



**RBC
Financial
Group**

Third Quarter 2001

Highlights of Results

August 21, 2001

Investor Relations

www.royalbank.com/investorrelation



Index

Charts

Financial overview	2-7
Business segment results	
Operating highlights	8-10
Financial review	11-17
Strategic updates	
U.S. expansion	18-25
Online customers update	26
In-depth financial review	
Revenues	27-32
Non-interest expenses	33-35
Balance sheet & capital	36-40
Asset quality & risk management	41-50



Financial overview

*Third quarter financial highlights**

- Cash EPS (diluted) of \$0.94 (\$0.99 excluding SAR expense)
- EPS (diluted) of \$0.82 (\$0.87 excluding SAR expense)
- Cash ROE of 17.0% (17.8% excluding SAR expense)
- SAR (Stock Appreciation Rights) expense after-tax of \$29 million in Q3/01, compared to \$(9) million in Q2/01 and \$8 million in Q3/00 (EPS impact of \$0.05, (\$0.01) and \$0.01 respectively)
- Revenue up 22%
- Non accrual loans ratio of 1.2% virtually unchanged from Q2/01
- Capital ratios up

*Excluding special items outlined on chart 4.



Financial overview

Key third quarter numbers*

C\$	Q3/01		9 mos.'01	
	US GAAP	CDN GAAP	US GAAP	CDN GAAP
Cash EPS - diluted	\$0.94	\$0.94	\$2.92	\$2.87
Cash EPS growth*	3%	1%	11%	7%
Cash EPS – diluted (ex. SARs)**	\$0.99	\$0.99	\$2.96	\$2.91
Cash EPS growth (ex. SARs)**	8%	5%	13%	8%
EPS - diluted	\$0.82	\$0.82	\$2.66	\$2.62
EPS growth*	-6%	-8%	6%	2%
EPS - diluted (ex. SARs)**	\$0.87	\$0.87	\$2.70	\$2.66
EPS growth (ex. SARs)**	-1%	-3%	7%	3%
Cash ROE	17.0%	17.1%	18.8%	18.6%
Cash ROE (ex. SARs)**	17.8%	17.9%	19.1%	18.9%
Revenue growth*	22%	24%	18%	19%
Operating expense growth*	27%	29%	21%	23%

* Growth vs. Q3/00 and 9 mos.'00. Excluding special items outlined on chart 4. Operating expenses exclude costs of SARs, one-time expenses and certain acquisition expenses such as retention compensation and restructuring charges.

** excluding cost of Stock Appreciation Rights

3



Financial overview

Special items – Q3/01 and 9 mos.'01

C\$ millions	Q3/01		9 mos.'01	
	US GAAP	CDN GAAP	US GAAP	CDN GAAP
Non-interest revenue				
Gain on formation of Moneris (P&CB)	-	-	89	89
Gain on sale of GRS (WM/P&CB)*	-	-	43	43
Non-interest expense				
U.S. retail bk. restructuring (P&CB)	(91)	(91)	(91)	(91)
Total impact (pre-tax)	<u>(91)</u>	<u>(91)</u>	<u>41</u>	<u>41</u>
Impact (after-tax)	(57)	(57)	54	54
Deferred income tax adjustment**	(89)	(30)	(89)	(63)
Total impact (after-tax)	<u>(146)</u>	<u>(87)</u>	<u>(35)</u>	<u>(9)</u>
Impact on EPS - diluted	<u>(0.22)</u>	<u>(0.13)</u>	<u>(0.06)</u>	<u>(0.01)</u>

* \$36 million (\$28 million after-tax) in WM and \$7 million (\$6 million after-tax) in P&CB

** relates to change in federal corporate tax rate. See chart 5 for break out by segment

P&CB = Personal & Commercial Banking WM = Wealth Management

4



Financial overview

Deferred income tax adjustments (after-tax impact)

C\$ millions

	2000	Q1/01	Q2/01	Q3/01	Total to date
U.S. GAAP					
P&CB	-	-	-	36	36
WM	-	-	3	5	8
C&IB	-	-	-	24	24
Other	-	-	(3)	24	21
Total	-	-	-	89	89
Cdn. GAAP					
P&CB	-	19	12	5	36
WM	-	-	3	5	8
C&IB	-	10	(1)	15	24
Other	16	4	(4)	5	21
Total	16	33	10	30	89

Note: the adjustments in Q1/01 and Q3/01 were considered special items.

P&CB = Personal & Commercial Banking WM = Wealth Management C&IB = Corporate & Investment Banking
Other = "Other" segment

5



Financial overview

Performance vs. objectives – Q3/01 and 9 mos.'01

	3-5 year goal	Target for 2001	Q3/01 core	9 mos.'01 core
Profitability measures*				
Cash ROE	20%+	18-20%	17.0%	18.8%
Cash ROE (ex.SARs)			17.8%	19.1%
Cash EPS growth	15%+	10-15%	3%	11%
Cash EPS growth (ex.SARs)			8%	13%
Revenue growth	8-10%	10%+	22%	18%
Operating revenue growth**	-	-	22%	18%
Operating expense growth**	- < oper. revenue growth		27%	21%
Specific PCL/avg. loans, BAs & repos (Cdn. GAAP)	0.30-0.40%	0.30-0.40%	0.46%	0.42%
Dividend payout ratio	30-40%	-	45%	39%
Capital ratios (OSFI)				
Common equity to risk-adjusted assets	7.0%	-	9.5%	9.5%
Tier 1 capital	8.0%	-	9.3%	9.3%
Total capital	11.0-12.0%	-	12.3%	12.3%

* growth is over a year ago. Excludes special items as shown in chart 4.

** operating expenses exclude costs of Stock Appreciation Rights, one-time expenses and certain acquisition expenses such as retention compensation and restructuring charges, while operating revenues exclude one-time revenues.

