



Royal Bank of Canada

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First Quarter 2002

/ Report to Shareholders

Royal Bank announces increase to common share dividend

TORONTO, February 22, 2002 – Royal Bank of Canada announced an increase to its quarterly common share dividend of 2 cents per share or 6% to 38 cents, payable on May 24, 2002 to common shareholders of record on April 24, 2002. This dividend increase marks the fourth time in two years that the bank has raised its common share dividend.

The bank's quarterly common share dividend was last increased by 3 cents per share to 36 cents in the third quarter of 2001, for shareholders of record on July 25, 2001.

Royal Bank's common shares are listed on the Toronto, New York and Swiss stock exchanges.

TORONTO, February 22, 2002 – For its first quarter ended January 31, 2002, Royal Bank of Canada (RY on TSE & NYSE) announced net income of \$734 million (\$1.04 per diluted share). Last year's first quarter net income of \$695 million (\$1.08 per diluted share) had included gains from special items of \$111 million after-tax (\$.17 per diluted share).

Excluding special items in last year's first quarter (shown on page 7), net income was up \$150 million or 26% and earnings per share up \$.13 or 14% from a year ago. Earnings per share were up 9% also excluding goodwill amortization expense a year ago described on page 4. Return on equity was 17.1% compared to 21.9% a year ago (18.3% excluding special items), reflecting common equity issued in last year's third quarter. Stronger contribution from U.S. Personal & Commercial Banking acquisitions, largely as a result of the acquisition of Centura Banks in June 2001, and the benefits of cost discipline were behind these strong results.

Commenting on the quarter's results, Gordon M. Nixon, President & CEO, said, "Our results reflect a solid start to 2002. Our net income this quarter was a record \$734 million, up 26% from a year ago (excluding special items in last year's first quarter). This strong performance reflected the expected operational benefits from our recent U.S. acquisitions and ongoing cost discipline."

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Revenues were up 17% and were 22% higher excluding special items in last year's first quarter. This largely reflected contributions from recent U.S. acquisitions, which led Wealth Management, Insurance and Personal & Commercial Banking to generate double-digit revenue growth over a year ago.

Expenses rose 22%, reflecting recent U.S. acquisitions. However, operating expenses (which exclude special items, costs of Stock Appreciation Rights and certain acquisition expenses such as retention compensation), were up 19% compared to operating revenue growth of 22%. Excluding the impact of recent U.S. acquisitions, operating expenses were down 7% while operating revenues were up 1%.

/ Chief Executive Officer's message

I am pleased to report a solid start to 2002, notwithstanding continued economic weakness and capital market softness.

I'll comment on our four key priorities and performance in those areas.

Strong fundamentals

Our net income this quarter was a record \$734 million, up 26% from a year ago (excluding special items in last year's first quarter). This strong performance reflected the expected operational benefits from our recent U.S. acquisitions and ongoing cost discipline. Our operating expenses fell 7% from a year ago while operating revenues were up 1%, both excluding recent acquisitions.

We met our objectives for 2002 during the first quarter. As shown on page 4, growth in core earnings per share of 14% was well above our 5–10% objective, while revenue growth was similarly well in excess of our target. Return on equity, the provision for credit losses ratio and capital ratios also met our objectives, and we are continuing to hold valuation levels in the top quartile of the TSE Banks & Trusts Index.

International expansion

Our recent U.S. acquisitions have resulted in U.S. revenues rising to 27% of total revenues from 14% a year ago. Net income from our recent U.S. acquisitions was \$53 million this quarter, up from \$4 million a year ago, largely reflecting the acquisition of Centura Banks in June 2001. Earnings from RBC Dain Rauscher (which now include Tucker Anthony Sutro) reflected higher retention compensation expenses compared to a year ago, but those costs should decline over the rest of this year. The integration of Tucker Anthony Sutro into RBC Dain Rauscher is expected to be completed in March, and the cost benefits of that integration should be apparent in the second half of this fiscal year. Dain Rauscher Wessels' operations have been fully integrated into RBC Capital Markets.

The specific provision for credit losses was \$286 million or .55% of average loans and bankers' acceptances compared to .37% a year ago and .82% last quarter.

The bank's capital ratios strengthened during the quarter, with the Tier 1 capital ratio rising to 8.8% and the Total capital ratio rising to 12.3% from 8.7% and 11.8%, respectively, last quarter.

The results mentioned above, with the exception of the provision for credit losses ratio and the capital ratios, are based on U.S. GAAP financial statements.

Our diversified U.S. platform helps mitigate exposure to any one sector and provides us with flexibility to capitalize on opportunities and industry trends. In addition, we believe that the U.S. market will continue a trend towards integrated financial services and we will benefit from our long experience and success in Canada in cross-marketing products and services across business platforms.

Our most important short-term priority for the United States is to consolidate our recent acquisitions and ensure we meet operating targets by enhancing efficiency and growing revenues, partially by introducing some initiatives that have been very successful in Canada. While we do not expect to make any significant acquisitions in the short term, we continue to look for disciplined, strategic and profitable platform extensions, primarily in Personal & Commercial Banking and Wealth Management.

Growth of high-return, high-P/E multiple businesses

Our diversified business base continues to be one of the major strengths of RBC Financial Group, helping to stabilize our returns and reduce our earnings volatility. For that reason, each of our business platforms has targeted priority areas for growth. Overall, however, we are looking for Wealth Management and Personal & Commercial Banking to be the main drivers of our operational and financial expansion over the long term. We expect Wealth Management's earnings contribution to rise when equity markets strengthen and retention compensation costs for recent U.S. acquisitions fall.

Cross-platform leverage

A fourth key priority is to leverage our strengths in working across business platforms to provide integrated financial solutions to customers. Working across business lines to leverage skills, products and technology benefits all stakeholders and by integrating our different products and services, we can better serve the needs of our customers, provide them better value and have better customer retention, revenue growth, efficiency and profitability.

RBC Financial Group is ideally positioned for cross-selling and financial services integration with our broadly diversified business mix, very strong market positions in most businesses in Canada, sizeable customer base, strengths in customer relationship management and philosophy of deepening customer relationships.

I look forward to reporting on our performance next quarter.



Gordon M. Nixon
President & Chief Executive Officer

/ First quarter performance compared to objectives for 2002

	2002 objectives (1)	First quarter performance (1)
1. Valuation		
Maintain top quartile valuation levels:		
• Share price/book value:	1st quartile of TSE Banks & Trusts Index	1st quartile
• Share price/earnings (2):	1st quartile of TSE Banks & Trusts Index	1st quartile
Share price growth:	Above the TSE Banks & Trusts Index	Below the index
2. Earnings growth (3)		
Grow diluted earnings per share by:	5–10%	14% 9% excluding goodwill amortization in Q1/01
3. Return on common equity (3)		
Achieve a return on common equity of:	17–19%	17.1%
4. Revenue growth		
Achieve revenue growth of:	7–10%	22%
5. Expense growth		
Operating expenses versus operating revenues (4):	Operating expense growth less than operating revenue growth	Operating expense growth 19%, compared to operating revenue growth of 22%. Excluding recent U.S. acquisitions, operating expenses down 7% and operating revenues up 1%
6. Portfolio quality		
Achieve a ratio of specific provisions for credit losses to average loans (including reverse repurchase agreements) and bankers' acceptances of (5):	.45–.55%	.55%
7. Capital management		
Capital ratios (5):	Maintain strong capital ratios	8.8% Tier 1 capital ratio 12.3% Total capital ratio versus medium-term goals of 8% and 11–12%, respectively

(1) Excluding special items (for return on common equity and growth in earnings, revenues and expenses).

(2) Based on analysts' average core diluted earnings per share estimates.

(3) With the adoption this quarter of new accounting standards regarding business combinations in Canada and the U.S., goodwill is no longer amortized. Accordingly, objectives for earnings growth and return on common equity are no longer on a "cash" basis, as reported earnings are now very similar to "cash" earnings.

(4) Operating expenses exclude special items, costs of Stock Appreciation Rights, and certain acquisition expenses such as retention compensation, while operating revenues exclude special items.

(5) Calculated based on our Canadian GAAP financial statements.

The bank's unaudited interim consolidated financial statements are expressed in Canadian dollars, and are prepared in accordance with each of U.S. and Canadian generally accepted accounting principles (GAAP). U.S. GAAP unaudited interim consolidated financial statements are provided on pages 14–20. Canadian GAAP unaudited interim consolidated financial statements, including a reconciliation of significant differences from U.S. GAAP financial statements, are provided on pages 22–30. The management's discussion & analysis which follows is based on the financial statements prepared in accordance with U.S. GAAP and would not read differently in any material respect if based on the consolidated financial statements prepared in accordance with Canadian GAAP, except as noted in the supplemental discussions on pages 5, 7 and 8.

/ Management's discussion and analysis

This portion of the Report to Shareholders provides a discussion and analysis of the bank's financial condition and results of operations so as to enable a reader to assess material changes in financial condition and results of operations between October 31, 2001, and January 31, 2002. It also compares results of operations for the three-month period ended January 31, 2002, and the

corresponding period in the preceding fiscal year, with an emphasis on the most recent three-month period. See the "Management's Discussion and Analysis" (U.S. GAAP) contained on pages 17 to 56 of the bank's 2001 Annual Report for discussions in respect of previous years.

/ Overview

As shown in the tables below, net income in the first quarter of 2002 was up 6% from the first quarter of 2001 (down 4% on a per share basis). Excluding a \$111 million after-tax gain from special items a year ago (\$.17 per share), net income was up 26% and earnings per share were up 14%.

The bank issued 83 million common shares in 2001 (72 million net of common share repurchases), mostly in connection with

the acquisition of Centura Banks, Inc. in June 2001, resulting in a lower growth rate for earnings per share than for net income.

On November 1, 2001, the bank adopted new accounting standards regarding business combinations under which goodwill is no longer amortized. In the first quarter of 2001, the bank incurred goodwill amortization expense of \$28 million both before and after tax (\$.04 per share).

Net income

(C\$ millions)	% change	For the three months ended	
		January 31 2002	January 31 2001 (1)
Reported net income	6%	\$ 734	\$ 695
Impact of special items (2)		–	\$ (111)
Core net income	26%	\$ 734	\$ 584

- (1) Net income includes goodwill amortization expense of \$28 million in Q1/01 (nil in Q1/02).
 (2) Special items are shown in a table on page 7.

Diluted earnings per share (EPS)

(C\$)	% change	For the three months ended	
		January 31 2002	January 31 2001 (1)
Reported EPS	(4)%	\$ 1.04	\$ 1.08
Impact of special items (2)		–	\$ (.17)
Core EPS	14%	\$ 1.04	\$.91

- (1) EPS numbers include goodwill amortization expense of \$.04 per share in Q1/01 (nil in Q1/02).
 (2) Special items are shown in a table on page 7.

/ U.S. and international results

As shown in the table on the bottom of page 19, U.S. and other international revenues were \$1.5 billion or 37% of total revenues, up from \$.8 billion or 22% in the first quarter of 2001. Recent U.S. acquisitions resulted in U.S. revenues increasing to \$1.1 billion or 27% of total revenues, from \$.5 billion or 14% a year ago.

Recent U.S. acquisitions generated net income of \$53 million this quarter, up from \$4 million a year ago, largely due to the acquisition of Centura Banks in June 2001. These numbers exclude

Dain Rauscher Wessels, whose operations have been fully integrated into RBC Capital Markets. Nevertheless, total U.S. net income declined to \$32 million this quarter from \$68 million in last year's first quarter, reflecting a \$61 million (after-tax) increase in the provision for credit losses in the corporate loan portfolio and a decline in revenues from the Equity Derivatives business, which had shown exceptional performance a year ago.

Management evaluates the bank's performance on a reported basis (i.e., as reported in its consolidated financial statements) as well as on a core basis (i.e., excluding special items). Special items are viewed by management as transactions that are not part of normal day-to-day business operations or are unusual in nature, thereby obscuring or distorting management's analysis of trends. There were some special items in the first quarter of 2001 (shown on page 7), but no special items in the first quarter of 2002.

/ Line of business results

Personal & Commercial Banking

(C\$ millions)	For the three months ended				
	January 31	January 31	January 31	Growth	Growth (core)
	2002	2001	2001 (core)		
Gross revenues (taxable equivalent basis)	\$ 1,976	\$ 1,718	\$ 1,711	15%	15%
Non-interest expenses (1)	\$ 1,142	\$ 997	\$ 997	15%	15%
Provision for credit losses	\$ 201	\$ 227	\$ 227	(11)%	(11)%
Net income	\$ 389	\$ 289	\$ 283	35%	37%
ROE	18.8%	21.2%	20.9%	(240)bp	(210)bp

(1) Includes goodwill amortization expense of \$3 million in Q1/01 (nil in Q1/02).

Net income was up 35% from a year ago. Excluding a gain on sale of \$6 million after-tax a year ago, shown in a table on page 7, net income was up 37%.

