



RBC Banking

**Jim Rager, Vice-Chairman
RBC Banking**

**Meeting with institutional investors
Toronto
June 25, 2003**



Table of Contents

TOPIC	SLIDE #
Leading the Industry	2
Lead Market Share Position	3
Leading Bank for Business	4
Highest Share of Revenue and NIAT	5
Continued Strong Net Interest Margins	6
Taking CRM to the Next Level	7
Focusing on the Sweet Spot	8 – 12
Innovation Driving Revenue Growth – Avion	13
Innovation Driving Revenue Growth – Estate Settlement	14
More Than One Billion \$ in Cost Reduction	15
The Best Domestic Efficiency	16
Redirecting Resources to the Front Lines	17
Expanding North American Reach	18



RBC Banking: Leading the Industry

- Lead market share position in 4 out of 5 major product categories (slide 3)
- Largest bank for business in Canada (slide 4)
- Highest (and growing) share of personal and commercial banking revenue & NIAT (slide 5)
- Strongest sustained domestic net interest margins (slide 6)
- Best in class CRM and segmentation capabilities (slide 7 – 12)
- Strong cost management with the best domestic efficiency of the major banks (slide 15 – 17)
- Expanded North American reach in fast growing Southeastern U.S. markets (slide 18)



RBC Banking - Canada: Lead Market Share Position

RBC Product Market Share

Product	Market Position	Market Share (Feb/03)	3 Month Trend
Personal Deposits and Mutual Funds (combined)#1		12.69%	↑
Residential Mortgages	#1	14.77%	→
Personal Loans & Credit Cards (combined)	#2	13.66%	→
Business Deposits	#1	19.96%	↑
Business Financing	#1	11.78%	↓

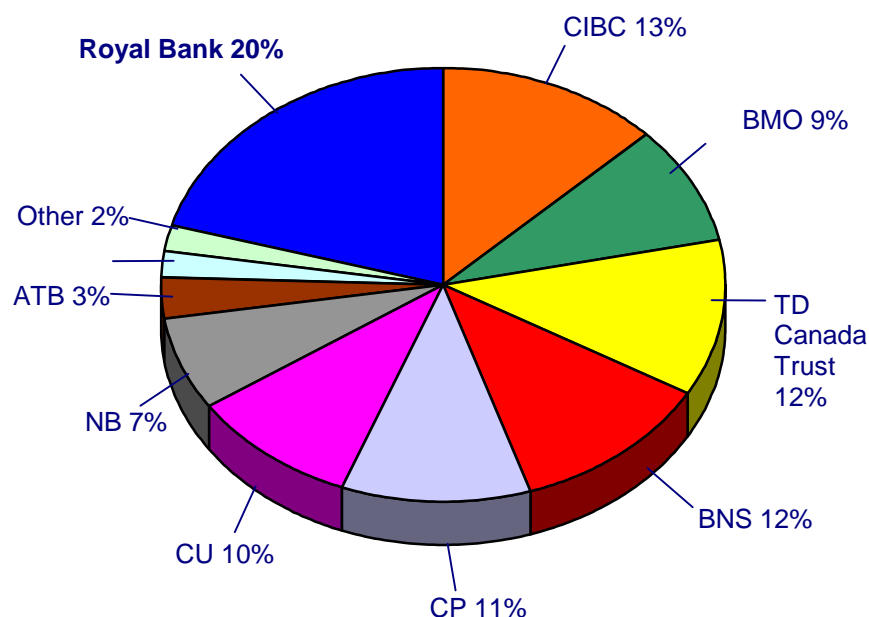
Sources: OSFI, Bank of Canada, The Investment Funds Institute of Canada, CBA, Southam Inc.Mutual Fund Group, CMHC, VISA Canada, CBA



RBC Banking – Canada: Leading Bank for Business

- Consistently leading market share of Canadian Businesses considering RBC as their main Financial Institution

2002 Market Share (1)



Market Share (1)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
	%	%	%	%	%	%
RBC	22	21	19	20	21	20
CIBC	13	13	12	13	13	13
BMO	12	11	9	10	9	9
TD Canada Trust	12	14	15	15	13	12
BNS	10	9	10	9	10	12
CP	7	10	12	11	11	11
CU	10	8	9	8	10	10
NB	5	7	7	7	6	7
ATB	3	3	2	2	3	3
HSBC	1	2	1	3	1	2
OTHER	<u>-4</u>	<u>-3</u>	<u>-4</u>	<u>-2</u>	<u>-3</u>	<u>-2</u>
Trust Company	2	1	1	*	1	*
Other Banks	2	2	2	1	1	1
Niche Players	1	1	1	1	1	1