6

US GAAP

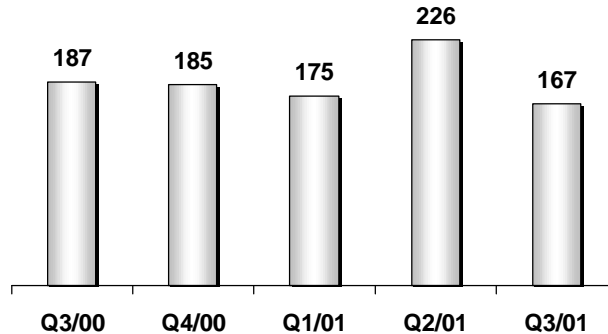


Financial overview

*Economic Profit**

- **Cash operating earnings less capital charge**

C\$ millions



* includes additions to the general provision for credit losses of \$70 million in Q1/01, and \$40 million in Q4/00. Cost of common equity was lowered to 12.5% in Q3/01 from 13.5%.

7

US GAAP



Business segment results

Third quarter operating highlights

Personal & Commercial Banking (P&CB)

- Closed the Centura acquisition on June 5th; final purchase price of C\$3.3 billion; goodwill of C\$1.9 billion and other intangibles of C\$407 million (primarily core deposit intangibles)
- Through wholly-owned subsidiary Ernex Marketing Technologies, introduced a loyalty program for Visa credit cardholders in Toronto
- Forrester Research rated Royal Bank's online marketing capability best amongst North American banks

Insurance

- Announced new, multi-year alliances with the Association of Canadian Travel Agents
- Launched a new Internet application for Personal Accident insurance coverage online
- Announced the sale of Louisiana State National Fire Insurance Co., acquired as part of Liberty; the transaction is expected to close in the fall

Wealth Management

- Announced the acquisition of Tucker Anthony Sutro for US\$625 million cash or US\$24 per share; the transaction is expected to close in the fall of 2001 pending approvals; Tucker Anthony will be merged with RBC Dain Rauscher with the combined entity to be named RBC Dain Rauscher

8



Business segment results

Third quarter operating highlights

Wealth Management (cont'd)

- Announced the sale of RT Capital Management, the bank's institutional asset management business, to UBS Asset Management for approx. \$350 million; sale closed on August 15th; gain of approx. \$250 million after-tax is expected to be realized in Q4/01
- Wealth Management's Information Technology group was awarded one of the Canadian Information Productivity Awards (CIPA) Award of Excellence for "ClientSource" (a broker/dealer account opening system for Royal Bank Action Direct clients) in the category of Customer Care

Corporate & Investment Banking

- RBC DS continued to lead the Canadian M&A market in the first half of this calendar year with a total of 24 mandates representing an equity value of \$36.7 billion.
- *FX Week* and *Profit & Loss* independently confirmed RBC DS' strong performance in the global foreign exchange markets with rankings of 9th and 11th according to 2000 revenues; RBC DS was the only Canadian dealer ranked in the global top 20
- In June, RBC DS led the largest ever syndicated Canadian dollar bond transaction (\$2.2 billion issue for CMHC); RBC DS maintained its hold on 30% of the new issue debt market during the quarter



Business segment results

Third quarter operating highlights

Transaction Processing

- In late July, completed the acquisition of Perpetual Fund Services, the custody, investment administration and unit registry business of Perpetual Trustees Australia Limited
- Royal Trust Global Securities Services' (GSS) Viewfinder® eBusiness platform was honoured at *CIO Canada* magazine's 2001 ITX Information Technology Awards for innovative use of the Internet to create "business value" for clients
- Nine major international banks appointed Global Integrated Solutions as their nostro account service provider in anticipation of the launch of Continuous Linked Settlement
- Awarded a CIPA Award of Excellence for our Enterprise-Wide Fraud Detection Solution that utilizes advanced computing technologies to prevent and detect fraud early by analyzing real-time customer transactions

Other

- In July, elected to delist common shares from the London Stock Exchange
- Neilson's NetRatings Audience Measurement Service ranked www.royalbank.com as one of the 10 most frequently visited Internet sites in Canada



Business segment results

Third quarter 2001

C\$ millions (excluding special items*)	Cash net income	Cash net income growth*	Economic Profit	Cash ROE
Personal & Commercial Banking	\$ 362	26%	\$ 101	17.9%
Insurance	49	104	18	20.9
Wealth Management**	89	(11)	20	16.6
Corporate & Investment Banking**	135	6	16	14.4
Transaction Processing	39	(11)	23	31.6
Other	(10)	n.m.	(11)	(30.3)
Total Bank	\$ 664	13%	\$ 167	17.0%

* growth over Q3/00; excluding special items (see charts 4 & 5).

** excluding RBC Dain Rauscher (acquired in Q1/01), Wealth Management's cash net income increased 2% over Q3/00, while C&IB's cash net income increased 21%.

11

US GAAP



Business segment results

9 months 2001

C\$ millions (excluding special items*)	Cash net income	Cash net income growth*	Economic Profit	Cash ROE
Personal & Commercial Banking	\$ 997	25%	\$ 356	21.2%
Insurance	138	77	52	21.9
Wealth Management**	287	(13)	103	21.1
Corporate & Investment Banking**	416	2	75	16.3
Transaction Processing	117	5	66	31.9
Other	(2)	n.m.	(84)	(1.6)
Total Bank	\$ 1,953	15%	\$ 568	18.8%

* growth over 9 months 2000, excluding special items (see charts 4 & 5).

** excluding RBC Dain Rauscher, Wealth Management's cash net income declined 6% over 9 mos.'00, while C&IB's cash net income increased 11%.

12

US GAAP



Business segment results

Personal & Commercial Banking*

C\$ millions (excluding special items**)	Q3/01 vs.			9 mos.'01 vs.	
	Q3/01	Q2/01	Q3/00	9 mos.'01	9 mos.'00
Revenue	\$ 1,846	13%	15%	\$ 5,166	12%
NIE	1,110	20	17	2,994	9
Total PCL***	175	10	10	561	14
Net income	331	(1)	17	957	21
Cash net income	362	7	26	997	25
Economic Profit	101	(33)	22	356	57
ROE	16.3%	↓ 900 bp	↓ 320 bp	20.3%	↑ 80 bp
Cash ROE	17.9%	↓ 770 bp	↓ 180 bp	21.2%	↑ 170 bp
Oper. effic. ratio****	59.2%	↑ 240 bp	↑ 30 bp	57.7%	↓ 150 bp

* RBC Centura's contribution to P&CB's results was from June 5, 2001. Without the addition of RBC Centura, Q3/01 revenue and NIE would have increased 5% and 3% respectively from Q3/00, net income and cash net income would have increased 14% and 16% respectively, ROE would have been 22.6%, cash ROE 23.2% and Economic Profit \$146 million. **Excluding special items outlined on charts 4 & 5. *** general provision of \$70 million recorded in Q1/01, \$40 million in Q2/00 and \$30 million in Q1/00. ****excludes special items and SAR expense of \$17 million in Q3/01, \$(5) million in Q2/01 and \$5 million in Q3/00.