Net income from Personal & Commercial Banking's U.S. acquisitions (which include RBC Centura, RBC Prism Mortgage and Security First Network Bank) was \$58 million compared to \$(6) million a year ago. This reflected the purchase of RBC Centura in June 2001 and substantially better performance at RBC Prism Mortgage (which has benefited from lower interest rates) and at Security First Network Bank (whose infrastructure has been

combined with RBC Centura's). These businesses are being increasingly integrated to generate operational efficiencies and maximize revenue potential. The significant core revenue and expense growth rates for Personal & Commercial Banking were entirely due to these U.S. acquisitions.

ROE declined as a result of an additional \$2.8 billion of average common equity attributed to the segment, of which \$2.2 billion related to goodwill and other intangibles arising from the acquisition of Centura Banks.

Insurance

(C\$ millions)	For the three months ended		
	January 31	January 31	Growth
	2002	2001	
Gross revenues (1)	\$ 132	\$ 103	28%
Non-interest expenses (2)	\$ 94	\$ 76	24%
Net income	\$ 42	\$ 39	8%
ROE	23.0%	22.4%	60 bp
Premiums and deposits	\$ 479	\$ 491	(2)%

(1) Comprise net interest income and premiums less policyholder benefits, reinsurance and policy acquisition costs.

(2) Includes goodwill amortization expense of \$3 million in Q1/01 (nil in Q1/02).

Net income was up 8% from a year ago, reflecting strong results from the creditor life and disability operations, which benefited from growth in mortgage volumes. RBC Liberty Insurance (acquired during the first quarter of 2001) contributed \$3 million in net income this quarter compared to \$4 million a year ago, when two months of its results had been included in the quarter's numbers.

While RBC Liberty Insurance's core operations performed very well, it recorded a \$3 million writedown of its investment portfolio and incurred \$3 million of costs this quarter related to moving the outsourcing operations of Genelco from St. Louis, Missouri to Greenville, South Carolina, and for relocating Genelco's software sales division to the premises vacated by the outsourcing division. (RBC Liberty Insurance acquired certain insurance software and outsourcing assets from Genelco Inc. during the first quarter of 2001.) The significant revenue and expense growth rates for Insurance were entirely attributable to RBC Liberty Insurance.

Supplemental discussion – Canadian GAAP

Net income was \$41 million, up 3% from a year ago, while core net income was up 8%. The acquisition of RBC Liberty Insurance during the first quarter of 2001 contributed \$(4) million in net income this quarter, down from \$2 million a year ago primarily for the reasons mentioned above.

Wealth Management

(C\$ millions)	For the three months ended				
	January 31 2002	January 31 2001	January 31 2001 (core)	Growth	Growth (core)
Gross revenues	\$ 951	\$ 672	\$ 636	42%	50%
Non-interest expenses (1)	\$ 828	\$ 490	\$ 490	69%	69%
Net income	\$ 88	\$ 127	\$ 99	(31)%	(11)%
ROE	11.1%	42.1%	32.5%	(3,100)bp	(2,140)bp

(1) Includes goodwill amortization expense of \$8 million in Q1/01 (nil in Q1/02).

Net income was down 31% from a year ago. Excluding a one-time gain of \$28 million (after-tax) a year ago shown on page 7, net income was down \$11 million or 11%.

RBC Dain Rauscher (which now includes Tucker Anthony Sutro acquired on October 31, 2001) recorded a net loss of \$8 million this quarter, compared to net income of \$6 million a year ago when approximately three weeks of its results had been included in the quarter. The lower earnings at RBC Dain Rauscher reflect higher retention compensation costs relating to the bank's acquisition of these businesses of \$36 million this quarter (including \$13 million for Tucker Anthony Sutro) compared to \$26 million last quarter and \$4 million a year ago. The retention compensation costs are expected to decline to approximately \$27 million in each of

the next three quarters. The significant revenue and expense growth rates for Wealth Management were entirely attributable to the combined contributions from RBC Dain Rauscher and Tucker Anthony Sutro.

Tucker Anthony Sutro's business is being integrated into RBC Dain Rauscher's and the integration is expected to be completed in March 2002. Cost savings from this integration are expected to be more evident in the second half of this fiscal year.

ROE declined, reflecting the above-mentioned factors and an additional \$1.8 billion of average common equity attributed to the segment this quarter compared to last year, of which \$1.4 billion related to goodwill arising from the acquisitions of Dain Rauscher and Tucker Anthony Sutro.

Corporate & Investment Banking

(C\$ millions)	For the three months ended		
	January 31 2002	January 31 2001	Growth
Gross revenues	\$ 726	\$ 723	–%
(taxable equivalent basis)			
Non-interest expenses (1)	\$ 418	\$ 452	(8)%
Provision for credit losses	\$ 97	\$ 27	259%
Net income	\$ 146	\$ 147	(1)%
ROE	13.7%	18.9%	(520)bp

(1) Includes goodwill amortization expense of \$7 million in Q1/01 (nil in Q1/02).

Despite a substantial increase in the provision for credit losses from a low level a year ago and no revenue growth due to weaker capital markets compared to a year ago, net income was down only

\$1 million or 1%. This resulted from an 8% reduction in non-interest expenses. Variable compensation expenses fell due to lower volumes in the Equity Derivatives, traditional equity sales & trading and investment banking businesses.

Dain Rauscher Wessels' operations have been integrated into RBC Capital Markets. The retention compensation costs relating to the acquisition of this business were \$20 million this quarter versus \$12 million a year ago. The retention compensation costs are expected to fall to approximately \$13 million in each of the next three quarters.

ROE declined as an additional \$1.2 billion of average common equity was attributed to the segment this quarter compared to a year ago, of which \$.5 billion related to goodwill arising from the acquisition of Dain Rauscher Wessels.

Transaction Processing

(C\$ millions)	For the three months ended				
	January 31 2002	January 31 2001	January 31 2001 (core)	Growth	Growth (core)
Gross revenues	\$ 194	\$ 286	\$ 197	(32)%	(2)%
Non-interest expenses (1)	\$ 134	\$ 123	\$ 123	9%	9%
Net income	\$ 40	\$ 123	\$ 46	(67)%	(13)%
ROE	25.7%	90.3%	31.5%	(6,460)bp	(580)bp

(1) Includes goodwill amortization expense of \$2 million in Q1/01 (nil in Q1/02).

Net income was down 67% from a year ago. Excluding a one-time gain of \$77 million (after-tax) recorded a year ago shown in the table at the top of the following page, net income declined 13% from last year's first quarter. Revenues fell 2% as strong growth in

fee revenues was more than offset by a decline in deposit-based revenues due to substantially lower interest rates. This also resulted in a decline in ROE.

Special items in Q1/01 (none in Q1/02)

(C\$ millions, except per share amounts)	Applicable segments	For the three months ended January 31, 2001	
		Pre-tax	After-tax
Non-interest revenues			
Gain on sale of Group Retirement Services	Wealth Management Personal & Commercial Banking	\$ 36 7	\$ 28 6
Gain on formation of Moneris joint venture	Transaction Processing (1)	89	77
Total		\$ 132	\$ 111
Impact on EPS – diluted			\$.17

(1) Effective Q1/02 the Moneris joint venture is being managed by Transaction Processing and prior period results, including this gain, have been re-allocated from Personal & Commercial Banking.

Supplemental discussion – Canadian GAAP

In Q1/01, Canadian GAAP special items included the above, as well as a tax expense of \$33 million (\$19 million in Personal & Commercial Banking, \$(2) million in Insurance, \$10 million in

Corporate & Investment Banking, and \$6 million in “Other”) to reflect a change in tax rates. Special items in Q1/01 increased Canadian GAAP net income after-tax by \$78 million and diluted earnings per share by \$.12.

/ Financial priority: revenue growth and diversification

Revenues

(C\$ millions, taxable equivalent basis)	% change	For the three months ended	
		January 31 2002	January 31 2001
Net interest income	26%	\$ 1,855	\$ 1,473
Non-interest revenues	11%	2,202	1,987
Total revenue	17%	4,057	3,460
Core non-interest revenues (1)	19%	2,202	1,855
Core (operating) revenues (1)	22%	4,057	3,328
Less: Revenues of recent U.S. acquisitions (2)		(852)	(169)
Operating revenues, excluding acquisitions	1%	\$ 3,205	\$ 3,159

(1) Exclude special items of \$132 million shown in the table above.

(2) Represents revenues of RBC Centura (includes RBC Prism Mortgage and Security First Network Bank), RBC Liberty Insurance and RBC Dain Rauscher (includes Tucker Anthony Sutro).

Total revenues were up 17% from the first quarter of 2001.

Core, or operating, revenues (which exclude \$132 million of gains from special items recorded a year ago, as shown at the top of this page) were up \$729 million or 22% from a year ago. The U.S. acquisitions last year of Centura Banks (which now includes RBC Prism Mortgage and Security First Network Bank), Liberty Insurance, Dain Rauscher and Tucker Anthony Sutro accounted for \$683 million of the core revenue growth. This excludes Dain Rauscher Wessels, whose operations have been integrated into RBC Capital Markets. Centura Banks and Tucker Anthony Sutro were acquired subsequent to last year's first quarter, while results for Liberty Insurance and Dain Rauscher were included for only two months and three weeks, respectively, a year ago.

As shown to the left, excluding recent U.S. acquisitions, operating revenues were up 1% from a year ago, compared to a decline in operating expenses of 7% (shown in the table on page 8).

Net interest income

Taxable equivalent net interest income was up 26% from a year ago, and 12% excluding recent U.S. acquisitions due to lower funding costs for the Equity Derivatives business and higher loan volumes. The net interest margin was 2.01%, up from 1.89% a year ago, reflecting wider margins at RBC Centura than in our overall portfolio.

Non-interest revenues

Non-interest revenues were up 11% from the first quarter of 2001.

Excluding \$132 million of revenues from special items recorded a year ago shown in the table at the top of this page, non-interest revenues were up 19% from a year ago. Partially driven by acquisitions, capital market fees (from full-service brokerage, discount brokerage and institutional business) were up 41%, deposit and payment service charges up 25%, investment management and custodial fees up 23% and insurance revenues up 14%. Mortgage banking revenue was up 152%, reflecting high levels of activity in the U.S. during a period of exceptionally low interest rates. Securitization revenues were up 68%, reflecting credit card and mortgage loan securitizations during 2001. Mutual fund revenues were up 1%. Although Royal Mutual Funds led the industry in the first quarter with net sales of \$1.5 billion, clients continued to move out of higher-yielding equity products to lower-yielding money market funds. Card service revenues fell 18% largely reflecting the securitization of credit card receivables during 2001, while trading revenues were down 20%, reflecting lower revenues from the Equity Derivatives business.

/ Financial priority: cost control

Non-interest expenses

(C\$ millions)	% change	For the three months ended	
		January 31 2002	January 31 2001
Non-interest expenses (reported & core) (1)	22%	\$ 2,609	\$ 2,144
Less: Costs of Stock Appreciation Rights		(26)	(9)
RBC Dain Rauscher retention compensation (2)		(56)	(16)
Operating expenses	19%	2,527	2,119
Less: Non-interest expenses of recent acquisitions (3)		(716)	(168)
Operating expenses, excluding acquisitions	(7)%	\$ 1,811	\$ 1,951

(1) Includes goodwill amortization expense of \$28 million in Q1/01 (nil in Q1/02). There were no special non-interest expense items in Q1/02 or Q1/01.

(2) Includes Tucker Anthony Sutro in Q1/02.

(3) Represents non-interest expenses of RBC Centura (includes RBC Prism Mortgage and Security First Network Bank), RBC Liberty Insurance and RBC Dain Rauscher (includes Tucker Anthony Sutro) excluding retention compensation costs.

Non-interest expenses increased 22% over last year's first quarter. A \$3.20 increase in Royal Bank's common share price between October 31, 2001 and January 31, 2002, contributed to a \$26 million Stock Appreciation Rights (SARs) expense, up \$17 million from a year ago. Retention compensation costs for RBC Dain Rauscher increased to \$56 million this quarter (including \$13 million for Tucker Anthony Sutro) from \$16 million a year ago, which included just three weeks of Dain Rauscher expenses.

Operating expenses (which exclude special items, the costs of SARs and certain acquisition costs such as retention compensation) were up \$408 million or 19% from a year ago.

Expenses from recent U.S. acquisitions of Centura Banks (includes RBC Prism Mortgage and Security First Network Bank), Liberty Insurance, Dain Rauscher and Tucker Anthony Sutro were up \$548 million over a year ago. This excludes Dain Rauscher Wessels, whose operations have been integrated into RBC Capital Markets. Centura Banks and Tucker Anthony Sutro were acquired subsequent to last year's first quarter and the results for Liberty Insurance and Dain Rauscher were included for only two months and three weeks, respectively, in last year's first quarter.

Excluding recent U.S. acquisitions, operating expenses would have been down \$140 million or 7% from last year's first quarter, compared to 1% growth in operating revenues.

