

- **To be a premier national mortgage broker/banker, operating under the RBC brand and leveraging each mortgage transaction to deepen customer relationships across all RBC companies**
- **To be an employer of choice for mortgage professionals seeking an innovative and flexible origination environment**

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RBC Mortgage FY 2001 highlights

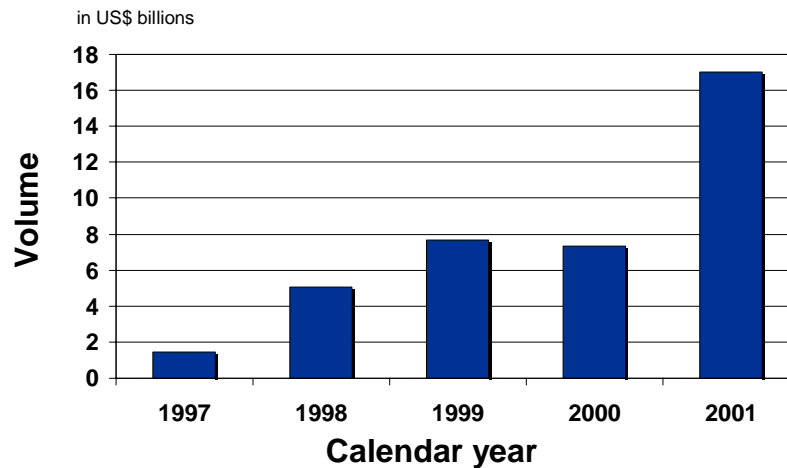
- Record production volume - US\$14 billion vs. goal of US\$9 billion in fiscal year 2001
- Closed over 74,000 mortgage loans
- 62% increase in revenue
- 23% increase in non-interest expense
- Mortgage Bank capture rate:
 - 62% vs. goal of 55%
- 23.1% return on equity

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RBC Mortgage production growth

Production volume

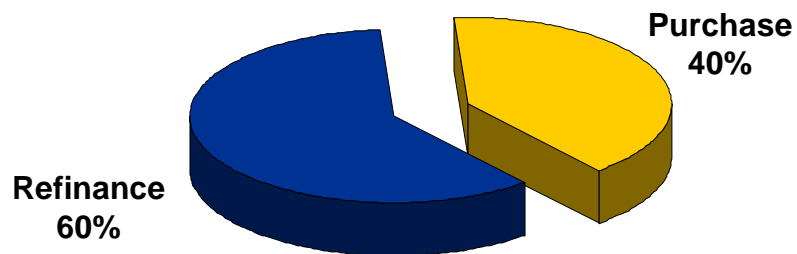


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RBC Mortgage 2001 production highlights

2001 production volume Purchase vs. refinance

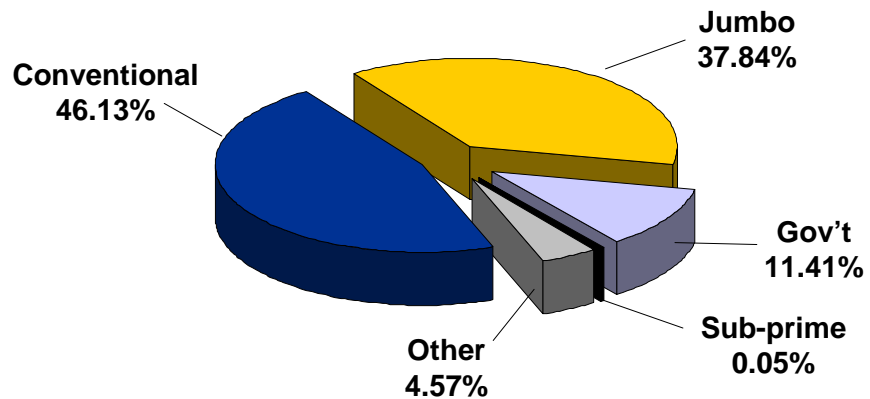


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RBC Mortgage product mix

2001 production volume



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RBC Mortgage geographic opportunities

Areas ranked by 2000 originations

- | | |
|---------------------------|------------------------------|
| 1. Los Angeles/Long Beach | 11. Phoenix/Mesa |
| 2. Chicago | 12. Boston |
| 3. Washington DC | 13. San Jose |
| 4. New York City | 14. San Francisco |
| 5. Atlanta | 15. Riverside/San Bernardino |
| 6. Oakland | 16. Seattle/Bellevue/Everett |
| 7. Orange County | 17. Philadelphia |
| 8. Detroit | 18. Dallas |
| 9. San Diego | 19. Minneapolis St. Paul |
| 10. Denver | 20. Nassau/Suffolk |

