Royal Bank of Canada
Third Quarter
2001

Report to Shareholders

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TORONTO, August 21, 2001 – For its third quarter ended July 31, 2001, Royal Bank of Canada (TSE, NYSE: RY) announced cash net income of $518 million ($664 million or $.94 per share excluding special items, namely a restructuring charge for U.S. retail operations, following the acquisition of Centura Banks, and a writedown of deferred income tax assets). Net income was $436 million ($582 million or $.82 per share excluding these special items, detailed on page 8). In addition, this quarter's results reflected an unusually high expense for Stock Appreciation Rights (discussed on page 9) resulting from a 19% rise in the bank's common share price during the quarter, and an increase in the provision for credit losses (mentioned on page 9).

Third Quarter Financial Highlights (U.S. GAAP, *excluding special items* and compared to a year ago):

- Cash net income $664 million, up 13%.
- Net income $582 million, up 3%.
- Diluted cash earnings per share $.94, up 3%.
- Diluted earnings per share $.82, down 6%.
- Cash ROE 17.0% and ROE 14.8%.
- Revenue growth 22%.
- Nonaccrual loans ratio 1.2%, virtually unchanged from last quarter.

(C$ millions, except per share and ROE amounts)	For the three months ended July 31 2001	July 31 2001 (excluding special items (1))	July 31 2000	For the nine months ended July 31 2001	July 31 2001 (excluding special items (1))	July 31 2000
U.S. GAAP						
Cash net income (2)	**$ 518**	**$ 664**	$ 586	**$ 1,918**	**$ 1,953**	$ 1,702
Net income	**$ 436**	**$ 582**	$ 563	**$ 1,755**	**$ 1,790**	$ 1,640
Cash EPS – diluted (2)	**$ .72**	**$ .94**	$ .91	**$ 2.86**	**$ 2.92**	$ 2.62
EPS – diluted	**$ .60**	**$ .82**	$ .87	**$ 2.61**	**$ 2.66**	$ 2.52
Economic Profit (3)	**$ 167**	**$ 167**	$ 187	**$ 568**	**$ 568**	$ 532
Cash ROE (2)	**13.1%**	**17.0%**	20.3%	**18.5%**	**18.8%**	20.2%
ROE	**10.8%**	**14.8%**	19.5%	**16.8%**	**17.2%**	19.4%
Canadian GAAP						
Cash net income (2)	**$ 573**	**$ 660**	$ 596	**$ 1,915**	**$ 1,924**	$ 1,738
Net income	**$ 492**	**$ 579**	$ 574	**$ 1,755**	**$ 1,764**	$ 1,679
Cash EPS – diluted (2)	**$ .81**	**$ .94**	$ .93	**$ 2.86**	**$ 2.87**	$ 2.68
EPS – diluted	**$ .68**	**$ .82**	$ .89	**$ 2.61**	**$ 2.62**	$ 2.58
Economic Profit (3)	**$ 167**	**$ 167**	$ 195	**$ 546**	**$ 546**	$ 559
Cash ROE (2)	**14.7%**	**17.1%**	20.6%	**18.5%**	**18.6%**	20.5%
ROE	**12.5%**	**14.9%**	19.7%	**16.9%**	**17.0%**	19.7%

(1) Special items in Q3/01 and year-to-date are shown on page 8. There were no special items in Q2/01 and 2000.
(2) Cash basis net income, diluted EPS and ROE are computed by adding back to net income the after-tax amount of amortization for goodwill and other intangibles.
(3) Economic Profit is cash operating earnings (i.e., net income available to common shareholders excluding the impact of special items and amortization of goodwill and other intangibles) less a charge for the cost of common equity.

Commenting on the results, Gordon Nixon, President & Chief Executive Officer, said, "Despite continuing weak capital markets, we performed well again, demonstrating the value of our diversified business mix."

Third Quarter Operating Highlights:

- Gordon Nixon became President & Chief Executive Officer effective August 1, 2001, succeeding as CEO John E. Cleghorn, who retired July 31. Also at this time, Mr. Guy Saint-Pierre, Chairman of the Corporate Governance Committee of the Board of Directors of Royal Bank and lead Director, became non-executive Chairman of Royal Bank.
- In June, following U.S. and Canadian regulatory approvals, Royal Bank closed its acquisition of Centura Banks, Inc., (renamed RBC Centura) headquartered in Rocky Mount, North Carolina. This acquisition represented a major step in the bank's U.S. expansion efforts.
- Subsequent to quarter-end, the bank announced that it had signed a definitive agreement to acquire Tucker Anthony Sutro, a Boston-based broker dealer, for US$625 million in cash. The transaction is expected to close in the fall of 2001 pending regulatory and Tucker Anthony Sutro shareholder approvals.

The bank's interim consolidated financial statements are expressed in Canadian dollars, and are prepared in accordance with U.S. and Canadian generally accepted accounting principles (GAAP). U.S. GAAP interim consolidated financial statements are provided on pages 15 to 21. Canadian GAAP interim consolidated financial statements, including a reconciliation of significant differences from U.S. GAAP financial statements, are provided on pages 24 to 31. The management discussion and 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 6, 8 and 10.

Chief Executive Officer's Message

I want to thank John Cleghorn, who retired as CEO on July 31, for leaving us a company in strong shape. It is well diversified by business, has leading market positions in Canada in most of its business platforms, has a strong management team, a shareholder-focused culture, and is successfully implementing a disciplined growth strategy in the United States. As the new CEO, I am committed to maintaining our focus on the four strategic priorities which we have reported on for some time, and which I'll discuss below.

Strong Fundamentals

One of the reasons for our superior valuation is the strong financial performance that we have delivered to our shareholders over the past several years. We want to maintain financial performance in the top quartile of North American financial companies. Our core cash net income growth of 13% this quarter keeps us well positioned in that regard.

As shown on page 4, our valuation remained in the top quartile of the TSE Banks & Trusts Index, while earnings per share growth of 11% and ROE of 18.8% for the first nine months, on a cash basis excluding special items, were within the target ranges. Revenue growth was well in excess of our 10% objective. As well, our capital ratios strengthened further in the quarter. As for loan quality, the nonaccrual loans ratio of 1.2% was virtually unchanged from last quarter, while the specific provision for credit losses ratio of .42% for the year to date was slightly above the target range for 2001, reflecting higher provisions for the U.S. telecommunication portfolio.

International Expansion

Included in this quarter were two months of results for RBC Centura, which was acquired on June 5. RBC Liberty Insurance and RBC Prism both continued to perform well, and RBC Dain Rauscher, although continuing to suffer the effects of weak client trading volumes, showed some operational improvement from last quarter. Overall, international cash net income accounted for 35% of total cash net income, up from 29% in the first nine months of 2000 (excluding special items).

We announced the proposed acquisition of Tucker Anthony Sutro on August 1 and expect to close this transaction in the autumn. It will be combined with RBC Dain Rauscher, and together they will form the ninth largest retail brokerage firm with a national presence in the U.S. and provide substantial cost savings opportunities. The combined companies will be rebranded RBC Dain Rauscher, just as Centura has been renamed RBC Centura. In order to create an integrated and cohesive brand globally, the umbrella "RBC" has been added to our other U.S. company names – Prism and Liberty Insurance. In Canada, as well, all business platforms will adopt the letters "RBC" (RBC Royal Bank, RBC Insurance, RBC Investments, RBC Capital Markets and RBC Global Services).

I want to emphasize that our U.S. expansion will continue to be disciplined and methodical, adhering to strict financial parameters. Each of our business platforms is responsible for meeting its targets on a North American basis and will be paying close attention to the financial returns of its U.S. operations.

Growth of High-Return, High-P/E Multiple Businesses

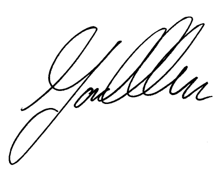
Our primary focus remains on growing Wealth Management (which we believe has good growth prospects on a long-term basis) and Personal & Commercial Banking. However, each business segment has selected areas for priority growth. While this quarter was a challenging one for Wealth Management, with brokerage clients further reducing their trading activity, Personal & Commercial Banking recorded 26% growth in cash net income excluding special items. Corporate & Investment Banking, also, did well with the fixed income operations having an exceptional quarter. This further demonstrates the benefits of a diversified business platform.

We will continue to look for opportunities for restructuring or shedding non-strategic businesses, as we did earlier this month with the sale of our institutional money management business, RT Capital.

eBusiness Leadership

On the eBusiness front, our Canadian online client base passed the 1.7 million mark, up from 1.1 million a year ago and 1.5 million last quarter. About 17% of our Canadian clients now deal with us online.

I look forward to reporting on our progress next quarter.



Gordon Nixon
President & Chief Executive Officer

Nine-Month Performance Compared to 2001 Objectives

	2001 objective	Nine-month performance
1. Valuation		
Maintain top quartile valuation levels:		
• Share price/book value:	1st quartile of TSE Banks & Trusts Index	1st quartile
• Share price/earnings (1):	1st quartile of TSE Banks & Trusts Index	1st quartile
Share price growth:	Above the TSE Banks & Trusts Index	Above the index
2. Earnings growth (2)		
Grow cash diluted earnings per share by:	10–15%	9% 11% excluding special items
3. Return on common equity (2)		
Achieve a cash return on common equity of:	18–20%	18.5% 18.8% excluding special items
4. Revenue growth		
Achieve revenue growth of:	Over 10%	20% 18% excluding special items
5. Expense growth		
Operating expenses versus operating revenues (3):	Operating expense growth less than operating revenue growth	Operating expense growth 21%, compared to operating revenue growth of 18%, reflecting recent acquisitions
6. Portfolio quality		
Achieve a ratio of specific provisions for credit losses to average loans (including reverse repurchase agreements) and bankers' acceptances of:	.30–.40%	.42%
7. Capital management		
• Common equity to risk-adjusted assets:	Maintain strong capital ratios	9.5% common equity to risk-adjusted assets
• Tier 1 capital ratio:		9.3% Tier 1 capital ratio
• Total capital ratio:		12.3% Total capital ratio versus medium-term goals of 7%, 8% and 11–12%

(1) Based on analysts' average diluted EPS estimates for 2001.
(2) With the cessation of goodwill amortization expense commencing November 1, 2001, the goals and performance are now on a cash basis.
(3) Operating expenses exclude costs of Stock Appreciation Rights, one-time expenses and certain acquisition expenses such as retention compensation and restructuring charges, while operating revenues exclude one-time revenues.

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, 2000, and July 31, 2001. It also compares results of operations for the three- and nine-month periods ended July 31, 2001, and the corresponding periods in the preceding fiscal year with the emphasis on the most recent three-month period. See the management's discussion and analysis (U.S. GAAP) contained on pages 22 to 52 of the bank's 2000 Annual Report and the Report to Shareholders, First Quarter 2001 and Second Quarter 2001, for discussions in respect of previous periods.

The discussion that follows refers to results excluding special items in Q3/01 & Q1/01 (described in the table on page 8). There were no special items in Q2/01 or throughout 2000.

Line of Business Results

Personal & Commercial Banking

(C$ millions, except for percentages)	For the three months ended July 31 2001	July 31 2001 (excluding special items)	July 31 2000	Growth	Growth (excluding special items)
Gross revenues (taxable equivalent basis)	**$ 1,846**	**$ 1,846**	$ 1,607	15%	15%
Non-interest expenses	**$ 1,201**	**$ 1,110**	$ 952	26%	17%
Cash net income	**$ 269**	**$ 362**	$ 287	(6)%	26%
Net income	**$ 238**	**$ 331**	$ 284	(16)%	17%
Cash net income as a % of total bank	**52%**	**55%**	49%	300 bp	600 bp
Net income as a % of total bank	**55%**	**57%**	51%	400 bp	600 bp
Cash ROE	**13.1%**	**17.9%**	19.7%	(660)bp	(180)bp
ROE	**11.5%**	**16.3%**	19.5%	(800)bp	(320)bp
Economic Profit	**$ 101**	**$ 101**	$ 83	22%	22%
Efficiency ratio (Non-interest expenses/Gross revenues)	**65.1%**	**60.1%**	59.2%	590 bp	90 bp
Operating efficiency ratio	**59.2%**	**59.2%**	58.9%	30 bp	30 bp

- The addition of almost two months of results for RBC Centura impacted this segment's results this quarter. Without this addition, revenues would have increased by 5%, expenses by 3%, cash net income by 16% and net income by 14%, while the operating efficiency ratio would have improved by 200 basis points (bp) to 56.9%. Excluded from the operating efficiency ratio are a $91-million restructuring charge relating to the integration of Security First Network Bank and certain functions of RBC Prism into RBC Centura, and a $17-million expense for SARs, up from $5 million a year ago and $(5) million last quarter.
- Economic Profit was up 22% and both cash ROE and ROE were reduced by an additional $2.1 billion of average common equity attributed to the segment this quarter compared to a year ago, reflecting the acquisition of Centura Banks. Excluding RBC Centura's results, cash ROE and ROE were 23.2% and 22.6%, respectively, up from a year ago.
- Nine-month cash net income was up 25% from a year ago, while net income was up 21%.

Insurance

(C$ millions, except for percentages)		For the three months ended July 31 2001		July 31 2000	Growth
Gross revenues (1) (taxable equivalent basis)	$	**141**	$	66	114%
Non-interest expenses	$	**103**	$	49	110%
Cash net income	$	**49**	$	24	104%
Net income	$	**47**	$	24	96%
Cash net income as a % of total bank		**9%**		4%	500 bp
Net income as a % of total bank		**11%**		4%	700 bp
Cash ROE		**20.9%**		35.8%	(1,490)bp
ROE		**20.2%**		35.1%	(1,490)bp
Economic Profit	$	**18**	$	15	20%
Gross premiums	$	**386**	$	371	4%

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

- The purchase of Liberty Insurance during the first quarter contributed to the strong growth in gross revenues and net income. Without the addition of RBC Liberty Insurance, revenues and non-interest expenses would have been up 17% and 12%, respectively, while both cash net income and net income would have been up 46%, reflecting higher premiums and lower than expected claims in such areas as travel insurance and reinsurance.
- Economic Profit was up 20% and both cash ROE and ROE were reduced by an additional $600 million of average common equity attributed to the segment this quarter compared to a year ago. This largely reflected the acquisition of Liberty Insurance.
- For the nine months ended July 31, 2001, cash net income was up 77% and net income was up 67% from the same period last year (both up 40% excluding RBC Liberty Insurance). Gross premiums were $1,182 million in the first nine months, up 36% from the first nine months of last year. RBC Liberty Insurance's premiums for the first nine months were nearly $300 million and for the third quarter were $110 million.

