



**RBC
Financial
Group**

First Quarter 2003

Quarterly Results Slides

February 28, 2003

Investor Relations

www.rbc.com/investorrelations



Caution regarding forward-looking statements

From time to time, we make written and oral forward-looking statements, included in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications, which are made pursuant to the "safe harbor" provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements include, among others, statements with respect to our objectives for 2003, and the medium and long terms, and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "anticipate," "estimate," "expect," "intend," "plan," and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors 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, the strength of the Canadian economy in general and the strength of the local economies within Canada in which we conduct operations; the strength of the United States economy and the economies of other nations in which we conduct significant operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States; changes in trade policy; the effects of competition in the markets in which we operate; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services in receptive markets; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); changes in tax laws; technological changes; our ability to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism; and our anticipation of and success in managing the risks implicated by the foregoing.

We caution that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on our behalf.



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Financial overview

*First quarter 2003 financial highlights**

- Net income of \$767 MM, up 4%
- EPS (diluted) of \$1.10, up 6%
- ROE of 16.9% vs. 17.1% in Q1/02
- Net income from U.S. acquisitions \$81 MM vs. \$53 MM in Q1/02
- Revenue and expense both down 2%
- Nonaccrual loans up \$86 MM or 4% from Q4/02 - increase occurred in business & government loan portfolio
- Specific provision for credit losses \$200 MM or 0.36% of average loans, acceptances and reverse repos (0.31% net of credit derivatives) vs. \$286 million or 0.54% a year ago (Cdn. GAAP)

*Growth vs. Q1/02

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US GAAP



Financial overview

*Key first quarter numbers**

C\$ millions

Net income
Net income growth

EPS - diluted
EPS growth

ROE

Revenue
Revenue growth

Non-interest expense
NIE growth

U.S. GAAP	Cdn. GAAP
\$767	\$779
4%	8%
\$1.10	\$1.12
6%	9%
16.9%	17.1%
\$3,964	\$4,037
(2)%	(1)%
\$2,559	\$2,610
(2)%	(2)%

*Growth vs. Q1/02

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Financial overview

Reconciliation of U.S. & Cdn. GAAP EPS

C\$ per share	Q1/03	Q4/02	Q1/02
U.S. GAAP EPS	\$1.10	\$1.05	\$1.04
Insurance accounting	(0.01)	(0.05)	-
FAS 133 / AcG 13*	0.01	(0.06)	(0.01)
Cost of SARs	-	0.01	-
Reclassification of securities**	0.02	-	-
Cdn. GAAP EPS	\$1.12	\$0.95	\$1.03
U.S. GAAP EPS less Cdn. GAAP EPS	\$(0.02)	\$0.10	\$0.01

* Accounting for derivatives and hedging. CICA's AcG 13 was adopted in Q1/03

** Relates to a \$13 million after-tax write-down of an investment to recognize other-than-temporary impairment, which is not required under Cdn. GAAP



Financial overview

Performance vs. objectives – Q1/03

	Objectives for 2003	Performance Q1/03
<u>Profitability measures</u>		
ROE	17-19%	16.9 %
EPS growth - diluted	10-15%	6 %
Revenue growth	5-8%	(2) %
Expense growth	< revenue growth	(2) %
Specific PCL/avg. loans, accept. & reverse repos (Cdn. GAAP)	0.45-0.55%	0.36 % net 0.31 %*
<u>Capital ratios (OSFI)</u>		
Tier 1 capital	maintain strong	9.4 %
Total capital	capital ratios	12.7 %

* Net of effect of credit derivative gains and losses discussed on chart 34



Business segment results

First quarter 2003

C\$ millions

	Net income	Net income growth*	ROE
RBC Banking	\$ 412	6%	21.5%
RBC Insurance	54	29	26.8
RBC Investments	104	18	14.7
RBC Capital Markets	116	(21)	11.1
RBC Global Services	48	20	30.2
Other	33	14	6.3
Total Bank	\$ 767	4%	16.9%

*Growth vs. Q1/02

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US GAAP



Business segment results

RBC Banking

C\$ millions

	Q1/03	Q1/03 vs.	
		Q4/02	Q1/02
Revenues	\$ 1,959	1%	(1)%
Non-interest expense	1,178	1	3
Provision for credit losses	130	7	(35)
Net income	412	2	6
ROE	21.5%	↑ 170 bp	↑ 270 bp
Avg. com. equity	7,500	(5)%	(6)%