/ Financial priority: strong credit quality

Nonaccrual loans

Nonaccrual loans (before deducting the allowance for loan losses) were \$2.7 billion at January 31, 2002, up \$248 million from last quarter. As shown in the table at the top of page 20, the increase occurred in the business and government loan portfolio. The bank classified its total Argentine exposure of \$158 million as well as two accounts in the United States (in the energy and telecommunications sectors) as nonaccrual this quarter. This was partially offset by some write-offs in the U.S. telecommunications portfolio and a reduction in nonaccrual business loans in Canada. As a percentage of total loans (including bankers' acceptances), nonaccrual loans were 1.52%, up from 1.36% last quarter.

Provision for credit losses

(C\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
U.S. GAAP			
Allocated	\$ 275	\$ 533	\$ 275
Unallocated	11	(108)	(27)
Total provision for credit losses	\$ 286	\$ 425	\$ 248
Canadian GAAP			
Specific provisions	\$ 286	\$ 425	\$ 178
General provision			
Allocated	(11)	108	97
Unallocated	11	(108)	(27)
Total general provision	-	-	70
Total provision for credit losses	\$ 286	\$ 425	\$ 248

As shown above, the total provision for credit losses was \$286 million, up from \$248 million a year ago and down from \$425 million last quarter.

During the quarter, net charge-offs (charge-offs, net of recoveries) were \$234 million or .53% of average loans, versus \$179 million or .42% a year ago and \$349 million or .78% last quarter.

Supplemental discussion – Canadian GAAP

The specific provision for credit losses was \$286 million or .55% of average loans (including reverse repurchase agreements) and bankers' acceptances, up from \$178 million or .37% a year ago and down from \$425 million or .82% last quarter. The increase over a year ago largely reflects provisions on the new exposures discussed above that were classified as impaired this quarter, and additional provisions taken on some U.S. telecommunications accounts that had been classified as impaired last quarter.

/ Financial priority: balance sheet and capital management

Assets

Total assets were \$358 billion at January 31, 2002, down \$4.1 billion or 1% from October 31, 2001 and up \$51.6 billion or 17% from January 31, 2001 (partially reflecting the acquisition of Centura Banks in June 2001).

Compared to October 31, 2001, total loans (before deducting the allowance for loan losses) were down \$2.4 billion or 1%, as increases in residential mortgages of \$2.0 billion or 3% and credit card balances of \$55 million or 1% were more than offset by decreases in business and government loans and acceptances of \$3.5 billion or 5% and in personal loans of \$.9 billion or 3%.

Compared to January 31, 2001, total loans (before deducting the allowance for loan losses) were up \$9.7 billion or 6%, with increases in residential mortgages of \$6.0 billion or 9%, personal loans of \$1.0 billion or 3% and business and government loans and acceptances of \$3.3 billion or 5%, partially reflecting the acquisition of Centura Banks. Credit card balances decreased \$.6 billion or 13%, with the addition of Centura's card balances more than offset by securitizations conducted during 2001.

Deposits

Total deposits were \$236 billion, virtually unchanged from October 31, 2001 and up \$30.0 billion or 15% from January 31, 2001 (partially reflecting the acquisition of Centura Banks). Interest-bearing deposits were virtually unchanged from last quarter and up \$26.8 billion or 15% from a year ago. Non-interest bearing deposits increased by \$.4 billion and \$3.1 billion, respectively.

Capital

A normal course issuer bid on The Toronto Stock Exchange began June 22, 2001 for a one-year period. Under this program, the bank may purchase up to 18 million common shares. During the first quarter, the bank repurchased 1.7 million common shares for \$86 million, at an average price of \$50.56 per share. The repurchases were conducted in January, upon the termination in late December 2001 of an agreement with an independent third party relating to an accelerated repurchase by the bank of 6 million common shares during the fourth quarter of 2001. Since the inception of the share repurchase program in June 2001, the bank has repurchased 12.6 million common shares for \$617 million, at an average price of \$48.85 per share.

Capital strength for Canadian banks is regulated according to guidelines issued by the Superintendent of Financial Institutions Canada (OSFI), based on standards issued by the Bank for International Settlements and Canadian GAAP financial information. OSFI has formally established risk-based capital targets for deposit-taking institutions in Canada of at least 7% for the Tier 1 capital ratio and of at least 10% for the Total capital ratio.

At January 31, 2002, using OSFI guidelines and Canadian GAAP financial information, the bank's Tier 1 capital ratio was 8.8% versus 8.7% at October 31, 2001, while the Total capital ratio was 12.3% versus 11.8% at October 31, 2001. Both ratios met the bank's medium-term (3–5 year) capital goals of 8% for Tier 1 capital and 11–12% for Total capital. Risk-adjusted assets of \$169.4 billion were down 1% from October 31, 2001 and up 4% from January 31, 2001.

As mentioned in Note 3 on page 18, during the quarter, the bank redeemed its First Preferred Shares Series I totalling US\$200 million and issued US\$400 million of subordinated debentures through its European Medium Term Note Programme.

/ Risk management

Liquidity risk

The bank's liquidity management objective is to ensure that it has the ability to generate sufficient cash or its equivalents in a timely and cost-effective manner to meet its commitments as they fall due. Two key elements of the bank's liquidity management framework are policies for minimum levels of unencumbered liquid assets, and limits on maximum net fund outflows over specified time periods. As at January 31, 2002, the bank is in compliance with these policies. These and other elements of the liquidity management framework are discussed in more detail on page 55 of Royal Bank's 2001 Annual Report and have not materially changed over the past quarter.

The bank uses liquid assets and reverse repurchase agreements when managing its short-term liquidity. At January 31, 2002, the bank's liquid assets before pledging and assets purchased under reverse repurchase agreements totalled \$137 billion or 38% of total assets, unchanged from October 31, 2001 and up from \$108 billion or 35% at January 31, 2001.

For the three months ended January 31, 2002, the bank's average liquid assets before pledging and average assets purchased under reverse repurchase agreements totalled \$144 billion or 39% of total average assets, as compared to \$130 billion or 38% last quarter and \$113 billion or 37% a year ago.

At January 31, 2002, securities with a carrying value of \$40 billion have been pledged, sold under repurchase agreements or are obligations related to securities sold short, as compared to \$46 billion at October 31, 2001 and \$32 billion at January 31, 2001.

Market risk measures – trading activities

As outlined on pages 52 and 53 of Royal Bank's 2001 Annual Report, the bank has established risk management policies and limits for its trading activities that allow it to monitor and control the exposure to market risk resulting from these activities. These policies have not changed materially over the past quarter. The market risk associated with trading activities is managed primarily through a Value-At-Risk (VAR) methodology. The table below shows the quarter-end, high, average and low VAR by major risk

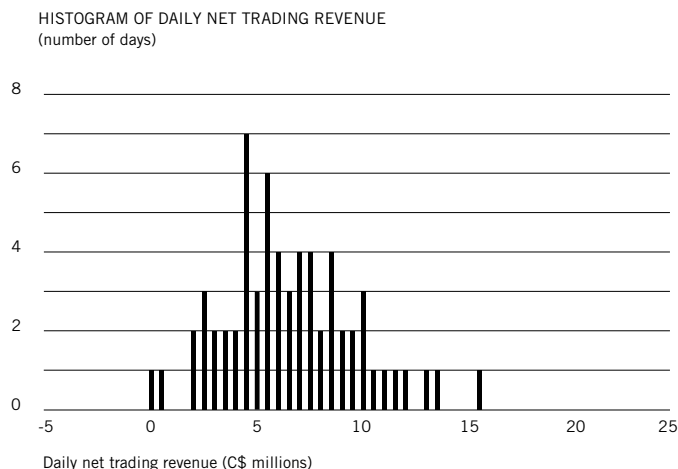
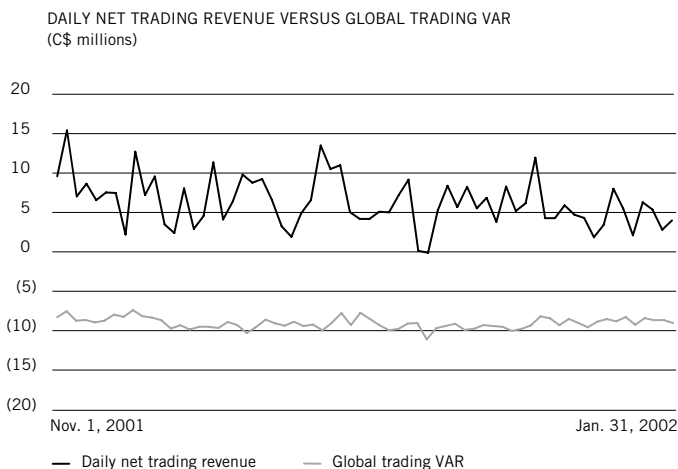
category for the bank's combined trading activities for the quarters ended January 31, 2002 and January 31, 2001, and indicates that the Global VAR amounts in the first quarter 2002 were below the levels a year ago. The graphs below show the daily net trading revenue compared to the global trading VAR amounts and a histogram of daily net trading revenue for the quarter ended January 31, 2002. During the first quarter, the bank experienced zero days of trading losses.

Trading activities (1)

(C\$ millions)	For the three months ended January 31, 2002				For the three months ended January 31, 2001			
	Quarter-end	High	Average	Low	Quarter-end	High	Average	Low
Global VAR by major risk category								
Equity	\$ 7	\$ 9	\$ 8	\$ 7	\$ 8	\$ 14	\$ 11	\$ 8
Foreign exchange and commodity	3	6	3	1	4	5	3	2
Interest rate	2	6	3	2	5	6	5	3
Global VAR (2)	\$ 9	\$ 11	\$ 9	\$ 7	\$ 9	\$ 16	\$ 12	\$ 9

(1) Amounts are presented on a pre-tax basis and represent one-day VAR at a 99% confidence level.

(2) Global VAR reflects the correlation effect from each of the risk categories through diversification.



Personal & Commercial Banking

In November, RBC Prism Mortgage and RBC Centura launched their first co-originated Adjustable Rate Mortgage product in the U.S. market. Additionally, RBC Centura introduced RBC's Account Manager Investments (AMI) role into the U.S. in January. The primary role of the AMIs will be to focus on building client relationships through the use of new financial tools and recently introduced products such as model portfolios, wrap accounts and no load mutual funds.

Royal Bank of Canada became the first financial institution in Canada to offer an account aggregation feature to its online banking clients. Introduced initially on a selective basis to 8,000 online banking users, "My View" provides clients with a consolidated view of their RBC Financial Group information, as well as information from other financial institutions where they have online accounts.

Insurance

The Association of Canadian Travel Agents (ACTA) in Quebec presented an Atlas Award recognizing travel industry excellence to RBC Insurance. RBC Insurance received the award for its recent ad campaign, which encouraged consumers to consult their travel agent for information on travel insurance and demonstrated the various products available.

The new online application that RBC Insurance had launched in Q4/01 to provide immediate insurance quotes on the full range of RBC Insurance home and auto products, generated 15,000 online quotes during the quarter, resulting in \$340,000 of premiums.

Wealth Management

In November, the bank and Osmington Inc. announced that they have completed an agreement whereby a wholly owned subsidiary of Osmington has purchased the assets of RT Realty Advisors Inc., the institutional real estate investment management business of Royal Bank of Canada. The sale is another divestiture of a business that is not core to the bank's global wealth management strategy.

In December, RBC Investments' direct investing service, Action Direct, announced its clients now have access to over 2,500 fixed income securities, the largest inventory available online in Canada. Action Direct clients have access to RBC Capital Markets' inventory of fixed income securities, the largest available in the country, including GICs, Corporate, Strip, Government of Canada, Provincial and Municipal Bonds, T-Bills, Bankers' Acceptances, Commercial Paper and Crown Corporate Paper.

In January, RBC Royal Bank began offering its 1.6 million clients who bank online access to news and quotes thanks to a free trial provided by Action Direct. Through the trial, clients will be able to link to the direct investing web site from their online banking account balances page and experience first-hand what direct investing is all about.

Corporate & Investment Banking

For the fourth consecutive year, RBC Capital Markets has been named Canada's leading underwriter in the *Financial Post* league tables, which were published in January. The *Financial Post* cited the firm's 145 corporate and government underwritings (debt and/or equity), which raised in excess of \$23 billion, outpacing its nearest competitor by a wide margin.

RBC Capital Markets won the mandate to advise PanCanadian Energy in its recently announced merger with Alberta Energy Company. The size of the transaction is estimated at \$9 billion and upon completion the combined entity, EnCana Corporation, will be the world's number one independent oil and gas company. RBC Capital Markets is also playing a prominent role in two other significant energy transactions – Petro Canada's acquisition of the exploration and production assets of Germany's Veba Oil & Gas GmbH from BP PLC for \$3.2 billion and the recently-announced sale of Enbridge, Inc.'s Canadian home heating services arm to Centrica PLC for \$1 billion.

At the end of the quarter, RBC Capital Markets was selected as one of the three lead underwriters on Hydro One's initial public offering (IPO). The deal will be Canada's largest IPO to date.

