



**ROYAL BANK
OF CANADA**

**Royal Bank of Canada (RY)
to acquire
Centura Banks, Inc. (CBC)**

**Expanding retail
banking in higher
growth markets**

**Highlights for the
investment community**

January 26, 2001

Caution concerning forward looking statements

This presentation contains forward-looking statements. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning the financial conditions, results of operations and businesses of Royal Bank of Canada and Centura Banks, Inc. and, assuming consummation of the acquisition, a combined Royal Bank and Centura, as well as the expected timing and benefits of the acquisition. While these forward-looking statements represent our judgements and future expectations concerning the development of our business and the timing and benefits of the acquisition, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, those listed in Royal Bank's 2000 Annual Report, Centura's 1999 Annual Report and Royal Bank's and Centura's other past and future filing with the US Securities and Exchange Commission, as well as the failure of the Centura shareholders to approve the transaction; the risk that the Royal Bank and Centura businesses will not be successfully integrated; the inability to obtain, or meet conditions imposed for, governmental approvals for the transaction; the risk that anticipated synergies will not be obtained or not obtained within the time anticipated; and other key factors, which include, but are not limited to, changes in North American and/or global economic conditions including fluctuations in currencies, interest rates, securities market and inflation, regulatory developments, technological changes, and the effects of competition in the geographic and business areas where Royal Bank and Centura operate.

Royal Bank cautions that the foregoing list of important factors is not exhaustive; when relying on forward looking statements to make decisions with respect to Royal Bank, investors and others should carefully consider the foregoing factors and other uncertainties and events.

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Transaction summary

- **Exchange ratio**
 - 1.684 RY shares for each CBC share
- **Purchase price**
 - **Per share**
 - US\$57.85 (as of 01/25/01)
 - **Aggregate**
 - Approximately US\$2.3 billion (fully diluted)
- **Transaction structure**
 - 100% stock exchange (tax-free)
 - Purchase accounting, with goodwill of US\$1.4 billion, to be amortized over 20 years
 - 19.9% lock-up with break-up fee
- **Expected closing**
 - RY's fiscal quarter ending July 31, 2001
- **Due diligence**
 - Credit, financial, operational completed
- **Required approvals**
 - US and Canadian regulatory approvals
 - Centura shareholders
- **Board and management**
 - Cecil Sewell appointed to RY Board
 - Significant roles for CBC management
- **US retail banking headquarters**
 - Rocky Mount, NC

Transaction summary

Strategic Rationale

- Consistent with stated US expansion strategy
- Leverages RY's retail banking expertise through an integrated US platform
- Provides strong foothold in attractive higher growth Southeastern US markets
- Further diversifies RY's revenue and earnings base

Financial Impact

- Cash EPS expected to be accretive by Fiscal Year 2 (2002)
- RY maintains EPS growth objective of 10-15% for 2001
- Superior performance measures maintained
- Maintains strong capital ratios

Low Execution Risk

- Conservative synergy assumptions
- Consistent operating philosophies and cultures
- Manageable transaction size – approximately 10% of RY's market capitalization

Strategic rationale

Overview of Centura

- Centura provides RY a banking platform with an attractive geographic and demographic profile

Overview

- 14th largest bank by deposits in the Southeastern US with operations in NC, VA and SC
- Attractive demographic profile
 - Higher growth markets
 - High percentage of high net worth households
 - Significant urban market presence
- Full suite of financial services
 - Retail and commercial banking
 - Wealth management
 - Insurance

Key data

- US\$11.5 billion in assets
- US\$7.7 billion in deposits
- 241 branches
 - 213 traditional
 - 28 in-store
- 254 ATMs
- US\$3.5 billion assets under management & assets under administration
- 650,000 customers

Strategic rationale

Consolidate US retail banking business

- ▶ **Integrate Security First Network Bank and Prism into RBC Centura**
- ▶ **Consolidate & centralize key administrative functions (treasury, risk management, marketing & sales, etc.)**
- ▶ **Integrate back offices**
- ▶ **Implement integrated branding**
- ▶ **Provides a platform for follow-on acquisitions permitting future large in-market synergies**

Strategic rationale

Enhance Centura's franchise and leverage RY strengths

RY Strengths

- Investment and financial advisory capabilities
- Fee based revenue
- Focus on small business lending
- Life cycle product capabilities for Knowledge Based Industries (KBI)