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RBC Mortgage strategic priorities

- **Expand origination capabilities in high growth markets across the U.S.**
- **Create substantial earnings across all rate cycles through increasing percentage of variable costs**
- **Leverage RBC Financial Group capabilities to cross-sell additional products to RBC Mortgage customers**
- **Build scale in secondary marketing, servicing and operations with RBC Centura**

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RBC Mortgage - building our business

In a stable or declining market

- **Gain market share**
 - geography, price, product
- **Create new customers**
 - products, cross-sell, bundled products
- **Create new channels**
 - wholesale lending to complement retail
- **Manage costs**

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RBC Builder Finance

Scott Custer
President, RBC Centura Bank



**RBC
Builder
Finance**



RBC Builder Finance highlights

2001

- **4 new offices - San Francisco, Chicago, Washington D.C., Boca Raton, FL**
- **Surpassing business plan goals regarding production, revenue and portfolio growth**

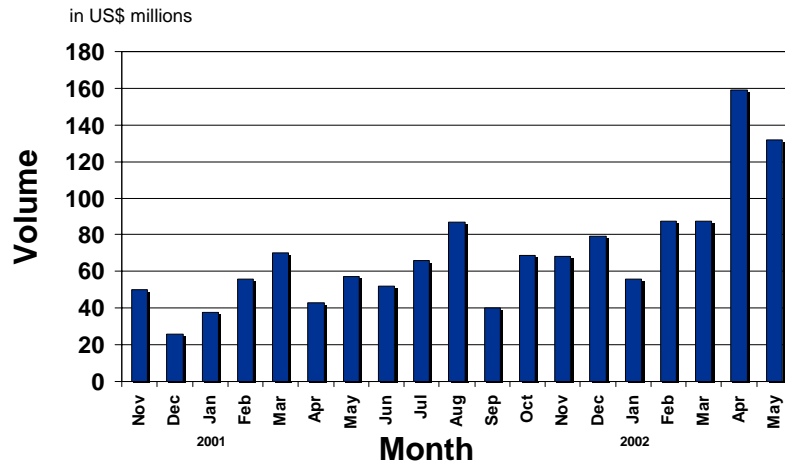
2002

- **3 new offices - Boise, Salt Lake City, Austin**
- **Successful Integration of Centura RBC Builder Finance book to RBC Builder Finance platform**
- **Meeting business plan goals to-date and fully expect to achieve year end projections**



RBC Builder Finance production growth

Production volume



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Progress against initial objectives

Kel Landis
CEO, RBC Centura Banks, Inc.



Centura merger rationale

January 26, 2001

- **Consistent with RBC's stated US expansion strategy**
- **Leverages RBC's retail banking expertise through an integrated US platform**
- **Provides strong foothold in attractive higher growth Southeastern US markets**
- **Further diversifies RBC's revenue and earnings base**

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Centura merger rationale

January 26, 2001

- 1. Realize cost synergies**
 - consolidate US retail banking businesses
 - consolidate & centralize key administrative functions (treasury, risk management, marketing & sales, etc.)
 - integrate back offices
- 2. Implement integrated branding**
- 3. Provide a platform for follow-on acquisitions**

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Integration priorities

January 26, 2001

- Achieve cost savings of US\$70MM over three years
- Focus on core business
- Leverage RBC strengths to enhance revenue growth

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Cost savings results

in US\$

Key initiatives	3 year target	FY02 plan*	% of target by FY02
Consolidate Internet platforms & back end product and marketing capabilities	\$30MM	\$45MM	150%
Shared mortgage operations & back office for mortgage origination	\$20MM	\$7MM	35%
Functional cost savings	\$20MM	\$16MM	80%
TOTAL	\$70MM	\$68MM	97%