Transaction Processing

During the quarter, two major Canadian mutual fund companies announced the consolidation of their custody business with RBC Global Services. AIM Funds Management Inc. has selected RBC as custodian for their entire portfolio including Canadian and international client assets under administration (AUA) of approximately \$35 billion. RBC previously provided custody services for the Trimark brand, which was acquired by AIM in 2000. In addition, Mackenzie Financial Corp. has chosen to consolidate its custody business with RBC. The Mackenzie portfolio includes total AUA of approximately \$40 billion.

Additionally, RBC Global Services received the award for "Best Securities Lending Program" from GSCS Benchmarks, a U.K.-based organization, which provides measures for the international securities industry. The annual award recognizes excellence in the areas of global custody and sub-custody services.

RBC Global Services, with the Town of Oakville, Ontario, launched *paytickets.ca*, a Web portal that enables consumers to pay parking tickets online using credit cards. Plans are underway to expand this service to other municipalities. RBC is a large provider of services to the public sector in Canada.

Other

RBC Financial Group launched a new corporate Web site *rbc.com* in December that will serve as the gateway to all RBC Web site information. The new online masterbrand presents visitors with a comprehensive overview of RBC Financial Group and provides direct links to each of the company's five business divisions, making it easier for visitors to gather content about the organization.

As one of North America's largest private lenders in the agricultural sector, the bank launched an initiative to develop an e-commerce platform to meet the needs of the cattle industry. B2B Vertical Markets Inc., a joint venture between the bank and Mediagrif Interactive Technologies Inc., purchased a 51% interest in Viewtrak Technologies Inc. Viewtrak has pioneered a sophisticated Internet-based solution for beef cattle producers to collect animal breeding and production data.

The international industry publication *American Banker* presented RBC Financial Group with its 2001 Innovator of the Year Award citing the bank's leadership in customer relationship management, cross-selling initiatives and U.S. expansion to develop new avenues for growth.

/ About Royal Bank of Canada

Royal Bank of Canada (TSE, NYSE: RY) uses the initials RBC as a prefix for its businesses and operating subsidiaries, which operate under the master brand name of RBC Financial Group. Royal Bank of Canada is Canada's largest financial institution as measured by market capitalization and assets, and is one of North America's leading diversified financial services companies. It provides personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing services on a global basis. The company employs 60,000 people who serve more than 12 million personal, business and public sector customers in North America and in some 30 countries around the world. For more information, please visit *rbc.com*.

/ Caution regarding forward-looking statements

Royal Bank of Canada, from time to time, makes written and oral forward-looking statements, included in this press release, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications, which are made pursuant to the "safe harbor"

provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements include, among others, statements with respect to the bank's objectives for 2002, and the medium and long terms, and strategies to achieve those objectives, as well as statements with respect to the bank's beliefs, plans, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "anticipate," "estimate," "expect," "intend," "plan," and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. The bank cautions readers not to place undue reliance on these statements as a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian economy in general and the strength of the local economies within Canada in which the bank conducts operations; the strength of the United States economy and the economies of other nations in which the bank conducts significant operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States; changes in trade policy; the effects of competition in the markets in which the bank operates; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services by the bank in receptive markets; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); changes in tax laws; technological changes; the ability of the bank to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; and the bank's anticipation of and success in managing the risks implicated by the foregoing.

The bank cautions that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the bank, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the bank.

Information contained in or otherwise accessible through the Web sites mentioned in this report does not form a part of this report. All references in this report to Web sites are inactive textual references and are for your informational reference only.

/ Selected financial highlights (unaudited)

(C\$ millions, except per share and percentage amounts)	Change from January 31 2001	As at and for the three months ended		
		January 31 2002	October 31 2001	January 31 2001
Earnings				
Net interest income (1)	26%	\$ 1,855	\$ 1,772	\$ 1,473
Non-interest revenue	11	2,202	2,265	1,987
Gross revenues (1)	17	4,057	4,037	3,460
Provision for credit losses	15	286	425	248
Non-interest expenses	22	2,609	2,636	2,144
Net income	6	734	680	695
Core net income (2)	26	734	441	584
Return on common equity	(480)bp	17.1%	15.7%	21.9%
Core return on common equity (2)	(120)bp	17.1%	9.9%	18.3%
Economic Profit (3)	19%	\$ 208	\$ 15	\$ 175
Balance sheet and off-balance sheet data				
Loans	6%	\$ 178,718	\$ 181,100	\$ 168,975
Assets	17	358,400	362,483	306,811
Deposits	15	236,272	235,687	206,306
Subordinated debentures	14	7,340	6,861	6,447
Common equity	33	16,638	16,215	12,484
Assets under administration	14	1,421,800	1,337,700	1,242,800
Assets under management	(4)	108,100	104,800	112,500
Capital ratios (Canadian basis) (4)				
Common equity to risk-adjusted assets	220 bp	9.8%	9.4%	7.6%
Tier 1 capital	50	8.8%	8.7%	8.3%
Total capital	80	12.3%	11.8%	11.5%
Capital ratios (U.S. basis) (5)				
Common equity to risk-adjusted assets	220 bp	9.8%	9.5%	7.6%
Tier 1 capital	10	8.1%	8.1%	8.0%
Total capital	50	11.6%	11.2%	11.1%
Common share information				
Shares outstanding (in thousands)				
End of period	9%	673,596	674,021	616,209
Average basic	11	674,465	681,758	608,824
Average diluted	11	679,729	687,334	614,686
Earnings per share				
Basic	(4)%	\$ 1.05	\$ 0.95	\$ 1.09
Diluted	(4)	1.04	0.94	1.08
Core diluted (2)	14	1.04	0.60	0.91
Share price				
High (6)	(1)%	\$ 52.45	\$ 53.25	\$ 52.80
Low (6)	4	46.81	41.60	45.10
Close	4	50.00	46.80	48.20
Dividends per share	9	0.36	0.36	0.33
Book value per share – period end	22	24.70	24.06	20.26
Market capitalization (\$ billions)	13	33.7	31.5	29.7
Number of:				
Employees (full-time equivalent) (7)	5,881	59,744	57,568	53,863
Automated banking machines	118	4,583	4,545	4,465
Service delivery units:				
Canada	(13)	1,316	1,317	1,329
International (8)	374	811	724	437

(1) Taxable equivalent basis.

(2) Core results exclude the special items shown in the table on page 7.

(3) Economic Profit is cash operating earnings (i.e., net income available to common shareholders excluding the after-tax impact of special items and amortization of goodwill and other intangibles) less a charge for the cost of common equity. There were no special items and no amortization of goodwill in the first quarter of 2002.

(4) Using guidelines issued by the Superintendent of Financial Institutions Canada (OSFI) and Canadian GAAP financial information.

(5) Using guidelines issued by the Board of Governors of the Federal Reserve System in the United States and U.S. GAAP financial information.

(6) Intraday high and low share prices.

(7) The number of employees at January 31, 2002 includes 2,211 for Tucker Anthony Sutro Corporation, which are not included in the prior period numbers, and 3,196 for Centura Banks, Inc., acquired in June 2001.

(8) The number of international service delivery units at January 31, 2002 includes 91 for Tucker Anthony Sutro Corporation, which are not included in the prior period numbers, and 239 for Centura Banks, Inc., acquired in June 2001.

/ Interim consolidated financial statements (unaudited)

Consolidated balance sheet (unaudited)

(C\$ millions)	January 31 2002	October 31 2001	January 31 2001
Assets			
Cash resources			
Cash and due from banks	\$ 1,187	\$ 1,792	\$ 989
Interest-bearing deposits with other banks	14,433	15,724	16,344
	15,620	17,516	17,333
Securities			
Trading account (\$3,506 and \$3,649 pledged at January 31, 2002 and October 31, 2001, respectively)	62,582	58,413	50,606
Available for sale (\$2,478 and \$2,559 pledged at January 31, 2002 and October 31, 2001, respectively)	25,718	22,687	15,695
	88,300	81,100	66,301
Assets purchased under reverse repurchase agreements	30,503	35,870	21,713
Loans			
Residential mortgage	69,438	67,444	63,418
Personal	31,600	32,511	30,573
Credit card	4,338	4,283	4,961
Business and government loans and acceptances	73,342	76,862	70,023
	178,718	181,100	168,975
Allowance for loan losses	(2,345)	(2,278)	(1,947)
	176,373	178,822	167,028
Other			
Derivative-related amounts	26,731	28,642	20,098
Premises and equipment	1,590	1,598	1,293
Goodwill	4,975	4,952	2,280
Other intangibles	606	619	205
Other assets	13,702	13,364	10,560
	47,604	49,175	34,436
	\$ 358,400	\$ 362,483	\$ 306,811
Liabilities and shareholders' equity			
Deposits			
Canada			
Non-interest-bearing	\$ 22,855	\$ 22,397	\$ 21,353
Interest-bearing	117,007	118,161	113,740
International			
Non-interest-bearing	2,375	2,461	744
Interest-bearing	94,035	92,668	70,469
	236,272	235,687	206,306
Other			
Acceptances	9,057	9,923	9,695
Obligations related to securities sold short	16,815	16,037	14,075
Obligations related to assets sold under repurchase agreements	17,412	20,864	14,717
Derivative-related amounts	27,284	29,448	19,794
Other liabilities	24,467	23,979	19,852
	95,035	100,251	78,133
Subordinated debentures	7,340	6,861	6,447
Non-controlling interest in subsidiaries	1,440	1,479	1,453
Shareholders' equity			
Capital stock			
Preferred	1,675	1,990	1,988
Common (shares issued and outstanding – 673,596,156; 674,020,927 and 616,209,281)	6,987	6,959	3,704
Retained earnings	9,683	9,311	8,769
Accumulated other comprehensive income	(32)	(55)	11
	18,313	18,205	14,472
	\$ 358,400	\$ 362,483	\$ 306,811

Consolidated statement of income (unaudited)

(C\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
Interest income			
Loans	\$ 2,742	\$ 2,879	\$ 3,140
Trading account securities	589	536	511
Available for sale	293	309	271
Assets purchased under reverse repurchase agreements	128	245	314
Deposits with other banks	150	204	226
	3,902	4,173	4,462
Interest expense			
Deposits	1,521	1,894	2,496
Other liabilities	432	417	401
Subordinated debentures	105	102	98
	2,058	2,413	2,995
Net interest income	1,844	1,760	1,467
Provision for credit losses	286	425	248
Net interest income after provision for credit losses	1,558	1,335	1,219
Non-interest revenue			
Capital market fees	591	460	419
Trading revenues	456	388	568
Deposit and payment service charges	254	250	204
Investment management and custodial fees	244	228	198
Mutual fund revenues	139	134	138
Mortgage banking revenues	73	57	29
Card service revenues	72	68	88
Foreign exchange revenue, other than trading	67	79	67
Credit fees	61	59	62
Insurance revenues	56	78	49
Securitization revenues	32	49	19
Gain (loss) on sale of securities	1	(36)	(40)
Gain from divestitures	–	313	132
Other	156	138	54
	2,202	2,265	1,987
Non-interest expenses			
Human resources	1,643	1,507	1,330
Occupancy	188	201	180
Equipment	186	187	150
Communications	187	179	153
Professional fees	103	117	73
Amortization of goodwill	–	107	28
Amortization of other intangibles	17	17	3
Other	285	321	227
	2,609	2,636	2,144
Net income before income taxes	1,151	964	1,062
Income taxes	390	256	345
Net income before non-controlling interest	761	708	717
Non-controlling interest in net income of subsidiaries	27	28	22
Net income	\$ 734	\$ 680	\$ 695
Preferred share dividends	25	31	34
Net income available to common shareholders	\$ 709	\$ 649	\$ 661
Average number of common shares (in thousands)	674,465	681,758	608,824
Earnings per share (in dollars)	\$ 1.05	\$ 0.95	\$ 1.09
Average number of diluted common shares (in thousands)	679,729	687,334	614,686
Diluted earnings per share (in dollars)	\$ 1.04	\$ 0.94	\$ 1.08

Consolidated statement of changes in shareholders' equity (unaudited)