* Less than 0.5%

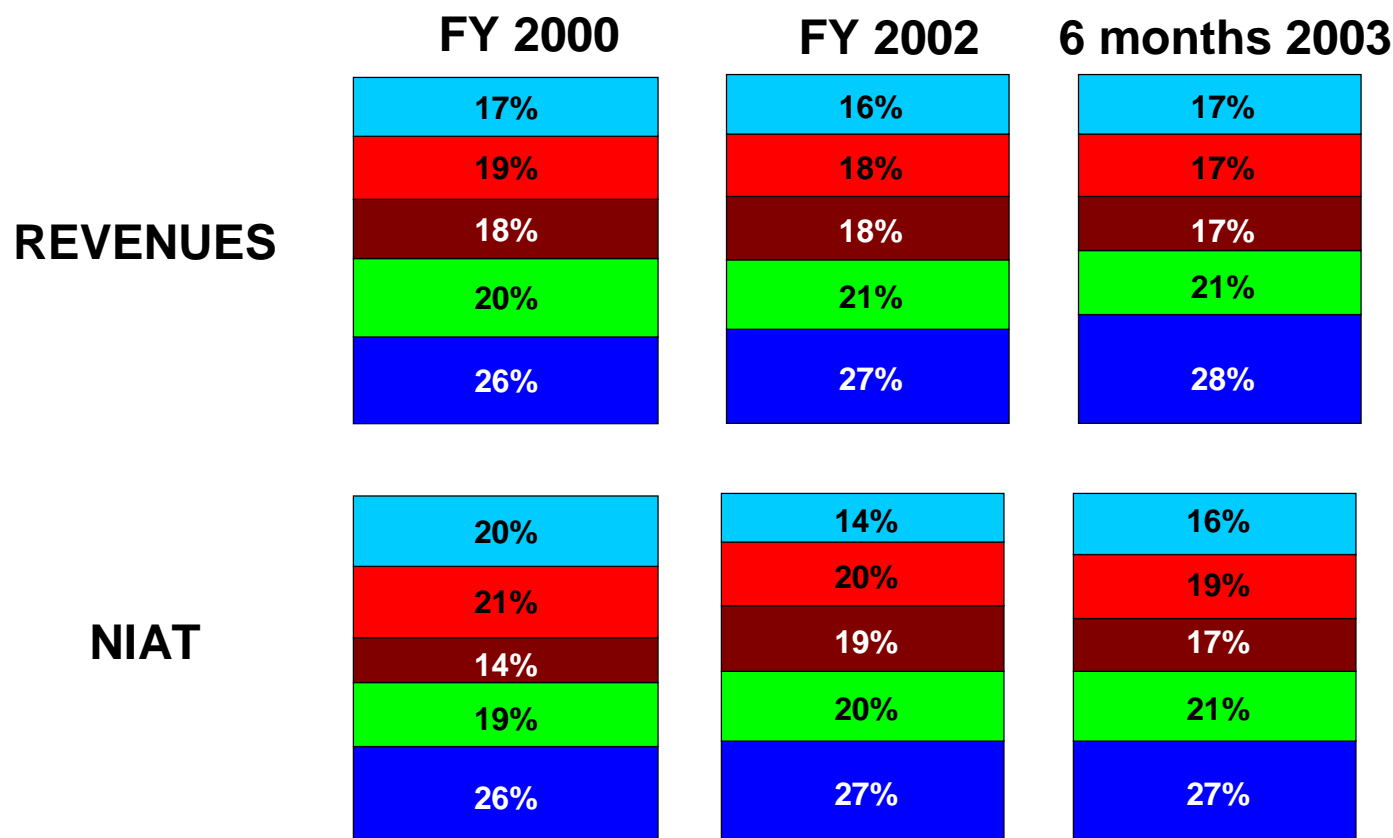
(1) Market Share is for Main FI, for example: 20% of total business in Canada in 2002 consider RBC to be their main Financial Institution for conducting their business' day-to-day banking operations

Source: Thompson Lightstone's 2002 MIS and Q4, 2002 Business Banking CS Studies



RBC Banking: Highest Share of Revenue and NIAT

Personal and Commercial Banking Revenue and NIAT
(as a % of the total of 5 largest Canadian Banks – including U.S. Operations)



RBC has the highest personal and commercial banking revenue and profit among the 5 major Canadian FIs.