Supplemental Discussion – Canadian GAAP

- Cash net income was $44 million, up 69% from a year ago (42% excluding RBC Liberty Insurance) while net income was $41 million, up 58% (42% excluding RBC Liberty Insurance). ROE was 17.1% and Economic Profit $14 million compared to 37.8% and $17 million, respectively, a year ago for the reasons mentioned above. Gross premiums were up 16%, partially reflecting the acquisition of Liberty Insurance.
- Nine-month cash net income was up 46% and net income up 35% from the same period last year (both 37% excluding RBC Liberty Insurance).

Wealth Management

(C$ millions, except for percentages)		For the three months ended July 31 2001		July 31 2001 (excluding special items)		July 31 2000	Growth	Growth (excluding special items)
Gross revenues (taxable equivalent basis)	$	**803**	$	**803**	$	614	31%	31%
Non-interest expenses	$	**705**	$	**705**	$	462	53%	53%
Cash net income	$	**84**	$	**89**	$	100	(16)%	(11)%
Net income	$	**56**	$	**61**	$	93	(40)%	(34)%
Cash net income as a % of total bank		**16%**		**13%**		17%	(100)bp	(400)bp
Net income as a % of total bank		**13%**		**10%**		17%	(400)bp	(700)bp
Cash ROE		**15.6%**		**16.6%**		44.6%	(2,900)bp	(2,800)bp
ROE		**10.1%**		**11.1%**		41.6%	(3,150)bp	(3,050)bp
Economic Profit	$	**20**	$	**20**	$	68	(71)%	(71)%

- Revenues and expenses this quarter were strongly influenced by RBC Dain Rauscher's Private Client Group and Fixed Income divisions, acquired in the first quarter. Without the addition of RBC Dain Rauscher, Wealth Management's revenues and expenses would have declined by 8% and 6%, respectively, from a year ago, while cash net income would have been 2% higher and net income down 8%. The Canadian Private Client Group (consisting largely of Canadian full-service and discount brokerage operations) experienced a drop in trading volumes from the stronger levels of a year ago. RBC Dain Rauscher's Private Client Group also experienced lower volumes of activity this quarter, while its expenses reflected $29 million of retention compensation costs and $12 million of goodwill amortization expenses related to the bank's acquisition of this business. There was a $5 million expense for SARs, up from $2 million a year ago and $(2) million last quarter.
- Cash ROE, ROE and Economic Profit were reduced by an additional $1.1 billion of average common equity attributed to the segment this quarter compared to last year, reflecting the acquisition of Dain Rauscher and growth in operational risk. Excluding RBC Dain Rauscher, cash ROE was 43.1%, ROE was 36.1% and Economic Profit was $70 million.
- Nine-month cash net income and net income were down 13% and 27%, respectively, for the reasons outlined above. Excluding RBC Dain Rauscher, the reductions were 6% and 11%, respectively.

Corporate & Investment Banking

(C$ millions, except for percentages)		For the three months ended July 31 2001		July 31 2001 (excluding special items)		July 31 2000	Growth	Growth (excluding special items)
Gross revenues (taxable equivalent basis)	$	**692**	$	**692**	$	589	17%	17%
Non-interest expenses	$	**435**	$	**435**	$	369	18%	18%
Cash net income	$	**111**	$	**135**	$	127	(13)%	6%
Net income	$	**100**	$	**124**	$	121	(17)%	2%
Cash net income as a % of total bank		**21%**		**20%**		22%	(100)bp	(200)bp
Net income as a % of total bank		**23%**		**21%**		22%	100 bp	(100)bp
Cash ROE		**11.7%**		**14.4%**		19.6%	(790)bp	(520)bp
ROE		**10.3%**		**13.1%**		18.5%	(820)bp	(540)bp
Economic Profit	$	**16**	$	**16**	$	38	(58)%	(58)%

- RBC Dain Rauscher Wessels had an impact on this segment's results this quarter. Without this addition, revenues would have increased by 5%, expenses decreased by 12%, cash net income increased by 21% and net income by 24%. These reflect a 160% increase in earnings of the Global Markets Division, which recorded strong fixed income results and demonstrated excellent cost discipline, more than offsetting lower earnings in the Global Equity and Global Banking divisions. RBC Dain Rauscher Wessels also experienced lower volumes of activity this quarter, while its expenses reflected $23 million of retention compensation costs accrued in relation to the bank's acquisition of this business and $8 million of goodwill amortization expenses.
- Cash ROE, ROE and Economic Profit were reduced by an additional $1.1 billion of average common equity attributed to the segment compared to last year, reflecting the acquisition of Dain Rauscher, as well as growth in operational, market and credit risk. Excluding RBC Dain Rauscher Wessels, cash ROE was 21.6%, ROE was 21.0% and Economic Profit was $61 million.
- Nine-month cash net income was up 2% compared to a year ago, while net income was down 1%. Excluding RBC Dain Rauscher Wessels, cash net income was up 11% and net income up 13%.

Transaction Processing

(C$ millions, except for percentages)		For the three months ended July 31 2001		July 31 2000	Growth
Gross revenues (taxable equivalent basis)	$	**178**	$	176	1%
Non-interest expenses	$	**120**	$	119	1%
Cash net income	$	**39**	$	44	(11)%
Net income	$	**37**	$	42	(12)%
Cash net income as a % of total bank		**8%**		8%	– bp
Net income as a % of total bank		**8%**		7%	100 bp
Cash ROE		**31.6%**		44.9%	(1,330)bp
ROE		**29.5%**		43.2%	(1,370)bp
Economic Profit	$	**23**	$	29	(21)%

- The general market environment contributed to the small revenue and cost growth over a year ago, while the decline in cash net income, net income, cash ROE, ROE and Economic Profit stemmed from a $17 million reversal of the provision for credit losses in last year's third quarter, which did not recur this quarter.
- Nine-month cash net income was up 5% and net income was up 6% from a year ago.

"Other" Segment

- Cash net income was $(10) million and net income was $(18) million versus $4 million and $(1) million, respectively, a year ago. There was a $23 million expense for SARs this quarter, up from $5 million a year ago and $(8) million last quarter.
- Nine-month cash net income was $(2) million and net income was $(22) million compared to $(21) million and $(38) million, respectively, in the first nine months of 2000.

Special Items in Q3/01 & Q1/01 (none in Q2/01)

(C$ millions, taxable equivalent basis)	Applicable segment	For the three months ended July 31 2001 Pre-tax	2001 After-tax
Non-interest expenses			
U.S. retail banking restructuring charge	Personal & Commercial Banking	**$ (91)**	**$ (57)**
Income taxes			
Enactment of change in tax rates	Personal & Commercial Banking	**–**	**$ (36)**
	Wealth Management	**–**	**$ (5)**
	Corporate & Investment Banking	**–**	**$ (24)**
	"Other" segment	**–**	**$ (24)**
		–	**$ (89)**
Total		**$ (91)**	**$ (146)**
Impact on EPS – diluted			**$ (.22)**

	Applicable segment	For the three months ended January 31 2001 Pre-tax	2001 After-tax
Non-interest revenue			
Gain on formation of Moneris joint venture	Personal & Commercial Banking	$ 89	$ 77
Gain on sale of Group Retirement Services	Wealth Management	$ 36	$ 28
	Personal & Commercial Banking	$ 7	$ 6
Total		$ 132	$ 111
Impact on EPS – diluted			$ .18

	For the nine months ended July 31 2001 Pre-tax	2001 After-tax
Total	**$ 41**	**$ (35)**
Impact on EPS – diluted		**$ (.06)**

Supplemental Discussion – Canadian GAAP

In Q3/01, Canadian GAAP special items included the U.S. retail banking restructuring charge shown above, as well as a tax expense of $30 million ($5 million in Personal & Commercial Banking, $5 million in Wealth Management, $15 million in Corporate & Investment Banking, and $5 million in "Other") to reflect a change in tax rates. Special items in Q3/01 reduced Canadian GAAP net income after-tax by $87 million and diluted earnings per share by $.13.

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 the tax rates described in Footnote 2 to Note 6 on page 31. Special items in Q1/01 increased Canadian GAAP net income after-tax by $78 million and diluted earnings per share by $.12.

Special items for the nine months ended July 31, 2001, reduced Canadian GAAP net income after-tax by $9 million and diluted earnings per share by $.01.

Financial Priority: Revenue Growth and Diversification

Revenues

Total revenues were up 22% from last year's third quarter, reflecting strong growth in all business segments and recent acquisitions.

For the first nine months of 2001, total revenues excluding special items were up 18% from a year ago.

Net Interest Income

Taxable equivalent net interest income was up 32% from a year ago, partially reflecting acquisitions. The net interest margin was 1.98% compared to 1.81% a year ago.

For the first nine months of 2001, taxable equivalent net interest income was up 21% from a year ago. The net interest margin was 1.95% compared to 1.87% in the first nine months a year ago.

Non-Interest Revenues

Non-interest revenues were up 15% from a year ago. Partially driven by acquisitions, insurance revenues were up 219%, investment management and custodial fees up 24%, deposits and payment service charges up 21%, and capital market fees (from full-service brokerage, discount brokerage and institutional business) up 10%. Card service revenues fell 33%, reflecting the formation of the Moneris Solutions merchant transaction processing joint venture in the first quarter, while trading revenues were down 9%, reflecting lower revenues from Global Equity Derivatives. Securitization revenues were up 58%, reflecting $1.5 billion in credit card and loan securitizations during the quarter, while credit fees were up 5% and mutual funds revenues were up 4%.

As a percentage of total revenues, non-interest revenues were 53% compared to 57% a year ago.

For the first nine months of 2001, non-interest revenues excluding special items were up 16% from the same period a year ago. As a percentage of total revenues, non-interest revenues excluding special items were 55% compared to 56% a year ago.

Financial Priority: Cost Control

Non-Interest Expenses

Non-interest expenses, excluding the previously mentioned $91-million restructuring charge which related to the integration of Security First Network Bank and certain functions of RBC Prism into RBC Centura following the acquisition of Centura Banks, increased $593 million or 31% from the third quarter of 2000.

Also, this quarter there was a $50-million expense ($29 million after-tax or $.05 per share) for Stock Appreciation Rights or SARs stemming from the $8.01 or 19% increase in the bank's common share price during the quarter. SARs increased expenses by $13 million a year ago ($8 million after-tax or $.01 per share) and lowered expenses by $16 million last quarter ($9 million after-tax or $.01 per share). For the first nine months of 2001, SARs expenses were $43 million ($25 million after-tax or $.04 per share) compared to $15 million ($9 million after-tax or $.01 per share) in the same period a year ago.

Third quarter operating expenses (which exclude costs of SARs, one-time expenses and certain acquisition costs such as retention compensation and restructuring charges) were up $503 million or 27% from a year ago.

For the first nine months of 2001, operating expenses were up 21% and operating revenues (which exclude one-time revenues) were up 18%.

Financial Priority: Strong Credit Quality

Nonaccrual Loans

Nonaccrual loans (before deducting the allowance for loan losses) were $2.2 billion at July 31, 2001, up $205 million from last quarter with $119 million of the increase relating to the inclusion of RBC Centura's loan portfolio. The U.S. telecommunication portfolio also recorded higher nonaccrual loans this quarter. As a percentage of total loans (including bankers' acceptances), nonaccrual loans were 1.2%, virtually unchanged from last quarter.

Provision for Credit Losses

	For the three months ended		
	July 31	April 30	July 31
(C$ millions)	**2001**	2001	2000
U.S. GAAP			
Allocated	**$ 236**	$ 210	$ 172
Unallocated	**–**	–	–
Total provision for credit losses	**$ 236**	$ 210	$ 172
Canadian GAAP			
Specific provisions	**$ 236**	$ 210	$ 172
General provision	**–**	–	–
Total provision for credit losses	**$ 236**	$ 210	$ 172

As shown on page 9, the total provision for credit losses was $236 million (including $7 million relating to RBC Centura), up from $172 million a year ago and $210 million last quarter.

The allowance for loan losses at July 31, 2001, was $2.17 billion or 1.1% of total loans (including bankers' acceptances) and reverse repurchase agreements, up from 1.0% at October 31, 2000, and last quarter. During the quarter, net charge-offs (charge-offs, net of recoveries) were $182 million or .42% of average loans, versus $216 million or .53% a year ago and $230 million or .56% last quarter.

Supplemental Discussion – Canadian GAAP

The specific provision for credit losses was up 37% from a year ago, reflecting higher provisions relating to the U.S. telecommunication portfolio as well as the acquisition of Centura Banks. For the nine months to date, the specific provision for credit losses ratio was .42% of average loans (including reverse repurchase agreements) and bankers' acceptances, compared to the objective for 2001 of .30–.40%.

The total general allowance (accumulated general provisions) was $1.4 billion or .82% of risk-adjusted assets, compared to last quarter's $1.3 billion or .80% of risk-adjusted assets. The increase reflects the general allowance of $134 million in Centura Banks at the date of acquisition.

Financial Priority: Balance Sheet and Capital Management

Assets

Total assets were $335 billion at July 31, 2001, up $40.8 billion or 14% from October 31, 2000, and $16.0 billion or 5% from last quarter, with RBC Centura accounting for $20.6 billion of the increases.

Total loans (before deducting the allowance for loan losses) were up $9.8 billion or 6% from October 31, 2000, and up $8.8 billion or 5% from last quarter, reflecting RBC Centura's loans of $12.1 billion. Compared to October 31, 2000, residential mortgages increased $4.4 billion or 7%, personal loans were up $3.4 billion or 12%, while business and government loans and acceptances increased by $2.6 billion or 4%. RBC Centura contributed $1.9 billion, $1.9 billion and $8.2 billion, respectively, to these increases. Credit cards decreased $538 million or 12%, as RBC Centura's $144-million balance was more than offset by $1 billion in credit card securitizations during the quarter.

Deposits

Total deposits were $225 billion, up $19.1 billion or 9% from October 31, 2000, and up $10.8 billion or 5% from last quarter, with RBC Centura contributing $11.2 billion of these amounts. There were increases of $17.0 billion and $9.2 billion, respectively, in interest-bearing deposits, and $2.1 billion and $1.6 billion, respectively, in non-interest-bearing deposits.