See chart 14 for net income contribution of RBC Centura (including RBC Mortgage)

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US GAAP



Business segment results

RBC Insurance

C\$ millions

	Q1/03	Q1/03 vs.	
		Q4/02	Q1/02
Premiums & deposits	\$ 534	(3)%	11%
Revenues	155	(10)	17
Non-interest expense	101	(17)	7
Net income	54	6	29
ROE	26.8%	↑ 10 bp	↑ 380 bp
Avg. com. equity	800	14%	14%

Note: The reporting period for RBC Insurance domestic operations was changed from December 31 to January 31 to be consistent with RBC's reporting period. Excluding the additional month of results, premiums and deposits declined by 2% from Q1/02, and NIE declined by 9%

Cdn. GAAP net income in Q1/03 was \$47 million. The higher net income reported under U.S. GAAP is the result of differences in accounting for life insurance premiums, investments, acquisition costs and claims and policy benefit liabilities.

See chart 14 for net income contribution of RBC Liberty Insurance

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US GAAP



Business segment results

RBC Investments

C\$ millions

	Q1/03	Q1/03 vs.	
		Q4/02	Q1/02
Revenues	\$ 884	-	(7)%
Non-interest expense	725	(1)%	(12)
Provision for credit losses	-	n.m.	n.m.
Net income	104	8	18
ROE	14.7%	↑ 250 bp	↑ 360 bp
Avg. com. equity	2,700	(10)%	(10)%

See chart 14 for net income contribution of RBC Dain Rauscher (including Tucker Anthony Sutro)

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Business segment results

RBC Capital Markets

C\$ millions

	Q1/03	Q1/03 vs.	
		Q4/02	Q1/02
Revenues	\$ 687	7%	(5)%
Non-interest expense*	426	5	2
Provision for credit losses	77	(34)	(21)
Net income	116	21	(21)
ROE	11.1%	↑ 180 bp	↓ 260 bp
Avg. com. equity	3,900	3%	(5)%

* NIE increased 2% over Q1/02 due to costs incurred to restructure the U.S. investment banking and institutional equities businesses and a provision taken for receivables. Excluding these two factors, NIE would have been down 1% from Q1/02

Note: Cdn. GAAP net income in Q1/03 was \$144 million. The difference between Cdn & U.S. GAAP net income was primarily due to: credit derivative gains of \$15 million after-tax that were reported in prior quarters under U.S. GAAP were recognized under Cdn. GAAP in Q1/03; under Cdn. GAAP, we were not required to record a \$13 million after-tax write-down of an investment to recognize other-than-temporary impairment

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Business segment results

RBC Global Services

C\$ millions

	Q1/03	Q1/03 vs.	
		Q4/02	Q1/02
Revenues	\$ 212	4%	9%
Non-interest expense	144	5	7
Provision for credit losses	-	n.m.	n.m.
Net income	48	9	20
ROE	30.2%	↑ 60 bp	↑ 450 bp
Avg. com. equity	600	-	-

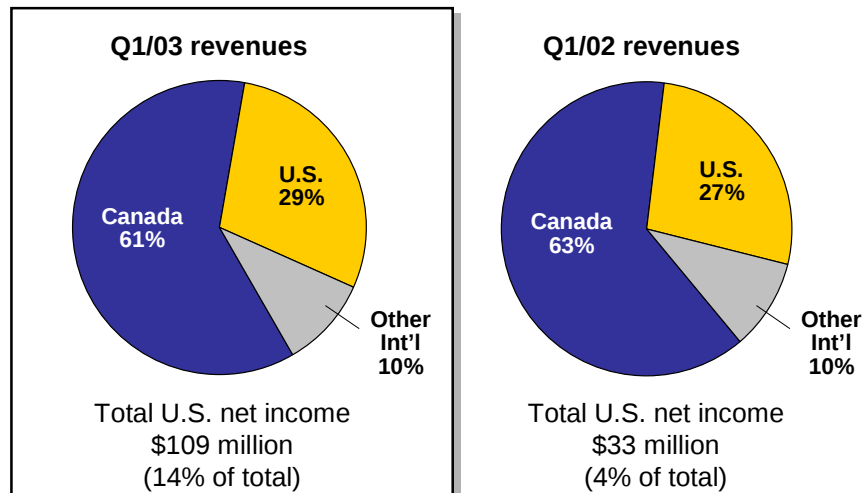
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Expansion outside Canada

