



TSX/NYSE: RY

## ***Royal Bank of Canada to acquire assets of Barclays' private banking operations in the Americas***

May 22, 2002



### **Strategic rationale**

- **Global Private Banking business (GPB) is a high-return (40%+ ROE), high-growth business**
- **'Bolt-on' acquisition in GPB's key target markets**
  - increases client base in the U.S., Latin America, and the Caribbean by approx. 10% and client assets by approx. US\$2.9 billion
  - will serve clients from GPB's offices in New York, Miami, Toronto and key international centres
  - opportunity for cost and revenue synergies
- **Similar culture and business approach; experienced management team**



## Description of Barclays' private banking operations in the Americas

- Business owned by Barclays Bank PLC
- Offices in New York and Miami (same as GPB)
  - with offshore fiduciary services in Cayman, London, Jersey and Geneva
- More than US\$2.9 billion in client assets
  - Latin America (63%), U.S. (19%) and Caribbean (14%)
- Revenues of US\$30 million in 2001
- Approx. 850 client relationships
- Good business mix:
  - deposits, brokerage, investment management, trust and lending

2



## Description of Royal Bank of Canada Global Private Banking

- Revenues of C\$585\* million in 2001
  - approx. 4% of total RBC revenues
  - moderates cyclical brokerage earnings
- Assets under management of C\$19 billion\*; deposits of C\$13 billion, assets under administration of C\$132 million\*
- 28 offices in key private banking centres globally
- Approx. 20% of GPB's clients are from Latin America and the Caribbean
  - Latin American offices in Sao Paulo, Rio de Janeiro, Caracas, Buenos Aires, Montevideo
  - Caribbean offices in Bahamas, Cayman, Barbados

\* These figures reflect the inclusion of RBC Private Counsel, Canadian private banking and Canadian personal trust in Global Private Banking after October 31, 2001.

3



## Opportunities for synergies

### Costs

- Leverage RBC/GPB's existing back office and administration capabilities
  - New York/Miami – deposits, lending, advisory
  - Toronto – advisory, investment management
  - Cayman/London/Jersey/Geneva – trust, banking, investment management

### Revenues

- GPB's broader/deeper product range and sales and service presence in the Americas provides opportunities for cross-selling and up-selling
  - full range of brokerage/advisory services
  - open architecture investment counselling capabilities

4



## Transaction summary

- Purchase price
  - total consideration, which depends in part on client transfer & retention, is estimated to be up to US\$90 million
  - approx. 50% at Closing, remainder in 1 year
- Valuation
  - price/revenues = 3x
  - price/assets = 3%
- Expected closing
  - by June 30, 2002
- Required approvals
  - Hart-Scott-Rodino anti-trust filing
- Financial impact
  - minimally dilutive to EPS in FY2002
  - neutral to EPS in FY2003
  - minimally accretive to EPS in FY2004 (Year 2)
- Integration
  - plan in place; to commence at Closing
  - Barclays will work with us to ensure successful transition

5