Capital

In June, the bank announced 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 purchase up to 18 million shares in the open market at market prices. The amount and timing of the purchases are to be determined by the bank. During the third quarter, the bank repurchased 1,224,800 common shares for $60.6 million, at an average price of $49.50 per share.

Capital strength for Canadian banks is regulated pursuant 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 a Tier 1 capital ratio of at least 7% and a Total capital ratio of at least 10%.

At July 31, 2001, using OSFI guidelines and Canadian GAAP financial information, the bank's Tier 1 capital ratio was 9.3% versus 8.6% at October 31, 2000, and 8.8% last quarter, while the Total capital ratio was 12.3%, up from 12.0% at October 31, 2000, and unchanged from April 30, 2001. Both ratios exceeded the bank's medium-term (3–5 year) capital goals of 8% for Tier 1 capital and 11–12% for Total capital. The bank also exceeded its medium-term capital ratio goal of 7% for common equity to risk-adjusted assets, with a ratio of 9.5% at July 31, 2001, up from 7.3% on October 31, 2000, and from 8.0% last quarter. Risk-adjusted assets were $171.1 billion, up 8.0% from October 31, 2000, and 8.1% from last quarter, largely reflecting the acquisition of Centura Banks.

During the quarter, the bank redeemed subordinated debentures totalling US$350 million, issued $250 million of first preferred shares Series S and issued 67.4 million common shares for $3.3 billion in exchange for all the outstanding common shares of Centura Banks, Inc. Additionally, during the quarter the bank announced the planned redemption in August 2001 of first preferred shares Series H totalling $300 million.

Liquidity Risk

As outlined on page 51 of Royal Bank's 2000 Annual Report, the bank's liquidity risk 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. The bank's framework and objective have not changed since October 31, 2000. At July 31, 2001, the bank's liquid assets and assets purchased under reverse repurchase agreements (before pledging) totalled $123.1 billion or 37% of total assets, as compared to $100.7 billion or 34% of total assets at October 31, 2000, and $116.8 billion or 37% at April 30, 2001. Minimum cash flow management targets are also being met.

Market Risk Measures – Trading Activities

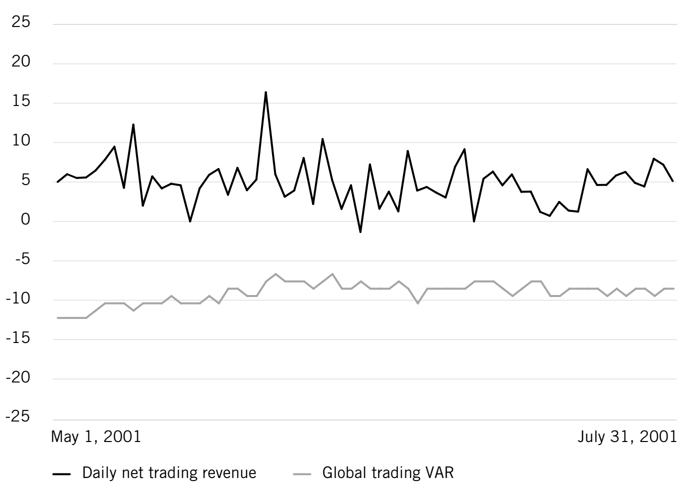
As outlined on pages 49 and 50 of Royal Bank's 2000 Annual Report, the bank has established risk management policies and limits for its trading activities that allow it to monitor and control the exposure to market risk resulting from these activities. These policies and limits have not changed since October 31, 2000. The market risk associated with trading activities is managed primarily through a Value-At-Risk (VAR) methodology. The table below shows the period-end, high, average and low VAR by major risk category for the bank's combined trading activities for the quarter ended July 31, 2001, and for the year ended October 31, 2000, and indicates that the Global VAR amounts in the third quarter were below the levels in 2000. The graph below left shows the daily net trading revenue compared to the global trading VAR amounts; below right is a histogram of daily net trading revenue for the quarter ended July 31, 2001. During the third quarter, the bank experienced only one day of trading losses which, furthermore, did not exceed the VAR estimate for that day.

Trading Activities (1)

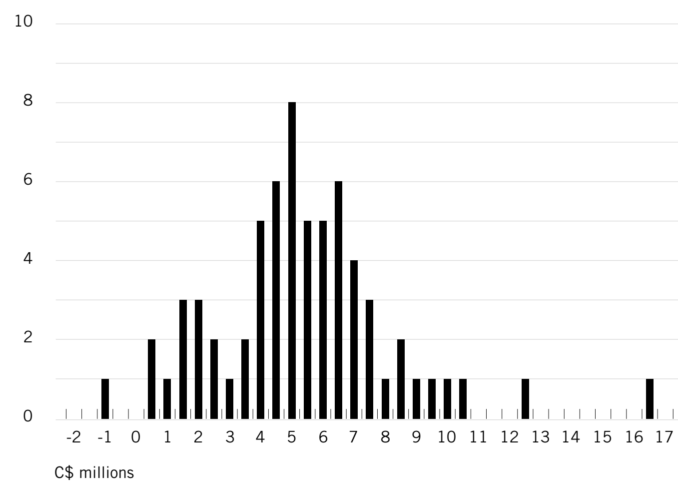
	For the three months ended July 31, 2001				For the full year 2000			
(C$ millions)	Quarter-end	High	Average	Low	Year-end	High	Average	Low
Global VAR by major risk category								
Equity	$ 8	$ 11	$ 8	$ 5	$ 14	$ 22	$ 13	$ 6
Foreign exchange and Commodity	3	6	2	1	4	11	5	2
Interest rate	4	6	4	3	7	9	5	3
Global VAR (2)	$ 8	$ 12	$ 9	$ 6	$ 18	$ 24	$ 16	$ 10

(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.

Daily Net Trading Revenue vs. Global Trading VAR
(C$ millions)



Histogram of Daily Net Trading Revenue
(number of days)



Operating Highlights

Personal & Commercial Banking

- In June, following U.S. and Canadian regulatory approval, Royal Bank closed its acquisition of Centura Banks, Inc., since renamed RBC Centura. This acquisition represents a major step towards the bank's goal of building a strong North American personal and commercial banking business. The final purchase price for Centura Banks was $3.3 billion with associated goodwill of $1.9 billion and intangible assets of $407 million.
- In June, Royal Bank, through its wholly owned subsidiary Ernex Marketing Technologies, introduced a loyalty program for Visa credit cardholders in the Greater Toronto Area following a successful pilot program in the Vancouver area last fall. The program, known as Ultimix, instantly rewards points and prizes to customers using Royal Bank Gold Preferred, Platinum Preferred and Visa AVION Gold cards for purchases at participating merchants.
- In May, Royal Bank's online marketing capability was rated the best amongst North American banks by Cambridge, Massachusetts–based Forrester Research Inc., a leading independent research firm that analyzes the future of technology change and its impact on businesses, consumers and society.
- In May, Royal Bank opened its ninth Canadian on-reserve banking service with the launch of an agency outlet at Wikwemikong First Nation on Manitoulin Island, Ontario. This unique agency arrangement with a First Nations member-owned retail business will provide basic banking services to community members and other residents of and visitors to Manitoulin Island.

Insurance

- In August, RBC Insurance announced new, multi-year alliances with the Association of Canadian Travel Agents (ACTA) and the Canadian Institute of Travel Counsellors (CITC). Under the three-year partner agreement with ACTA, RBC Insurance receives the association's "Seal of Approval," recognizing the company as the consumer travel insurance provider of choice for ACTA travel agencies and their customers. In addition, RBC Insurance is recognized as CITC's exclusive travel insurance partner.
- RBC Insurance launched a new Internet application that allows RBC Royal Bank customers to obtain Personal Accident insurance coverage online. The offer includes $1,000 complimentary coverage or $2,000 complimentary coverage ($1,000 for each customer and each customer's spouse) as a token of appreciation for being a RBC Royal Bank customer. Additional coverage can also be purchased online.
- In July, RBC Insurance announced the sale of Louisiana-based State National Fire Insurance Company. State National Fire was acquired as part of the purchase of Liberty Life Insurance Company and Liberty Insurance Services in November 2000. Selling the business is consistent with RBC Insurance's original plan and is in keeping with its overall business strategy and organizational goals.

Wealth Management

- On August 1, it was announced that Royal Bank has signed a definitive agreement to acquire Tucker Anthony Sutro Corporation for US$625 million in cash and merge it with the bank's U.S. broker-dealer, Minneapolis-based RBC Dain Rauscher. The combination will create the ninth largest full-service securities firm in the U.S. and in North America, with nearly 2,100 investment executives serving individual clients from coast to coast. The shareholders of Tucker Anthony Sutro will receive US$24 per share in cash. The transaction is expected to close in the fall of 2001 pending regulatory and Tucker Anthony Sutro shareholder approvals, and following the transaction, the name of the combined entity will be RBC Dain Rauscher.
- In June, it was announced that the bank's institutional asset management business, run by RT Capital Management Inc., is to be sold to UBS Asset Management for approximately $350 million, subject to certain conditions. The transaction closed on August 15, 2001, and is expected to result in an after-tax gain of approximately $250 million, subject to certain conditions, in the bank's fourth quarter. RT Capital will be renamed Brinson Canada upon closing, and will continue under the leadership of Chairman & Chief Executive Officer, Michael Wilson.
- Wealth Management's Information Technology group was awarded the Canadian Information Productivity Awards (CIPA) Award of Excellence for "ClientSource" in the category of Customer Care. ClientSource is a broker-dealer account opening system for Royal Bank Action Direct clients, which gives online brokerage clients a consolidated view of all their account information through the use of a single client identifier. ClientSource is now being extended to other Wealth Management business units, both domestic and international. CIPA is the largest business awards program in Canada in the field of information management.

Corporate & Investment Banking

- RBC Dominion Securities continued to lead the Canadian mergers & acquisitions market in the first half of this calendar year with a total of 24 mandates representing an equity value of $36.7 billion. Among several notable transactions closed or announced during the quarter, RBC DS advised Athabasca Oil Sands Trust in its $2-billion acquisition of Canadian Oil Sands Trust. The firm is also advising Barrick Gold in its $3.5-billion acquisition of Homestake Mining Company.

- Industry trade journals *FX Week* and *Profit & Loss* independently confirmed RBC DS' strong performance in the global foreign exchange markets with rankings of 9th and 11th, respectively, according to revenues generated in 2000. RBC DS was the only Canadian dealer ranked in the global top 20.
- In June, RBC DS led the largest ever syndicated Canadian dollar bond transaction, a $2.2 billion issue for Canada Mortgage and Housing Corporation (CMHC). RBC DS maintained its hold on 30% of the new issue debt market during the quarter.

Transaction Processing

- On July 31, Royal Trust Global Securities Services completed the acquisition of Perpetual Fund Services, the custody, investment administration and unit registry business of Australian publicly listed company Perpetual Trustees Australia Limited. The new Australian group, with client assets under administration of $61 billion and annual revenue of approximately $30 million, is one of Australia's largest providers of outsourced back-office administration to fund managers. It will operate under the legal entity, RBC Global Services Australia Pty. Limited, and will be known in Australia as RBC Global Services.
- In June, Royal Trust Global Securities Services' Viewfinder® eBusiness platform was honoured at *CIO Canada* magazine's 2001 ITX Information Technology Awards. Global Securities Services was singled out for innovative use of the Internet to create "business value" for our clients. This prestigious award recognizes technology initiatives that demonstrate best practices from a broad section of Canadian corporations and government agencies.
- During the quarter, nine major international banks appointed Global Integrated Solutions as their nostro account service provider in anticipation of the launch of Continuous Linked Settlement (CLS), bringing the total number of CLS wins to 14. (CLS is a major banking industry initiative to eliminate foreign exchange settlement risk and is due to go live during 2002.) Many of these institutions took this opportunity to consolidate other transaction processing business with Royal Bank to establish a single point of entry into the Canadian payments system, thus reinforcing the bank's leading market share in the Canadian correspondent banking market.

"Other" segment

- In July, Royal Bank elected to delist its common shares from the London Stock Exchange. This decision was based on the low trading volumes on this exchange, which did not justify the costs and effort entailed with maintaining the listing. The common shares of the bank continue to be listed on The Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange, which provide ongoing liquidity to Royal Bank shareholders.
- Royal Bank was awarded a prestigious Canadian Information Productivity Award of Excellence for our enterprise-wide Fraud Detection Solution. The Fraud Detection Platform is a groundbreaking fraud detection solution that utilizes advanced computing technologies to prevent and detect fraud early by analyzing customer transactions in real time.
- *www.royalbank.com* continues to be a popular destination for Web users, and was recently ranked as one of the 10 most frequently visited Internet sites in Canada by Nielsen's NetRatings Audience Measurement Service (July 17). Royal Bank's site consistently ranks in the top 20.
- By the end of the quarter, Royal Bank's online customer base reached 1.7 million, a growth of 59% over a year ago.

Caution Regarding Forward-Looking Statements

Royal Bank, from time to time, makes written and oral forward-looking statements, included in this interim report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications. Such forward-looking statements include objectives for 2001 and the medium-term, and strategies to achieve those objectives, set forth herein. 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. Royal 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, changes in economic conditions including fluctuations in interest rates and inflation, regulatory developments, technological changes and the effects of competition in the geographic and business areas where the bank operates.