Tactics

- Introduce Account Manager Investment roles in selective markets
- Introduce new deposit and investment products
- Increased sale of selected fee based products
- Cross-sell Liberty and Prism products
- Enhance Small Business Credit Delivery with Canadian model
- Import RY's KBI lending expertise
- Leverage RB Ventures and RBC Dain Rauscher capabilities



Platform for Enhanced Revenue Growth⁽¹⁾

Strategic rationale

Demonstrated cross-sell capability

- RY has demonstrated cross-sell capability in Canada:

Penetration of customer base

– Credit Cards	47%
– Creditor insurance on mortgages	67%
– Mutual funds	13%

- Growth in number of most profitable customers over the past 2 years: **13.5%**

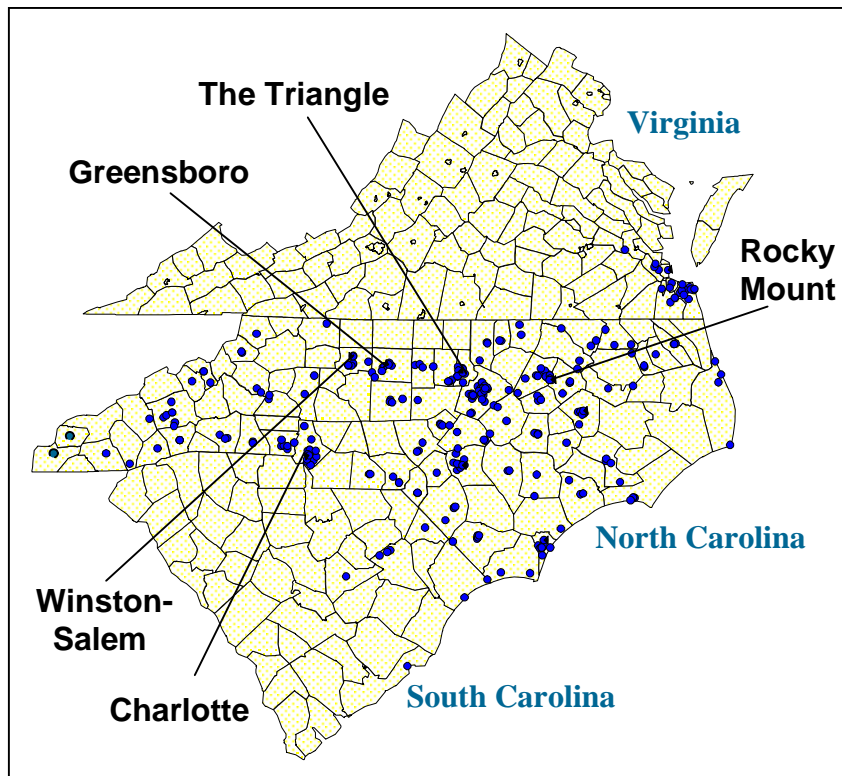
– Increase in <u>average profitability</u> across this segment over past 2 years	13.5%
– Increase in average number of services held by this segment over past 2 years	13.3%

Strategic rationale

Foothold in attractive markets

- Opportunity to grow customer base in higher growth states & MSAs

Centura branch footprint



Market share analysis

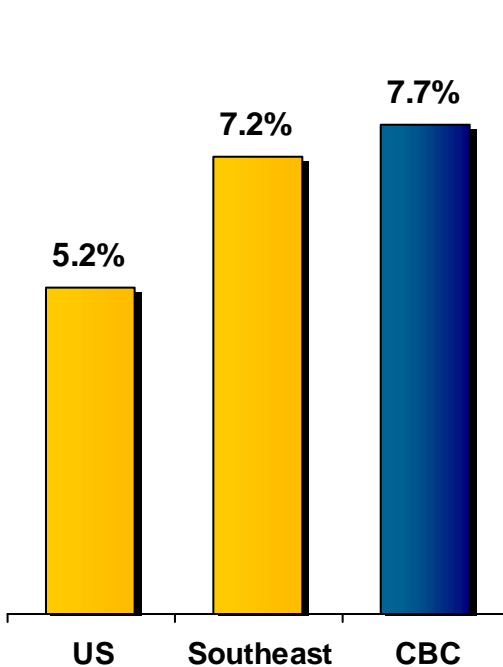
	<u>Rank</u>	<u>Deposits</u> (US\$MM)	<u>Market</u> <u>Share</u>	<u>Projected</u> <u>Household</u> <u>Growth</u>
Key MSAs:				
Raleigh-Durham- Chapel Hill	4	\$1,339	11.5%	9.7%
Rocky Mount	1	703	47.8	6.8
Greensboro- Winston-Salem- High Point	9	531	2.8	7.1
Charlotte-Gastonia- Centura Hill	8	464	1.3	8.4
States:				
North Carolina	5	\$7,134	7.0	7.8
Virginia	-	385	0.5	6.0
South Carolina	-	102	0.3	5.5