* November 2001 through October 2002

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1. Cost synergies

<u>Initiative</u>	<u>Objective</u>	<u>Results to date</u>
Strategic Sourcing	<ul style="list-style-type: none">• Leverage RBC's expertise and pricing power	<ul style="list-style-type: none">• RBC Centura – travel, office supplies and ground courier• RBC Mortgage – travel, office supplies, asset management• 2002 combined fiscal impact of over \$600M• Exploring temporary help, credit bureau, records management, commercial print
Functional Integration across RBC Banking US entities	<ul style="list-style-type: none">• Drive efficiencies through consolidation of platforms• Realize cost synergies from integrating common head office functions	<ul style="list-style-type: none">• General Ledger conversion plan underway• U.S. harmonization of benefits, 401k• North American Treasury functions fully integrated

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1. Cost synergies

<u>Initiative</u>	<u>Objective</u>	<u>Results to date</u>
S& T Integration	<ul style="list-style-type: none">• Leverage enterprise capabilities	<ul style="list-style-type: none">• Call Center and Web Hosting integration completed• RBC hardware and software sourcing fully integrated through RBC contracts. Desktop software converted to RBC standards• Project underway to assess Lending and CRM solutions• ATM delivery system conversion support underway• Credit and Debit Card system conversion to the Canadian solution completed
Call Center Integration	<ul style="list-style-type: none">• Add new capability through Moncton	<ul style="list-style-type: none">• SFNB call center integration completed, with RBC Centura overflow volumes now handled by Moncton

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2. Focus on core businesses

Exited non-strategic businesses:

- Visa Business & SFNB credit card portfolios (calendar Q4/01)
- non-conforming mortgage loan origination
 - First Greensboro Home Equity (calendar Q3/01)
 - NCS Mortgages Services (calendar Q2/01)
- insurance (calendar Q4/01)

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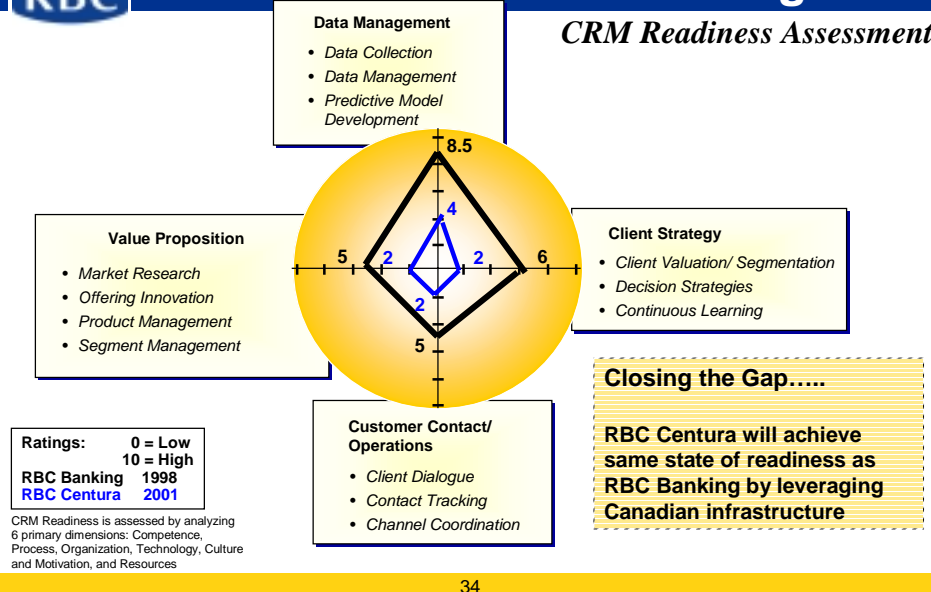
Progress against initial objectives

Shauneen Bruder
President, RBC Centura Banks, Inc.