Simultaneous focus on profitable revenue growth, NIE, and PCL has resulted in RBC Banking increasing share of both revenue and NIAT

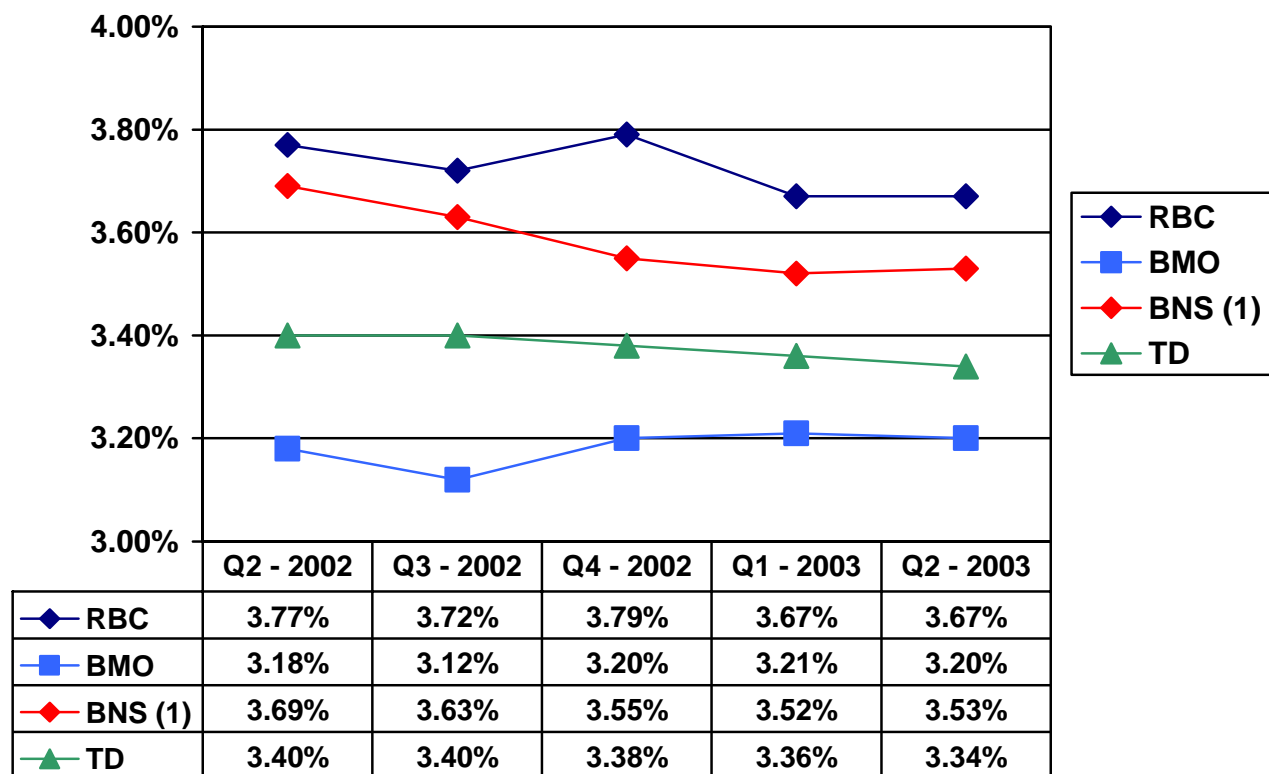
■ RBC ■ TD ■ CIBC ■ BNS ■ BMO

Financials are for Personal & Commercial Banking business as reported, excluding special items. Restated information used when disclosed
BMO includes Harris, Scotia includes Wealth Management. CIBC includes Canadian Amicus Division. TD/CT as reported



RBC Banking: Continued Strong Net Interest Margins

Net Interest Margin on Average Earning Assets (1)



RBC has the highest net interest margin on average earning assets compared to BMO, TD and BNS

This sustained premium demonstrates our relationship strategy; competing on advice and counsel and not solely on price

Canadian GAAP

CIBC does not disclose net interest margin on average earning assets on a segmented basis.