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

About RBC Financial Group

RBC Financial Group is the brand name for Royal Bank of Canada (TSE, NYSE: RY) and its subsidiaries. Royal Bank is Canada's largest bank 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 more than 58,000 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 *www.royalbank.com*

Selected Financial Highlights (unaudited)

(C$ millions, except per share and percentage amounts)	Change from July 31 2000	As at and for the three months ended July 31 2001	April 30 2001	July 31 2000	Change from July 31 2000	For the nine months ended July 31 2001	July 31 2000
Earnings							
Net interest income (1)	32%	**$ 1,715**	$ 1,569	$ 1,300	21%	**$ 4,757**	$ 3,926
Non-interest revenue	15	**1,963**	1,940	1,711	19	**5,890**	4,960
Gross revenues (1)	22	**3,678**	3,509	3,011	20	**10,647**	8,886
Provision for credit losses	37	**236**	210	172	34	**694**	517
Non-interest expenses	36	**2,598**	2,263	1,914	25	**7,005**	5,606
Net income	(23)	**436**	624	563	7	**1,755**	1,640
Return on common equity	(870)bp	**10.8%**	19.2%	19.5%	(260)bp	**16.8%**	19.4%
Return on common equity, cash basis (2)	(720)bp	**13.1%**	20.8%	20.3%	(170)bp	**18.5%**	20.2%
Economic Profit (3)	(11)%	**167**	226	187	7%	**568**	532
Balance sheet and off-balance sheet data							
Loans	9%	**$ 177,623**	$ 168,857	$ 163,524			
Assets	19	**334,902**	318,943	280,715			
Deposits	13	**225,321**	214,506	200,067			
Common equity	49	**16,308**	12,838	10,912			
Assets under administration	11	**1,271,800**	1,198,700	1,147,400			
Assets under management	16	**110,500**	110,400	95,200			
Capital ratios (Canadian basis) (4)							
Common equity to risk-adjusted assets	230 bp	**9.5%**	8.0%	7.2%			
Tier 1 capital	80 bp	**9.3%**	8.8%	8.5%			
Total capital	80 bp	**12.3%**	12.3%	11.5%			
Capital ratios (U.S. basis) (5)							
Common equity to risk-adjusted assets	240 bp	**9.5%**	8.1%	7.1%			
Tier 1 capital	60 bp	**8.5%**	8.4%	7.9%			
Total capital	70 bp	**11.6%**	11.9%	10.9%			
Common share information							
Shares outstanding (in thousands)							
End of period	14%	**683,312**	616,516	601,628	14%	**683,312**	601,628
Average basic	9	**658,296**	616,365	602,494	3	**627,954**	607,826
Average diluted	10	**663,996**	621,907	605,833	4	**633,641**	611,473
Earnings per share							
Basic	(31)	**$ 0.60**	$ 0.96	$ 0.87	4	**$ 2.63**	$ 2.53
Diluted	(31)	**0.60**	0.95	0.87	4	**2.61**	2.52
Cash basis, basic (2)	(21)	**0.73**	1.04	0.92	9	**2.89**	2.64
Cash basis, diluted (2)	(21)	**0.72**	1.03	0.91	9	**2.86**	2.62
Share price							
High (6)	25	**$ 51.50**	$ 51.25	$ 41.13	28	**$ 52.80**	$ 41.13
Low (6)	24	**42.80**	42.42	34.40	56	**42.42**	27.25
Close	29	**50.96**	42.95	39.65	29	**50.96**	39.65
Dividends per share	20	**0.36**	0.33	0.30	21	**1.02**	0.84
Book value per share – period end	32	**23.87**	20.82	18.14	32	**23.87**	18.14
Market capitalization ($ billions)	46	**34.8**	26.5	23.9	46	**34.8**	23.9
Number of:							
Employees (full-time equivalent) (7)	9,252	**58,136**	53,646	48,884			
Automated banking machines (8)	108	**4,636**	4,433	4,528			
Service delivery units:							
Canada	(24)	**1,322**	1,328	1,346			
International (9)	430	**720**	438	290			

(1) Taxable equivalent basis.
(2) Cash basis return on common equity, earnings per share and diluted earnings per share are computed by adding back to net income the after-tax amount of amortization for goodwill and other intangibles.
(3) Economic Profit represents cash operating earnings (i.e., net income available to common shareholders excluding the impact of one-time items and amortization of goodwill and other intangibles) less a charge for the cost of common equity of 12.5% in the third quarter of 2001, down from 13.5% in the second quarter of 2001.
(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 July 31, 2001, includes: 3,941 (3,861 at April 30, 2001) at Dain Rauscher; 1,049 (1,059 at April 30, 2001) at Liberty Life Insurance Company and Liberty Insurance Services Corporation (both acquired during the first quarter of 2001); and 3,430 at Centura Banks, Inc. (acquired during the third quarter of 2001).
(8) Includes 256 automated banking machines for Centura Banks, Inc.
(9) International service delivery units include branches, specialized business centres, representative offices and agencies. The number at July 31, 2001, includes 105 branches for Dain Rauscher Corporation acquired in the first quarter of 2001 and 241 branches for Centura Banks, Inc., acquired in the third quarter of 2001.

Interim Consolidated Financial Statements (unaudited)

Consolidated Balance Sheet (unaudited)

(C$ millions)	July 31 2001	April 30 2001	October 31 2000
Assets			
Cash resources			
Cash and due from banks	$ 2,157	$ 1,074	$ 947
Interest-bearing deposits with other banks	15,576	16,982	18,659
	17,733	18,056	19,606
Securities			
Trading account	56,047	52,332	46,366
Available for sale	21,904	17,020	13,199
Held to maturity	–	–	698
	77,951	69,352	60,263
Assets purchased under reverse repurchase agreements	25,101	26,453	18,303
Loans			
Residential mortgage	67,345	64,559	62,984
Personal	31,418	29,713	28,019
Credit card	4,128	4,862	4,666
Business and government loans and acceptances	74,732	69,723	72,143
	177,623	168,857	167,812
Allowance for loan losses	(2,173)	(1,951)	(1,871)
	175,450	166,906	165,941
Other			
Derivative-related amounts	19,710	20,532	19,334
Premises and equipment	1,473	1,292	1,216
Goodwill	4,153	2,334	693
Other intangibles	600	202	208
Other assets	12,731	13,816	8,490
	38,667	38,176	29,941
	$ 334,902	$ 318,943	$ 294,054
Liabilities and shareholders' equity			
Deposits			
Canada			
Non-interest-bearing	$ 22,481	$ 22,409	$ 22,011
Interest-bearing	115,614	118,591	116,113
International			
Non-interest-bearing	2,510	946	863
Interest-bearing	84,716	72,560	67,250
	225,321	214,506	206,237
Other			
Acceptances	9,621	9,734	11,628
Obligations related to securities sold short	14,895	14,944	12,873
Obligations related to assets sold under repurchase agreements	14,010	15,877	9,005
Derivative-related amounts	19,644	20,168	18,574
Other liabilities	24,939	20,394	15,912
	83,109	81,117	67,992
Subordinated debentures	6,457	6,992	5,825
Non-controlling interest in subsidiaries	1,453	1,481	703
Shareholders' equity			
Capital stock			
Preferred	2,254	2,009	2,001
Common (shares issued and outstanding – 683,312,319; 616,516,287; and 602,397,936)	7,041	3,717	3,074
Retained earnings	9,259	9,156	8,314
Accumulated other comprehensive income	8	(35)	(92)
	18,562	14,847	13,297
	$ 334,902	$ 318,943	$ 294,054

Consolidated Statement of Income (unaudited)

(C$ millions, except per share data)	For the three months ended July 31 2001	April 30 2001	July 31 2000	For the nine months ended July 31 2001	July 31 2000
Interest income					
Loans	$ 2,976	$ 3,037	$ 2,920	$ 9,153	$ 8,414
Trading account securities	537	535	346	1,563	1,035
Available for sale and held to maturity securities	278	248	293	781	818
Assets purchased under reverse repurchase agreements	284	320	263	918	801
Deposits with banks	228	229	246	719	710
	4,303	4,369	4,068	13,134	11,778
Interest expense					
Deposits	2,077	2,245	2,330	6,818	6,543
Other liabilities	416	456	358	1,273	1,084
Subordinated debentures	103	105	87	306	247
	2,596	2,806	2,775	8,397	7,874
Net interest income	1,707	1,563	1,293	4,737	3,904
Provision for credit losses	236	210	172	694	517
Net interest income after provision for credit losses	1,471	1,353	1,121	4,043	3,387
Non-interest revenue					
Capital market fees	473	518	429	1,410	1,297
Trading revenues	407	457	446	1,432	1,185
Deposit and payment service charges	232	201	191	637	550
Investment management and custodial fees	229	240	185	667	507
Mutual fund revenues	140	134	135	412	390
Card service revenues	74	60	111	222	328
Credit fees	60	56	57	178	158
Insurance revenues	67	69	21	185	110
Foreign exchange revenue, other than trading	77	77	76	221	216
Securitization revenues	38	19	24	76	89
Gain (loss) on sale of securities	4	(56)	(9)	(92)	11
Other	162	165	45	542	119
	1,963	1,940	1,711	5,890	4,960
Non-interest expenses					
Human resources	1,527	1,332	1,182	4,189	3,487
Occupancy	174	161	153	515	424
Equipment	212	164	165	526	487
Communications	176	171	166	500	498
Other	509	435	248	1,275	710
	2,598	2,263	1,914	7,005	5,606
Net income before income taxes	836	1,030	918	2,928	2,741
Income taxes	372	377	353	1,094	1,095
Net income before non-controlling interest	464	653	565	1,834	1,646
Non-controlling interest in net income of subsidiaries	28	29	2	79	6
Net income	$ 436	$ 624	$ 563	$ 1,755	$ 1,640
Preferred share dividends	37	33	34	104	100
Net income available to common shareholders	$ 399	$ 591	$ 529	$ 1,651	$ 1,540
Average number of common shares (in thousands)	658,296	616,365	602,494	627,954	607,826
Earnings per share (in dollars)	$ 0.60	$ 0.96	$ 0.87	$ 2.63	$ 2.53
Average number of diluted common shares (in thousands)	663,996	621,907	605,833	633,641	611,473
Diluted earnings per share (in dollars)	$ 0.60	$ 0.95	$ 0.87	$ 2.61	$ 2.52

Consolidated Statement of Changes in Shareholders' Equity (unaudited)

(C$ millions)	For the three months ended July 31 2001	April 30 2001	July 31 2000	For the nine months ended July 31 2001	July 31 2000
Preferred shares					
Balance at beginning of period	**$ 2,009**	$ 1,988	$ 1,978	**$ 2,001**	$ 1,973
Shares issued	**250**	–	–	**250**	–
Issuance costs, net of related income taxes	**(3)**	–	–	**(3)**	–
Translation adjustment on shares denominated in foreign currency	**(2)**	21	4	**6**	9
Balance at end of period	**2,254**	2,009	1,982	**2,254**	1,982
Common shares					
Balance at beginning of period	**3,717**	3,704	3,059	**3,074**	3,063
Shares issued and options granted on acquisition of a subsidiary	**3,338**	13	13	**3,991**	89
Issuance costs, net of related income taxes	**(2)**	–	–	**(12)**	–
Purchased for cancellation	**(12)**	–	(19)	**(12)**	(99)
Balance at end of period	**7,041**	3,717	3,053	**7,041**	3,053
Retained earnings					
Balance at beginning of period	**9,156**	8,769	7,738	**8,314**	7,495
Net income	**436**	624	563	**1,755**	1,640
Preferred share dividends	**(37)**	(33)	(34)	**(104)**	(100)
Common share dividends	**(246)**	(204)	(180)	**(653)**	(508)
Premium paid on common shares purchased for cancellation	**(49)**	–	(122)	**(49)**	(562)
Issuance costs, net of related income taxes	**(1)**	–	(4)	**(4)**	(4)
Balance at end of period	**9,259**	9,156	7,961	**9,259**	7,961
Accumulated other comprehensive income					
Unrealized gains and losses on available for sale securities, net of related income taxes	**110**	38	(65)	**110**	(65)
Unrealized foreign currency translation gains and losses, net of hedging activities and related income taxes	**(47)**	(43)	(37)	**(47)**	(37)
Gains and losses on derivatives designated as cash flow hedges, net of related income taxes (note 3)	**(55)**	(30)	–	**(55)**	–
	8	(35)	(102)	**8**	(102)
Shareholders' equity at end of period	**$ 18,562**	$ 14,847	$ 12,894	**$ 18,562**	$ 12,894
Other comprehensive income					
Net income	**$ 436**	$ 624	$ 563	**$ 1,755**	$ 1,640
Change in unrealized gains and losses on available for sale securities, net of related income taxes	**72**	(34)	(16)	**166**	20
Change in unrealized foreign currency translation gains and losses, net of hedging losses of $3 million for the three months ended July 31, 2001, and losses of $128 million for the nine months ended July 31, 2001, and related income taxes	**(4)**	(5)	–	**(11)**	1
Cumulative effect of initial adoption of FAS 133, net of related income taxes (note 3)	**–**	–	–	**60**	–
Change in gains and losses on derivatives designated as cash flow hedges, net of related income taxes (note 3)	**(24)**	(6)	–	**(108)**	–
Reclassification to earnings of gains and losses on cash flow hedges, net of related income taxes (note 3)	**(1)**	(1)	–	**(7)**	–
Total other comprehensive income	**$ 479**	$ 578	$ 547	**$ 1,855**	$ 1,661

Consolidated Statement of Cash Flows (unaudited)