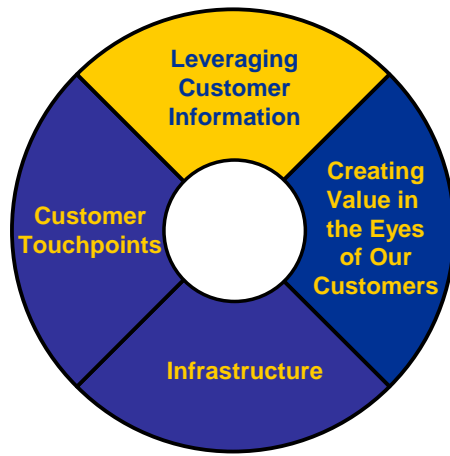


3. Building a platform for enhanced revenue growth

CRM Readiness Assessment



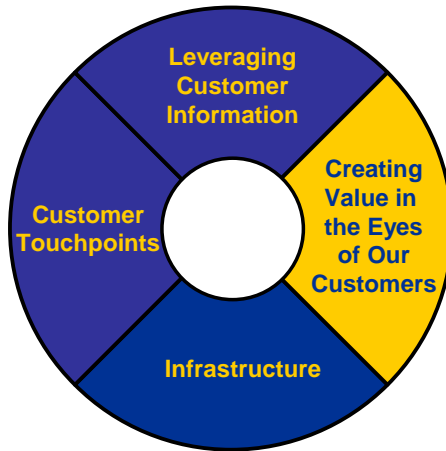
3. Building a platform for enhanced revenue growth



- LifeStage Segmentation
- Predictive Modeling
- Profitability
- Channel Preference
- Strategic / Tactical Codes



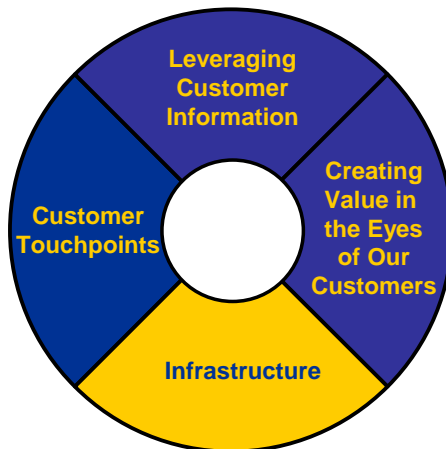
3. Building a platform for enhanced revenue growth



- Brand Rollout
- Market Research
- Product Management
- Segment Management
- Channel Management



3. Building a platform for enhanced revenue growth



- Branch Models
- Performance Management
- Scorecard
- Sales Effectiveness routines (**MMR, MPM**)
- Sales Force Automation

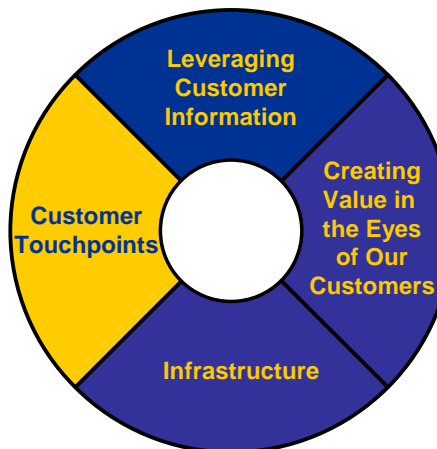


Progress against initial objectives

Scott Custer
President, RBC Centura Bank



3. Building a platform for enhanced revenue growth



Specialized sales forces

- Personal Banker
- Account Manager
- **Account Manager Investments (AMI)**
- Knowledge Based Industries (KBI)
- Builder Finance
- Commercial Real Estate

Alternate channels

- Call Center
- Web Banking
- ATMs



3. Building a platform for enhanced revenue growth

Fall Focus: "Service Value Promise"

Strategy:

- Demonstrate our commitment to put the customer **FIRST** by recommending the "right" account based on overall relationship, needs, activity levels and usage patterns
- Build loyalty by cementing primary relationships; converting secondary relationships
- Build PFS sales force confidence in proactive calling
- Support ad campaign brand message: "Building a Better Bank, One Customer At a Time"
- Uncover needs / cross sales among high potential customers

Results:

- Over 200% increase in package accounts for called households
- Over 96% retention of contacted households



3. Building a platform for enhanced revenue growth

Fall Focus: impact on customer satisfaction

Category	Improvement
Proactively keeps me informed by contacting me as necessary	25%
Competitiveness of rates/fees/service charges	20%
RBC Centura's caring and concern for its employees	16%
Understanding of financial needs	14%
Use For Additional Service	24%
Overall CSI	13%



2002-2003 strategic priorities

Kel Landis
CEO, RBC Centura Banks, Inc.