13

US GAAP



Business segment results

Insurance*

C\$ millions	Q3/01 vs.			9 mos.'01 vs.	
	Q3/01	Q2/01	Q3/00	9 mos.'01	9 mos.'00
Revenue	\$ 141	(6)%	114%	\$ 394	119%
NIE	103	11	110	272	121
Total PCL	-	-	-	-	-
Net income	47	7	96	130	67
Cash net income	49	2	104	138	77
Economic Profit	18	6	20	52	-
ROE	20.2%	↑ 80 bp	↓ 1,490 bp	20.5%	↓ 1,910 bp
Cash ROE	20.9%	↓ 40 bp	↓ 1,490 bp	21.9%	↓ 1,850 bp

* Excluding the addition of RBC Liberty Insurance, revenue and NIE would have increased 17% and 12% respectively from Q3/00 and net income and cash net income would have both increased 46% from Q3/00. For 9 mos.'01, net income and cash net income would have both increased 40% from 9 mos.'00.

14

US GAAP



Business segment results

Wealth Management*

C\$ millions (excluding special items**)	Q3/01 vs.			9 mos.'01 vs.	
	Q3/01	Q2/01	Q3/00	9 mos.'01	9 mos.'00
Revenue	\$ 803	(4)%	31 %	\$ 2,323	26 %
NIE	705	(3)	53	1,969	46
Total PCL	1	(67)	n.m.	3	n.m.
Net income	61	(9)	(34)	227	(27)
Cash net income	89	-	(11)	287	(13)
Economic Profit	20	18	(71)	103	(56)
ROE	11.1%	↓ 110 bp	↓ 3,050 bp	16.4%	↓ 3,180 bp
Cash ROE	16.6%	↓ 10 bp	↓ 2,800 bp	21.1%	↓ 2,990 bp

* Excluding the addition of RBC Dain Rauscher, Q3/01 revenue and NIE would have declined 8% and 6% respectively from Q3/00, net income would have declined 8%, cash net income would have increased 2%, ROE would have been 36.1%, cash ROE 43.1% and Economic Profit \$70 million. For 9 mos.'01 excluding RBC Dain Rauscher, net income and cash net income would have declined 11% and 6% respectively from 9 mos.'00. **Excluding special items outlined on charts 4 & 5.

15

US GAAP



Business segment results

Corporate & Investment Banking*

C\$ millions (excluding special items**)	Q3/01 vs.			9 mos.'01 vs.	
	Q3/01	Q2/01	Q3/00	9 mos.'01	9 mos.'00
Revenue	\$ 692	(1)%	17%	\$ 2,117	20%
NIE	435	(6)	18	1,349	25
Total PCL***	68	28	94	148	114
Net income	124	7	2	387	(1)
Cash net income	135	5	6	416	2
Economic Profit	16	33	(58)	75	(54)
ROE	13.1%	↓ 40 bp	↓ 540 bp	15.0%	↓ 700 bp
Cash ROE	14.4%	↓ 60 bp	↓ 520 bp	16.3%	↓ 680 bp

* Excluding the addition of RBC Dain Rauscher, Q3/01 revenue would have increased 5% from Q3/00, NIE would have declined 12%, net income and cash net income would have increased 24% and 21% respectively, ROE would have been 21.0%, cash ROE 21.6% and Economic Profit \$61 million. For 9 mos.'01 excluding RBC Dain Rauscher, net income and cash net income would have increased 13% and 11% respectively from 9 mos.'00. **Excluding special items outlined on chart 5. ***general provision of \$10 million in Q1/00.

16

US GAAP



Business segment results

Transaction Processing

C\$ millions	Q3/01 vs.			9 mos.'01 vs.	
	Q3/01	Q2/01	Q3/00	9 mos.'01	9 mos.'00
Revenue	\$ 178	2	1%	\$ 528	5%
NIE	120	5	1	348	5
Total PCL*	-	n.m.	n.m.	(2)	n.m.
Net income	37	-	(12)	111	6
Cash net income	39	-	(11)	117	5
Economic Profit	23	5%	(21)	66	2
ROE	29.5%	↓ 190 bp	↓ 1,370 bp	30.1%	↓ 350 bp
Cash ROE	31.6%	↓ 150 bp	↓ 1,330 bp	31.9%	↓ 340 bp

* There was a \$17 million provision for credit losses recovery in Q3/00 and a \$1 million recovery in Q2/01.

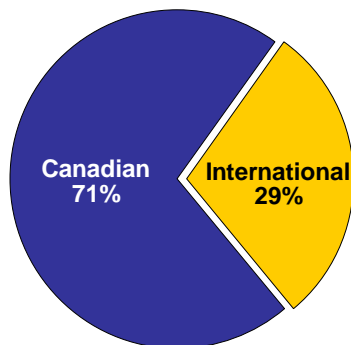


Expansion outside Canada

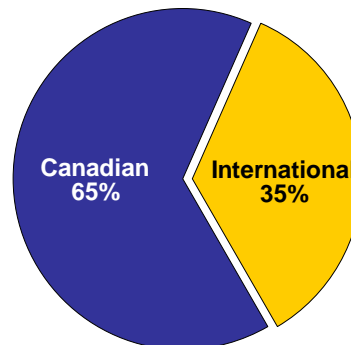
Higher international earnings

Cash net income contribution*

9 months 2000



9 months 2001



* Excluding special items



U.S. expansion

Branding strategy in the U.S.

