



TSE/NYSE: RY

***Royal Bank of Canada to acquire the
U.S. direct life insurance and mutual
fund operations of Business Men's
Assurance Company of America (BMA),
from its parent Generali Group***

**Expands RBC's U.S. insurance and wealth
management capabilities**

April 30, 2002



Strategic rationale

Strategic rationale - highlights

- **Bolt-on acquisition to the existing RBC Liberty Insurance organization**
- **Leverages RBC Liberty Insurance's outsourcing and administration capability**
- **Builds cross platform capability for wealth management products**
 - ➔ **provides additional U.S. wealth management products to be distributed across the platforms**



Cost and scale benefits

- Provides scale for RBC Liberty Insurance's outsourcing and administration business (Liberty Insurance Services Corporation)
 - addition of block of approx. 150,000 traditional life policies and annuities
 - consolidation of policy administration to reduce BMA's policy administration costs by approx. US\$6 million or 60%
- Synergies from the consolidation of corporate functions



Enhances wealth management product offering

- Introduces variable insurance product capability to RBC Liberty Insurance
- RBC Dain Rauscher acquires Jones & Babson, Inc. (mutual fund company with US\$1.5 billion in assets under management)



Strategic rationale

Leverages U.S. distribution

- Cross-sell opportunities – distributing variable insurance products and new mutual funds through a number of channels:
 - RBC Liberty Insurance agents, RBC Dain Rauscher brokers, RBC Centura
 - other financial intermediaries* outside the RBC franchise (including distribution agreements in place between BMA and these intermediaries)

* including independent financial advisors, broker-dealers, etc.

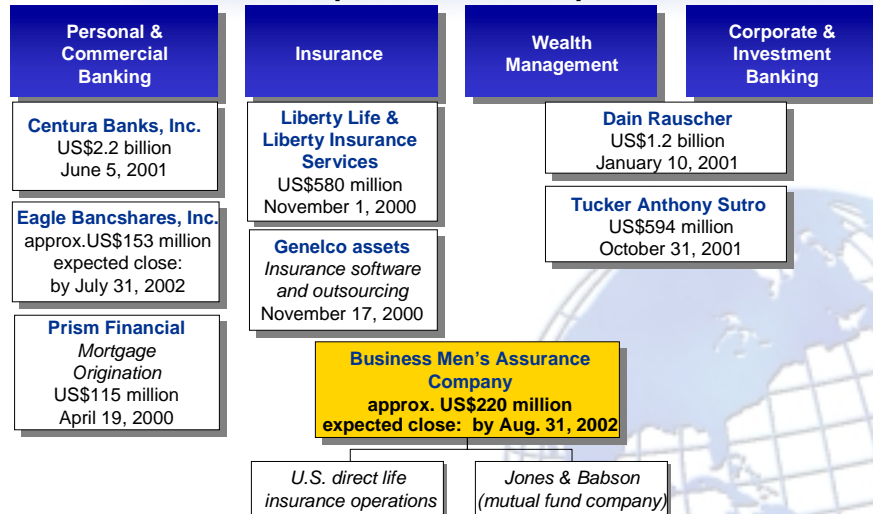
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Strategic rationale

Continues stated acquisition strategy

U.S. acquisitions since April 2000



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About BMA

- Indirectly wholly-owned subsidiary of Assicurazioni Generali SpA of Italy (Italian Stock Exchange: G)
- Headquartered in Kansas City
- Licensed to sell insurance in 49 states, the District of Columbia and Puerto Rico (not in New York)

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BMA's operations

- Operations to be purchased:
 - variable insurance (with full licensing & infrastructure)
 - in-force block of approx. 150,000 traditional life insurance policies, GICs and fixed annuities
 - Jones & Babson, Inc., a mutual fund company (Babson Funds and J&B Funds)
 - generated net income of approx. US\$11 million and revenues of US\$195 million in 2001
- BMA's life reinsurance business is *not included* in this transaction

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Transaction summary



Key transaction terms

Purchase price	- approx. US\$220 million
Transaction structure	<ul style="list-style-type: none">- purchase of 100% of outstanding common shares of BMA and Jones & Babson, Inc.- transaction excludes life reinsurance business and head office building
Expected closing	- by August 31, 2002
Required approvals	<ul style="list-style-type: none">- Minister of Finance/OSFI- Missouri Director of Insurance- Hart-Scott-Rodino antitrust filing- NASD (for acquisition of Jones & Babson)- Boards of directors and shareholders of mutual funds for which Jones & Babson is the advisor
Financial impact	- neutral to cash EPS in first 12 months, accretive thereafter

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Transaction summary



Proposed structure

Assets of BMA to be acquired:

- variable insurance licenses and infrastructure
- in-force block of life insurance, GICs & fixed annuities
- Jones & Babson, Inc.



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