Proportion of total U.S. revenues growing



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US GAAP



U.S. acquisition contributions

RBC Dain Rauscher up from Q1/02

C\$ millions

	Net income				
	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02
RBC Centura*	\$60	\$57	\$ 49	\$ 42	\$ 58
RBC Liberty Insurance	6	6	6	8	3
RBC Dain Rauscher**	15	17	10	(15)	(8)
Total U.S. acquisitions	\$81	\$80	\$ 65	\$ 35	\$53

* RBC Centura (acquired in Q3/01) includes RBC Mortgage, Eagle Bancshares (acquired Q3/02) and Admiralty Bancshares (acquired Q1/03)

** Does not include Dain Rauscher Wessels, whose operations have been integrated into RBC Capital Markets since early 2002

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US GAAP



Retention compensation costs

Q1/03 lower as forecasted

C\$ millions

	Q1/03		Q4/02		Q3/02		Q2/02		Q1/02	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
RBCInv*	22	13	24	15	23	14	24	15	36	22
RBCCM	8	5	12	7	11	7	8	5	20	12
Total	30	18	36	22	34	21	32	20	56	34

* Includes Tucker Anthony Sutro

RBCInv = RBC Investments RBCCM = RBC Capital Markets



Retention compensation costs

Costs to fall in 2003

C\$ millions

	2001 A		2002 A		2003 F*		2004 F*		2005 F*	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
RBCInv	88	54	107	66	65	40	48	30	30	18
RBCCM	88	54	51	31	20	12	2	1	-	-
Total	176	108	158	97	85	52	50	31	30	18

* Forecast. Nil in 2006. Tucker Anthony Sutro retention compensation cost forecast, included in RBC Investments, is approx. \$9 million each quarter (\$6 million after-tax) up to 2004 and \$29 million in 2005 (\$18 million after-tax)

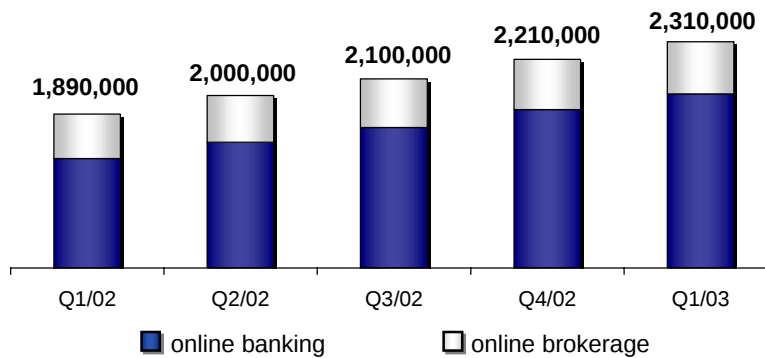
RBCInv = RBC Investments RBCCM = RBC Capital Markets



Online customers

Number of online clients continues to increase

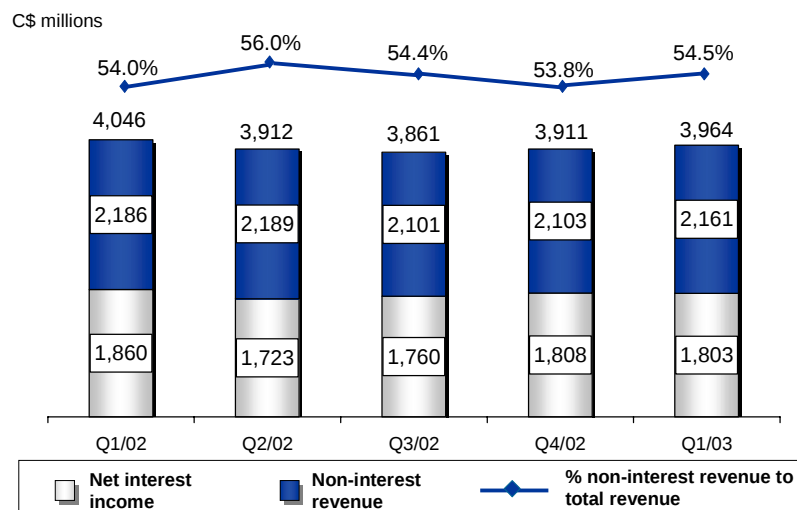
- 2,310,000 clients enrolled as at January 31, 2003 (2,010,000 banking and 300,000 brokerage)
- 23% Canadian customer penetration