(1) BNS' margin is based on average total assets for Domestic Banking, as average earning assets are not disclosed.



RBC Banking: Taking CRM to the Next Level

Focus on retaining high priority clients (including family / business relationships)

- Improve client retention
 - Anchor client relationships
 - Improve problem resolution and increase accountability
 - Deliver an easier credit experience with faster turnaround
 - Same treatment across all channels and platforms
- Reduce duplication with a single client view (business/personal linkages)

Increase revenues through further sub-segmenting clients

- Capture the “Sweet Spot”, focusing on our highest value clients (the top 10% in profitability)
- Address specific needs of targeted sub-segment
- Deliver tailored products and services designed specifically to serve the target clients and increase cross-sell



RBC Banking: Focusing on the Sweet Spot

Example: Wealth Preserver Sub-Segment

Overview	Total Segment	Top Decile	Top 1%
Number of Clients(M)	1,866	186	18.6
Average Age	69	68.3	69.7
Average # of Product Groups Per Client	2.5	4.00	4.34
Average Client NIBT	X	6X	16X
% of NIBT	100%	68.2%	18.3%



RBC Banking: Focusing on the Sweet Spot

Example: Wealth Preserver Sub-Segment

Overview	Pre-Retirement (Age: 50 – 62)	Active Retirement (Age: 62 – 69)	Late Retirement (Age: 70+)
Number of Clients (M)	562	460	844
Average # of Products Per Client	3.46	2.86	2.54
Average Client NIBT	1.5X	0.8X	X



RBC Banking: Focusing on the Sweet Spot

Snowbird Profile

Market Potential

- 1.5 million Canadians go south for the winter
 - minimum of 2 months
- Over 800,000 go to Florida
- 56% own property in Florida



Snowbird Sub Segment

Active Retired, Married, Snowbird, Long Stay, Florida, Own Property

- Clients: 176,000
- Average Age: 66
- # of Products: 6.41
- Profitability per Client: 13.5X



RBC Banking: Focusing on the Sweet Spot

Example: Wealth Preserver Sub-Segment 'Snowbirds'

Segment Deciles	Segment Total	Segment Top 10%	Segment Top 1%	Snowbird Top 10%
Number of Clients	1,863M	186M	18.6M	17.6M
Clients % of Total Segment	100%	10%	1%	.9%
Years with RBC		23	24	22
Average Age	69	68.3	69.7	66
Average Profitability per Client	X	6X	16X	13.5X
% of Profitability	100	68.2	18.3	16.4
Average # Products per Client	2.68	4.00	4.34	6.41



RBC Banking: Focusing on the Sweet Spot

Snowbird Needs

- Replicate my RBC Canadian Banking Experience in Florida
 - Recognize me as a valued RBC customer
 - Give me easy access to my funds when transferring from my RBC Banking account (Cdn) to my RBC Centura account (US)
 - Make it easy for me to access “US Banking for Canadians” information on-line
 - Provide me with a single point of contact for cross border banking and to deal with any questions or concerns via 1-800 number



RBC Banking: Innovation Driving Revenue Growth

Key Results of Avion Credit Card

- Year to date sales of new Avion accounts have increased over 250% compared to the same period last year
- Customer satisfaction of Avion clients improved year over year
- Attrition for Avion below industry portfolio average
- Strong transfers of existing client balances into Avion
- Attributable to our aggressive positioning of the benefits of the Avion card