As part of our new branding unveiled on August 20th, our U.S. businesses are being renamed as follows:

Centura Banks	→	RBC Centura
Dain Rauscher	→	RBC Dain Rauscher
Liberty Insurance	→	RBC Liberty Insurance
Prism Financial	→	RBC Prism

19



U.S. expansion

Summary of recent U.S. acquisitions

(in US\$ millions)

	<u>Closing Date</u>	<u>Purchase Price</u>	<u>Goodwill</u>	<u>Other Intangibles</u>	<u>Accretive to Cash EPS</u>
Tucker Anthony	TBD*	\$ 625	\$ 320**	TBD	in Year 3
Centura	Jun. 5/01	\$2,200	\$1,229	\$267	in Year 2
Dain Rauscher	Jan. 10/01	\$1,200	\$1,030	-	in Year 2
Liberty	Nov. 1/00	\$ 580	\$ 79	-	in Year 1
Prism	Apr. 20/00	\$ 115	\$ 90	-	in Year 1
		<u>\$4,720</u>	<u>\$2,748</u>		

* The Tucker Anthony acquisition is expected to close in the fall of 2001.

** \$320 million is the estimated excess purchase price over the estimated fair value of the net tangible assets acquired which will first be allocated to identifiable intangible assets with the residual allocated to goodwill.

20



U.S. expansion

Tucker Anthony Sutro (TA) acquisition

- Announced August 1st, 2001
- When combined with RBC Dain Rauscher, gives #9 position in retail brokerage and national presence in the U.S.
- Dilution to cash EPS of approximately 1% expected in 2002, virtually neutral in 2003 and accretive thereafter
- Cost savings of approximately US\$60 million expected – 33% to be realized in 2002, 100% in 2003
- Estimated restructuring charge of US\$60 million (pre-tax) to be recorded on TA's books

21



U.S. expansion

Update on RBC Centura

- Closed June 5, 2001
- Integrating Security First Network Bank and some RBC Prism functions into RBC Centura
- Royal Bank took a C\$91 million (C\$57 million after-tax) restructuring charge in Q3/01:

Premises & equipment	\$42
Staff termination	22
Other restructuring costs	<u>27</u>
Total restructuring charge	\$91
Q3/01 drawdown	<u>60</u>
Ending balance	<u>\$31</u>

- Looking for further expansion opportunities in Southeastern U.S.

22



U.S. expansion

Update on RBC Dain Rauscher

(in C\$ millions)

- Retention compensation costs:

	<u>Q3/01</u>		<u>Q2/01</u>	
	<u>pre-tax</u>	<u>after-tax</u>	<u>pre-tax</u>	<u>after-tax</u>
WM	\$29	\$18	\$29	\$18
C&IB	\$23	\$16	\$28	\$19

- Goodwill amortization expenses (pre-tax and after-tax):

	<u>Q3/01</u>	<u>Q2/01</u>
WM	\$12	\$12
C&IB	\$ 8	\$ 8

WM = Wealth Management

C&IB = Corporate & Investment Banking

23



U.S. expansion

Update on RBC Liberty Insurance

- RBC Liberty Insurance generated gross premiums of C\$110 million in Q3/01. Total premiums for the year to date are nearly C\$300 million.
- Liberty Life continues to work actively with RBC Centura to enhance RBC Centura's creditor life and disability insurance programs.
- The integration of Genelco with Liberty Insurance Services is proceeding with the mainframe technology infrastructure for the Genelco operation having been successfully moved from St. Louis to Greenville.
- In July, the sale of Louisiana-based State National Fire Insurance Company was announced. State National Fire was acquired as part of the purchase of Liberty Life Insurance and Liberty Insurance Services in November 2000. The sale is consistent with RBC Insurance's original plan and is in keeping with its overall business strategy and goals. The sale is expected to close in the fall of 2001.

24



U.S. expansion

Update on RBC Prism

- Mortgage originations up 20% over Q2/01 and 120% over Q3/00
- Continuing to benefit from low interest rate environment, resulting in strong loan volumes
- Prism Builder Finance Group has opened four offices in new markets over the past 6 months, with additional markets targeted for potential expansion
- Mortgage Bankers Association forecasting a 50% increase in mortgage originations in 2001 compared to 2000

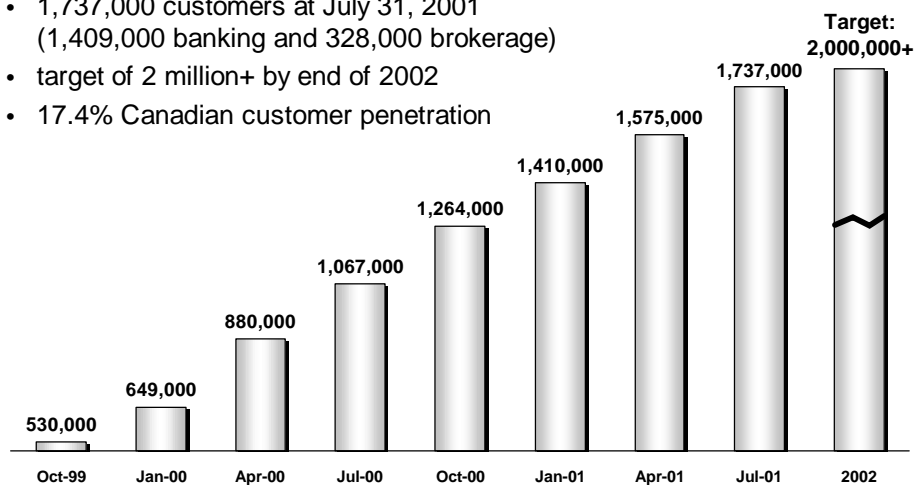
25



Online customers update

Canadian online customer growth continues

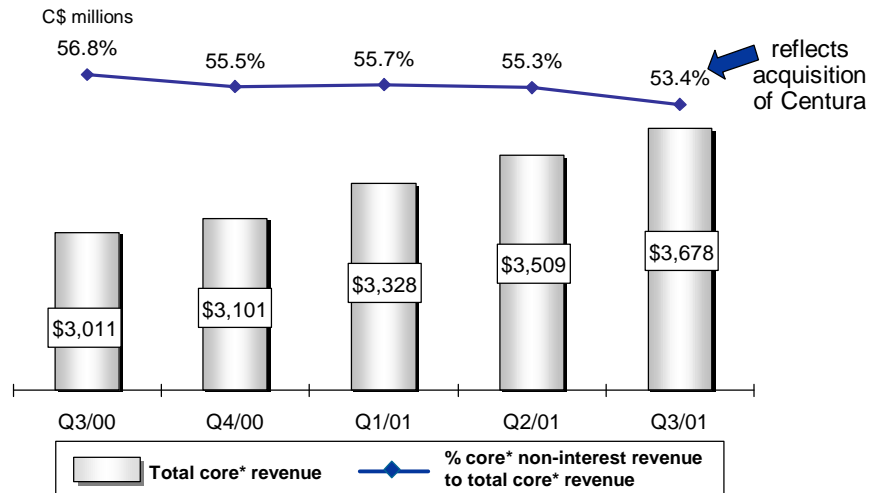
- 1,737,000 customers at July 31, 2001 (1,409,000 banking and 328,000 brokerage)
- target of 2 million+ by end of 2002
- 17.4% Canadian customer penetration