(C\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
Preferred shares			
Balance at beginning of period	\$ 1,990	\$ 2,254	\$ 2,001
Redeemed for cancellation	(315)	(295)	–
Translation adjustment on shares denominated in foreign currency	–	31	(13)
Balance at end of period	1,675	1,990	1,988
Common shares			
Balance at beginning of period	6,959	7,041	3,074
Issued	46	18	640
Issuance costs, net of related income taxes	–	–	(10)
Purchased for cancellation	(18)	(100)	–
Balance at end of period	6,987	6,959	3,704
Retained earnings			
Balance at beginning of period	9,311	9,259	8,314
Net income	734	680	695
Preferred share dividends	(25)	(31)	(34)
Common share dividends	(244)	(244)	(203)
Premium paid on common shares purchased for cancellation	(90)	(348)	–
Issuance costs, net of related income taxes	(3)	(5)	(3)
Balance at end of period	9,683	9,311	8,769
Accumulated other comprehensive income, net of related income taxes			
Unrealized gains and losses on available for sale securities	185	190	72
Unrealized foreign currency translation gains and losses net of hedging activities	(45)	(38)	(38)
Gains and losses on derivatives designated as cash flow hedges	(155)	(190)	(23)
Additional pension obligation	(17)	(17)	–
	(32)	(55)	11
Shareholders' equity at end of period	\$ 18,313	\$ 18,205	\$ 14,472
Comprehensive income, net of related income taxes			
Net income	\$ 734	\$ 680	\$ 695
Other comprehensive income			
Change in unrealized gains and losses on available for sale securities	(5)	80	128
Change in unrealized foreign currency translation gains and losses	(67)	408	(32)
Impact of hedging unrealized foreign currency translation gains and losses	60	(399)	30
Cumulative effect of initial adoption of FAS 133	–	–	60
Change in gains and losses on derivatives designated as cash flow hedges	5	(142)	(78)
Reclassification to earnings of gains and losses on cash flow hedges	30	7	(5)
Additional pension obligation	–	(17)	–
Total comprehensive income	\$ 757	\$ 617	\$ 798

Consolidated statement of cash flows (unaudited)

(C\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
Cash flows from operating activities			
Net income	\$ 734	\$ 680	\$ 695
Adjustments to determine net cash provided by (used in) operating activities			
Provision for credit losses	286	425	248
Depreciation	98	114	86
Amortization of goodwill and other intangibles	17	124	31
Loss (gain) on sale of premises and equipment	(13)	(42)	13
Gain from divestitures	–	(313)	(132)
Change in accrued interest receivable and payable	(129)	(161)	(163)
Loss (gain) on sale of available for sale securities	(1)	36	40
Changes in operating assets and liabilities			
Deferred income taxes	(206)	(9)	(4)
Current income taxes payable	336	(317)	(233)
Unrealized gains and amounts receivable on derivative contracts	1,911	(8,932)	(757)
Unrealized losses and amounts payable on derivative contracts	(2,164)	9,804	1,220
Trading account securities	(4,169)	(1,981)	(1,285)
Obligations related to securities sold short	778	1,064	1,131
Other	638	(632)	(1,030)
Net cash provided by (used in) operating activities	(1,884)	(140)	(140)
Cash flows from investing activities			
Change in loans	1,297	(3,495)	(515)
Proceeds from sale of available for sale securities	3,322	3,644	2,111
Proceeds from the maturity of available for sale securities	3,349	2,501	2,934
Purchases of available for sale securities	(9,701)	(6,964)	(4,280)
Change in interest-bearing deposits with other banks	1,291	(148)	(765)
Net acquisitions of premises and equipment	(82)	(213)	(64)
Net proceeds from sale of real estate	–	57	–
Change in assets purchased under reverse repurchase agreements	5,367	(10,731)	(3,355)
Net cash used in acquisition of subsidiaries	–	(889)	(2,706)
Net proceeds from divestitures	–	346	132
Net cash provided by (used in) investing activities	4,843	(15,892)	(6,508)
Cash flows from financing activities			
Issue of RBC Trust Capital Securities (RBC TruCS™)	–	–	750
Change in domestic deposits	(696)	2,463	(3,031)
Increase in international deposits	1,281	7,899	2,973
Issue of subordinated debentures	635	–	500
Subordinated debentures matured	(42)	(15)	(27)
Preferred shares redeemed for cancellation	(315)	(295)	–
Issuance costs	(3)	(5)	(13)
Issue of common shares	28	12	619
Common shares purchased for cancellation	(108)	(448)	–
Dividends paid	(276)	(283)	(214)
Change in assets sold under repurchase agreements	(3,452)	6,846	5,626
Change in liabilities of subsidiaries	(616)	(507)	(493)
Net cash provided by (used in) financing activities	(3,564)	15,667	6,690
Net change in cash and due from banks	(605)	(365)	42
Cash and due from banks at beginning of period	1,792	2,157	947
Cash and due from banks at end of period	\$ 1,187	\$ 1,792	\$ 989
Supplemental disclosure of cash flow information			
Amount of interest paid in period	\$ 2,341	\$ 2,335	\$ 3,039
Amount of taxes paid in period	\$ 192	\$ 220	\$ 346

/ **Notes to the interim consolidated financial statements** (unaudited)

These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended October 31, 2001. Certain comparative amounts have been reclassified to conform to the current period's presentation.

Note 1 Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, using the same accounting policies as set out in Note 1 to the consolidated financial statements for the year ended October 31, 2001, on pages 62 to 65 in the 2001 Annual Report, except as noted below.

Business Combinations, Goodwill and Other Intangibles

Effective November 1, 2001, the bank adopted Statement of Financial Accounting Standards, *Goodwill and Other Intangible Assets* (FAS 142). The bank also adopted Statement of Financial Accounting Standards, *Business Combinations* (FAS 141) for business combinations initiated after June 30, 2001.

The standard requires that all business combinations be accounted for using the purchase method. Identifiable intangible assets are recognized separately from Goodwill and included in Other intangibles. Goodwill represents the excess of the price paid for the acquisition of subsidiaries over the fair value of the net assets acquired. Under FAS 142, goodwill and indefinite life intangibles are no longer amortized but are

subject to impairment tests on at least an annual basis. Any impairment of goodwill or intangibles will be recognized as Non-interest expense in the period of impairment. Other intangibles with a definite life are amortized over their estimated useful lives and also tested for impairment.

The bank is required to complete the transitional goodwill impairment test within six months of adoption of FAS 142 and to record impairment, if any, by the end of the fiscal year. Any loss resulting from the transitional impairment test will be recorded as a cumulative effect of a change in accounting principle and charged to Net income for the three months ended January 31, 2002. The bank is in the process of completing the transitional goodwill impairment test.

Amortization of other intangibles was \$17 million for the three months ended January 31, 2002 (\$17 million and \$3 million for the three months ended October 31, 2001, and January 31, 2001, respectively). The projected Amortization of other intangibles for the year ending October 31, 2002 is \$67 million and for each of the years ending October 31, 2003 to October 31, 2006 is \$65 million.

The following table sets forth the bank's Other intangibles at the periods indicated:

	Q1/02			Q4/01			Q1/01		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
(C\$ millions)									
Core deposit intangibles	\$ 411	\$ (28)	\$ 383	\$ 412	\$ (17)	\$ 395	\$ -	\$ -	\$ -
Customer lists and relationships	229	(34)	195	233	(30)	203	225	(24)	201
Mortgage servicing rights	26	(2)	24	17	(1)	16	-	-	-
Other intangibles	7	(3)	4	7	(2)	5	4	-	4
Total	\$ 673	\$ (67)	\$ 606	\$ 669	\$ (50)	\$ 619	\$ 229	\$ (24)	\$ 205

The following table discloses a reconciliation of previously reported net income, earnings per share and diluted earnings per share to the amounts adjusted for the exclusion of Amortization of goodwill, net of related income taxes.

	For the three months ended		
	Q1/02	Q4/01	Q1/01
(C\$ millions, except per share amounts)			
Net income:			
Reported net income	\$ 734	\$ 680	\$ 695
Amortization of goodwill, net of tax	-	106	28
Adjusted net income	\$ 734	\$ 786	\$ 723
Earnings per share:			
Reported earnings per share	\$ 1.05	\$ 0.95	\$ 1.09
Amortization of goodwill, net of tax	-	0.16	0.04
Adjusted earnings per share	\$ 1.05	\$ 1.11	\$ 1.13
Diluted earnings per share:			
Reported diluted earnings per share	\$ 1.04	\$ 0.94	\$ 1.08
Amortization of goodwill, net of tax	-	0.16	0.04
Adjusted diluted earnings per share	\$ 1.04	\$ 1.10	\$ 1.12

Note 2 Pledged assets

Securities have been pledged as collateral for various types of funding transactions including obligations related to assets sold under repurchase agreements and obligations related to securities sold short. Securities pledged include bank owned securities and other securities accepted as collateral that can be sold or repledged. Such collateral is generally obtained under reverse repurchase agreements and securities borrowing agreements. Securities owned that are pledged as collateral that can be sold or repledged by the secured party are reported in Trading account securities of \$3.5 billion (October 31, 2001 - \$3.6 billion) and Available for sale securities of \$2.5 billion (October 31, 2001 - \$2.6 billion) on the consolidated balance sheet.

Note 3 Significant capital transactions

In November 2001, the bank issued subordinated debentures of US\$400 million. Interest is paid at a rate of 0.50% above the U.S. dollar three-month LIBOR until November 8, 2006, and thereafter at a rate of 1.50% above the U.S. dollar three-month LIBOR.

In November 2001, the bank redeemed, for cash, the US\$200 million First Preferred Shares Series I.

In November 2001, the bank exchanged all of the remaining 1,846,897 Class C shares issued by its wholly owned subsidiary, Royal Bank DS Holding Inc., on the acquisition of Richardson Greenshields Limited for 318,154 common shares.

During the quarter, the bank repurchased 1,708,700 common shares under its normal course issuer bid at an average price of \$50.56. Since the inception of the bid in June 2001, the bank has repurchased 12,635,900 common shares at an average price of \$48.85.

Note 4 Results by business and geographic segments
a) Quarterly earnings by business segment (1)

(C\$ millions)	Personal & Commercial Banking			Insurance			Wealth Management		
	Q1	Q4	Q1	Q1	Q4	Q1	Q1	Q4	Q1
	02	01	01	02	01	01	02	01	01
Net interest income on taxable equivalent basis	\$ 1,432	\$ 1,441	\$ 1,269	\$ 51	\$ 55	\$ 44	\$ 98	\$ 91	\$ 91
Non-interest revenue	544	516	449	81	93	59	853	928	581
Gross revenues on taxable equivalent basis	1,976	1,957	1,718	132	148	103	951	1,019	672
Taxable equivalent adjustment	5	1	1	-	-	-	-	-	-
Gross revenues	1,971	1,956	1,717	132	148	103	951	1,019	672
Provision for credit losses	201	171	227	-	-	-	(1)	(1)	(1)
Non-interest expenses	1,142	1,181	997	94	103	76	828	676	490
Income taxes and non-controlling interest	239	271	204	(4)	2	(12)	36	86	56
Net income	389	333	289	42	43	39	88	258	127
Net income as a % of total	53	49	42	6	6	6	12	38	18
Return on common equity (%)	18.8	14.6	21.2	23.0	18.6	22.4	11.1	49.1	42.1
Average assets (\$ billions)	156.0	155.6	133.7	6.7	7.3	4.4	11.5	11.8	8.7
Average loans (\$ billions)	144.3	143.9	129.5	0.4	0.4	0.2	3.7	4.0	3.2
Average deposits (\$ billions)	122.4	121.1	103.7	-	-	-	15.9	15.9	14.7
Average common equity (\$ billions)	8.0	8.7	5.2	0.7	0.9	0.7	3.0	2.1	1.2

(C\$ millions)	Corporate & Investment Banking			Transaction Processing			Total (2)		
	Q1	Q4	Q1	Q1	Q4	Q1	Q1	Q4	Q1
	02	01	01	02	01	01	02	01	01
Net interest income on taxable equivalent basis	\$ 183	\$ 158	\$ 11	\$ 34	\$ 39	\$ 40	\$ 1,855	\$ 1,772	\$ 1,473
Non-interest revenue	543	506	712	160	159	246	2,202	2,265	1,987
Gross revenues on taxable equivalent basis	726	664	723	194	198	286	4,057	4,037	3,460
Taxable equivalent adjustment	5	7	4	-	-	-	11	12	6
Gross revenues	721	657	719	194	198	286	4,046	4,025	3,454
Provision for credit losses	97	259	27	2	-	(1)	286	425	248
Non-interest expenses	418	455	452	134	125	123	2,609	2,636	2,144
Income taxes and non-controlling interest	60	(43)	93	18	24	41	417	284	367
Net income	146	(14)	147	40	49	123	734	680	695
Net income as a % of total	20	(2)	21	5	7	18	100	100	100
Return on common equity (%)	13.7	(2.4)	18.9	25.7	36.5	90.3	17.1	15.7	21.9
Average assets (\$ billions)	181.6	161.9	150.6	2.4	2.5	2.2	366.4	346.3	309.0
Average loans (\$ billions)	31.3	30.2	32.6	1.9	2.1	1.8	176.6	178.0	167.9
Average deposits (\$ billions)	81.5	74.4	72.2	8.2	8.2	7.5	242.0	232.9	210.2
Average common equity (\$ billions)	4.1	3.5	2.9	0.6	0.5	0.5	16.5	16.4	12.0