(C$ millions)	For the three months ended July 31 2001	April 30 2001	July 31 2000	For the nine months ended July 31 2001	July 31 2000
Cash flows from operating activities					
Net income	**$ 436**	$ 624	$ 563	**$ 1,755**	$ 1,640
Adjustments to determine net cash provided by (used in) operating activities					
Provision for credit losses	**236**	210	172	**694**	517
Depreciation	**94**	93	92	**273**	264
Restructuring charges	**91**	–	–	**91**	–
Amortization of goodwill and other intangibles	**82**	51	24	**164**	64
Loss (gain) on sale of assets	**(4)**	(9)	(1)	**–**	(5)
Change in accrued interest receivable and payable	**(52)**	1	222	**(214)**	(20)
Net loss (gain) on sale of available for sale securities	**(4)**	56	9	**92**	(11)
Changes in operating assets and liabilities:					
Deferred income taxes	**214**	(62)	(25)	**148**	(26)
Current income taxes payable	**34**	56	(1)	**(143)**	(472)
Unrealized gains and amounts receivable on derivative contracts	**824**	(434)	2,901	**(367)**	(311)
Unrealized losses and amounts payable on derivative contracts	**(526)**	374	(2,342)	**1,068**	(37)
Trading account securities	**(3,715)**	(1,726)	(3,401)	**(9,187)**	(5,316)
Obligations related to securities sold short	**(55)**	869	(2,214)	**1,945**	(6,706)
Other	**566**	(3,872)	70	**(4,336)**	(1,622)
Net cash provided by (used in) operating activities	**(1,779)**	(3,769)	(3,931)	**(8,017)**	(12,041)
Cash flows from investing activities					
Change in loans	**3,109**	(49)	(576)	**2,545**	(7,633)
Proceeds from the maturity of held to maturity securities	**–**	–	101	**–**	410
Purchases of held to maturity securities	**–**	–	(44)	**–**	(83)
Proceeds from sale of available for sale securities	**4,011**	2,776	2,253	**8,898**	7,813
Proceeds from the maturity of available for sale securities	**4,316**	4,270	3,638	**11,520**	9,534
Purchases of available for sale securities	**(8,388)**	(8,427)	(6,476)	**(21,832)**	(17,847)
Change in interest-bearing deposits with other banks	**1,435**	(638)	(2,398)	**3,230**	1,737
Net acquisitions of premises and equipment	**(32)**	(88)	(74)	**(184)**	(193)
Change in assets purchased under reverse repurchase agreements	**1,352**	(4,740)	4,319	**(6,743)**	5,172
Net cash used in acquisition of subsidiaries	**–**	–	–	**(2,706)**	(323)
Net cash provided by (used in) investing activities	**5,803**	(6,896)	743	**(5,272)**	(1,413)
Cash flows from financing activities					
Issue of RBC Trust Capital Securities (RBC TruCS™)	**–**	–	650	**750**	650
Change in domestic deposits	**(2,905)**	5,907	358	**(29)**	6,524
Increase in international deposits	**2,525**	2,293	720	**7,791**	5,529
Issue of subordinated debentures	**–**	525	-	**1,025**	500
Subordinated debentures matured	**–**	–	(20)	**(27)**	(20)
Subordinated debentures redeemed	**(538)**	–	–	**(538)**	–
Issue of preferred shares	**250**	–	–	**250**	–
Issuance costs	**(6)**	–	(4)	**(19)**	(4)
Issue of common shares	**22**	13	13	**654**	38
Common shares purchased for cancellation	**(61)**	–	(141)	**(61)**	(660)
Dividends paid	**(237)**	(238)	(196)	**(689)**	(576)
Change in assets sold under repurchase agreements	**(2,003)**	1,160	672	**4,783**	(1,566)
Change in liabilities of subsidiaries	**(477)**	1,090	1,005	**120**	2,286
Net cash provided by (used in) financing activities	**(3,430)**	10,750	3,057	**14,010**	12,701
Net change in cash and due from banks	**594**	85	(131)	**721**	(753)
Cash and due from banks at beginning of period	**1,074**	989	1,838	**947**	2,460
Cash acquired on acquisition of subsidiary	**489**	–	–	**489**	–
Cash and due from banks at end of period	**$ 2,157**	$ 1,074	$ 1,707	**$ 2,157**	$ 1,707

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, 2000, and the unaudited interim consolidated financial statements for the three and six months ended January 31, 2001, and April 30, 2001, respectively. Certain comparative amounts have been reclassified to conform with 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, 2000, on pages 58 to 60 in the 2000 Annual Report, except as noted in the unaudited interim consolidated financial statements for the three and six months ended January 31, 2001, and April 30, 2001, and below.

Future Accounting Changes
The Financial Accounting Standards Board issued Statement of Financial Accounting Standards (FAS) No. 141, *Business Combinations*, and FAS No. 142, *Goodwill and Other Intangible Assets*, effective for fiscal years beginning after December 15, 2001, except certain provisions that were effective June 30, 2001, with early adoption permitted. The bank will adopt the new standards in their entirety as of November 1, 2001.

The standards require that all business combinations be accounted for using the purchase method. Goodwill will no longer be amortized to income and will be assessed for impairment in accordance with the new standard.

Goodwill amortized to income for the three months ended July 31, 2001, was $71 million ($145 million for the nine months ended July 31, 2001).

Note 2: **Acquisitions and Dispositions**
The bank accounts for all acquisitions using the purchase method. Goodwill has been estimated using the best available information as at the date of these financial statements and may be adjusted for up to one year after the transaction closes.

a) Centura Banks, Inc.
On June 5, 2001, the bank acquired 100% of the common shares of Centura Banks, Inc. (Centura). As a result of the acquisition, each Centura common share outstanding was converted into 1.684 Royal Bank common shares. The total consideration paid in respect of the acquisition of Centura amounted to $3.3 billion, based on the exchange of approximately 67 million Royal Bank common shares.

The excess of approximately $2.3 billion of the purchase price over the estimated fair value of the net tangible assets acquired was first allocated to identifiable intangible assets (primarily core deposit intangible) of $407 million, with the residual of approximately $1.9 billion allocated to goodwill.

The core deposit intangible is amortized on a straight-line basis over the estimated useful life of 10 years. Goodwill is amortized on a straight-line basis over the expected benefit period of 20 years.

Had this transaction closed at the beginning of the fiscal year, it would have resulted in additional net income of $3 million for the three months ended July 31, 2001 ($59 million for the nine months ended July 31, 2001), and a decrease of $0.02 in earnings per share for the three months ended July 31, 2001 ($0.12 for the nine months ended July 31, 2001). This calculation combines the bank's results of operations with Centura's reported earnings adjusted for goodwill amortization, core deposit intangible amortization and significant merger-related items that would not have been recorded in the period had this transaction occurred at the beginning of the fiscal year.

As a result of the acquisition of Centura, operations in the United States were restructured. Restructuring costs of $91 million were recorded in the three months ended July 31, 2001, which include $22 million for staff termination, $42 million for premises and equipment and $27 million for other costs directly related to the restructuring plan. The remaining accrual balance in Other liabilities at the end of the quarter was $31 million.

b) Tucker Anthony Sutro Corporation
On August 1, 2001, the bank announced the intention to acquire 100% of Tucker Anthony Sutro Corporation (Tucker Anthony Sutro) and merge it with RBC Dain Rauscher. Following the acquisition the name of the combined entity will be RBC Dain Rauscher. The purchase price is estimated at approximately US$625 million cash consideration based on 25 million Tucker Anthony Sutro shares expected to be outstanding on the date of acquisition. The excess of approximately US$320 million of the purchase price over the estimated fair value of the net tangible assets acquired will first be allocated to identifiable intangible assets, with the residual allocated to goodwill. The acquisition, which is subject to approval by Canadian and U.S. regulators and shareholders of Tucker Anthony Sutro, and other customary closing conditions, is expected to close in the fall of this year.

c) RT Capital Management Inc.
Subsequent event – On August 15, 2001, the bank closed the sale of its institutional asset management business operated by RT Capital Management Inc. The proceeds on disposition are $350 million, subject to certain conditions, whereby the bank expects to realize an after-tax gain of approximately $250 million.

Note 3: **Derivative Instruments and Hedging Activities**
The bank adopted FAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, on November 1, 2000, and recorded a cumulative transition adjustment recognizing after-tax gains of $20 million in Net income and $60 million in Other comprehensive income. FAS No. 133 changes the accounting for derivatives held or issued for non-trading purposes. All derivatives are now carried on the consolidated balance sheet at fair value. The new standard is fully described in Note 1 to the consolidated financial statements for the year ended October 31, 2000, on page 60 in the 2000 Annual Report.

Interest rate swaps that are used to adjust exposure to interest rate risk by modifying the repricing or maturity characteristics of existing and/or anticipated deposits, loans and subordinated debt are designated as either fair value or cash flow hedges if they meet the criteria specified by FAS No. 133, and assessed for effectiveness in hedging every quarter. The designation as fair value or cash flow hedge depends on whether the bank is hedging the fair value or the cash flow of the hedged item. A net unrealized loss of $4 million for the three months ended July 31, 2001 ($8 million unrealized gain for the nine months ended July 31, 2001) and a net unrealized gain of $9 million for the three months ended July 31, 2001 ($6 million unrealized loss for the nine months ended July 31, 2001) were recognized in Non-interest revenue for the ineffective portion of fair value and cash flow hedges, respectively.

The amounts recognized as Other comprehensive income for cash flow hedges are reclassified to Net interest income as interest accrues on the hedging derivative. On termination of the hedging relationship the amounts remaining in Accumulated other comprehensive income are amortized to Net interest income over the remaining life of the original hedging relationship. On sale or early termination of the hedged item, the residual balance in Accumulated other comprehensive income is reclassified as Non-interest revenue.

Note 4: **Loan Securitizations**
The bank adopted FAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*, for loan securitizations occuring after March 31, 2001. The adoption did not have a significant impact on the bank's financial position or results of operations.

In June 2001, the bank sold a $1 billion undivided interest in credit card loans to a trust and received cash proceeds of $1 billion and retained the rights to future excess interest earned on the credit card loans valued at $10 million. As part of the proceeds the bank assumed a servicing liability valued at $3 million. A gain on sale of $7 million was recognized in Securitization revenues based on the allocation of previous carrying amounts to interests sold and retained based on their fair value. The key assumptions used to value these interests included a payment rate of 40.17%, an excess spread of 6.57%, net of expected credit losses of 1.68%, and a discount rate of 12%. The credit card loans were sold on a fully serviced basis and, as a result, the bank recognizes a servicing liability of approximately 2% of the investor principal outstanding on an annual basis.

In June 2001, the bank securitized $575 million of government guaranteed residential mortgage loans through the creation of mortgage-backed securities, and subsequently sold $500 million of those securities. The bank received net cash proceeds of $498 million and retained the rights to future excess interest on the residential mortgages valued at $14 million. A gain on sale, net of transaction costs, of $12 million was recognized in Securitization revenues. The bank retained the responsibility for servicing the mortgages and recognizes revenues for servicing as services are provided. The key assumptions used to value the sold and retained interests included a payment rate of 12%, an excess spread of 0.8% and a discount rate of 5.75%. There are no expected credit losses as the mortgages are government guaranteed.

At July 31, 2001, the bank has a retained interest in $2.1 billion of securitized credit card loans ($1.1 billion at October 31, 2000) and in $1.3 billion of bank created and sold mortgage-backed securities ($1.0 billion at October 31, 2000). Retained interests in securitized assets are classified as Available for sale securities and temporary changes in fair value are recorded in Other comprehensive income.

Note 5: **Significant Capital Transactions**
In May 2001, the bank redeemed, for cash, all of the US$350 million issued and outstanding subordinated debentures due July 29, 2005.

In June 2001, the bank issued $250 million of Non-cumulative First preferred shares Series S at $25 per share. Holders will be entitled to receive non-cumulative preferential quarterly dividends in the amount of $0.38125 per share, to yield 6.10% annually. The initial dividend, in the amount of $0.2716 per share, will be paid on August 24, 2001, to shareholders of record on August 9, 2001.

In June 2001, the bank issued 67,412,853 shares for a value of $3.3 billion in exchange for the common shares of Centura Banks, Inc.

In June 2001, the bank announced the intention to repurchase up to 18 million of its common shares in a normal course issuer bid through the facilities of The Toronto Stock Exchange. For the period ended July 31, 2001, the bank repurchased 1,224,800 common shares at an average price of $49.50.

Subsequent event – On August 24, 2001, the bank will redeem all of the $300-million issued and outstanding Non-cumulative First preferred shares Series H for cash, at a redemption price of $25 per share.

Note 6: **Results by Business and Geographic Segments**

a) Quarterly Earnings by Business Segment (1)

	Personal & Commercial Banking			Insurance			Wealth Management			Corporate & Investment Banking		
(C$ millions)	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00
Net interest income on taxable equivalent basis	**$ 1,386**	$ 1,252	$ 1,208	**$ 54**	$ 53	$ 32	**$ 105**	$ 97	$ 93	**$ 127**	$ 133	$ (46)
Non-interest revenue	**460**	380	399	**87**	97	34	**698**	742	521	**565**	569	635
Gross revenues on taxable equivalent basis	**1,846**	1,632	1,607	**141**	150	66	**803**	839	614	**692**	702	589
Taxable equivalent adjustment	**3**	1	2	**–**	–	–	**–**	–	–	**5**	5	5
Gross revenues	**1,843**	1,631	1,605	**141**	150	66	**803**	839	614	**687**	697	584
Provision for credit losses	**175**	159	159	**–**	–	–	**1**	3	–	**68**	53	35
Non-interest expenses	**1,201**	922	952	**103**	93	49	**705**	729	462	**435**	462	369
Income taxes (2)	**229**	216	210	**(9)**	13	(7)	**41**	40	59	**84**	66	59
Net income	**238**	334	284	**47**	44	24	**56**	67	93	**100**	116	121
Net income as a % of total	**55**	53	51	**11**	7	4	**13**	11	17	**23**	19	22
Return on common equity (%)	**11.5**	25.3	19.5	**20.2**	19.4	35.1	**10.1**	12.2	41.6	**10.3**	13.5	18.5
Average assets ($ billions)	**147.9**	134.7	131.7	**6.9**	6.6	2.4	**12.4**	12.1	8.0	**164.1**	161.3	130.7
Average loans ($ billions)	**138.1**	130.0	127.6	**0.4**	0.4	–	**4.1**	4.6	2.7	**29.3**	30.6	31.7
Average deposits ($ billions)	**115.2**	105.3	99.4	**–**	–	–	**16.0**	15.8	14.5	**72.4**	75.5	61.3
Average common equity ($ billions)	**7.6**	5.3	5.5	**0.9**	0.9	0.3	**2.0**	2.0	0.9	**3.5**	3.3	2.4

	Transaction Processing			Other			Total		
	Q3 01	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00
Net interest income on taxable equivalent basis	**$ 35**	$ 35	$ 40	**$ 8**	$ (1)	$ (27)	**$ 1,715**	$ 1,569	$ 1,300
Non-interest revenue	**143**	140	136	**10**	12	(14)	**1,963**	1,940	1,711
Gross revenues on taxable equivalent basis	**178**	175	176	**18**	11	(41)	**3,678**	3,509	3,011
Taxable equivalent adjustment	**–**	–	–	**–**	–	–	**8**	6	7
Gross revenues	**178**	175	176	**18**	11	(41)	**3,670**	3,503	3,004
Provision for credit losses	**–**	(1)	(17)	**(8)**	(4)	(5)	**236**	210	172
Non-interest expenses	**120**	114	119	**34**	(57)	(37)	**2,598**	2,263	1,914
Income taxes (2)	**21**	25	32	**34**	46	2	**400**	406	355
Net income	**37**	37	42	**(42)**	26	(1)	**436**	624	563
Net income as a % of total	**8**	6	7	**(10)**	4	(1)	**100**	100	100
Return on common equity (%)	**29.5**	31.4	43.2	**–**	28.2	(1.6)	**10.8**	19.2	19.5
Average assets ($ billions)	**2.5**	2.3	1.5	**10.3**	9.9	10.8	**344.1**	326.9	285.1
Average loans ($ billions)	**2.1**	1.9	1.2	**–**	1.1	(0.9)	**174.0**	168.6	162.3
Average deposits ($ billions)	**7.9**	7.4	7.6	**12.8**	12.0	14.7	**224.3**	216.0	197.5
Average common equity ($ billions)	**0.5**	0.5	0.4	**0.1**	0.6	1.3	**14.6**	12.6	10.8