Strategic rationale

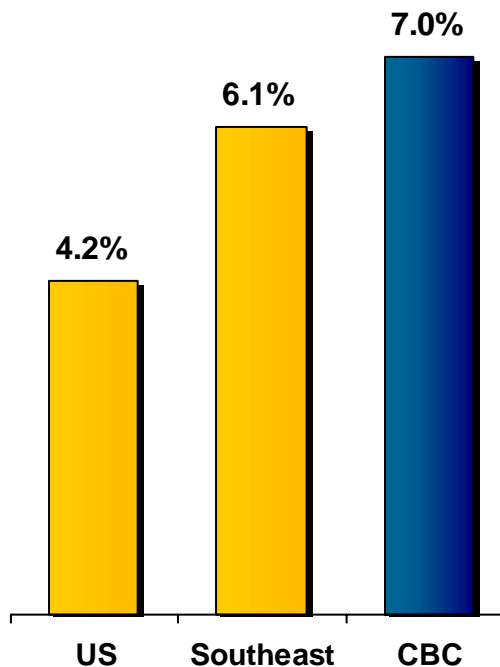
Higher growth markets

- **CBC's underlying footprint exhibits superior demographics**

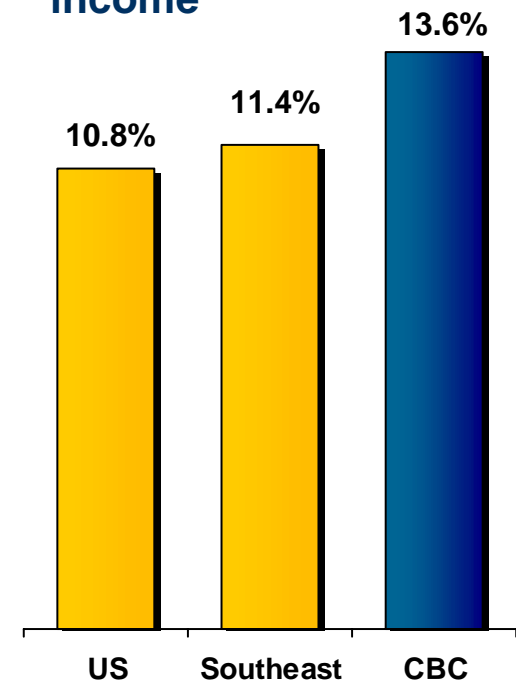
Projected growth in # of households



Projected population growth



Projected growth in median household income

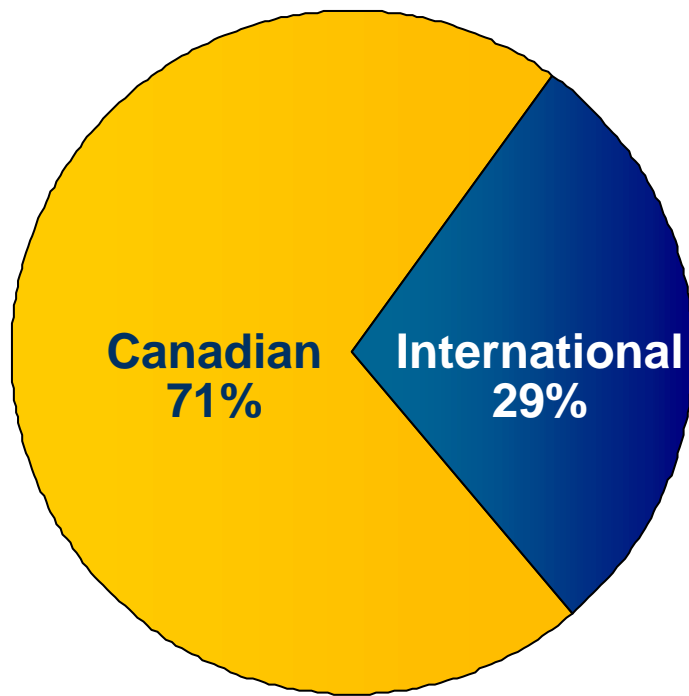


Strategic rationale

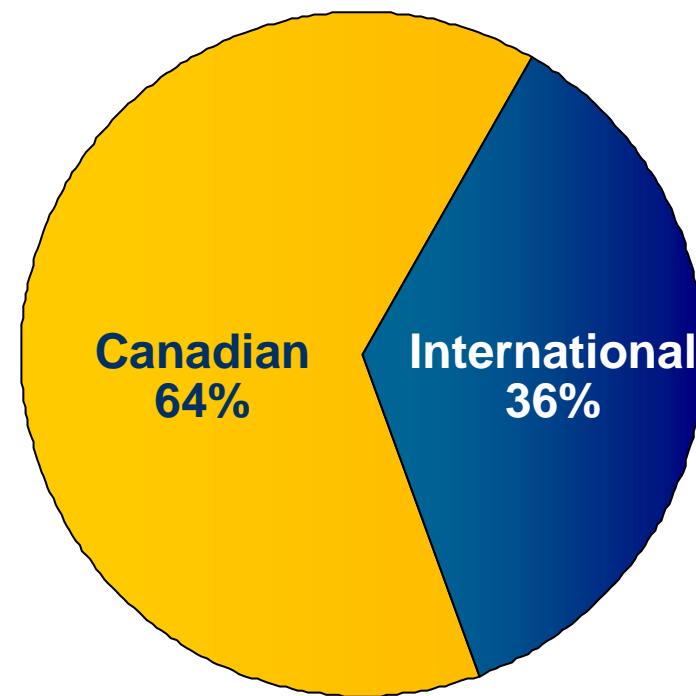
Further diversifies RY's earnings

RY cash net income contribution - 2000

RY reported



RY reported + CBC⁽¹⁾



Financial impact

Cash accretive using conservative assumptions

- **Accretive to cash EPS⁽¹⁾**
 - Cash EPS: Accretive in 2002. Dilution under 1% in 2001
 - GAAP EPS: Dilution of approximately 2% in fiscal 2001
 - RY's EPS growth objective of 10-15% for 2001 remains unchanged