26



Revenue growth



*excluding one-time revenues, taxable equivalent basis

27

US GAAP



Revenue growth

Non-interest revenue

C\$ millions

	Q2/01		Q3/01 vs. Q3/00		9 mos.'01 vs. 9 mos.'00	
	\$	%	\$	%	\$	%
Non-interest revenue growth	\$ 23	1 %	\$ 252	15%	\$ 930	19%
Less: one-time items*	-		-		132	
Non-interest revenue growth – core	\$ 23	1 %	\$ 252	15%	\$ 798	16%
Due to:						
Insurance**	\$ (2)	(3)%	\$ 46	219%	\$ 75	68%
Investment management and custodial fees***	(11)	(5)	44	24	160	32
Trading revenues***	(50)	(11)	(39)	(9)	247	21
Capital market fees***	(45)	(9)	44	10	113	9
Mutual fund revenues	6	4	5	4	22	6
Other***	125	24	152	31	181	12

*excluding one-time revenues as shown in chart 4 **Includes RBC Liberty's revenues in Q3/01 of \$32 million, in Q2/01 of \$47 million and in Q1/01 of \$6 million ***includes RBC Dain Rauscher's revenues in Q3/01 of \$44 million in investment management and custodial fees, \$87 million in trading revenues, \$141 million in capital market fees and \$18 million in other (in Q2/01, \$47 million, \$101 million, \$143 million and \$20 million respectively and in Q1/01, \$13 million, \$40 million, \$54 million and \$8 million respectively).

28

US GAAP



Revenue growth

Wealth Management revenue contributions

C\$ millions

	Q3/01	Growth vs. Q3/00
Private Client Division (Cdn. full service brokerage)	\$ 219	(29)%
Investment Management*	143	(2)
Global Private Banking	95	(6)
Action Direct (discount brokerage)	38	(2)
Other	69	(10)
Wealth Management (excluding RBC Dain Rauscher)	\$ 564	(8)%
RBC Dain Rauscher**	239	n/a
Total Wealth Management	\$ 803	31 %

* Includes Royal Mutual Funds.

** RBC Dain Rauscher was purchased in Q1/01.

29

US GAAP



Revenue growth

Capital market fees

C\$ millions

	Q3/01	Q3/01 vs.		9 mos.'01 vs.	
		Q2/01	Q3/00	9 mos.'01	9 mos.'00
Full-service brokerage	\$ 296	(11)%	29%	\$ 888	22%
Institutional	154	(3)	(10)	443	(2)
Discount brokerage	23	(15)	(21)	79	(30)
Total capital market fees*	\$ 473	(9)%	10%	\$ 1,410	9%

* Includes RBC Dain Rauscher revenues in Q3/01 of \$100 million in full-service brokerage and \$41 million in institutional (in Q2/01, \$102 million and \$41 million respectively, and in Q1/01, \$41 million and \$13 million respectively).

30



Revenue growth

Royal Mutual Funds assets

C\$ millions	Assets @ 07/31/01	Asset Growth		Mkt. Share @ 07/31/01
		(3 months)	(12 months)	
1. Investors Group	\$42,288	\$ (314)	\$ 382	10.42%
2. Royal Mutual Funds	34,060	111	85	8.40
3. AIM Funds Group	33,240	(595)	(1,697)	8.19
4. Fidelity Investments	31,974	(978)	(982)	7.88
5. Mackenzie Financial	30,411	(724)	(2,358)	7.50
INDUSTRY	\$405,644			

Continuing to execute on 3-point strategy to grow net sales:

1. Filling in a product gap (i.e. global sector funds launched in January 2001 well-received by investors)
2. Expanding alternative channels (other full-service and discount brokers, insurance companies, financial planners; wholesalers recruited)
3. Promoting Royal Mutual Fund's positive performance

Source: IFIC, excludes reinvested dividends

31



Revenue growth

Margin widens slightly

	Q3/01	Q2/01	Q3/00
Net interest margin	1.98%	1.97%	1.81%
Change in margin		1 b.p.	17 b.p.
Due to:			
Mortgage spread		7	14
Global equity derivatives		(4)	12
Prime-core deposit spread		(2)	(5)
Other		-	(4)
		<u>1</u>	<u>17</u>
Average Canadian prime rate	6.29%	6.90%	7.41%

32

US GAAP



Cost control

Operating expenses

C\$ millions	Q3/01	Q2/01	Q3/00
Core NIE	\$ 2,507	\$ 2,263	\$ 1,914
Less:			
• Certain acquisition costs	52	57	-
• Stock Appreciation Rights costs	50	(16)	13
Operating NIE*	\$ 2,405	\$ 2,222	\$ 1,901
Less:			
• Performance-related costs	471	504	362
Base NIE	\$ 1,934	\$ 1,718	\$ 1,539
Operating NIE growth vs. Q3/01**		8%	27%
Base NIE growth vs. Q3/01**		13%	26%

* Operating expenses exclude costs of Stock Appreciation Rights, one-time expenses and certain acquisition costs such as retention compensation and restructuring charges

** Largely reflects acquisitions made after Q3/00



Cost control

Cost of Stock Appreciation Rights (SARs)