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust) and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Cash Management, Trade Finance, Correspondent Banking and Broker Dealers. "Other" consists largely of Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

(2) Includes non-controlling interest.

b) Quarterly Earnings by Geographic Segment

	Q3/01			Q2/01			Q3/00		
(C$ millions)	**Canada**	**Int'l**	**Total**	Canada	Int'l	Total	Canada	Int'l	Total
Net interest income on taxable equivalent basis	**$ 1,354**	**$ 361**	**$ 1,715**	$ 1,302	$ 267	$ 1,569	$ 1,209	$ 91	$ 1,300
Non-interest revenue	**1,213**	**750**	**1,963**	1,184	756	1,940	1,291	420	1,711
Gross revenues on taxable equivalent basis	**2,567**	**1,111**	**3,678**	2,486	1,023	3,509	2,500	511	3,011
Taxable equivalent adjustment	**8**	**–**	**8**	6	–	6	7	–	7
Gross revenues	**2,559**	**1,111**	**3,670**	2,480	1,023	3,503	2,493	511	3,004
Provision for credit losses	**174**	**62**	**236**	161	49	210	178	(6)	172
Non-interest expenses	**1,598**	**1,000**	**2,598**	1,527	736	2,263	1,614	300	1,914
Income taxes (1)	**411**	**(11)**	**400**	359	47	406	328	27	355
Net income	**$ 376**	**$ 60**	**$ 436**	$ 433	$ 191	$ 624	$ 373	$ 190	$ 563

(1) Includes non-controlling interest.

c) Nine-Month Earnings by Business Segment (1)

(C$ millions)	Personal & Commercial Banking 2001	Personal & Commercial Banking 2000	Insurance 2001	Insurance 2000	Wealth Management 2001	Wealth Management 2000	Corporate & Investment Banking 2001	Corporate & Investment Banking 2000
Net interest income on taxable equivalent basis	$ 3,907	$ 3,453	$ 151	$ 61	$ 293	$ 258	$ 271	$ 64
Non-interest revenue	1,355	1,158	243	119	2,066	1,585	1,846	1,696
Gross revenues on taxable equivalent basis	5,262	4,611	394	180	2,359	1,843	2,117	1,760
Tax equivalent adjustment	5	5	–	–	–	–	14	17
Gross revenues	5,257	4,606	394	180	2,359	1,843	2,103	1,743
Provision for credit losses	561	492	–	–	3	–	148	69
Non-interest expenses	3,085	2,735	272	123	1,969	1,346	1,349	1,081
Income taxes (2)	664	586	(8)	(21)	137	185	243	203
Net income	947	793	130	78	250	312	363	390
Net income as a % of total	54	48	7	5	14	19	21	24
Return on common equity (%)	20.1	19.5	20.5	39.6	18.2	48.2	14.0	22.0
Average assets ($ billions)	138.8	128.5	6.0	2.0	11.1	8.1	158.6	129.9
Average loans ($ billions)	132.5	124.5	0.3	–	4.0	2.6	30.9	31.3
Average deposits ($ billions)	108.1	97.9	–	–	15.5	14.3	73.3	60.6
Average common equity ($ billions)	6.1	5.1	0.8	0.3	1.7	0.8	3.2	2.2

	Transaction Processing 2001	Transaction Processing 2000	Other 2001	Other 2000	Total 2001	Total 2000
Net interest income on taxable equivalent basis	$ 110	$ 122	$ 25	$ (32)	$ 4,757	$ 3,926
Non-interest revenue	418	379	(38)	23	5,890	4,960
Gross revenues on taxable equivalent basis	528	501	(13)	(9)	10,647	8,886
Taxable equivalent adjustment	–	–	1	–	20	22
Gross revenues	528	501	(14)	(9)	10,627	8,864
Provision for credit losses	(2)	(17)	(16)	(27)	694	517
Non-interest expenses	348	333	(18)	(12)	7,005	5,606
Income taxes (2)	71	80	66	68	1,173	1,101
Net income	111	105	(46)	(38)	1,755	1,640
Net income as a % of total	6	6	(2)	(2)	100	100
Return on common equity (%)	30.1	33.6	–	(3.9)	16.8	19.4
Average assets ($ billions)	2.3	1.6	9.7	10.4	326.5	280.5
Average loans ($ billions)	1.9	1.2	0.5	(1.3)	170.1	158.3
Average deposits ($ billions)	7.6	7.6	12.3	13.0	216.8	193.4
Average common equity ($ billions)	0.5	0.4	0.8	1.8	13.1	10.6

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust) and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Cash Management, Trade Finance, Correspondent Banking and Broker Dealers. "Other" consists largely of Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

(2) Includes non-controlling interest.

d) Nine-Month Earnings by Geographic Segment

	For the nine months ended July 31			For the nine months ended July 31		
	2001	**2001**	**2001**	2000	2000	2000
(C$ millions)	**Canada**	**Int'l**	**Total**	Canada	Int'l	Total
Net interest income on taxable equivalent basis	$ 3,950	$ 807	$ 4,757	$ 3,515	$ 411	$ 3,926
Non-interest revenue	3,801	2,089	5,890	3,944	1,016	4,960
Gross revenues on taxable equivalent basis	7,751	2,896	10,647	7,459	1,427	8,886
Taxable equivalent adjustment	20	–	20	22	–	22
Gross revenues	7,731	2,896	10,627	7,437	1,427	8,864
Provision for credit losses	589	105	694	500	17	517
Non-interest expenses	4,826	2,179	7,005	4,794	812	5,606
Income taxes (1)	1,065	108	1,173	986	115	1,101
Net income	$ 1,251	$ 504	$ 1,755	$ 1,157	$ 483	$ 1,640

(1) Includes non-controlling interest.

Appendix: Credit Related Information (unaudited)

Nonaccrual Loans

(C$ millions)	July 31 2001	April 30 2001	January 31 2001	October 31 2000	July 31 2000
Nonaccrual loans (1)					
Residential mortgage	**$ 150**	$ 166	$ 168	$ 185	$ 169
Personal	**325**	294	291	247	259
Business and government	**1,718**	1,528	1,277	1,246	1,309
	$ 2,193	$ 1,988	$ 1,736	$ 1,678	$ 1,737
Nonaccrual loans as a % of related loans (including acceptances)					
Residential mortgage	**0.22%**	0.26%	0.26%	0.29%	0.27%
Personal	**1.03%**	0.99%	0.95%	0.88%	0.95%
Business and government loans and acceptances	**2.30%**	2.19%	1.82%	1.73%	1.88%
Total	**1.23%**	1.18%	1.03%	1.00%	1.06%

Allowance for Credit Losses

	For the three months ended			For the nine months ended	
(C$ millions)	July 31 2001	April 30 2001	July 31 2000	July 31 2001	July 31 2000
Allowance at beginning of period	**$ 2,061**	$ 2,056	$ 1,999	**$ 1,975**	$ 1,900
Provision for credit losses	**236**	210	172	**694**	517
Charge-offs					
Residential mortgage	**(4)**	(3)	(3)	**(10)**	(8)
Personal	**(105)**	(99)	(122)	**(299)**	(258)
Credit card	**(44)**	(46)	(29)	**(132)**	(104)
Business and government	**(71)**	(116)	(89)	**(281)**	(200)
	(224)	(264)	(243)	**(722)**	(570)
Recoveries					
Personal	**18**	15	10	**47**	28
Credit card	**11**	10	3	**30**	23
Business and government	**13**	9	14	**54**	42
	42	34	27	**131**	93
Net charge-offs	**(182)**	(230)	(216)	**(591)**	(477)
Centura Banks at date of acquisition	**157**			**157**	
Adjustments	**11**	25	15	**48**	30
Allowance at end of period	**$ 2,283**	$ 2,061	$ 1,970	**$ 2,283**	$ 1,970
Net charge-offs (excluding LDCs) as a % of average loans	**0.42%**	0.56%	0.53%	**0.46%**	0.40%
Net charge-offs as a % of average loans	**0.42%**	0.56%	0.53%	**0.46%**	0.40%
Allocation of allowance (1)					
Residential mortgage	**$ 45**	$ 45	$ 56	**$ 45**	$ 56
Personal	**440**	405	375	**440**	375
Credit card	**126**	122	54	**126**	54
Business and government	**1,340**	1,179	1,180	**1,340**	1,180
Allocated allowance	**1,951**	1,751	1,665	**1,951**	1,665
Unallocated allowance	**332**	310	305	**332**	305
Total	**$ 2,283**	$ 2,061	$ 1,970	**$ 2,283**	$ 1,970
Composition of allowance (1)					
Allocated specific	**$ 850**	$ 762	$ 781	**$ 850**	$ 781
Allocated country risk	**29**	29	29	**29**	29
Allocated general	**1,072**	960	855	**1,072**	855
Total allocated allowance	**1,951**	1,751	1,665	**1,951**	1,665
Unallocated allowance	**332**	310	305	**332**	305
	$ 2,283	$ 2,061	$ 1,970	**$ 2,283**	$ 1,970
Consisting of:					
Allowance for loan losses	**$ 2,173**	$ 1,951	$ 1,845	**$ 2,173**	$ 1,845
Allowance for off-balance sheet and other items (2)	**104**	104	119	**104**	119
Allowance for tax-exempt securities	**6**	6	6	**6**	6
Total	**$ 2,283**	$ 2,061	$ 1,970	**$ 2,283**	$ 1,970
Allowance for loan losses as a % of loans (including acceptances)	**1.2%**	1.2%	1.1%	**1.2%**	1.1%
Allowance for loan losses as a % of loans (including acceptances) and reverse repurchase agreements	**1.1%**	1.0%	1.0%	**1.1%**	1.0%
Allowance for loan losses as a % of nonaccrual loans (coverage ratio), excluding LDCs	**99%**	98%	107%	**99%**	107%

(1) The results for the quarter ending July 31, 2001, include RBC Centura. This includes $119 million of nonaccrual loans that were comprised of residential mortgages of $18 million, personal of $14 million and business and government of $87 million. The related allowance was $156 million and was comprised of residential mortgages of $2 million, personal of $27 million, cards of $4 million, business and government of $101 million and unallocated general of $22 million. The allocated allowance was comprised of specific of $22 million and general of $112 million.

(2) During 2000, the allowance for off-balance sheet and other items was separated and reported under Other liabilities. Previously, the amount was included in the allowance for loan losses.

Selected Financial Highlights (unaudited)

($ millions, except per share and percentage amounts)	Change from July 31 2000	As at and for the three months ended July 31 2001	April 30 2001	July 31 2000	Change from July 31 2000	For the nine months ended July 31 2001	July 31 2000
Earnings							
Net interest income (1)	32%	**$ 1,719**	$ 1,580	$ 1,300	21%	**$ 4,765**	$ 3,926
Other income	17	**2,008**	1,924	1,717	20	**5,960**	4,979
Gross revenues (1)	24	**3,727**	3,504	3,017	20	**10,725**	8,905
Provision for credit losses	37	**236**	210	172	34	**694**	517
Non-interest expenses	39	**2,638**	2,287	1,902	27	**7,087**	5,561
Net income	(14)	**492**	602	574	5	**1,755**	1,679
Return on common equity	(720)bp	**12.5%**	18.7%	19.7%	(280)bp	**16.9%**	19.7%
Return on common equity, cash basis (2)	(590)bp	**14.7%**	20.3%	20.6%	(200)bp	**18.5%**	20.5%
Economic Profit (3)	(14)%	**167**	207	195	(2)%	**546**	559
Balance sheet and off-balance sheet data							
Loans	15%	**$ 191,126**	$ 183,687	$ 165,531			
Assets	19	**329,974**	313,724	277,073			
Deposits	13	**222,291**	211,336	196,745			
Common equity	46	**16,181**	12,705	11,102			
Assets under administration	11	**1,271,800**	1,198,700	1,147,400			
Assets under management	16	**110,500**	110,400	95,200			
Capital ratios							
Common equity to risk-adjusted assets	230 bp	**9.5%**	8.0%	7.2%			
Tier 1 capital	80 bp	**9.3%**	8.8%	8.5%			
Total capital	80 bp	**12.3%**	12.3%	11.5%			
Common share information							
Shares outstanding (in thousands)							
End of period	14%	**683,312**	616,516	601,628	14%	**683,312**	601,628
Average basic	9	**658,296**	616,365	602,494	3	**627,954**	607,826
Average diluted	10	**663,996**	621,907	605,833	4	**633,641**	611,473
Earnings per share							
Basic	(23)	**$ 0.69**	$ 0.92	$ 0.90	1	**$ 2.63**	$ 2.60
Diluted	(24)	**0.68**	0.92	0.89	1	**2.61**	2.58
Cash basis, basic (2)	(14)	**0.81**	1.00	0.94	7	**2.88**	2.70
Cash basis, diluted (2)	(13)	**0.81**	1.00	0.93	7	**2.86**	2.68
Share price							
High (4)	25	**$ 51.50**	$ 51.25	$ 41.13	28	**$ 52.80**	$ 41.13
Low (4)	24	**42.80**	42.42	34.40	56	**42.42**	27.25
Close	29	**50.96**	42.95	39.65	29	**50.96**	39.65
Dividends per share	20	**0.36**	0.33	0.30	21	**1.02**	0.84
Book value per share – period end	28	**23.68**	20.61	18.46	28	**23.68**	18.46
Market capitalization ($ billions)	46	**34.8**	26.5	23.9	46	**34.8**	23.9
Number of:							
Employees (full-time equivalent) (5)	9,252	**58,136**	53,646	48,884			
Automated banking machines (6)	108	**4,636**	4,433	4,528			
Service delivery units:							
Canada	(24)	**1,322**	1,328	1,346			
International (7)	430	**720**	438	290			

(1) Taxable equivalent basis.
(2) Cash basis return on common equity, earnings per share and diluted earnings per share are computed by adding back to net income the after-tax amount of amortization for goodwill and other intangibles.
(3) Economic Profit represents cash operating earnings (i.e., net income available to common shareholders excluding the impact of one-time items and amortization of goodwill and other intangibles) less a charge for the cost of common equity of 12.5% in the third quarter of 2001, down from 13.5% in the second quarter of 2001.
(4) Intraday high and low share prices.
(5) The number of employees at July 31, 2001, includes 3,941 (3,861 at April 30, 2001) at Dain Rauscher; 1,049 (1,059 at April 30, 2001) at Liberty Life Insurance Company and Liberty Insurance Services Corporation (both acquired during the first quarter of 2001); and 3,430 at Centura Banks, Inc. (acquired during the third quarter of 2001).
(6) Includes 256 automated banking machines for Centura Banks, Inc.
(7) International service delivery units include branches, specialized business centres, representative offices and agencies. The number at July 31, 2001, includes 105 branches for Dain Rauscher Corporation acquired in the first quarter of 2001 and 241 branches for Centura Banks, Inc., acquired in the third quarter of 2001.