RBC Banking: Innovation Driving Revenue Growth

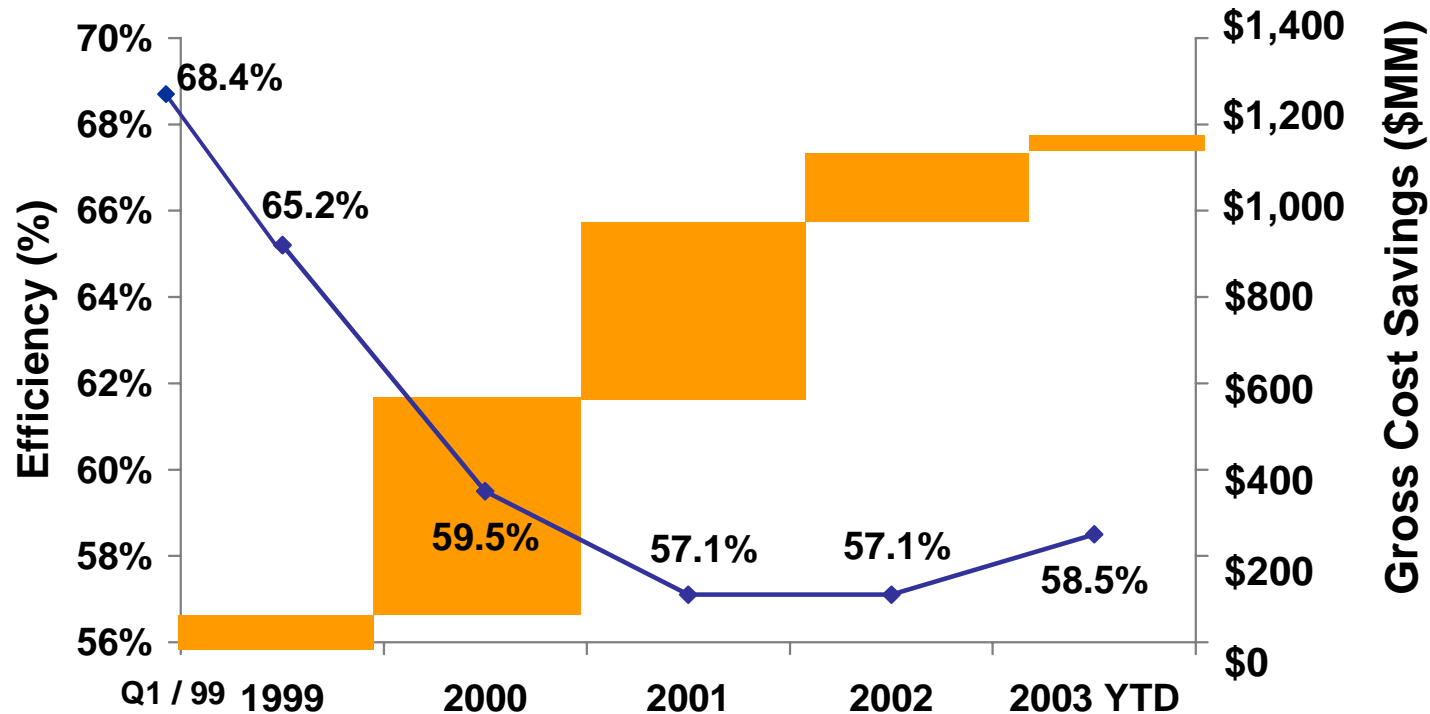
Estate Settlement – Delivering a New Client Experience

- 80,000 estate accounts opened / \$4 billion assets transferred annually
- Difficult/complex processes alienated family members and executors
- Simplified estate account processes
- Built relationships with families via trained investment planners
- Provided support materials for executor
- 100% contact when estate accounts opened
- Estate account retention increased from 30% to 50%
- 25% growth in deposits/investments
- Customer and employee research shows enhanced customer experience
- National launch: deposit potential \$1.5 billion annually