- **Identifiable and achievable cost savings**
 - US\$70 million or 14% of RY's pro forma US retail banking expenses
 - Conservative integration timetable:
15% in FY'01 → 75% in FY'02 → 100% in FY'03
- **Restructuring charge of US\$75 million (US\$47 million after-tax) to be expensed in 2001⁽²⁾**
- **No revenue enhancements nor future synergies from potential manageable acquisitions are included in the financial impact although potential is significant**

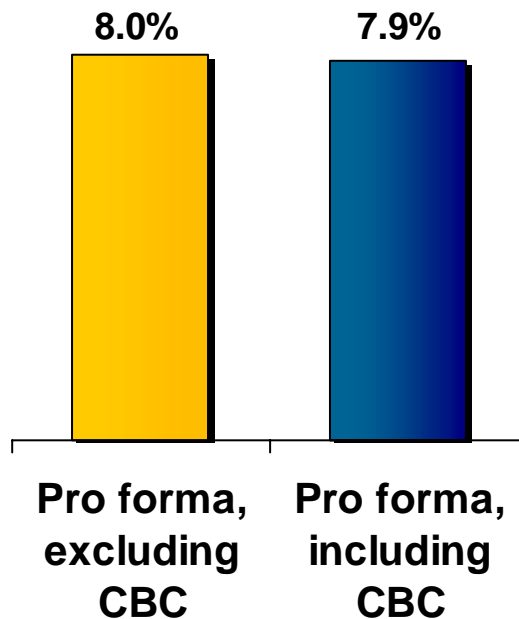
- Assumes repurchase of 20% of the shares issued in the transaction in fiscal 2001 (subject to approval of OSFI – the Canadian regulator, and the Toronto Stock Exchange)
- Relates to severance, relocation, systems integration, lease breakage costs, etc.