- (1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, RBC Prism Mortgage, RBC Builder Finance, RBC Centura and the Caribbean. Insurance offers creditor, life, health, travel, home, auto and reinsurance products. Wealth Management includes Canadian & International Brokerage Group (Action Direct, Private Client Division, International Advisory Group), RBC Dain Rauscher, Global Private Banking (International Global Private Banking, RBC Private Counsel, Personal Trust, Private Banking & Trust), RBC Global Asset Management (Investment Management, Mutual Funds), and RBC Financial Planning (partnership with Personal & Commercial Banking). Corporate & Investment Banking comprises Global Treasury Services, Global Financial Products, Capital Markets Services, Global Credit, and RBC Capital Partners. Transaction Processing consists of Investor Services (Custody); Treasury Management & Trade, including Moneris Solutions joint venture; and Global Financial Institutions (Correspondent Banking and Broker Dealers).
- (2) The difference between the total and the business segments presented represents other activities, which mainly comprise Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

b) Quarterly earnings by geographic segment

(C\$ millions)	Q1/02				Q4/01				Q1/01			
	Canada	U.S.	Other Int'l	Total	Canada	U.S.	Other Int'l	Total	Canada	U.S.	Other Int'l	Total
Net interest income on taxable equivalent basis	\$ 1,421	\$ 297	\$ 137	\$ 1,855	\$ 1,387	\$ 248	\$ 137	\$ 1,772	\$ 1,378	\$ 16	\$ 79	\$ 1,473
Non-interest revenue	1,155	807	240	2,202	1,448	675	142	2,265	1,316	462	209	1,987
Gross revenues on taxable equivalent basis	2,576	1,104	377	4,057	2,835	923	279	4,037	2,694	478	288	3,460
Taxable equivalent adjustment	7	4	-	11	12	-	-	12	6	-	-	6
Gross revenues	2,569	1,100	377	4,046	2,823	923	279	4,025	2,688	478	288	3,454
Provision for credit losses	153	132	1	286	166	250	9	425	253	11	(16)	248
Non-interest expenses	1,498	939	172	2,609	1,611	865	160	2,636	1,640	359	145	2,144
Income taxes and non-controlling interest	388	(3)	32	417	388	(78)	(26)	284	325	40	2	367
Net income	\$ 530	\$ 32	\$ 172	\$ 734	\$ 658	\$ (114)	\$ 136	\$ 680	\$ 470	\$ 68	\$ 157	\$ 695

/ **Credit related information** (unaudited)**Nonaccrual loans**

(C\$ millions)	January 31	October 31	July 31	April 30	January 31
	2002	2001	2001	2001	2001
Nonaccrual loans					
Residential mortgage	\$ 172	\$ 179	\$ 162	\$ 179	\$ 180
Personal	318	325	325	294	291
Business and government	2,223	1,961	1,706	1,515	1,265
	\$ 2,713	\$ 2,465	\$ 2,193	\$ 1,988	\$ 1,736
Nonaccrual loans as a % of related loans (including acceptances)					
Residential mortgage	0.25%	0.27%	0.24%	0.28%	0.28%
Personal	1.01%	1.00%	1.01%	0.99%	0.95%
Business and government loans	3.03%	2.55%	2.28%	2.17%	1.81%
Total	1.52%	1.36%	1.23%	1.18%	1.03%

Allowance for credit losses

(C\$ millions)	For the three months ended		
	January 31	October 31	January 31
	2001	2001	2001
Allowance at beginning of period	\$ 2,392	\$ 2,283	\$ 1,975
Provision for credit losses	286	425	248
Charge-offs			
Residential mortgage	(3)	(14)	(3)
Personal	(107)	(102)	(95)
Credit card	(45)	(39)	(42)
Business and government	(125)	(248)	(94)
	(280)	(403)	(234)
Recoveries			
Personal	16	20	14
Credit card	10	14	9
Business and government	20	20	32
	46	54	55
Net charge-offs	(234)	(349)	(179)
Adjustments	15	33	12
Allowance at end of period	\$ 2,459	\$ 2,392	\$ 2,056
Net charge-offs (excluding LDCs) as a % of average loans	0.53%	0.78%	0.42%
Net charge-offs as a % of average loans	0.53%	0.78%	0.42%
Allocation of allowance			
Residential mortgage	\$ 49	\$ 49	\$ 49
Personal	481	480	409
Credit card	152	152	122
Business and government	1,541	1,486	1,166
Allocated allowance	2,223	2,167	1,746
Unallocated allowance	236	225	310
Total	\$ 2,459	\$ 2,392	\$ 2,056
Composition of allowance			
Allocated specific	\$ 1,018	\$ 951	\$ 756
Allocated country risk	29	31	30
Allocated general	1,176	1,185	960
Total allocated allowance	2,223	2,167	1,746
Unallocated allowance	236	225	310
	\$ 2,459	\$ 2,392	\$ 2,056
Consisting of:			
Allowance for loan losses	\$ 2,345	\$ 2,278	\$ 1,947
Allowance for off-balance sheet and other items	109	109	104
Allowance for tax-exempt securities	5	5	5
Total	\$ 2,459	\$ 2,392	\$ 2,056
Allowance for loan losses as a % of loans (including acceptances)	1.3%	1.3%	1.2%
Allowance for loan losses as a % of loans (including acceptances) and reverse repurchase agreements	1.1%	1.0%	1.0%
Allowance for loan losses as a % of nonaccrual loans (coverage ratio), excluding LDCs	86%	93%	113%

/ Selected financial highlights (unaudited)

(\$ millions, except per share and percentage amounts)	Change from January 31 2001	As at and for the three months ended		
		January 31 2002	October 31 2001	January 31 2001
Earnings				
Net interest income (1)	27%	\$ 1,869	\$ 1,784	\$ 1,466
Other income	10	2,223	2,255	2,028
Gross revenues (1)	17	4,092	4,039	3,494
Provision for credit losses	15	286	425	248
Non-interest expenses	23	2,656	2,668	2,162
Net income	9	722	656	661
Core net income (2)	24	722	417	583
Return on common equity	(390)bp	16.9%	15.2%	20.8%
Core return on common equity (2)	(130)bp	16.9%	9.4%	18.2%
Economic Profit (3)	15%	\$ 198	\$ (7)	\$ 172
Balance sheet and off-balance sheet data				
Loans	10%	\$ 197,766	\$ 204,980	\$ 178,991
Assets	17	353,713	359,260	301,910
Deposits	15	234,164	233,447	203,122
Subordinated debentures	13	7,105	6,513	6,275
Common equity	34	16,525	16,141	12,332
Assets under administration	14	1,421,800	1,337,700	1,242,800
Assets under management	(4)	108,100	104,800	112,500
Capital ratios (4)				
Common equity to risk-adjusted assets	220 bp	9.8%	9.4%	7.6%
Tier 1 capital	50	8.8%	8.7%	8.3%
Total capital	80	12.3%	11.8%	11.5%
Common share information				
Shares outstanding (in thousands)				
End of period	9%	673,596	674,021	616,209
Average basic	11	674,465	681,758	608,824
Average diluted	11	679,729	687,334	614,686
Earnings per share				
Basic	–%	\$ 1.03	\$ 0.92	\$ 1.03
Diluted	1	1.03	0.91	1.02
Core diluted (2)	14	1.03	0.56	0.90
Share price				
High (5)	(1)%	\$ 52.45	\$ 53.25	\$ 52.80
Low (5)	4	46.81	41.60	45.10
Close	4	50.00	46.80	48.20
Dividends per share	9	0.36	0.36	0.33
Book value per share – period end	23	24.53	23.95	20.01
Market capitalization (\$ billions)	13	33.7	31.5	29.7
Number of:				
Employees (full-time equivalent) (6)	5,881	59,744	57,568	53,863
Automated banking machines	118	4,583	4,545	4,465
Service delivery units:				
Canada	(13)	1,316	1,317	1,329
International (7)	374	811	724	437

(1) Taxable equivalent basis.

(2) Core results exclude special items shown in the Table on page 7.

(3) Economic Profit is cash operating earnings (i.e., net income available to common shareholders excluding the after-tax impact of one-time items and amortization of goodwill and other intangibles) less a charge for the cost of common equity. There were no special items and no amortization of goodwill in the first quarter 2002.

(4) Using guidelines issued by the Superintendent of Financial Institutions Canada (OSFI) and Canadian GAAP financial information.

(5) Intraday high and low share prices.

(6) The number of employees at January 31, 2002 includes 2,211 for Tucker Anthony Sutro Corporation, which are not included in the prior period numbers, and 3,196 for Centura Banks, Inc., acquired in June 2001.

(7) The number of international service delivery units at January 31, 2002 includes 91 for Tucker Anthony Sutro Corporation, which are not included in the prior period numbers, and 239 for Centura Banks, Inc., acquired in June 2001.

/ Interim consolidated financial statements (unaudited)

Consolidated balance sheet (unaudited)

	January 31 2002	October 31 2001	January 31 2001
(\$ millions)			
Assets			
Cash resources			
Cash and deposits with banks	\$ 1,187	\$ 1,792	\$ 989
Interest-bearing deposits with banks	14,448	15,743	16,344
	15,635	17,535	17,333
Securities			
Trading account (\$3,506 and \$3,649 pledged at January 31, 2002 and October 31, 2001, respectively)	60,737	58,192	47,777
Investment account (\$2,478 and \$2,559 pledged at January 31, 2002 and October 31, 2001, respectively)	25,008	21,877	15,138
Loan substitute	415	438	464
	86,160	80,507	63,379
Loans			
Residential mortgage	69,436	67,442	63,418
Personal	31,600	32,511	30,573
Credit card	4,338	4,283	4,961
Business and government	64,234	67,152	60,273
Assets purchased under reverse repurchase agreements	30,503	35,870	21,713
	200,111	207,258	180,938
Allowance for loan losses	(2,345)	(2,278)	(1,947)
	197,766	204,980	178,991
Other			
Derivative-related amounts	25,506	27,240	19,539
Customers' liability under acceptances	9,057	9,923	9,697
Premises and equipment	1,596	1,602	1,333
Goodwill	4,942	4,919	2,300
Other intangibles	606	619	205
Other assets	12,445	11,935	9,133
	54,152	56,238	42,207
	\$ 353,713	\$ 359,260	\$ 301,910
Liabilities and shareholders' equity			
Deposits			
Personal	\$ 100,505	\$ 101,381	\$ 90,778
Business and government	109,156	107,141	90,088
Banks	24,503	24,925	22,256
	234,164	233,447	203,122
Other			
Acceptances	9,057	9,923	9,697
Obligations related to securities sold short	16,957	16,443	14,018
Obligations related to assets sold under repurchase agreements	17,412	20,864	14,717
Derivative-related amounts	26,396	28,646	19,234
Other liabilities	22,951	23,780	19,038
	92,773	99,656	76,704
Subordinated debentures	7,105	6,513	6,275
Non-controlling interest in subsidiaries	1,440	1,479	1,453
Shareholders' equity			
Capital stock			
Preferred	1,706	2,024	2,024
Common (shares issued and outstanding – 673,596,156; 674,020,927 and 616,209,281)	7,001	6,973	3,716
Retained earnings	9,524	9,168	8,616
	18,231	18,165	14,356
	\$ 353,713	\$ 359,260	\$ 301,910

Consolidated statement of income (unaudited)

(\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
Interest income			
Loans	\$ 2,870	\$ 3,124	\$ 3,454
Securities	882	845	782
Deposits with other banks	150	204	226
	3,902	4,173	4,462
Interest expense			
Deposits	1,521	1,894	2,496
Other liabilities	418	405	408
Subordinated debentures	105	102	98
	2,044	2,401	3,002
Net interest income	1,858	1,772	1,460
Other income			
Capital market fees	591	460	419
Trading revenues	456	388	568
Deposit and payment service charges	254	250	204
Investment management and custodial fees	244	228	198
Mutual fund revenues	139	134	138
Card service revenues	121	116	116
Mortgage banking revenues	73	57	29
Foreign exchange revenue, other than trading	69	84	69
Insurance revenues	67	39	53
Credit fees	61	59	62
Securitization revenues	33	49	17
Gain (loss) on sale of securities	(3)	(36)	(40)
Gain from divestitures	–	313	132
Other	118	114	63
	2,223	2,255	2,028
Gross revenues	4,081	4,027	3,488
Provision for credit losses	286	425	248
	3,795	3,602	3,240
Non-interest expenses			
Human resources	1,654	1,515	1,333
Occupancy	190	207	181
Equipment	204	212	162
Communications	190	181	155
Professional fees	103	117	73
Amortization of goodwill	–	106	27
Amortization of other intangibles	17	17	3
Other	298	313	228
	2,656	2,668	2,162
Net income before income taxes	1,139	934	1,078
Income taxes	390	250	395
Net income before non-controlling interest	749	684	683
Non-controlling interest in net income of subsidiaries	27	28	22
Net income	\$ 722	\$ 656	\$ 661
Preferred share dividends	25	31	34
Net income available to common shareholders	\$ 697	\$ 625	\$ 627
Average number of common shares (in thousands)	674,465	681,758	608,824
Earnings per share (in dollars)	\$ 1.03	\$ 0.92	\$ 1.03
Average number of diluted common shares (in thousands)	679,729	687,334	614,686
Diluted earnings per share (in dollars)	\$ 1.03	\$ 0.91	\$ 1.02