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Revenues



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Revenues

Non-interest revenue

C\$ millions

Non-interest revenue growth

Due to:

Trading revenues	\$ 58	3%
Insurance	4	7
Deposit & payment service charges	4	1
Securitization revenues	(11)	(24)
Investment management and custodial fees	4	1
Mortgage banking	13	23
Mutual fund revenues	(1)	(1)
Capital market fees	(26)	(6)
Securities gains (losses)	72	n.m.
Other*	(59)	(15)

Q1/03 vs.			
Q4/02		Q1/02	
\$ 58	3%	\$ (25)	(1)%
\$ 58	12%	\$ 88	19%
4	7	9	16
4	1	25	10
(11)	(24)	2	6
4	1	(5)	(2)
13	23	(3)	(4)
(1)	(1)	(13)	(7)
(26)	(6)	(105)	(21)
72	n.m.	(27)	n.m.
(59)	(15)	4	1

* Includes credit derivative gains and losses discussed on chart 34



Revenues

Growth excluding capital market fees

C\$ millions

	Q1/03	Q4/02	Q1/02
Non-interest revenue	\$ 2,161	\$ 2,103	\$ 2,186
Less: capital market fees	400	426	505
Non-interest revenue excl. capital market fees	\$ 1,761	\$ 1,677	\$ 1,681
Add: Net interest income	1,803	1,808	1,860
Total revenue excl. capital market fees	3,564	3,485	3,541
Revenue growth excl. capital market fees (vs. Q1/03)		2%	1%
Non-interest revenue growth excl. capital mkt. fees (vs. Q1/03)		5%	5%



Revenues

Capital market fees

C\$ millions	Q1/03	Q1/03 vs.	
		Q4/02	Q1/02
Full-service brokerage	\$ 254	(4)%	(23)%
Institutional	125	(14)	(18)
Discount brokerage	21	24	(5)
Total capital market fees	\$ 400	(6)%	(21)%



Revenues

Net interest margin

	Q1/03	Q4/02	Q1/02
Net interest margin	1.80%	1.88%	2.01%
Change in margin (vs. Q1/03)		(8) b.p.	(21) b.p.
Due to change in:			
Low-yielding assets*		(5)	(26)
Mortgage yields		-	4
Prime-core deposit spread		(1)	1
Other		(2)	-
		(8)	(21)
Avg. Canadian prime rate	4.50%	4.50%	4.10%

* Largely relating to higher volumes and funding costs of low interest yielding assets such as securities



Non-interest expense

Cost discipline maintained in Q1/03

C\$ millions	Q1/03	Q4/02	Q1/02
Non-interest expense	\$ 2,559	\$ 2,601	\$ 2,609
Change vs. Q1/03		(2)%	(2)%
Includes:			
• Retention compensation expense*	30	36	56
• Stock compensation expense			
- Stock Appreciation Rights (SARs)**	4	(1)	26
- Performance-deferred stock plan	4	4	-
- Stock options	1	-	-
• Pension expense	55	48	33

* Related to the acquisitions of Dain Rauscher, Dain Rauscher Wessels and Tucker Anthony Sutro

** Under Cdn. GAAP, the cost of SARs was \$5 million in Q1/03, \$(7) million in Q4/02 and \$26 million in Q1/02. Starting in Q2/02 under U.S. GAAP, the SAR expense is based on an estimate of 40% of all participants exercising SARs and 60% exercising options (based on past experience). Under Canadian GAAP, the SAR expense must be based on 100% of all participants exercising SARs

Note: Variable compensation costs were \$511 million in Q1/03, \$449 million in Q4/02 and \$579 million in Q1/02

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Non-interest expense

Update on stock options accounting

- Adopted “Fair Value”* method of accounting for stock options effective Q1/03, with prospective application
- Expected impact of stock options expense on EPS (same for both Cdn. & U.S. GAAP):

<u>FY2003</u>			<u>FY2006**</u>
\$0.01	➡	rising to	➡ \$0.03-0.04

* Using an option pricing model to determine a value to be amortized to income over the vesting period (4 years)