Financial impact

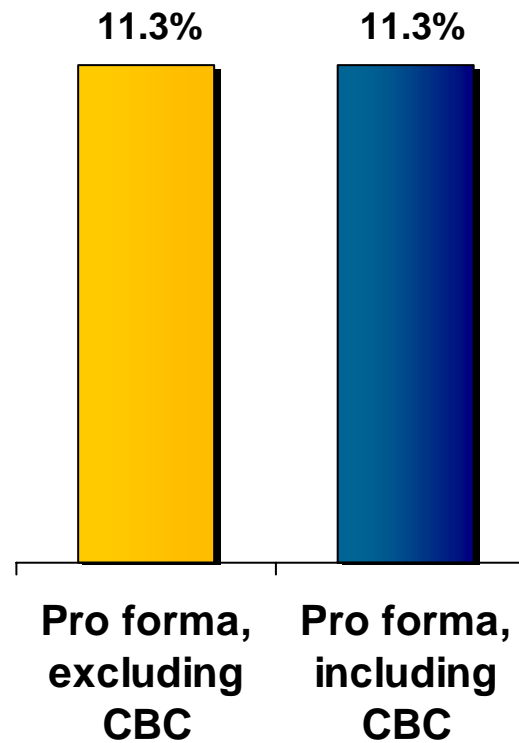
Maintains strong capital position⁽¹⁾

As of 10/31/00

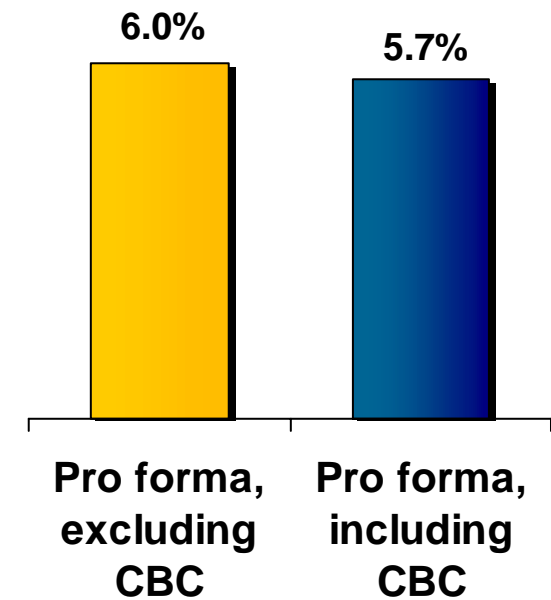
Tier 1 capital ratio



Total capital ratio



Tangible common equity/
risk-adjusted assets

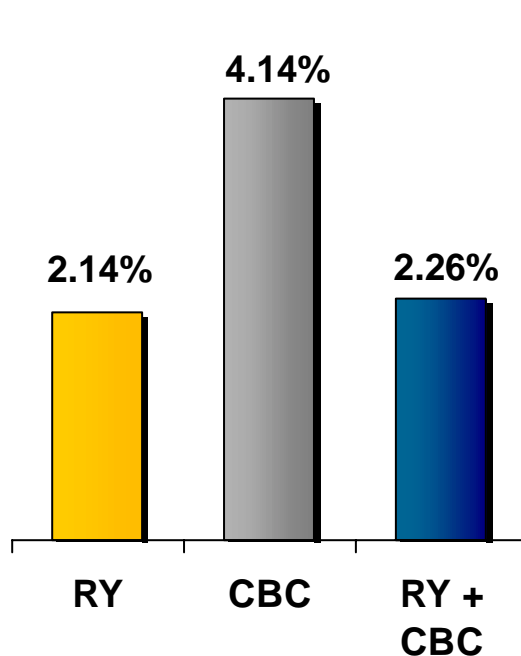


Financial impact

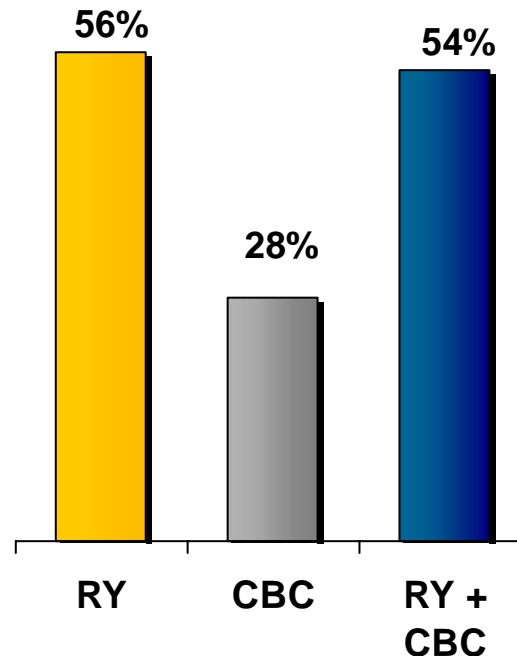
Opportunity to improve Centura's financial performance