RBC Banking: More Than One Billion \$ in Cost Reduction

- Efficiency has improved over 900 bps since Q1/99



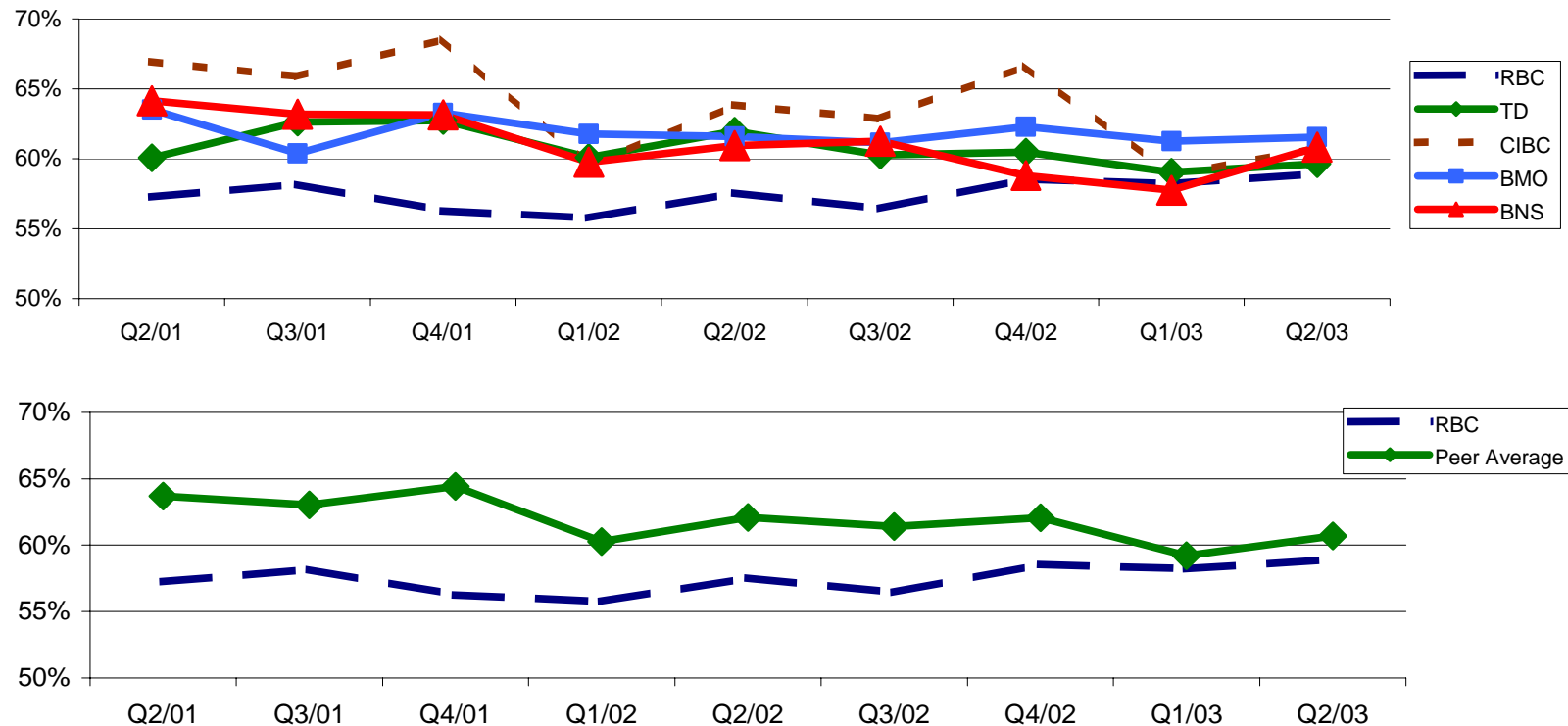
- Continued reinvestment of gross cost savings into ongoing initiatives such as straight through processing and process reengineering, while leveraging economies of scale through centralized environments and managing sourcing and spending
- Developed a scalable model allowing increased sales resources by continuing to streamline back office and delivery

Note: Efficiency excludes special items. U.S. GAAP



RBC Banking – Canada: The Best Domestic Efficiency

- RBC Banking's strong cost management culture has resulted in RBC consistently outperforming the peer average