** Calculations based on option grant size similar to the grant made in November 2002 and various other assumptions

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Solid balance sheet

Growth in total consumer loans

C\$ millions

	January 31, 2003 vs.			
	October 31, 2002		January 31, 2002	
Residential mortgages*	\$ 563	1%	\$ 5,636	8%
Personal loans	-	-	356	1
Credit cards*	300	5	522	8
Total consumer loans	\$ 863	1%	\$ 6,514	6%
Business & government loans	(1,791)	(3)	(4,265)	(7)
Total gross loans	\$ (928)	(1)	\$ 2,249	1%
less: allowance for loan losses	64	3	(78)	(3)
Total net loans	\$ (992)	(1)	\$ 2,327	1%

* Growth is before the impact of sold and unsold balances of mortgage-backed securities of \$5.5 billion at Q1/03 and Q4/02 and \$3.8 billion at Q1/02 and before the impact of securitized credit card loan balances of \$1.7 billion at Q1/03 and Q4/02 and \$2.0 billion at Q1/02

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Consumer market shares

Reflect recent retail banking initiatives

Market share among all financial institutions
in Canada

	Rank*	Change	Market share	
			Nov-02	July-02
Total deposits**:	#1	↑ 10 bp	12.38%	12.28%
<i>Personal deposits</i>		↑ 21 bp	14.97%	14.76%
<i>Mutual funds</i>		↓ 16 bp	8.76%	8.92%
Residential mortgages	#1	-	14.85%	14.85%
Personal loans & credit cards	#2	↓ 26 bp	13.72%	13.98%

* Market share rank among all financial institutions in Canada, at November 30, 2002

** Consists of personal deposits and mutual funds

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Capital strength

Maintaining strong capital ratios

Capital ratios:

(using OSFI guidelines)

	<u>Q1/03</u>	<u>Q4/02</u>	<u>Q1/02</u>
• Tier 1 ratio:	9.4%	9.3%	8.8%
• Total capital ratio:	12.7%	12.7%	12.3%

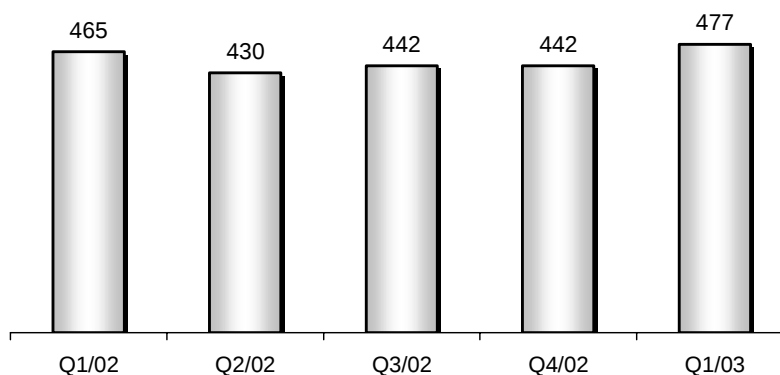
Share repurchases:

- Repurchased 0.9 million common shares for approx. \$50 million in Q1/03 at average price of \$56.90 per share under normal course issuer bid that commenced on June 24, 2002 for a one-year period (leaving balance of 9.3 million shares that may be repurchased under this program)



Substantial internal capital generation

C\$ millions

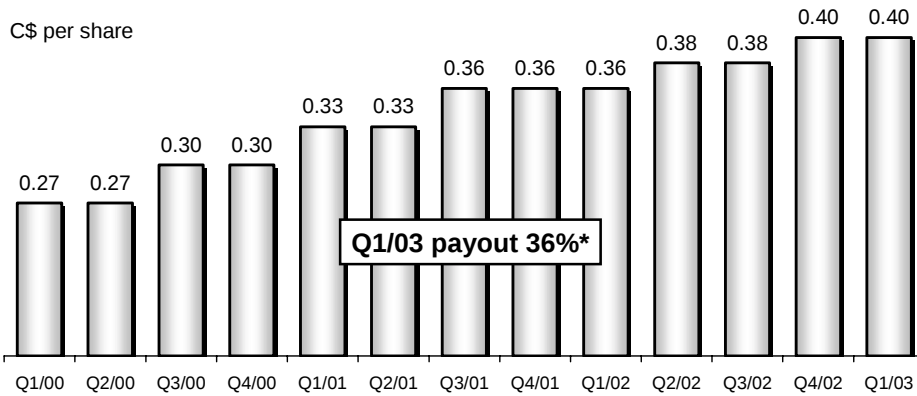




Common share dividends

Up 48% since Q1/00

C\$ per share



Q1/03 payout 36%*

- history of uninterrupted dividend payments
- target dividend payout range: 35-45%

