



RBC Centura to acquire Florida branch network

**Announcement date: July 10, 2003
- Fact Sheet -**

Strategic Rationale

- consistent with stated growth strategy of expansion in southeastern U.S. in disciplined manner (manageable-sized transaction; purchase price of approximately US\$75 million)
- expands RBC Centura's presence in the attractive, high-growth Florida market
 - Florida is 4th largest state by population and had the 3rd largest population increase over the past 5 years as well as above-average employment growth
 - Florida contains 11 of RBC Centura's 22 priority markets (high-growth, affluent metropolitan statistical areas or MSAs)
- adds to existing RBC Centura network of 11 branches already in Florida, primarily the result of its January 2003 acquisition of Admiralty Bancorp, Inc.
- provides a good market presence in the lucrative West Coast of Florida, including the affluent Sarasota MSA. Florida is a destination for 2 million Canadians each year
- ability to leverage regional leadership of Provident's Florida team

Description of acquired operations

- acquiring Florida operations of Ohio-based Provident Financial Group
- West Coast - Sarasota/South Tampa Bay region (Sarasota, Manatee and Hillsborough counties)
- Florida head office in Sarasota
- 13 branches and 16 ATMs
- serves 21,000 households
- 135 employees (116 full-time equivalent basis)
- as at April 30, 2003:
 - loans of US\$350 million
 - deposits of US\$750 million
 - US\$500 million of assets under administration (mostly safekeeping)
- components of loan book: 67% commercial, 28% SMEs (small business), 5% consumer
- good credit quality (charge-off ratio of 0.41% in 2002)
- nonaccrual loans to be excluded from the transaction

Valuation and financial impact

- deal structured as an asset purchase
- Provident to receive approximately US\$75 million in cash, representing a deposit premium of 10% on deposits of approximately US\$750 million (as at April 30, 2003)
- neutral to EPS in Year 1 (fiscal 2004), accretive to EPS by Year 2 (fiscal 2005)
- cost synergies projected to be about 15% (approximately US\$2 million) of the cost base of Provident's Florida operations, from back-office and support areas
- valuation in line with other similar transactions in the southeastern U.S.
- core deposit intangibles of approximately \$15 million to be amortized over 10 years

Approvals/closing date

- due diligence (credit, financial, operational, etc.) completed
- acquisition is subject to customary closing conditions, including approval by U.S. regulators (Board of Governors of the Federal Reserve System and the banking department of the State of North Carolina)
- transaction expected to close in Fall 2003

Future plans

- Provident's Florida branch network to operate under the RBC Centura brand name upon the completion of the transaction
- focus on growing the retail consumer segment
- enhance mortgage origination and HELOC (home equity line of credit) business
- through RBC Centura's sales routines and expertise, increase consumer and SME lending
- attract and capture greater share of wallet with Canadian "Snowbirds" (those spending the winters in Florida)