Interim Consolidated Financial Statements (unaudited)

Consolidated Balance Sheet (unaudited)

($ millions)	July 31 2001	April 30 2001	October 31 2000
Assets			
Cash resources			
Cash and deposits with banks	$ 2,157	$ 1,074	$ 947
Interest-bearing deposits with other banks	15,610	16,970	18,659
	17,767	18,044	19,606
Securities			
Trading account	54,145	51,059	43,016
Investment account	21,200	16,496	13,529
Loan substitute	457	476	465
	75,802	68,031	57,010
Loans			
Residential mortgage	67,343	64,557	62,984
Personal	31,418	29,713	28,019
Credit card	4,128	4,862	4,666
Business and government	65,309	60,053	60,546
Assets purchased under reverse repurchase agreements	25,101	26,453	18,303
	193,299	185,638	174,518
Allowance for loan losses	(2,173)	(1,951)	(1,871)
	191,126	183,687	172,647
Other			
Derivative-related amounts	18,713	19,711	19,155
Customers' liability under acceptances	9,621	9,734	11,628
Premises and equipment	1,477	1,315	1,249
Goodwill	4,174	2,350	648
Other intangibles	600	202	208
Other assets	10,694	10,650	7,589
	45,279	43,962	40,477
	$ 329,974	$ 313,724	$ 289,740
Liabilities and shareholders' equity			
Deposits			
Personal	$ 98,970	$ 93,010	$ 89,632
Business and government	100,728	99,743	93,618
Banks	22,593	18,583	19,646
	222,291	211,336	202,896
Other			
Acceptances	9,621	9,734	11,628
Obligations related to securities sold short	15,073	14,628	13,419
Obligations related to assets sold under repurchase agreements	14,010	15,877	9,005
Derivative-related amounts	19,286	19,770	18,574
Other liabilities	23,470	19,312	14,149
	81,460	79,321	66,775
Subordinated debentures	6,296	6,836	5,825
Non-controlling interest in subsidiaries	1,453	1,481	703
Shareholders' equity			
Capital stock			
Preferred	2,293	2,045	2,037
Common (shares issued and outstanding – 683,312,319; 616,516,287; and 602,397,936)	7,055	3,729	3,076
Retained earnings	9,126	8,976	8,428
	18,474	14,750	13,541
	$ 329,974	$ 313,724	$ 289,740

Consolidated Statement of Income (unaudited)

($ millions, except per share data)	For the three months ended July 31 2001	April 30 2001	July 31 2000	For the nine months ended July 31 2001	July 31 2000
Interest income					
Loans	**$ 3,260**	$ 3,357	$ 3,183	**$ 10,071**	$ 9,215
Securities	**815**	783	639	**2,344**	1,853
Deposits with banks	**228**	229	246	**719**	710
	4,303	4,369	4,068	**13,134**	11,778
Interest expense					
Deposits	**2,077**	2,245	2,330	**6,818**	6,543
Other liabilities	**412**	445	358	**1,265**	1,084
Subordinated debentures	**103**	105	87	**306**	247
	2,592	2,795	2,775	**8,389**	7,874
Net interest income	**1,711**	1,574	1,293	**4,745**	3,904
Other income					
Capital market fees	**473**	518	429	**1,410**	1,297
Trading revenues	**407**	457	446	**1,432**	1,185
Deposit and payment service charges	**232**	201	191	**637**	550
Investment management and custodial fees	**229**	240	185	**667**	507
Mutual fund revenues	**140**	134	135	**412**	390
Card service revenues	**125**	101	111	**342**	328
Credit fees	**60**	56	57	**178**	158
Insurance revenues	**69**	40	25	**162**	120
Foreign exchange revenue, other than trading	**80**	79	76	**228**	216
Securitization revenues	**38**	19	26	**74**	98
Gain (loss) on sale of securities	**4**	(56)	(9)	**(92)**	11
Other	**151**	135	45	**510**	119
	2,008	1,924	1,717	**5,960**	4,979
Gross revenues	**3,719**	3,498	3,010	**10,705**	8,883
Provision for credit losses	**236**	210	172	**694**	517
	3,483	3,288	2,838	**10,011**	8,366
Non-interest expenses					
Human resources	**1,538**	1,337	1,171	**4,208**	3,445
Occupancy	**174**	162	153	**517**	424
Equipment	**217**	180	165	**559**	487
Communications	**178**	172	166	**505**	498
Other	**531**	436	247	**1,298**	707
	2,638	2,287	1,902	**7,087**	5,561
Net income before income taxes	**845**	1,001	936	**2,924**	2,805
Income taxes	**325**	370	360	**1,090**	1,120
Net income before non-controlling interest	**520**	631	576	**1,834**	1,685
Non-controlling interest in net income of subsidiaries	**28**	29	2	**79**	6
Net income	**$ 492**	$ 602	$ 574	**$ 1,755**	$ 1,679
Preferred share dividends	**37**	33	34	**104**	100
Net income available to common shareholders	**$ 455**	$ 569	$ 540	**$ 1,651**	$ 1,579
Average number of common shares (in thousands)	**658,296**	616,365	602,494	**627,954**	607,826
Earnings per share (in dollars)	**$ 0.69**	$ 0.92	$ 0.90	**$ 2.63**	$ 2.60
Average number of diluted common shares (in thousands)	**663,996**	621,907	605,833	**633,641**	611,473
Diluted earnings per share (in dollars)	**$ 0.68**	$ 0.92	$ 0.89	**$ 2.61**	$ 2.58

Consolidated Statement of Changes in Shareholders' Equity (unaudited)

	For the three months ended			For the nine months ended	
	July 31	April 30	July 31	**July 31**	July 31
($ millions)	**2001**	2001	2000	**2001**	2000
Preferred shares					
Balance at beginning of period	**$ 2,045**	$ 2,024	$ 2,014	**$ 2,037**	$ 2,009
Shares issued	**250**	–	–	**250**	–
Translation adjustment on shares denominated in foreign currency	**(2)**	21	4	**6**	9
Balance at end of period	**2,293**	2,045	2,018	**2,293**	2,018
Common shares					
Balance at beginning of period	**3,729**	3,716	3,061	**3,076**	3,065
Shares issued and options granted on acquisition of a subsidiary	**3,338**	13	13	**3,991**	89
Purchased for cancellation	**(12)**	–	(19)	**(12)**	(99)
Balance at end of period	**7,055**	3,729	3,055	**7,055**	3,055
Retained earnings					
Balance at beginning of period	**8,976**	8,616	7,813	**8,428**	7,541
Net income	**492**	602	574	**1,755**	1,679
Preferred share dividends	**(37)**	(33)	(34)	**(104)**	(100)
Common share dividends	**(246)**	(204)	(180)	**(653)**	(508)
Cumulative effect of initial adoption of Employee Future Benefits accounting standard, net of related income taxes	**–**	–	–	**(221)**	–
Premium paid on common shares purchased for cancellation	**(49)**	–	(122)	**(49)**	(562)
Issuance costs, net of related income taxes	**(6)**	–	(4)	**(19)**	(4)
Unrealized foreign currency translation gains and losses, net of hedging activities and related income taxes	**(4)**	(5)	–	**(11)**	1
Balance at end of period	**9,126**	8,976	8,047	**9,126**	8,047
Shareholders' equity at end of period	**$ 18,474**	$ 14,750	$ 13,120	**$ 18,474**	$ 13,120

Consolidated Statement of Cash Flows (unaudited)

($ millions)	For the three months ended July 31 2001	April 30 2001	July 31 2000	For the nine months ended July 31 2001	July 31 2000
Cash flows from operating activities					
Net income	$ **492**	$ 602	$ 574	$ **1,755**	$ 1,679
Adjustments to determine net cash provided by (used in) operating activities					
Provision for credit losses	**236**	210	172	**694**	517
Depreciation	**95**	93	92	**275**	264
Restructuring charges	**91**	–	–	**91**	–
Amortization of goodwill and other intangibles	**81**	50	23	**161**	61
Loss (gain) on sale of assets	**(4)**	(9)	(1)	**–**	(5)
Net decrease in accrued interest receivable and payable	**(104)**	(33)	210	**(89)**	(40)
Net loss (gain) on sale of investment securities	**(4)**	56	9	**92**	(11)
Changes in operating assets and liabilities:					
Deferred income taxes	**130**	(28)	(7)	**(193)**	(16)
Current income taxes payable	**34**	56	(1)	**(143)**	(472)
Unrealized gains and amounts receivable on derivative contracts	**1,000**	(172)	2,800	**451**	(204)
Unrealized losses and amounts payable on derivative contracts	**(486)**	536	(2,342)	**710**	(37)
Trading account securities	**(3,086)**	(3,282)	(3,560)	**(10,635)**	(4,651)
Obligations related to securities sold short	**439**	610	(1,681)	**1,577**	(5,752)
Other	**(870)**	(2,339)	(30)	**(3,246)**	(72)
Net cash provided by (used in) operating activities	**(1,956)**	(3,650)	(3,742)	**(8,500)**	(8,739)
Cash flows from investing activities					
Change in loans	**2,975**	(166)	(567)	**2,380**	(7,626)
Proceeds from sale of investment securities	**3,992**	2,776	2,237	**8,878**	7,753
Proceeds from the maturity of investment securities	**4,316**	4,270	3,739	**11,520**	9,944
Purchases of investment securities	**(8,189)**	(8,460)	(6,754)	**(21,476)**	(17,904)
Change in loan substitute securities	**19**	(12)	16	**8**	44
Change in interest-bearing deposits with other banks	**1,389**	(626)	(2,398)	**3,196**	1,737
Net acquisitions of premises and equipment	**(14)**	(71)	(73)	**(157)**	(190)
Change in assets purchased under reverse repurchase agreements	**1,352**	(4,740)	4,319	**(6,743)**	5,172
Net cash used in acquisition of subsidiaries	**–**	–	–	**(2,706)**	(323)
Net cash provided by (used in) investing activities	**5,840**	(7,029)	519	**(5,100)**	(1,393)
Cash flows from financing activities					
Issue of RBC Trust Capital Securities (RBC TruCS™)	**–**	–	650	**750**	650
Change in deposits	**(240)**	8,214	1,113	**8,073**	8,731
Issue of subordinated debentures	**–**	525	–	**1,025**	500
Subordinated debentures matured	**–**	–	(20)	**(27)**	(20)
Subordinated debentures redeemed	**(538)**	–	–	**(538)**	–
Issue of preferred shares	**250**	–	–	**250**	–
Issuance costs	**(6)**	–	(4)	**(19)**	(4)
Issue of common shares	**22**	13	13	**654**	38
Common shares purchased for cancellation	**(61)**	–	(141)	**(61)**	(660)
Dividends paid	**(237)**	(238)	(196)	**(689)**	(576)
Change in assets sold under repurchase agreements	**(2,003)**	1,160	672	**4,783**	(1,566)
Change in liabilities of subsidiaries	**(477)**	1,090	1,005	**120**	2,286
Net cash provided by (used in) financing activities	**(3,290)**	10,764	3,092	**14,321**	9,379
Net change in cash and deposits with banks	**594**	85	(131)	**721**	(753)
Cash and deposits with banks at beginning of period	**1,074**	989	1,838	**947**	2,460
Cash acquired on acquisition of subsidiary	**489**	–	–	**489**	–
Cash and deposits with banks at end of period	$ **2,157**	$ 1,074	$ 1,707	$ **2,157**	$ 1,707

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, 2000, and the unaudited interim consolidated financial statements for the three and six months ended January 31, 2001, and April 30, 2001, respectively. Certain comparative amounts have been reclassified to conform with 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, 2000, on pages 58A to 60A in the 2000 Annual Report, except as noted in the unaudited interim consolidated financial statements for the three and six months ended January 31, 2001, and April 30, 2001, and below.

Future Accounting Changes

The Canadian Institute of Chartered Accountants issued new Handbook Sections 1581, *Business Combinations*, and 3062, *Goodwill and Other Intangible Assets,* effective for fiscal years beginning after December 31, 2001, except certain provisions that were effective June 30, 2001, with early adoption permitted. The bank will adopt the new standards in their entirety as of November 1, 2001.

The standards require that all business combinations be accounted for using the purchase method. Goodwill will no longer be amortized to income and will be assessed for impairment in accordance with the new standard.

Goodwill amortized to income for the three months ended July 31, 2001, was $70 million ($142 million for the nine months ended July 31, 2001).

Note 2: **Acquisitions and Dispositions**

The bank accounts for all acquisitions using the purchase method. Goodwill has been estimated using the best available information as at the date of these financial statements and may be adjusted for up to one year after the transaction closes.

a) Centura Banks, Inc.

On June 5, 2001, the bank acquired 100% of the common shares of Centura Banks, Inc. (Centura). As a result of the acquisition, each Centura common share outstanding was converted into 1.684 Royal Bank common shares. The total consideration paid in respect of the acquisition of Centura amounted to $3.3 billion, based on the exchange of approximately 67 million Royal Bank common shares.

The excess of approximately $2.3 billion of the purchase price over the estimated fair value of the net tangible assets acquired was first allocated to identifiable intangible assets (primarily core deposit intangible) of $407 million, with the residual of approximately $1.9 billion allocated to goodwill.

The core deposit intangible is amortized on a straight-line basis over the estimated useful life of 10 years. Goodwill is amortized on a straight-line basis over the expected benefit period of 20 years.

Had this transaction closed at the beginning of the fiscal year, it would have resulted in additional net income of $3 million for the three months ended July 31, 2001 ($59 million for the nine months ended July 31, 2001), and a decrease of $0.02 in earnings per share for the three months ended July 31, 2001 ($0.12 for the nine months ended July 31, 2001). This calculation combines the bank's results of operations with Centura's reported earnings adjusted for goodwill amortization, core deposit intangible amortization and significant merger-related items that would not have been recorded in the period had this transaction occurred at the beginning of the fiscal year.