*US GAAP

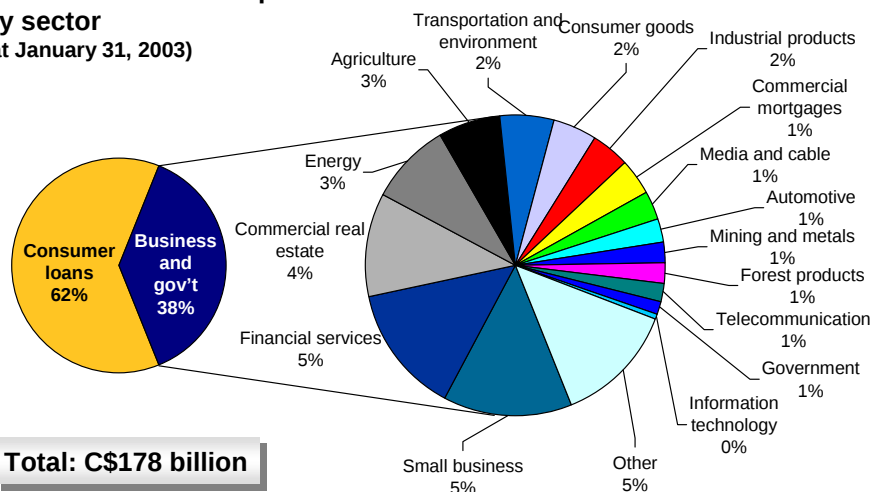
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Asset quality

Diversified loan portfolio

**Gross loans and acceptances
by sector
(at January 31, 2003)**



Total: C\$178 billion

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US GAAP

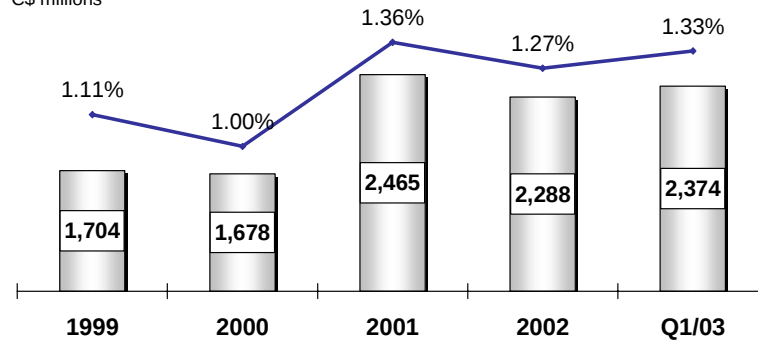


Asset quality

Nonaccrual loans

Nonaccrual loans ratio*

C\$ millions



The increase in nonaccrual loans from Q4/02 to Q1/03 was related to the business and government portfolio.

* Nonaccrual loans (before deducting allowance for credit losses) as a percentage of related loans and acceptances

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Asset quality

Nonaccrual loans

C\$ millions

	Q1/03	Q1/03 vs.			
		Q4/02		Q1/02	
Non-accrual loans	\$ 2,374	\$ 86	4%	\$ (339)	(12)%
Comprising:					
Domestic consumer	\$ 363	\$ (14)	(4)%	\$ (78)	(18)
Domestic business	849	(46)	(5)	(281)	(25)
International (ex. RBC Centura)	1,005	169	20	(6)	(1)
RBC Centura*	157	(23)	(13)	26	20

* Growth from Q1/02 largely relates to acquisition of Eagle Bancshares in July 2002

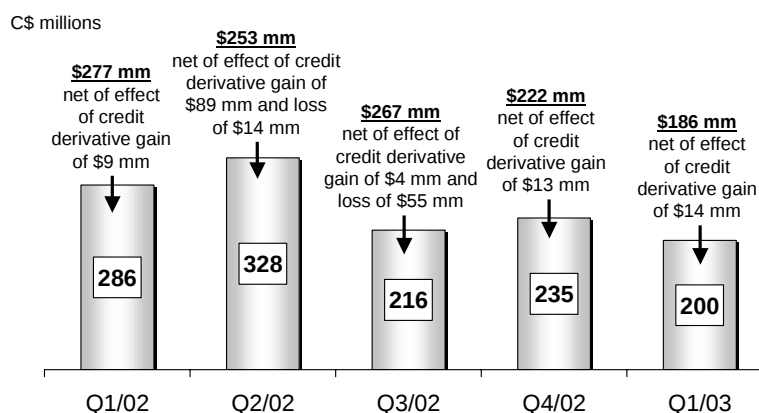
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Asset quality

Allocated specific provision for credit losses



Please see chart 34 for further details on these credit derivative gains and losses.