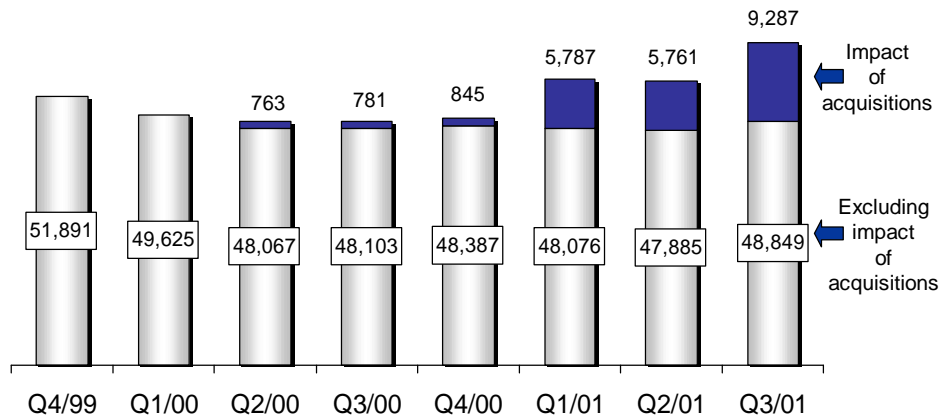
	End of period share price	\$ share price appreciation during quarter	SAR Expense (\$MM)	Impact on EPS (\$/share)
Q3/01	\$50.96	+8.01	50	-0.05
Q2/01	\$42.95	-5.25	(16)	+0.01
Q1/01	\$48.20	-0.10	9	-
Q4/00	\$48.30	+8.65	37	-0.04
Q3/00	\$39.65	+4.70	13	-0.01
Q2/00	\$34.95	+5.42	2	-

NOTE: SAR expenses are mostly a function of the difference between the strike price and the closing share price, but also reflect that: (a) each SAR issue is expensed by including in Year 1 – 52%, in Year 2 – an additional 27%, in Year 3 – an additional 15% and in Year 4 – the remaining 6% of the number of SARs outstanding, and (b) SARs were issued starting in November 1999, resulting in an increasing number of outstanding SARs over time.



Cost control

*Number of employees**



*number of employees on full-time equivalent basis, shown excluding Prism Financial acquired in April 2000, Liberty Insurance acquired in November 2000, Dain Rauscher acquired in January 2001 and Centura Banks acquired in June 2001.

35



Solid balance sheet

RBC Centura adds to loan growth*

C\$ millions

	July 31, 2001 vs.			
	April 30, 2001		July 31, 2000	
Residential mortgages**	\$ 3,386	5%	\$ 5,857	9%
Personal loans	1,705	6	4,198	15
Credit cards***	266	6	704	19
Total consumer loans	\$ 5,357	5%	\$ 10,759	12%
Business & government loans	5,009	7	5,240	8
Total gross loans	\$ 10,366	6%	\$ 15,999	10%
less: allowance for loan losses	222	11	328	18
Total net loans	\$ 10,144	6%	\$ 15,671	10%

* Includes RBC Centura assets acquired in Q3/01 of \$1.9 billion in residential mortgages, \$1.9 billion in personal loans, \$0.1 billion in credit cards, \$8.2 billion in business & government loans and \$0.2 billion of allowance for loan losses

** Growth before securitizations of \$0.6 billion in Q3/01 and \$0.5 billion in Q4/00

*** Growth before securitization of \$1.0 billion in Q3/01 and before reversal of prior securitizations (\$0.2 billion in Q4/00)

36

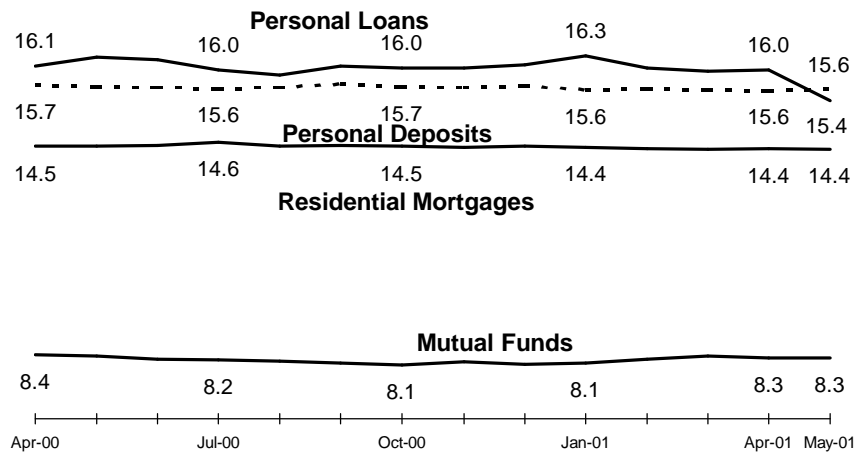
US GAAP



Solid balance sheet

Focusing on returns

Market share among all financial institutions in Canada



37



Capital strength

Capital ratios stronger

	<u>3-5 year goal</u>	Q3/01	Q2/01	Q3/00
Common equity/ risk-adjusted assets	7.0%	9.5%	8.0%	7.2%
Tier 1 capital ratio	8.0%	9.3%	8.8%	8.5%
Total capital ratio	11.0-12.0%	12.3%	12.3%	11.5%

38

CDN GAAP



Capital strength

Substantial capital activity in Q3/01

Common shares:

- Issued a total of 67.4 million shares for \$3.3 billion upon closing the Centura transaction on June 5, 2001
- Under the normal course issuer bid announced on June 19, 2001, bought back 1.2 million shares during the quarter for \$60.6 million at an average price of \$49.50 per share

Subordinated debentures:

- Redeemed subordinated debentures totaling US\$350 million

Preferred shares:

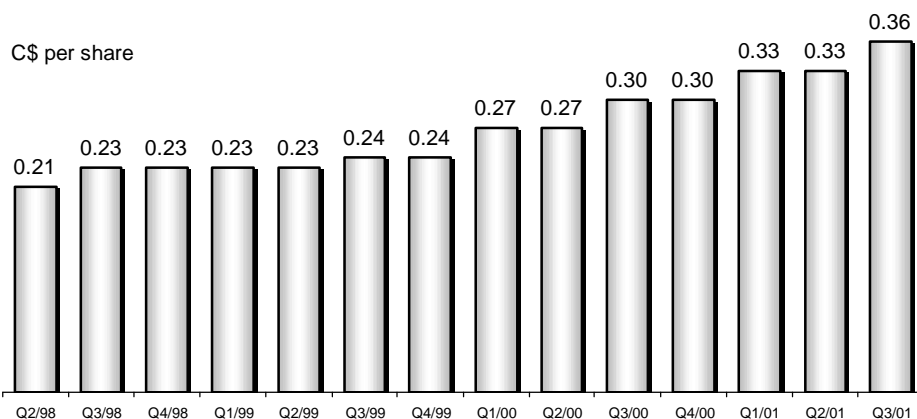
- Issued \$250 million of first preferred shares series S
- Announced the planned redemption on August 24, 2001 of first preferred shares series H totaling \$300 million