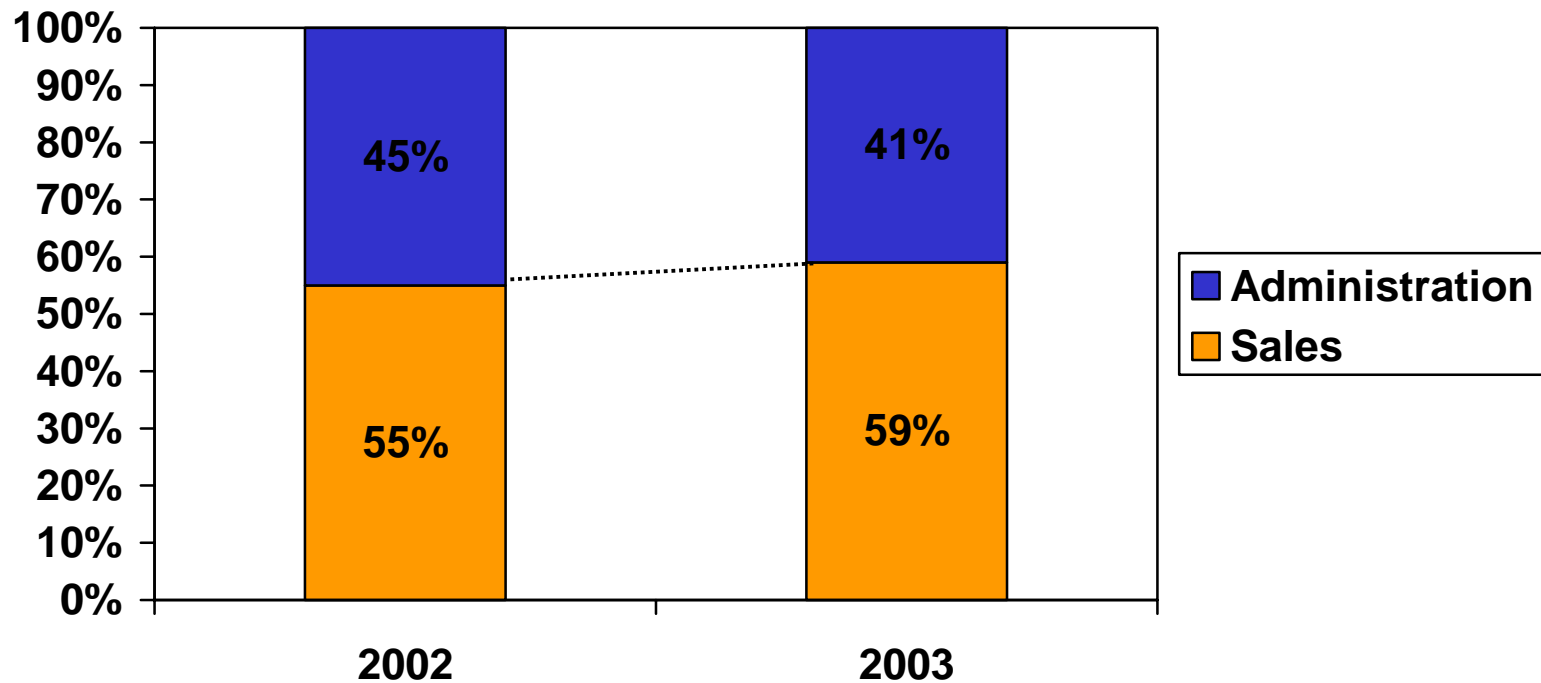


RBC results are U.S. GAAP.

BMO excludes U.S. P&C as reported. Scotia includes Wealth Management; excludes gain on sale of corporate trust business in Q4/02 of \$65 million and gain on sale of merchant acquirer business in Q4/01 of \$99 million. CIBC excludes merchant banking write-downs in Q2/03 of \$128 million, restructuring charge in Q4/01 of \$32 million and gain on sale of assets in Q2/01 of \$58 million. TD/CT based on reported expenses and revenues.



RBC Banking: Redirecting Resources to the Front Lines



- Cost base increasingly directed to our customer sales and service activities
- Continued rationalization of our infrastructure enables us to further increase that share by putting in more front line staff such as the 450 new sales staff introduced on the front line earlier this year.
- e Business Architecture will enable us to strengthen the proportion of customer facing sales spend

Sales includes all customer facing channels (Branch, Business Banking Centre, Royal Direct, Specialized Sales Forces, ABMs and Online banking)



RBC Banking – USA: Expanding North American Reach

Organic Growth

- Grow profitable relationships with targeted customers in existing Southeast footprint
 - Leverage CRM, Cross-platform leverage (Wealth Management and Insurance), and our ability to offer an integrated financial services offering, focusing on our existing clients, and attracting new profitable client sub-segments :
 - Professionals – increase market share of this large and profitable sub-segment
 - Snowbirds – leverage Canadian Snowbird initiative
 - Ethnic Markets – target high-growth emerging markets with a tailored product offerings

National Niche Business Growth in Select Markets

- Leverage our capabilities with RBC Builder Finance and RBC Mortgage in select markets
 - RBC Builder Finance – focus on new geographic markets, build syndication and placement capability, and mezzanine finance capability, and leverage RBC Mortgage to provide full financing of builder construction
 - RBC Mortgage – through our relationship focus, leverage each mortgage transaction to deepen customer relationships across all RBC companies and build a national footprint in high-growth markets

Acquisition and De Novo Expansion in the Southeast

- Further accelerate US earnings growth through a combination of de novo expansion and strategic acquisitions

Cross-Platform Leverage

- Leverage functional centers of expertise in Canada and RBC opportunities with RBC Dain Rauscher and RBC Insurance
- Implement new business processes, systems and tools in support areas and in branches