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Asset quality

Details on credit derivative gains and losses

C\$ millions

	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02
Allocated specific PCL	\$200	\$235	\$216	\$328	\$286
Credit derivative gains*	(14)	(13)	(4)	(89)	(9)
Credit derivative losses**	-	-	55	14	-
"Net" allocated specific PCL	\$186	\$222	\$267	\$253	\$277

* Mark-to-market gains realized on derivatives purchased to hedge accounts which have been classified as nonaccrual (gains recorded in "Non-interest revenue"). The gains recorded in Q1/03 and Q4/02 related to a European energy account that was classified as nonaccrual in Q4/02 (this credit derivative matured in Q1/03). Q1/02, Q2/02 and Q3/02 gains related to a telecom account that was classified as impaired in Q2/02 (this credit derivative matured in Q3/02)

** Mark-to-market losses recorded in "Non-interest revenue". RBC had provided credit protection through derivatives to counterparties with respect to a large U.S. telecommunications company which defaulted in Q3/02

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Asset quality

Details on credit protection portfolio

C\$ millions

	<u>Bought</u>	<u>Sold</u>
Financial services	\$ 343	\$ 50
Energy	177	48
Telecommunications & Media	135	39
Transportation & Environmental	82	-
Other industries	359	226
	<u>\$1,096</u>	<u>\$363</u>
Investment grade	\$960	\$352
Non-investment grade	\$136	\$ 11

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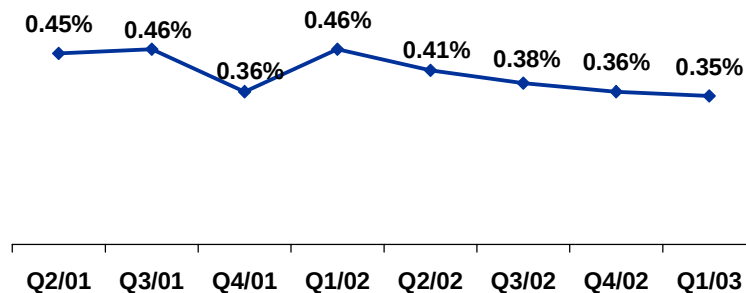


Asset quality

Stable Canadian consumer loan portfolio

Provision for credit losses

% of average balances*, annualized



* Total Canadian consumer loans, including mortgages, personal loans and credit cards, excluding student loans

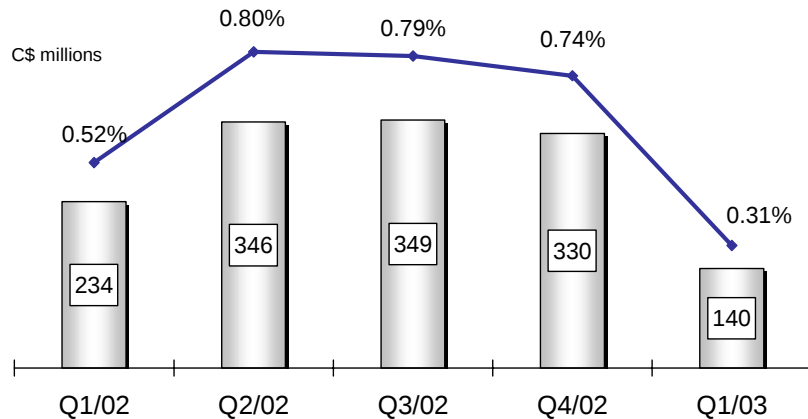
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Asset quality

Net charge-offs

Net charge-off ratio*



* Net charge-offs as a percentage of average loans and acceptances

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Asset quality

Power generation and distribution loans

C\$ millions

	Q1/03					Q4/02	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Impaired Net	Total loans	Net impaired
Regulated power transmission/distrib.	180	310	490	-	-	580	-
Diversified generation	81	124	205	95	39	227	37
Diversified utility	242	341	583	195	176	827	37
Generation projects with Offtake*	105	96	201	-	-	193	-
Merchant generation	23	186	209	-	-	202	-
Total sector	631	1,057	1,688	290	215	2,029**	74