Our strategy

Growing profitable relationships and expanding our presence in the U.S. through:

- **organic growth**
 - building national lines of business in niche, high-growth segments where we have competitive advantage
 - leveraging full RBC capabilities
 - cross-selling under a strong integrated brand
- **integration of highly selective acquisitions in the Southeastern U.S.**



Target customers

- **Mid-market and affluent RBC relationship customers**
 - Southeast
- **RBC relationship customers**
 - RBC Dain Rauscher
 - Canadian North/South
 - RBC Liberty mid-market
- **Niche relationship business/commercial customers in selected segments nationally**
 - Builder Finance
 - KBI
 - Agriculture
 - C&I
- **Mortgage customers nationally**

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2002-2003 strategic priorities

1. **Organic growth – optimize sales and marketing effectiveness**
2. **Building national businesses**
 - RBC Mortgage
 - RBC Builder Finance
3. **Building U.S capability for high performance**
4. **Growth by acquisition**

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Organic growth goals

3 Year Goals	
Revenue growth	7-10%
NIE growth	2-5%
NIAT growth	strong double-digit

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Measures of success

- **Closed cross-border referrals**
 - 100 small business/commercial
 - 2,500 personal
- **Closed cross-platform referrals**
 - 1,000
- **30% insurance penetration across banking/
mortgage customer base**
- **2 million customers**

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Priority 1 – organic growth

Shauneen Bruder
President, RBC Centura Banks, Inc.



1. Organic growth

Optimize sales and marketing effectiveness

- customer segmentation
- Client Relationship Management
- alignment of RBC Banking structure

		Financial Life Cycle				Consumer segments	
		Getting Started	Credit Phase	Wealth Accumulation	Wealth Preservation		
		Nexus	Builders & Borrowers	Wealth Accumulators	Wealth Preservers		
RBC Centura	Average Age	<30	43	49	72		
	% Total HHs	24%	17%	32%	27%		
	% Total Profit	4%	30%	26%	40%		
	Avg. # Services	2.70	3.53	3.35	3.37		
	Service Summary	Checking (64%), Savings (34%)	Checking (55%), Loans (91%)	Checking (69.7%)	Checking (69%), Money Market (24%)		
	Channel Usage	Highest utilization of Voice Response Unit & foreign ATM	Higher usage of Online Banking	Higher utilization of all channels	Low		
	Strategy	Grow potential, Control costs	Growth & Retention	Growth, Referral to RBC	Growth & Retention, Referral to RBC		
	Satisfaction Drivers	Acknowledgment, Time, Cost	Acknowledgement, Sound financial advice	Sense of importance, Friendliness, Sound financial advice	Value, Variety		
RBC Mortgage	# 2001 Originations		74,158				
	Service Summary		Single Service, Loan Protector				
	Strategy		Cross-Sell, Referral				

		Business segments				
		Public/ Non Profit	Builder	Real Estate	C&I *	Business <\$500MM **
RBC Centura	% Total Business HHs	17%	2%	2%	2%	78%
	# of Business HHs	2.45	4.70	6.05	6.95	2.35
	Avg. # Services	15%	37%	49%	58%	13%
	% 5+ Services	13%	85%	72%	82%	15%
	% Tier 1 Profit HHs within segment					
	Service Summary	CDs (26.9%), Money Market (21.5%), Savings (21.7%)	Equitylines (8.1%), Mortgages (8.1%), Commercial Loans (6.7%)	Mortgages (14.4%), Cash Management (11.8%), Equitylines (10.9%)	Cash Management (15.4%), Mortgages (10.0%), Equitylines (8.1%)	Insurance (85.2%), Credit Lines (80.3%), Online Banking (78.3%)
RBC Builder Finance	% Total Business Clients		146			
	Business Split		46% spread, 54% fees			
	Avg. # Services		1			
Southbound Referrals	Strategy Under Development					

* Commercial loan transaction > \$500MM, aggregate relationship exposure >= \$1MM less sold mortgage balances
 ** Commercial loan transaction < \$500MM, aggregate relationship exposure <\$1MM less sold mortgage balances



Priorities 1 and 2 – organic growth and building national businesses

Scott Custer
President, RBC Centura Bank



Commercial Markets 'Blitz'

**Commercial
Blitz Days**





Commercial Markets 'Blitz'

- Blitz period:** April 15 - May 31, 2002
- Focus:** contacting all 2000 Carolinas "A Prospects" during this time period
- "Contact":** face-to-face calls, telephone calls, letters, luncheons, attendance at events
- Desired outcome:** that prospects hear our story of "local roots, global thinking"

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Commercial Markets 'Blitz'

Focus: new prospects

Results:

- 1500 invitations sent
- 1500 phone follow-ups
- 400 attendees
- all attendees receive follow-up from Account Managers and/or Commercial Markets Leaders
- lots of live opportunities already....commercial markets pipelines are up