Consolidated statement of changes in shareholders' equity (unaudited)

(\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
Preferred shares			
Balance at beginning of period	\$ 2,024	\$ 2,293	\$ 2,037
Redeemed for cancellation	(318)	(300)	–
Translation adjustment on shares denominated in foreign currency	–	31	(13)
Balance at end of period	1,706	2,024	2,024
Common shares			
Balance at beginning of period	6,973	7,055	3,076
Issued	46	18	640
Purchased for cancellation	(18)	(100)	–
Balance at end of period	7,001	6,973	3,716
Retained earnings			
Balance at beginning of period	9,168	9,126	8,428
Net income	722	656	661
Preferred share dividends	(25)	(31)	(34)
Common share dividends	(244)	(244)	(203)
Cumulative effect of initial adoption of <i>Employee Future Benefits</i> accounting standard, net of related income taxes	–	–	(221)
Premium paid on common shares purchased for cancellation	(90)	(348)	–
Issuance costs, net of related income taxes	–	–	(13)
Unrealized foreign currency translation gains and losses, net of hedging activities and related income taxes	(7)	9	(2)
Balance at end of period	9,524	9,168	8,616
Shareholders' equity at end of period	\$ 18,231	\$ 18,165	\$ 14,356

Consolidated statement of cash flows (unaudited)

(\$ millions)	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
Cash flows from operating activities			
Net income	\$ 722	\$ 656	\$ 661
Adjustments to determine net cash provided by (used in) operating activities			
Provision for credit losses	286	425	248
Depreciation	98	114	87
Amortization of goodwill and other intangibles	17	123	30
Loss (gain) on sale of premises and equipment	(13)	(42)	13
Gain from divestitures	–	(313)	(132)
Net decrease in accrued interest receivable and payable	(103)	(53)	48
Loss (gain) on sale of investment securities	3	36	40
Changes in operating assets and liabilities			
Deferred income taxes	(188)	28	(295)
Current income taxes payable	336	(317)	(233)
Unrealized gains and amounts receivable on derivative contracts	1,734	(8,527)	(377)
Unrealized losses and amounts payable on derivative contracts	(2,250)	9,360	660
Trading account securities	(2,545)	(3,662)	(1,806)
Obligations related to securities sold short	514	1,292	528
Other	(812)	(175)	(37)
Net cash provided by (used in) operating activities	(2,201)	(1,055)	(565)
Cash flows from investing activities			
Change in loans	1,561	(3,510)	(429)
Proceeds from sale of investment securities	3,295	3,625	2,110
Proceeds from the maturity of investment securities	3,349	2,501	2,934
Purchases of investment securities	(9,778)	(6,839)	(4,090)
Change in loan substitute securities	23	19	1
Change in interest-bearing deposits with other banks	1,295	(133)	(765)
Net acquisitions of premises and equipment	(84)	(213)	(72)
Net proceeds from sale of real estate	–	57	–
Change in assets purchased under reverse repurchase agreements	5,367	(10,731)	(3,355)
Net cash used in acquisition of subsidiaries	–	(889)	(2,706)
Net proceeds from divestitures	–	346	132
Net cash provided by (used in) investing activities	5,028	(15,767)	(6,240)
Cash flows from financing activities			
Issue of RBC Trust Capital Securities (RBC TruCS™)	–	–	750
Change in deposits	717	11,152	99
Issue of subordinated debentures	635	–	500
Subordinated debentures matured	(42)	(15)	(27)
Preferred shares redeemed for cancellation	(318)	(300)	–
Issuance costs	–	–	(13)
Issue of common shares	28	12	619
Common shares purchased for cancellation	(108)	(448)	–
Dividends paid	(276)	(283)	(214)
Change in assets sold under repurchase agreements	(3,452)	6,846	5,626
Change in liabilities of subsidiaries	(616)	(507)	(493)
Net cash provided by (used in) financing activities	(3,432)	16,457	6,847
Net change in cash and deposits with banks	(605)	(365)	42
Cash and deposits with banks at beginning of period	1,792	2,157	947
Cash and deposits with banks at end of period	\$ 1,187	\$ 1,792	\$ 989
Supplemental disclosure of cash flow information			
Amount of interest paid in period	\$ 2,341	\$ 2,335	\$ 3,039
Amount of taxes paid in period	\$ 192	\$ 220	\$ 346

/ **Notes to the interim consolidated financial statements** (unaudited)

These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended October 31, 2001. Certain comparative amounts have been reclassified to conform to the current period's presentation.

Note 1 Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as set out in Note 1 to the consolidated financial statements for the year ended October 31, 2001, on pages 62A to 65A in the 2001 Annual Report, except as noted below.

Business Combinations, Goodwill and Other Intangibles

Effective November 1, 2001, the bank adopted the Canadian Institute of Chartered Accountants (CICA) standard on *Goodwill and Other Intangible Assets*. The bank also adopted CICA standard on *Business Combinations* for business combinations initiated after June 30, 2001.

The standard requires that all business combinations be accounted for using the purchase method. Identifiable intangible assets are recognized separately from Goodwill and included in Other intangibles. Goodwill represents the excess of the price paid for the acquisition of subsidiaries over the fair value of the net assets acquired. Under the new standard, goodwill and indefinite life intangibles are no

longer amortized but are subject to impairment tests on at least an annual basis. Any impairment of goodwill or intangibles will be recognized as Non-interest expense in the period of impairment. Other intangibles with a definite life are amortized over their estimated useful lives and also tested for impairment.

The bank is required to complete the transitional goodwill impairment test within six months of adoption of the standard and to record impairment, if any, by the end of the fiscal year. Any loss resulting from the transitional impairment test will be recorded as a cumulative effect of a change in accounting principle and charged to Retained earnings for the three months ended January 31, 2002. The bank is in the process of completing the transitional goodwill impairment test.

Amortization of other intangibles was \$17 million for the three months ended January 31, 2002 (\$17 million and \$3 million for the three months ended October 31, 2001, and January 31, 2001, respectively). The projected Amortization of other intangibles for the year ending October 31, 2002 is \$67 million and for each of the years ending October 31, 2003 to October 31, 2006 is \$65 million.

The following table sets forth the bank's Other intangibles at the periods indicated:

(\$ millions)	Q1/02			Q4/01			Q1/01		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Core deposit intangibles	\$ 411	\$ (28)	\$ 383	\$ 412	\$ (17)	\$ 395	\$ –	\$ –	\$ –
Customer lists and relationships	229	(34)	195	233	(30)	203	225	(24)	201
Mortgage servicing rights	26	(2)	24	17	(1)	16	–	–	–
Other intangibles	7	(3)	4	7	(2)	5	4	–	4
Total	\$ 673	\$ (67)	\$ 606	\$ 669	\$ (50)	\$ 619	\$ 229	\$ (24)	\$ 205

The following table discloses a reconciliation of previously reported net income, earnings per share and diluted earnings per share to the amounts adjusted for the exclusion of Amortization of goodwill, net of related income taxes.

(\$ millions, except per share amounts)	For the three months ended		
	Q1/02	Q4/01	Q1/01
Net income:			
Reported net income	\$ 722	\$ 656	\$ 661
Amortization of goodwill, net of tax	–	105	27
Adjusted net income	\$ 722	\$ 761	\$ 688
Earnings per share:			
Reported earnings per share	\$ 1.03	\$ 0.92	\$ 1.03
Amortization of goodwill, net of tax	–	0.15	0.04
Adjusted earnings per share	\$ 1.03	\$ 1.07	\$ 1.07
Diluted earnings per share:			
Reported diluted earnings per share	\$ 1.03	\$ 0.91	\$ 1.02
Amortization of goodwill, net of tax	–	0.15	0.04
Adjusted diluted earnings per share	\$ 1.03	\$ 1.06	\$ 1.06

Future accounting changes

In November 2001, the CICA issued Accounting Guideline 13, *Hedging Relationships*, which will be effective November 1, 2002. The guideline establishes certain conditions for when hedge accounting may be applied, but does not specify hedge accounting techniques. For hedging derivatives that do not qualify for hedge accounting under this guideline, the bank expects to record changes in their fair value subsequent to November 1, 2002 in Net income.

Note 2 Pledged assets

Securities have been pledged as collateral for various types of funding transactions including obligations related to assets sold under repurchase agreements and obligations related to securities sold short. Securities pledged include bank owned securities and other securities accepted as collateral that can be sold or repledged. Such collateral is generally obtained under reverse repurchase agreements and securities borrowing agreements. Securities owned that are pledged as collateral that can be sold or repledged by the secured party are reported in Trading account securities of \$3.5 billion (October 31, 2001 – \$3.6 billion) and Investment account securities of \$2.5 billion (October 31, 2001 – \$2.6 billion) on the consolidated balance sheet.

Note 3 Significant capital transactions

In November 2001, the bank issued subordinated debentures of US\$400 million. Interest is paid at a rate of 0.50% above the U.S. dollar three-month LIBOR until November 8, 2006, and thereafter at a rate of 1.50% above the U.S. dollar three-month LIBOR.

In November 2001, the bank redeemed, for cash, the US\$200 million First Preferred Shares Series I.

In November 2001, the bank exchanged all of the remaining 1,846,897 Class C shares issued by its wholly owned subsidiary, Royal Bank DS Holding Inc., on the acquisition of Richardson Greenshields Limited for 318,154 common shares.

During the quarter, the bank repurchased 1,708,700 common shares under its normal course issuer bid at an average price of \$50.56. Since the inception of the bid in June 2001, the bank has repurchased 12,635,900 common shares at an average price of \$48.85.

Note 4 Results by business and geographic segments

a) Quarterly earnings by business segment (1)

(\$ millions)	Personal & Commercial Banking			Insurance			Wealth Management		
	Q1	Q4	Q1	Q1	Q4	Q1	Q1	Q4	Q1
	02	01	01	02	01	01	02	01	01
Net interest income on taxable equivalent basis	\$ 1,432	\$ 1,441	\$ 1,269	\$ 51	\$ 55	\$ 44	\$ 98	\$ 92	\$ 91
Other income	545	513	448	88	54	67	852	929	581
Gross revenues on taxable equivalent basis	1,977	1,954	1,717	139	109	111	950	1,021	672
Tax equivalent adjustment	5	1	-	-	-	-	-	-	-
Gross revenues	1,972	1,953	1,717	139	109	111	950	1,021	672
Provision for credit losses	201	171	227	-	-	-	(1)	(1)	(1)
Non-interest expenses	1,142	1,181	998	102	101	76	828	676	489
Income taxes and non-controlling interest	240	270	223	(4)	(12)	(5)	37	86	56
Net income	389	331	269	41	20	40	86	260	128
Net income as a % of total	54	50	41	6	3	6	12	40	19
Return on common equity (%)	18.8	14.5	19.7	22.2	8.2	22.7	10.9	49.4	42.4
Average assets (\$ billions)	156.0	155.6	133.7	5.4	6.0	4.0	11.5	11.8	8.7
Average loans and bankers' acceptances (\$ billions)	142.6	142.3	129.4	0.4	0.4	0.2	4.0	4.0	3.2
Average deposits (\$ billions)	122.4	121.1	103.7	-	-	-	15.9	15.9	14.7
Average common equity (\$ billions)	8.0	8.7	5.2	0.7	0.9	0.7	3.0	2.1	1.2

(\$ millions)	Corporate & Investment Banking			Transaction Processing			Total (2)		
	Q1	Q4	Q1	Q1	Q4	Q1	Q1	Q4	Q1
	02	01	01	02	01	01	02	01	01
Net interest income on taxable equivalent basis	\$ 183	\$ 158	\$ 12	\$ 34	\$ 39	\$ 40	\$ 1,869	\$ 1,784	\$ 1,466
Other income	535	508	704	205	200	269	2,223	2,255	2,028
Gross revenues on taxable equivalent basis	718	666	716	239	239	309	4,092	4,039	3,494
Tax equivalent adjustment	5	7	-	-	-	-	11	12	6
Gross revenues	713	659	716	239	239	309	4,081	4,027	3,488
Provision for credit losses	97	259	27	2	-	(1)	286	425	248
Non-interest expenses	418	455	452	172	158	140	2,656	2,668	2,162
Income taxes and non-controlling interest	60	(42)	102	26	33	46	417	278	417
Net income	138	(13)	135	39	48	124	722	656	661
Net income as a % of total	19	(2)	20	5	7	19	100	100	100
Return on common equity (%)	12.9	(2.2)	17.2	25.4	35.4	91.2	16.9	15.2	20.8
Average assets (\$ billions)	177.0	159.1	147.8	2.5	2.5	2.2	362.4	342.2	304.4
Average loans and bankers' acceptances (\$ billions)	60.1	58.0	57.8	1.9	2.1	1.8	207.0	205.3	191.2
Average deposits (\$ billions)	79.5	71.4	69.4	8.2	8.2	7.5	239.8	230.3	207.0
Average common equity (\$ billions)	4.1	3.5	2.9	0.6	0.5	0.5	16.4	16.3	12.0