Fiscal 2000

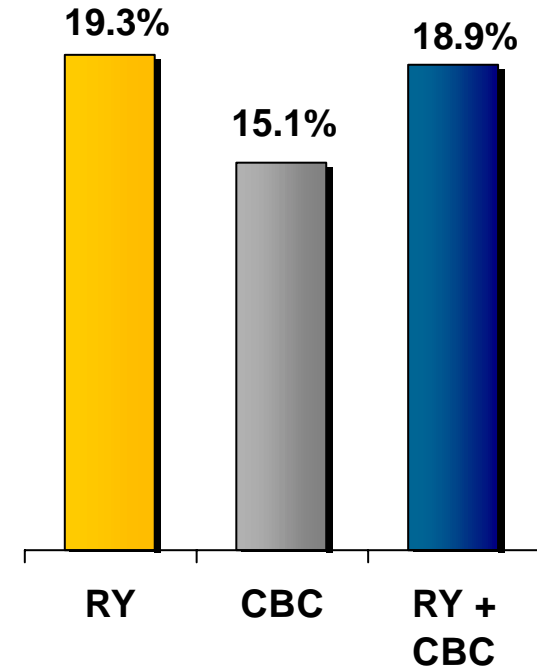
Net interest margin⁽¹⁾



Fee income ratio⁽²⁾



Return on equity⁽²⁾



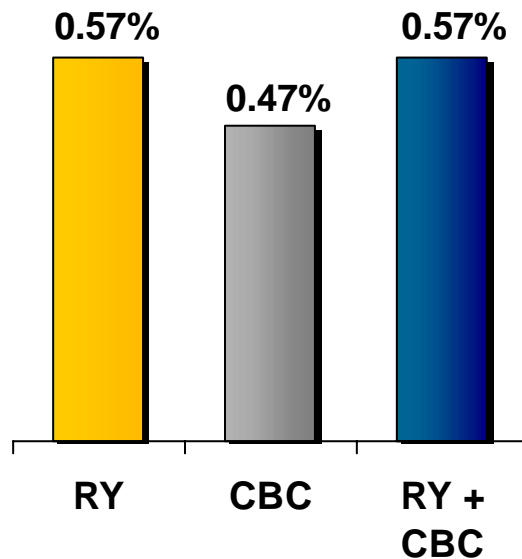
- Net interest income as a percentage of average earning assets
- Excluding non-recurring items

Financial impact

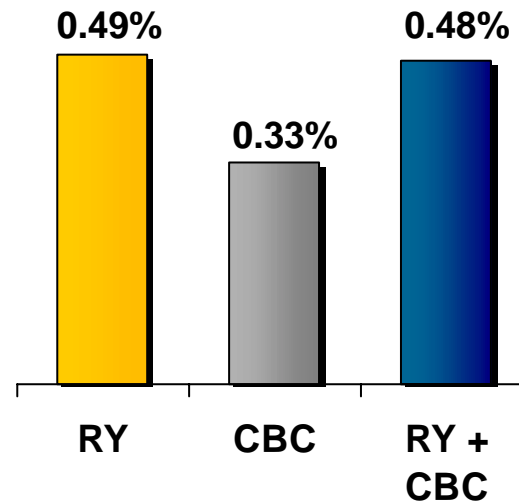
Strong credit quality

Q4/2000

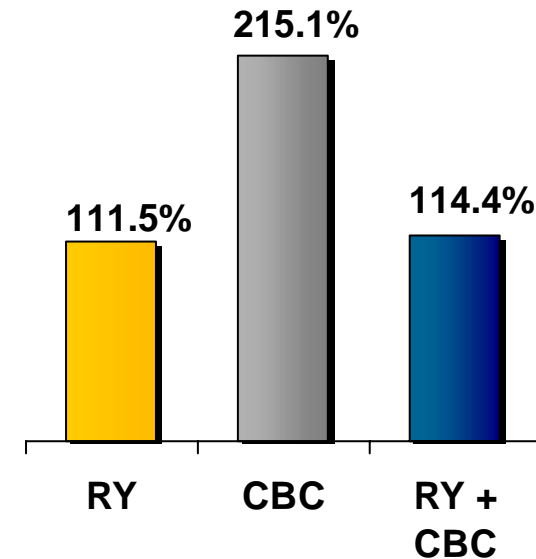
Nonperforming
assets/assets



Net charge-
offs/average loans



Allowance/
nonperforming loans



Low execution risk

Consistent operating philosophies and cultures

Common focus on:

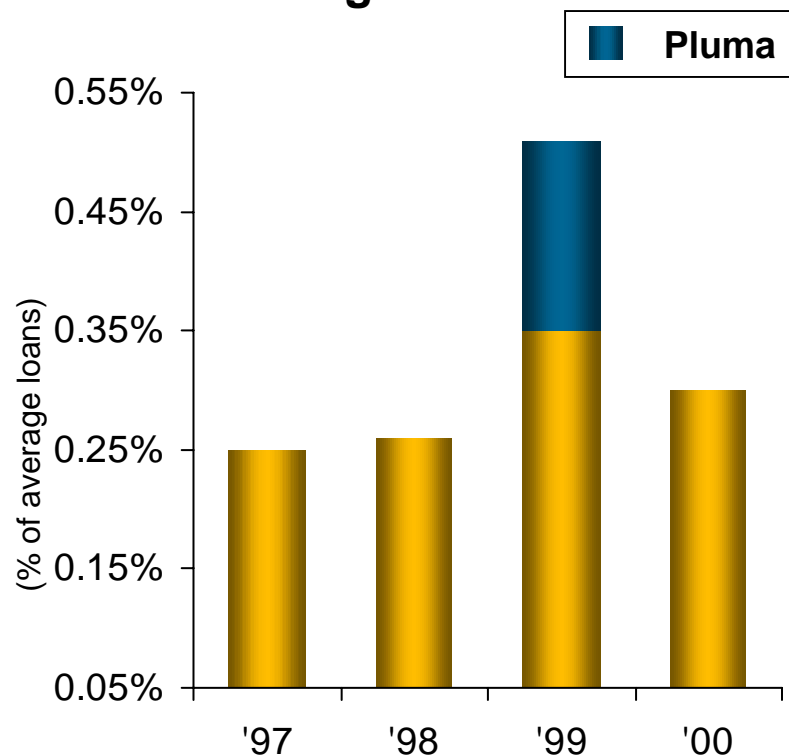
- **Creating a tailored customer experience**
- **Customer relationship management (CRM) philosophy**
- **Superior customer service**
- **Effective capital management and economic value**
- **Disciplined credit culture**

Low execution risk

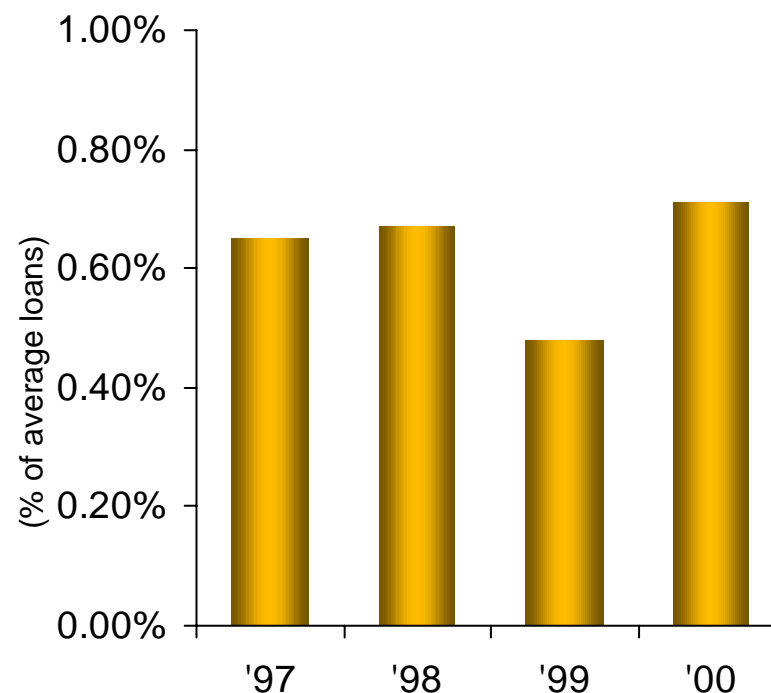
CBC has stable asset quality ratios

- Centura has approximately US\$100 million in syndicated loans – approximately 1% of total loan portfolio