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Commercial Markets 'Blitz'

Other contact

- **Blitz Days support on-going standard expectation of one face-to-face call/day for each Account Manager**
- **New Commercial Markets brochures distributed to all contacts**
- **Commercial Markets advertising running in local print campaigns through May and June**

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Commercial Markets 'Blitz'

**Local
Roots**

**Global
Thinking**

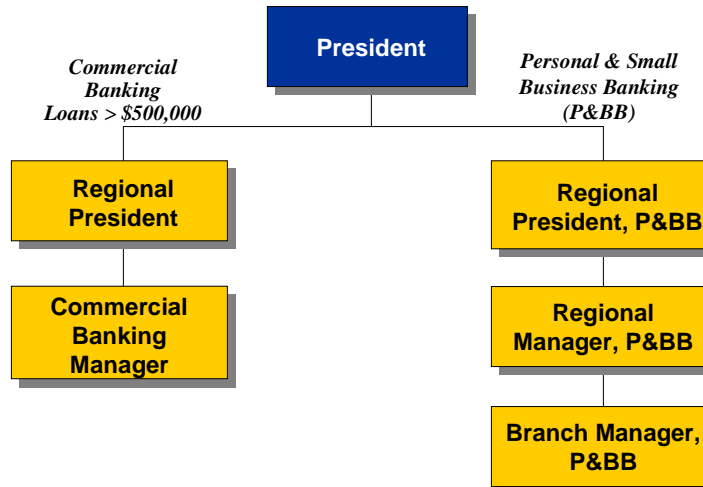


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1. Organic growth

Alignment of RBC Banking Structure



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2. Building national businesses

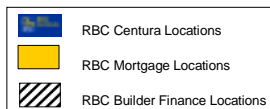
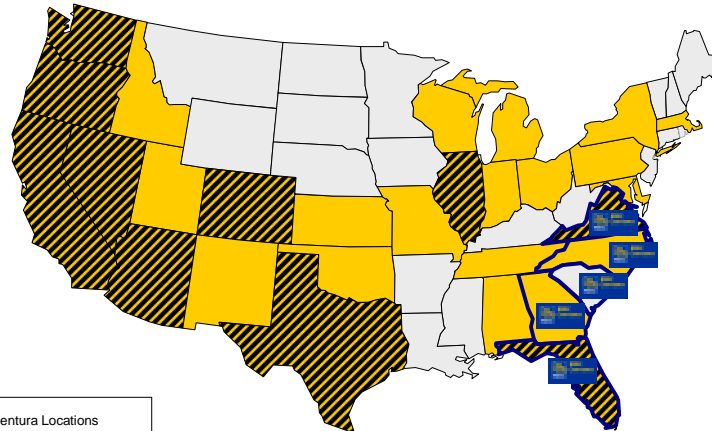
- Grow RBC Mortgage
- Grow RBC Builder Finance

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2. Building national businesses

Current U.S. footprint



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2. Building national businesses

RBC Mortgage

- **US\$14 billion originated in 2001**
 - over 74,000 mortgages through approximately 1,600 officers
- **National Sales Manager hired**
- **Now selling RBC Centura ARM* product**
 - US\$540 million now sold
 - RBC Liberty Insurance offered this month on all RBC Mortgage loans
- **Wholesale channel**
 - sustain performance in all parts of rate cycle

* Adjustable rate mortgage

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RBC Mortgage scorecard

Performance Scorecard - March 2002
Performance Measures
1. SALES & BUSINESS PERFORMANCE
Originations - mortgages, Royal Arm, HELOC
Capture Rate
NIAT
Loan production cost \$ per retail bank loan
Originations / loan officer
Savings from functional integration
Savings from centralizing mortgage servicing
2. MANAGEMENT OF RISK
3. CUSTOMER LOYALTY
Referrals to RBC sister companies
New co-locations with RBC sister companies
Customer satisfaction survey
4. EMPLOYEE ENGAGEMENT
5. CORPORATE REPUTATION & IMAGE
All subsidiaries/franchises (excluding net branches) operating with RBC letterhead, street signs & advertising

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2. Building national businesses

RBC Builder Finance

- **Specialized business**
 - ➔ offers lending services to mid-market builders in high-growth markets
- **Highly streamlined, automated platform**

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Priority 3 – building U.S. capability for high performance

Shauneen Bruder
President, RBC Centura Banks, Inc.