- (1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, RBC Prism Mortgage, RBC Builder Finance, RBC Centura and the Caribbean. Insurance offers creditor, life, health, travel, home, auto and reinsurance products. Wealth Management includes Canadian & International Brokerage Group (Action Direct, Private Client Division, International Advisory Group), RBC Dain Rauscher, Global Private Banking (International Global Private Banking, RBC Private Counsel, Personal Trust, Private Banking & Trust), RBC Global Asset Management (Investment Management, Mutual Funds), and RBC Financial Planning (partnership with Personal & Commercial Banking). Corporate & Investment Banking comprises Global Treasury Services, Global Financial Products, Capital Markets Services, Global Credit, and RBC Capital Partners. Transaction Processing consists of Investor Services (Custody); Treasury Management & Trade, including Moneris Solutions joint venture; and Global Financial Institutions (Correspondent Banking and Broker Dealers).
- (2) The difference between the total and the business segments presented represents other activities, which mainly comprise Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

b) Quarterly earnings by geographic segment

(\$ millions)	Q1/02				Q4/01				Q1/01			
	Canada	U.S.	Other Int'l	Total	Canada	U.S.	Other Int'l	Total	Canada	U.S.	Other Int'l	Total
Net interest income on taxable equivalent basis	\$ 1,435	\$ 297	\$ 137	\$ 1,869	\$ 1,398	\$ 248	\$ 138	\$ 1,784	\$ 1,371	\$ 16	\$ 79	\$ 1,466
Other income	1,183	800	240	2,223	1,455	657	143	2,255	1,347	471	210	2,028
Gross revenues on taxable equivalent basis	2,618	1,097	377	4,092	2,853	905	281	4,039	2,718	487	289	3,494
Taxable equivalent adjustment	7	4	-	11	12	-	-	12	6	-	-	6
Gross revenues	2,611	1,093	377	4,081	2,841	905	281	4,027	2,712	487	289	3,488
Provision for credit losses	152	132	2	286	166	250	9	425	253	11	(16)	248
Non-interest expenses	1,541	942	173	2,656	1,642	866	160	2,668	1,659	359	144	2,162
Income taxes and non-controlling interest	395	(7)	29	417	388	(84)	(26)	278	364	51	2	417
Net income	\$ 523	\$ 26	\$ 173	\$ 722	\$ 645	\$ (127)	\$ 138	\$ 656	\$ 436	\$ 66	\$ 159	\$ 661

Note 5 Reconciliation of Canadian and United States generally accepted accounting principles

	Three months ended		
	January 31	As at January 31	
	2002	2002	2002
(\$ millions)	Net income	Shareholders' equity	Assets
Canadian GAAP	\$ 722	\$ 18,231	\$ 353,713
Derivative instruments and hedging activities	12	(144)	1,188
Reclassification of securities	–	190	190
Trade date accounting	–	–	(12)
Insurance accounting	1	24	1,281
Additional pension obligation	–	(17)	12
Other	(1)	29	2,028
U.S. GAAP	\$ 734	\$ 18,313	\$ 358,400

	Three months ended		
	October 31	As at October 31	
	2001	2001	2001
(\$ millions)	Net income	Shareholders' equity	Assets
Canadian GAAP	\$ 656	\$ 18,165	\$ 359,260
Derivative instruments and hedging activities	1	(191)	1,235
Reclassification of securities	–	199	199
Trade date accounting	–	–	(1,464)
Insurance accounting	23	19	1,290
Additional pension obligation	–	(17)	12
Other	–	30	1,951
U.S. GAAP	\$ 680	\$ 18,205	\$ 362,483

	Three months ended		
	January 31	As at January 31	
	2001	2001	2001
(\$ millions)	Net income	Shareholders' equity	Assets
Canadian GAAP	\$ 661	\$ 14,356	\$ 301,910
Derivative instruments and hedging activities	(4)	(27)	545
Substantively enacted tax rate change	33	49	49
Reclassification of securities	–	76	76
Trade date accounting	–	–	57
Insurance accounting	4	(13)	1,123
Other	1	31	3,051
U.S. GAAP	\$ 695	\$ 14,472	\$ 306,811

For a complete discussion of U.S. and Canadian GAAP differences see Note 20 to the consolidated financial statements for the year ended October 31, 2001, on page 85A of the 2001 Annual Report.

/ Credit related information (unaudited)

Impaired loans

	January 31 2002	October 31 2001	July 31 2001	April 30 2001	January 31 2001
(\$ millions)					
Net impaired loans (1)					
Residential mortgage	\$ 146	\$ 153	\$ 135	\$ 152	\$ 154
Personal	130	137	122	105	98
Business and government	1,390	1,193	1,057	940	698
Total before general allowance	1,666	1,483	1,314	1,197	950
General allowance	(1,303)	(1,301)	(1,300)	(1,166)	(1,166)
Total	\$ 363	\$ 182	\$ 14	\$ 31	\$ (216)
Net impaired loans as a % of related loans and acceptances					
Residential mortgage	0.21%	0.23%	0.20%	0.24%	0.24%
Personal	0.41%	0.42%	0.38%	0.36%	0.32%
Business and government loans	1.35%	1.06%	1.06%	0.98%	0.77%
Total before general allowance	0.80%	0.69%	0.65%	0.62%	0.50%
Total	0.18%	0.08%	0.01%	0.02%	(0.11%)

Allowance for credit losses

	For the three months ended		
	January 31 2002	October 31 2001	January 31 2001
(\$ millions)			
Allowance at beginning of period	\$ 2,392	\$ 2,283	\$ 1,975
Provision for credit losses	286	425	248
Write-offs			
Residential mortgage	(3)	(14)	(3)
Personal	(107)	(102)	(95)
Credit card	(45)	(39)	(42)
Business and government	(125)	(248)	(94)
	(280)	(403)	(234)
Recoveries			
Personal	16	20	14
Credit card	10	14	9
Business and government	20	20	32
	46	54	55
Net write-offs	(234)	(349)	(179)
Adjustments	15	33	12
Allowance at end of period	\$ 2,459	\$ 2,392	\$ 2,056
Net write-offs (excluding LDCs) as a % of average loans and acceptances	0.45%	0.67%	0.37%
Net write-offs as a % of average loans and acceptances	0.45%	0.67%	0.37%
Allocation of allowance (1)			
Residential mortgage	\$ 49	\$ 49	\$ 49
Personal	481	480	409
Credit card	152	152	122
Business and government	1,541	1,486	1,166
Allocated allowance	2,223	2,167	1,746
General unallocated allowance	236	225	310
Total	\$ 2,459	\$ 2,392	\$ 2,056
Composition of allowance (1)			
Specific, including allowance for loan substitute securities	\$ 1,018	\$ 951	\$ 756
Country risk	29	31	30
General allocated allowance for credit losses	1,176	1,185	960
General unallocated allowance for credit losses	236	225	310
Total allowance for credit losses	\$ 2,459	\$ 2,392	\$ 2,056
Consisting of:			
Allowance for loan losses	\$ 2,345	\$ 2,278	\$ 1,947
Allowance for off-balance sheet and other items	109	109	104
Allowance for loan substitute securities	5	5	5
Total	\$ 2,459	\$ 2,392	\$ 2,056
Allowance for loan losses as a % of loans (including reverse repurchase agreements) and acceptances	1.1%	1.1%	1.0%
Allowance for loan losses as a % of gross impaired loans (coverage ratio), excluding LDCs	86%	93%	113%

(1) Impaired loans are net of specific allowance.

/ **Share information** (unaudited)

	January 31	October 31	January 31
(Number of shares in thousands)	2002	2001	2001
First preferred shares ⁽¹⁾			
Non-cumulative Series E	1,500	1,500	1,500
Non-cumulative Series H	–	–	12,000
US\$ Non-cumulative Series I	–	8,000	8,000
Non-cumulative Series J	12,000	12,000	12,000
US\$ Non-cumulative Series K	10,000	10,000	10,000
Non-cumulative Series N	12,000	12,000	12,000
Non-cumulative Series O	6,000	6,000	6,000
US\$ Non-cumulative Series P	4,000	4,000	4,000
Non-cumulative Series S	10,000	10,000	–
	55,500	63,500	65,500
Series 2010 and 2011 trust securities issued by RBC Capital Trust ⁽²⁾	1,400	1,400	1,400
Class B and C shares issued by Royal Bank DS Holdings Inc. ⁽¹⁾	–	1,847	1,939
Stock options ⁽³⁾			
Outstanding at end of period	33,124	30,158	31,636
Exercisable at end of period	18,148	12,895	14,013
Common shares	673,596	674,021	616,209

(1) Details provided in Royal Bank of Canada's 2001 Annual Report Notes 9 and 14 on pages 73 and 74 and 79, respectively.

(2) Reported in Non-controlling interest in subsidiaries on the consolidated balance sheet. Conversion features are available in the prospectus dated July 17, 2000 for Series 2010, and in the prospectus dated November 29, 2000 for Series 2011.

(3) During November 2001, 4,129,565 stock options were granted.

/ Shareholder information

Corporate headquarters

Street address:
Royal Bank of Canada
200 Bay Street
Toronto, Ontario, Canada
Tel: (416) 974-5151
Fax: (416) 955-7800

Mailing address:
P.O. Box 1
Royal Bank Plaza
Toronto, Ontario
Canada M5J 2J5

Web site:
rbc.com

Transfer Agent and Registrar

Main Agent
Computershare Trust
Company of Canada

Street address:
1800 McGill College Avenue
Montreal, Quebec
Canada H3A 3K9
Tel: (514) 982-7555, or
1-800-564-6253
Fax: (514) 982-7635

Mailing address:
P.O. Box 1900, Station "B"
Montreal, Quebec
Canada H3B 3L6

Web site:
computershare.com

Co-Transfer Agent (U.S.)

The Bank of New York
101 Barclay Street
New York, N.Y.
U.S. 10286

*Co-Transfer Agent
(United Kingdom)*
Computershare Services PLC
Securities Services – Registrars
P.O. Box No. 82, The Pavilions,
Bridgwater Road, Bristol
BS99 7NH England

Stock exchange listings

(Symbol: RY)

Common shares are listed on:
Canada
Toronto Stock Exchange (TSE)
U.S.
New York Stock Exchange (NYSE)
Switzerland
Swiss Exchange (SWX)

All preferred shares are listed
on The Toronto Stock Exchange.

Valuation Day price

For capital gains purposes, the
Valuation Day (December 22,
1971) cost base for the bank's
common shares is \$7.38 per
share. This amount has been
adjusted to reflect the two-for-one
share split of March 1981 and the
two-for-one share split of February
1990. The one-for-one share divi-
dend paid in October 2000 did
not affect the Valuation Day value
for the bank's common shares.

Shareholder contact

For change of address, share-
holders are requested to write
to the bank's Transfer Agent,
Computershare Trust Company
of Canada, at their mailing
address, and for dividend and
estate transfers, shareholders
are requested to call the
Transfer Agent at
(514) 982-7555, or
1-800-564-6253.

Other shareholder inquiries
may be directed to our Investor
Relations department by writing
to 123 Front Street West,
6th Floor, Toronto, Ontario,
Canada M5J 2M2
or by visiting our Web site
rbc.com/investorrelations
or by calling (416) 955-7806.

2002 quarterly earnings release dates

First quarter	Feb. 22
Second quarter	May 22
Third quarter	Aug. 20
Fourth quarter	Nov. 19

Direct deposit service

Shareholders may have their
dividends deposited by electronic
funds transfer directly to an
account at any financial institu-
tion that is a member of the
Canadian Payments Association.
To arrange for this, please write
to Computershare Trust Company
of Canada at their mailing
address.

Institutional investor, broker and security analyst contact

Institutional investors, brokers
and security analysts requiring
financial information should
contact the Senior Vice-President,
Investor Relations, by writing
to 123 Front Street West,
6th Floor, Toronto, Ontario,
Canada M5J 2M2
or by calling (416) 955-7803
or by fax to (416) 955-7800.

Dividend dates for 2002

Subject to approval by the Board of Directors.

	Record dates	Payment dates
Common and preferred shares series J, K, N, O, P and S	Jan. 24 Apr. 24 Jul. 24 Oct. 23	Feb. 22 May 24 Aug. 23 Nov. 22
Preferred shares series E	Last trading day of each month	12th day of the following month

Common share repurchase

The bank is engaged in a normal
course issuer bid through the
facilities of The Toronto Stock
Exchange. During the one-year
period beginning June 22, 2001,
and ending June 21, 2002,
the bank may repurchase up to
18 million shares in the open mar-
ket at market prices. The amount
and timing of the purchases are
to be determined by the bank.

A copy of the bank's Notice of
Intention to file a normal course
issuer bid may be obtained,
without charge, by contacting the
Secretary of the bank at the
bank's Toronto mailing address.