* Offtake = guarantees, tolling agreements, Power Purchase Agreements and other contractual obligations

**Included \$1.0 billion of investment grade and \$1.1 billion of non-investment grade loans

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Asset quality

Telecommunication and cable loans

C\$ millions

	Q1/03					Q4/02	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Net	Total loans	Net impaired
Telecom	550	773	1,323	75	23	1,732	41
Cable	111	666	777	53	53	902	56
Total sector	661	1,439	2,100	128	76	2,634**	97

* Includes CLEC exposure of \$82 million in Q1/03 (net of allowances, exposure is \$49 million) and \$99 million in Q4/02 (net of allowances, exposure is \$62 million)

**Included \$1.1 billion of investment grade and \$1.5 billion of non-investment grade loans



Asset quality

Airlines and aerospace loans*

C\$ millions

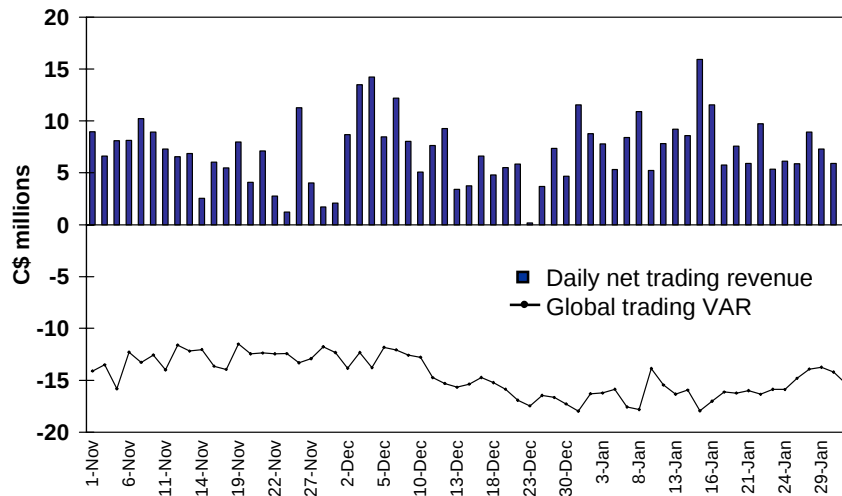
	Q1/03					Q4/02	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Net	Total loans	Net impaired
Airlines	467	360	827	5	4	796	5
Aerospace	132	75	207	3	3	340	3
Total sector	599	435	1,034	8	7	1,136	8

* Airlines and aerospace loans are included in the "Transportation and environment" sector



Trading revenue performance

No negative trading days in Q1/03

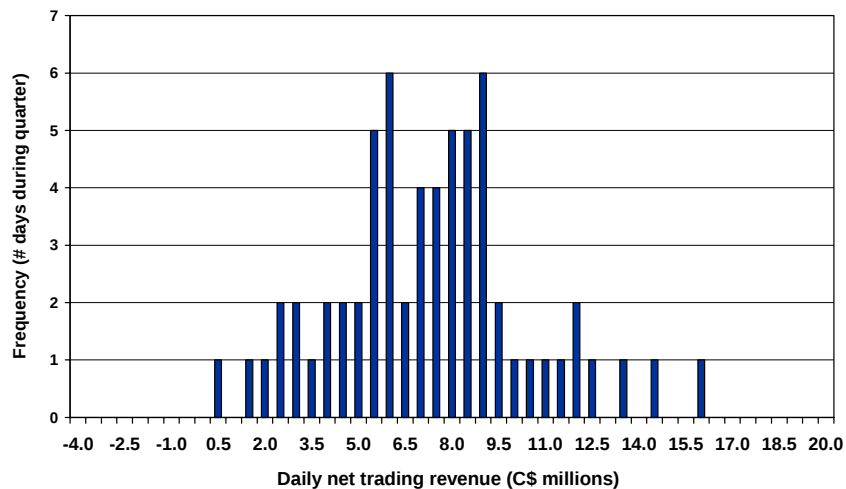


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Trading revenue performance

Distribution of Q1/03 trading revenues



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Risk management

Summary

- \$86 million increase in nonaccrual loans from Q4/02 occurred in the business & government loan portfolio
- Allocated specific PCL down \$35 million from Q4/02 and \$86 million from Q1/02
- Total loans down 20%, 17% and 9% from Q4/02 in the telecom, power and airline sectors, respectively
- Solid trading performance continues with no days of trading losses recorded in Q1/03