3. Building U.S. capability for high performance

- **Integrate functions across the companies**
- **Leverage cross-sell**
- **Build a disciplined platform for risk and capital management**
- **Have a strong integrated brand**



3. Building U.S. capability for high performance

Canadian/U.S. cross-sell

- North American customer referral programs: personal lines and commercial banking
- Bundled banking package – RBC Centura, RBC Mortgage developed for Canadians
- Various initiatives targeting Canadians in U.S. under development
 - employees of cross-border companies
 - professionals and health care workers
 - vacationers and property owners
 - Snowbirds
- Sports Professionals Program
 - differentiated product offering

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3. Building U.S. capability for high performance

Cross-sell between U.S. RBC affiliates

- Co-locations
 - Established in Greenville, S.C., Fairfax, V.A., Atlanta, G.A. and Columbia, S.C.
 - Exploring potential sites in Northern Virginia, New York, Boston, California and Colorado
- RBC Builder Finance Group Mortgage Referral Program under development
- Direct Marketing Initiatives
 - RBC Liberty Insurance offer to RBC Mortgage clients nationally
 - RBC Liberty Insurance offering to RBC Centura clients
- Point of Sale and pre-approval offers under development
- New products
 - Royal ARM joint product – RBC Mortgage/RBC Centura
 - Sports Professional Bridge line of credit launched Q1
 - RBC Liberty creditor insurance in RBC Centura branches
 - Variable annuities managed by RBC Centura Securities, sold by RBC Liberty agents

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3. Building U.S. capability for high performance

Cross-sell between U.S. RBC affiliates

- U.S. Employee Financial Services Program
 - bundled package including products and services of RBC Mortgage, RBC Centura and RBC Liberty
- Delivery channels
 - Branch
 - RBC Liberty Life Specialists offering insurance in RBC Centura Markets
 - RBC Liberty agents selling Centura Securities products
 - Web
 - Exploring cross-entity web-based marketing tools
 - Call Center
 - Royal Embassy account and financial advice for Canadian customers
 - RBC Centura Banking services offer to RBC Mortgage clients within RBC Centura footprint under development

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3. Building U.S. capability for high performance

Brand

- New logo
- Signage
 - new signage fully rolled-out across entire footprint
- “Building a Better Bank, One Customer at a Time”
 - first ad campaign in six years

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3. Building U.S. capability for high performance

Advertising



RBC Centura

Building a better bank,
one customer at a time.™



3. Building U.S. capability for high performance

Advertising



Finally, a bank that will tell
you exactly what you want
to hear: the truth.





3. Building U.S. capability for high performance

Advertising



We believe the term is "lifestyle,"
not "bankstyle."



Priority 4 – growth by acquisition

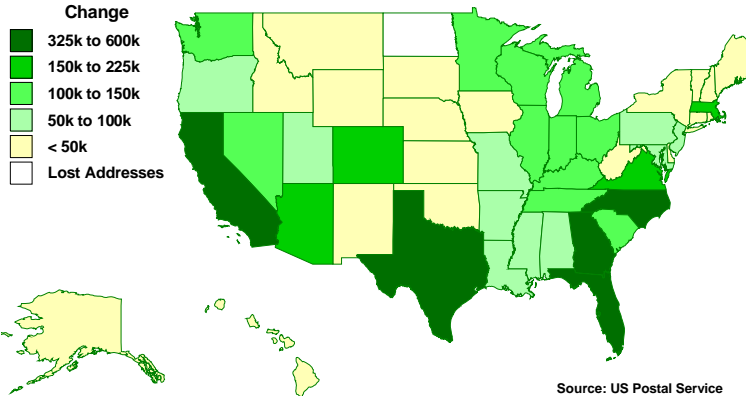
Kel Landis
CEO, RBC Centura Banks, Inc.