39

CDN GAAP



Common share dividends



- sixth increase in 3 years
- payout ratio of 45%* in Q3/01 (target payout range of 30-40%)

*US GAAP, based on earnings excluding special items

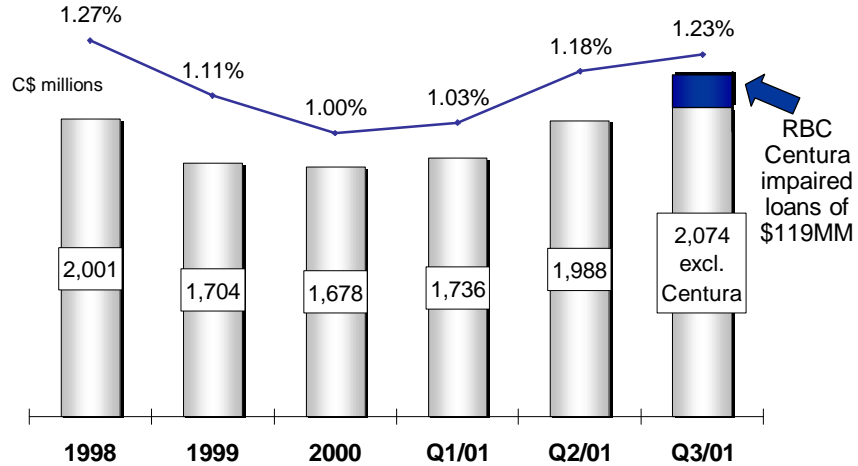
40



Asset quality

Non-accrual (gross impaired) loans

Gross impaired loans ratio*



* gross impaired loans as a percentage of total gross loans and bankers' acceptances

41

US GAAP



Asset quality

Non-accrual (gross-impaired) loans

C\$ millions

	Q3/01	Q3/01 vs.			
		Q2/01		Q3/00	
Gross impaired loans	\$2,193	\$205	10 %	\$456	26%
Gross impaired loans (ex. RBC Centura)	\$2,074	\$86	4 %	\$337	19%
Comprising:					
Domestic business	\$1,020	\$ 7	1 %	\$ 2	-
Domestic consumer	443	(17)	(4)%	15	4%
International (ex. RBC Centura)	611	96	19%	320	110%
RBC Centura	119	n/a	n/a	n/a	n/a

42

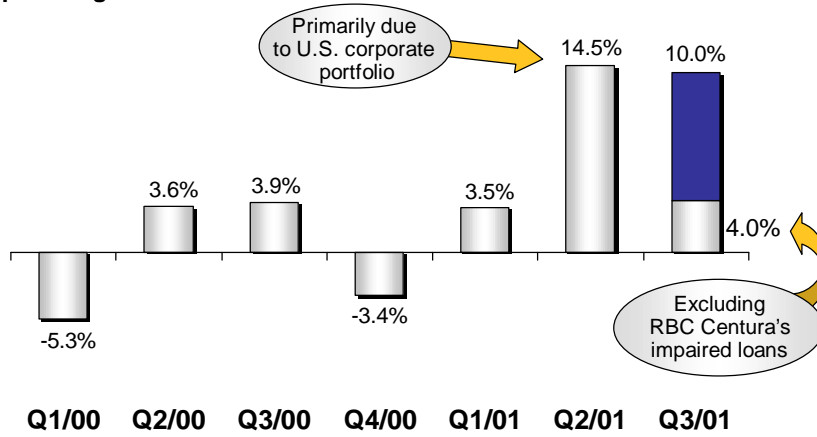
US GAAP



Asset quality

Non-accrual (gross impaired) loans

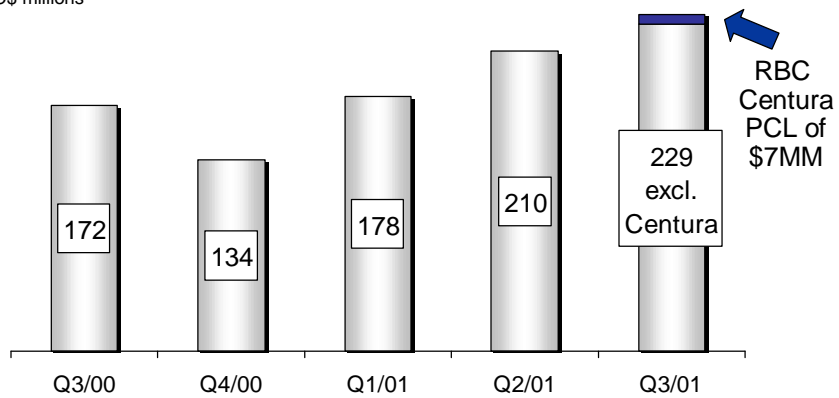
Sequential growth



Asset quality

Specific provisions

C\$ millions





Asset quality

Provision for credit losses (PCL)

C\$ millions

	Q3/01	Q2/01	Q3/00	9 mos.'01	9 mos.'00
Specific provision	\$236	\$210	\$172	\$624	\$437
General provision	-	-	-	70	80
Total PCL	<u>\$236</u>	<u>\$210</u>	<u>\$172</u>	<u>\$694</u>	<u>\$517</u>
Specific PCL ratio*	<u>0.46%</u>	<u>0.44%</u>	<u>0.38%</u>	<u>0.42%</u>	<u>0.33%</u>