Annual net charge-offs⁽¹⁾



Annual nonperforming assets



Low execution risk

Strong combined management

- **New management roles already determined**
 - Cecil Sewell (Centura's Chairman & CEO) to become non-executive Chairman of RBC Centura and to join RY board
 - Kel Landis (President of Centura) to become CEO, RBC Centura
- **Incentive and retention plans in place to ensure successful transaction**
- **Structure ensures effective leverage of RY/CBC franchise strengths and successful integration**
- **Both management teams have extensive acquisition and integration experience**

Appendix

CBC facts

- Closing price (01/25/01) US\$44^{11/16}
- Shares outstanding (12/31/01) 39.4 million
- Market cap (01/25/01) US\$1,765 million
- Stock symbol CBC
- Stock exchange NYSE
- Headquarters Rocky Mount, North Carolina
- Founded 1899
- Employees (full time equivalent) 3,600
- Total offices 240+
- Website www.centura.com
- SEC filings (including presentation at the Schroder Salomon Smith Barney conference on January 23, 2001) <http://ir.ccbn.com/ir.zhtml?t=CBC&s=800>

Appendix

CBC financial highlights⁽¹⁾

(US\$ millions, except for % and per share data)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>1996- 2000 CAGR</u>
Net interest income (taxable equivalent basis)	\$333	\$366	\$404	\$431	\$430	6.6%
Non-interest income	\$108	\$128	\$158	\$171	\$146	7.9%
Non-interest expenses	\$288	\$302	\$344	\$352	\$379	7.1%
Net income ⁽²⁾	\$84	\$108	\$125	\$136	\$135	12.7%
Earnings per share (diluted) ⁽²⁾	\$2.14	\$2.74	\$3.10	\$3.37	\$3.37	12.0%
Return on average equity ⁽²⁾	13.4%	15.5%	15.6%	15.7%	15.1%	N/A
Book value per share	\$17.08	\$18.97	\$21.17	\$21.77	\$24.26	9.2%
Gross Loans	\$5,518	\$6,279	\$7,056	\$7,442	\$7,672	8.6%
Total Deposits	\$6,506	\$7,328	\$7,702	\$7,897	\$7,707	4.3%
Assets	\$8,499	\$9,757	\$10,919	\$11,387	\$11,482	7.8%
Total shareholders' equity	\$652	\$735	\$839	\$860	\$956	10.0%

(1) Historical financial highlights reflect the accounting for the pooling of interests of the Triangle acquisition which closed in CBC's Q1/00

(2) Excluding nonrecurring items of US\$35.8 million after-tax in 2000, US\$5.5 million after-tax in 1999, US\$2.9 million after-tax in 1998 and US\$1.7 million after-tax in 1997

Appendix

RY: Canada's largest & most profitable financial institution

- **Market capitalization of US\$21.1 billion (01/25/01)**
- **#1 retail/commercial financial services company in Canada with:**
 - 10 million individual and business customers
 - Assets of US\$89 billion / deposits of US\$67 billion
 - #1 market share in Canada for residential mortgages, and business financing and deposits
 - Client centric approach and leading data mining & sales techniques
 - Largest bank-owned insurance operation
- **#1 wealth management organization in Canada**
- **#1 rated investment bank in Canada (Reuters 2000 survey), consistently top-ranked equity & debt underwriter in Canada, and Canadian leader in M&A (#1 advisor in Canada and #15 globally in 2000)**
- **Largest processing bank in Canada**

Appendix

RY financial highlights

2000 financial highlights⁽¹⁾ (US\$ millions, except for EPS)

• Gross revenue	\$8,128
• Net income after-tax	\$1,497
• Earnings per share (diluted)	\$2.31
• Return on common equity	19.3%
• Loans	\$113,794
• Assets	\$199,399

Business segments

<u>Description</u>	<u>NIAT</u>	<u>ROE</u>
Personal & Commercial Financial Services	\$826	21.3%
Wealth Management	\$280	47.8%
Corporate & Investment Banking	\$340	20.8%
Transaction Processing	\$91	32.2%

Appendix

Required approvals

- **In Canada:**
 - Approval of Minister of Finance, Canada
 - Approval from the Office of the Superintendent of Financial Institutions (OSFI) for issuance of RY shares
- **In the US:**
 - Formal approval of the Federal Reserve
 - Filing and effectiveness of a SEC registration statement
- **CBC shareholder approval**
- **Other standard approvals**