4. Growth by acquisition

Change in active residential addresses by state from 1996 to 2000

- NC ranks fourth with 363,015 additional addresses -

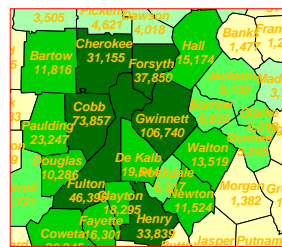


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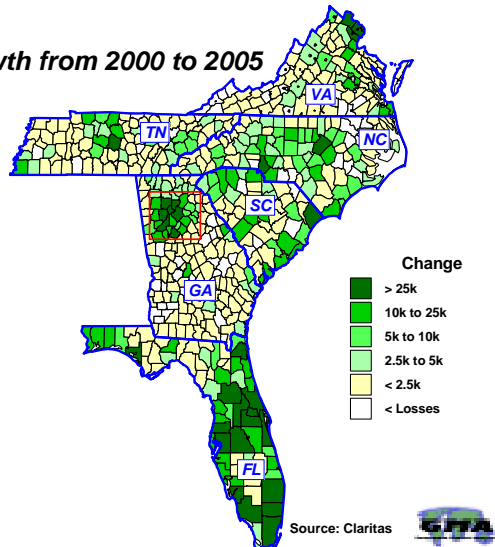


4. Growth by acquisition

Expected population growth from 2000 to 2005



Atlanta, Georgia Area



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4. Growth by acquisition

Growth Option	Key Issue	Mitigation Business Model	Enabling Initiative
Acquisition	ROE dilution	<ul style="list-style-type: none">• Drive costs out in first 6 months• Aggressively pursue N/S and C\$ synergies to free up capital to fuel growth – ‘plug in’• Grow revenue rapidly through MPM, MMR, CRM in months 0 - 18	North/South or continental business model CRM, MPM
De novo and/or property purchase	Revenue/expense mismatch	Accelerate break even timing by: <ul style="list-style-type: none">• Leading with RBC Mortgage and commercial presence to build customer base and revenue• Leverage revenue and expense synergies with RBC sister companies (e.g. RBC Liberty in SC)• Leverage snowbird synergies in Florida and other resort markets in the SE• Leverage Canadian employees and retirees in the SE for staffing	Co-locations; 3 year plan Cross-functional cross-sell team North/south cross-sell position

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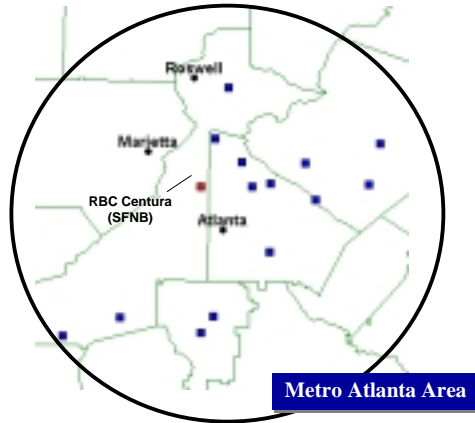
Eagle Bancshares

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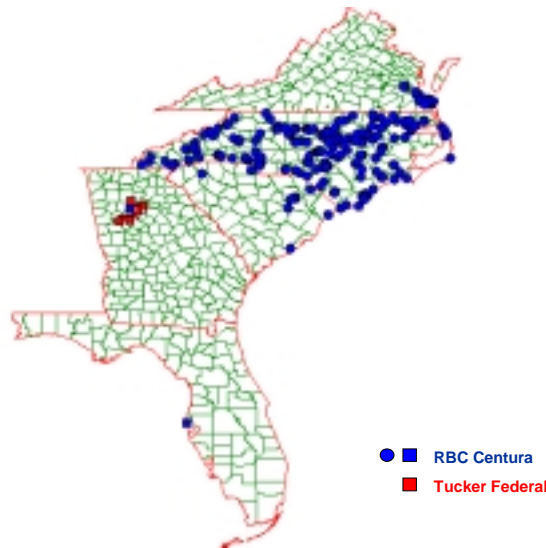


Overview

Overview (Dec-01, in US\$)	
Headquarters:	Tucker, GA
Total assets:	\$1.1B
Total deposits:	\$0.8B
Total loans:	\$0.7B
Distribution:	14 branches 17 ATMs
# of accounts:	90,000
Employees:	283



RBC Centura network





Future plans

- **To be merged with RBC Centura Banks and to operate under the RBC Centura brand name**
- **Realize cost savings**
- **Build on Eagle's strong foundation**
 - introduce small business and commercial banking through Eagle branches and commercial banking team
 - introduce sales processes in branches for personal and small business banking

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Integration plan

- **Integration plan established**
 - close the transaction
 - address any gaps identified during due diligence
 - plan for day one integration priorities
- **Working teams established**
- **On track for Q3 close**

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