* specific provision as a percentage of average loans and acceptances

45

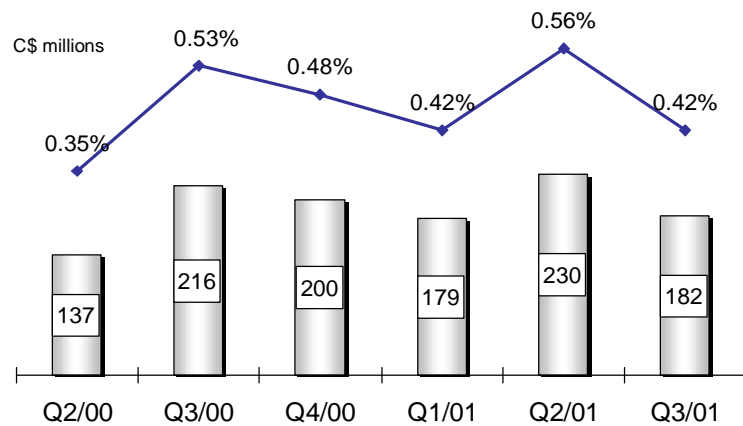
CDN GAAP



Asset quality

Net charge-offs

Net charge-off ratio*



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

46

US GAAP

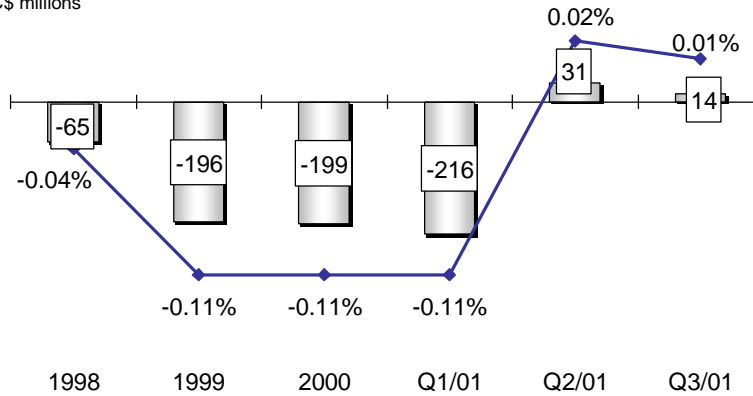


Asset quality

Net impaired loans

Net impaired loans ratio*

C\$ millions



*net impaired loans as a percentage of total net loans and acceptances (net of allowance for loan losses)

47

CDN GAAP



Asset quality

Telecommunication and cable exposure

At July 31, 2001

	<u>Total Loans</u>	<u>% total</u>
• Telecommunication & cable loans	\$4.8 billion	
- investment grade	\$2.8 billion	59%
- non-investment grade	\$2.0 billion	41%
• Telecommunication loans only*	\$3.3 billion	
- investment grade	\$1.9 billion	58%
- non-investment grade	\$1.4 billion	42%
• Gross impaired loans		
- telecommunication & cable sector	\$342 million	

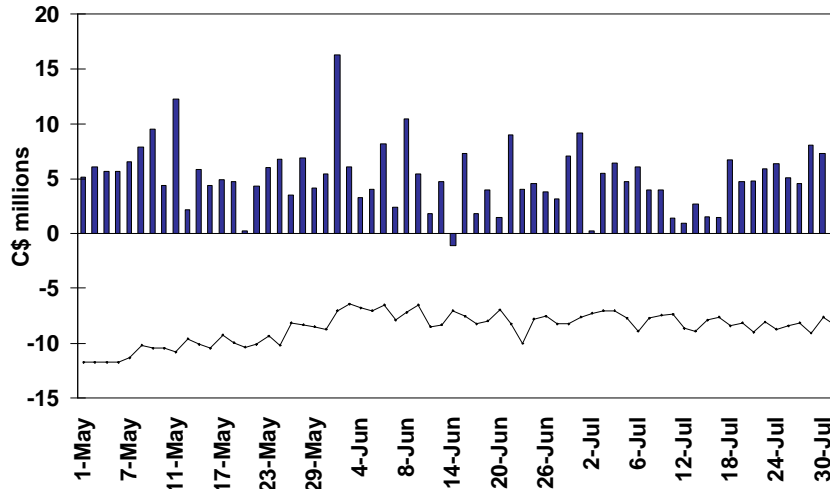
*Includes CLEC exposure of \$364 million (\$92 million investment grade, \$272 million non-investment grade)

48



Trading revenue performance

Positive performance vs. VAR continues in Q3/01

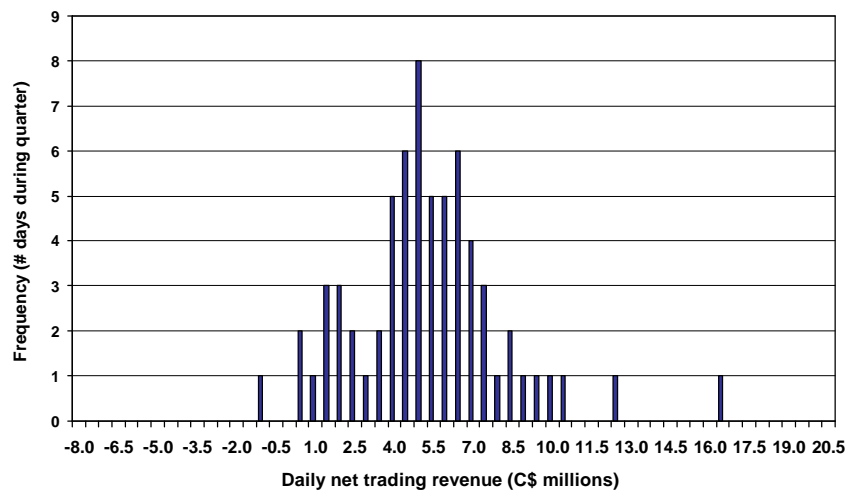


49



Trading revenue performance

Third quarter trading revenue



50



Caution regarding forward-looking statements

Royal Bank of Canada, from time to time, makes written and oral forward-looking statements, included in this presentation, the Annual Report, in other filings with Canadian regulators or the US 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 the bank's objectives for 2001, and the medium term, and strategies to achieve those objectives, as well as statements with respect to the bank's 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. The 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, the strength of the Canadian economy in general and the strength of the local economies within Canada in which the bank conducts operations; the strength of the United States economy and the economies of other nations in which the bank conducts 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 the bank operates; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services by the bank 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; the ability of the bank to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; and the bank's anticipation of and success in managing the risks implicated by the foregoing.

The 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 potential events. The bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the bank.