As a result of the acquisition of Centura, operations in the United States were restructured. Restructuring costs of $91 million were recorded in the three months ended July 31, 2001, which include $22 million for staff termination, $42 million for premises and equipment and $27 million for other costs directly related to the restructuring plan. The remaining accrual balance in Other liabilities at the end of the quarter was $31 million.

b) Tucker Anthony Sutro Corporation

On August 1, 2001, the bank announced the intention to acquire 100% of Tucker Anthony Sutro Corporation (Tucker Anthony Sutro) and merge it with RBC Dain Rauscher. Following the acquisition the name of the combined entity will be RBC Dain Rauscher. The purchase price is estimated at approximately US$625 million cash consideration based on 25 million Tucker Anthony Sutro shares expected to be outstanding on the date of acquisition. The excess of approximately US$320 million of the purchase price over the estimated fair value of the net tangible assets acquired will first be allocated to identifiable intangible assets, with the residual allocated to goodwill. The acquisition, which is subject to approval by Canadian and U.S. regulators and shareholders of Tucker Anthony Sutro, and other customary closing conditions, is expected to close in the fall of this year.

c) RT Capital Management Inc.

Subsequent event – On August 15, 2001, the bank closed the sale of its institutional asset management business operated by RT Capital Management Inc. The proceeds on disposition are $350 million, subject to certain conditions, whereby the bank expects to realize an after-tax gain of approximately $250 million.

Note 3: **Loan Securitizations**

The bank early-adopted AcG-12, *Transfers of Receivables*, for loan securitizations occurring after March 31, 2001. Loan securitizations are accounted for as sales when the bank is deemed to have surrendered control over such assets and consideration other than beneficial interests in these transferred assets have been received in exchange. Gains on the transactions are recognized in Securitization revenues. Retained interests in securitized assets are classified as Investment account securities and carried at their amortized cost and assessed at each reporting period for impairment.

In June 2001, the bank sold a $1 billion undivided interest in credit card loans to a trust and received cash proceeds of $1 billion and retained the rights to future excess interest earned on the credit card loans valued at $10 million. As part of the proceeds the bank assumed a servicing liability valued at $3 million. A gain on sale of $7 million was recognized in Securitization revenues based on the allocation of previous carrying amounts to interests sold and retained based on their fair value. The key assumptions used to value these interests included a payment rate of 40.17%, an excess spread of 6.57%, net of expected credit losses of 1.68%, and a discount rate of 12%. The credit card loans were sold on a fully serviced basis and, as a result, the bank recognizes a servicing liability of approximately 2% of the investor principal outstanding on an annual basis.

In June 2001, the bank securitized $575 million of government guaranteed residential mortgage loans through the creation of mortgage-backed securities, and subsequently sold $500 million of those securities. The bank received net cash proceeds of $498 million and retained the rights to future excess interest on the residential mortgages valued at $14 million. A gain on sale, net of transaction costs, of $12 million was recognized in Securitization revenues. The bank retained the responsibility for servicing the mortgages and recognizes revenues for servicing as services are provided. The key assumptions used to value the sold and retained interests included a payment rate of 12%, an excess spread of 0.8% and a discount rate of 5.75%. There are no expected credit losses as the mortgages are government guaranteed.

At July 31, 2001, the bank has a retained interest in $2.1 billion of securitized credit card loans ($1.1 billion at October 31, 2000) and in $1.3 billion of bank created and sold mortgage-backed securities ($1.0 billion at October 31, 2000).

Note 4: **Significant Capital Transactions**

In May 2001, the bank redeemed, for cash, all of the US$350 million issued and outstanding subordinated debentures due July 29, 2005.

In June 2001, the bank issued $250 million of Non-cumulative First preferred shares Series S at $25 per share. Holders will be entitled to receive non-cumulative preferential quarterly dividends in the amount of $0.38125 per share, to yield 6.10% annually. The initial dividend, in the amount of $0.2716 per share, will be paid on August 24, 2001, to shareholders of record on August 9, 2001.

In June 2001, the bank issued 67,412,853 shares for a value of $3.3 billion in exchange for the common shares of Centura Banks, Inc.

In June 2001, the bank announced the intention to repurchase up to 18 million of its common shares in a normal course issuer bid through the facilities of The Toronto Stock Exchange. For the period ended July 31, 2001, the bank repurchased 1,224,800 common shares at an average price of $49.50.

Subsequent event – On August 24, 2001, the bank will redeem all of the $300 million issued and outstanding Non-cumulative First preferred shares Series H for cash, at a redemption price of $25 per share.

Note 5: **Results by Business and Geographic Segments**

a) Quarterly Earnings by Business Segment (1)

	Personal & Commercial Banking			Insurance			Wealth Management			Corporate & Investment Banking		
($ millions)	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00
Net interest income on taxable equivalent basis	**$ 1,386**	$ 1,251	$ 1,208	**$ 54**	$ 53	$ 32	**$ 105**	$ 97	$ 93	**$ 127**	$ 133	$ (46)
Other income	**506**	411	399	**88**	65	38	**699**	742	521	**566**	568	635
Gross revenues on taxable equivalent basis	**1,892**	1,662	1,607	**142**	118	70	**804**	839	614	**693**	701	589
Tax equivalent adjustment	**3**	1	2	**–**	–	–	**–**	–	–	**5**	5	5
Gross revenues	**1,889**	1,661	1,605	**142**	118	70	**804**	839	614	**688**	696	584
Provision for credit losses	**175**	159	159	**–**	–	–	**1**	3	–	**68**	53	35
Non-interest expenses	**1,240**	947	946	**105**	93	49	**704**	728	460	**435**	462	366
Income taxes (2)	**204**	227	212	**(4)**	(7)	(5)	**41**	41	60	**85**	67	60
Net income	**270**	328	288	**41**	32	26	**58**	67	94	**100**	114	123
Net income as a % of total	**55**	55	50	**8**	5	5	**12**	11	16	**20**	19	22
Return on common equity (%)	**13.1**	24.7	19.8	**17.1**	13.9	37.8	**10.4**	12.4	42.1	**10.5**	13.2	18.8
Average assets ($ billions)	**147.9**	134.7	131.7	**5.7**	5.5	2.4	**12.4**	12.1	8.0	**161.2**	157.7	130.7
Average loans and bankers' acceptances ($ billions)	**137.9**	130.0	127.5	**0.4**	0.4	–	**4.1**	4.6	2.7	**61.6**	61.2	52.7
Average deposits ($ billions)	**115.2**	105.3	99.4	**–**	–	–	**16.0**	15.8	14.5	**69.4**	71.9	61.3
Average common equity ($ billions)	**7.6**	5.3	5.5	**0.9**	0.9	0.3	**2.0**	2.0	0.9	**3.5**	3.3	2.4

	Transaction Processing			Other			Total		
	Q3 01	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00	**Q3 01**	Q2 01	Q3 00
Net interest income on taxable equivalent basis	**$ 35**	$ 35	$ 40	**$ 12**	$ 11	$ (27)	**$ 1,719**	$ 1,580	$ 1,300
Other income	**143**	140	136	**6**	(2)	(12)	**2,008**	1,924	1,717
Gross revenues on taxable equivalent basis	**178**	175	176	**18**	9	(39)	**3,727**	3,504	3,017
Tax equivalent adjustment	**–**	–	–	**–**	–	–	**8**	6	7
Gross revenues	**178**	175	176	**18**	9	(39)	**3,719**	3,498	3,010
Provision for credit losses	**–**	(1)	(17)	**(8)**	(4)	(5)	**236**	210	172
Non-interest expenses	**120**	114	119	**34**	(57)	(38)	**2,638**	2,287	1,902
Income taxes (2)	**21**	25	32	**6**	46	3	**353**	399	362
Net income	**37**	37	42	**(14)**	24	1	**492**	602	574
Net income as a % of total	**8**	6	7	**(3)**	4	–	**100**	100	100
Return on common equity (%)	**29.5**	31.5	43.2	**–**	34.0	(1.1)	**12.5**	18.7	–
Average assets ($ billions)	**2.5**	2.3	1.5	**9.3**	9.6	7.7	**339.0**	321.9	282.0
Average loans and bankers' acceptances ($ billions)	**2.1**	1.9	1.2	**(0.9)**	(0.8)	(2.6)	**205.2**	197.3	181.5
Average deposits ($ billions)	**7.9**	7.4	7.6	**12.7**	12.4	11.3	**221.2**	212.8	194.1
Average common equity ($ billions)	**0.5**	0.5	0.4	**–**	0.5	1.4	**14.5**	12.5	10.9

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust) and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Cash Management, Trade Finance, Correspondent Banking and Broker Dealers. "Other" consists largely of Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.

(2) Includes non-controlling interest.

b) Quarterly Earnings by Geographic Segment

	Q3/01			Q2/01			Q3/00		
($ millions)	**Canada**	**Int'l**	**Total**	Canada	Int'l	Total	Canada	Int'l	Total
Net interest income on taxable equivalent basis	**$ 1,358**	**$ 361**	**$ 1,719**	$ 1,313	$ 267	$ 1,580	$ 1,209	$ 91	$ 1,300
Other income	**1,253**	**755**	**2,008**	1,219	705	1,924	1,297	420	1,717
Gross revenues on taxable equivalent basis	**2,611**	**1,116**	**3,727**	2,532	972	3,504	2,506	511	3,017
Tax equivalent adjustment	**8**	**–**	**8**	6	–	6	7	–	7
Gross revenues	**2,603**	**1,116**	**3,719**	2,526	972	3,498	2,499	511	3,010
Provision for credit losses	**174**	**62**	**236**	161	49	210	178	(6)	172
Non-interest expenses	**1,636**	**1,002**	**2,638**	1,551	736	2,287	1,602	300	1,902
Income taxes (1)	**372**	**(19)**	**353**	380	19	399	335	27	362
Net income	**$ 421**	**$ 71**	**$ 492**	$ 434	$ 168	$ 602	$ 384	$ 190	$ 574

(1) Includes non-controlling interest.

c) Nine-Month Earnings by Business Segment (1)

($ millions)	Personal & Commercial Banking 2001	Personal & Commercial Banking 2000	Insurance 2001	Insurance 2000	Wealth Management 2001	Wealth Management 2000	Corporate & Investment Banking 2001	Corporate & Investment Banking 2000
Net interest income on taxable equivalent basis	**$ 3,906**	$ 3,453	**$ 151**	$ 61	**$ 293**	$ 258	**$ 272**	$ 64
Other income	**1,454**	1,158	**220**	129	**2,067**	1,585	**1,838**	1,696
Gross revenues on taxable equivalent basis	**5,360**	4,611	**371**	190	**2,360**	1,843	**2,110**	1,760
Tax equivalent adjustment	**5**	5	**–**	–	**–**	–	**14**	17
Gross revenues	**5,355**	4,606	**371**	190	**2,360**	1,843	**2,096**	1,743
Provision for credit losses	**561**	492	**–**	–	**3**	–	**148**	69
Non-interest expenses	**3,167**	2,711	**274**	123	**1,966**	1,339	**1,349**	1,072
Income taxes (2)	**673**	596	**(16)**	(15)	**138**	189	**250**	207
Net income	**954**	807	**113**	82	**253**	315	**349**	395
Net income as a % of total	**54**	48	**6**	5	**14**	19	**20**	24
Return on common equity (%)	**20.2**	19.8	**17.5**	42.0	**18.4**	48.7	**13.4**	22.3
Average assets ($ billions)	**138.8**	128.4	**5.0**	2.0	**11.0**	8.1	**155.6**	129.9
Average loans and bankers' acceptances ($ billions)	**132.4**	124.4	**0.3**	–	**4.0**	2.6	**60.2**	52.9
Average deposits ($ billions)	**108.1**	97.9	**–**	–	**15.5**	14.3	**70.2**	60.6
Average common equity ($ billions)	**6.0**	5.1	**0.8**	0.3	**1.7**	0.8	**3.2**	2.2

	Transaction Processing 2001	Transaction Processing 2000	Other 2001	Other 2000	Total 2001	Total 2000
Net interest income on taxable equivalent basis	**$ 110**	$ 122	**$ 33**	$ (32)	**$ 4,765**	$ 3,926
Other income	**418**	379	**(37)**	32	**5,960**	4,979
Gross revenues on taxable equivalent basis	**528**	501	**(4)**	–	**10,725**	8,905
Taxable equivalent adjustment	**–**	–	**1**	–	**20**	22
Gross revenues	**528**	501	**(5)**	–	**10,705**	8,883
Provision for credit losses	**(2)**	(17)	**(16)**	(27)	**694**	517
Non-interest expenses	**347**	333	**(16)**	(17)	**7,087**	5,561
Income taxes (2)	**72**	80	**52**	69	**1,169**	1,126
Net income	**111**	105	**(25)**	(25)	**1,755**	1,679
Net income as a % of total	**6**	6	**–**	(2)	**100**	100
Return on common equity (%)	**30.1**	33.6	**7.9**	(3.0)	**16.9**	19.7
Average assets ($ billions)	**2.3**	1.6	**9.0**	8.5	**321.7**	278.5
Average loans and bankers' acceptances ($ billions)	**1.9**	1.2	**(0.9)**	(3.1)	**197.9**	178.0
Average deposits ($ billions)	**7.6**	7.6	**12.3**	10.9	**213.7**	191.3
Average common equity ($ billions)	**0.5**	0.4	**0.9**	1.9	**13.1**	10.7

(1) Personal & Commercial Banking includes the Personal & Commercial Banking Business, Card Services, Prism Financial, RBC Centura and the Caribbean. Insurance comprises travel, life, health, creditor, home, auto and reinsurance products. Wealth Management includes Global Private Banking, RBC Global Asset Management (Investment Management, Mutual Funds), Canadian Private Client Group (Action Direct, Private Client Division, Royal Financial Planning™, RBC Private Counsel, Personal Trust, Private Banking & Trust) and Dain Rauscher. Corporate & Investment Banking comprises Global Banking, Global Equity, Global Markets, Royal Bank Capital Partners and Dain Rauscher Wessels. Transaction Processing consists of Global Securities Services (Custody), Cash Management, Trade Finance, Correspondent Banking and Broker Dealers. "Other" consists largely of Corporate Treasury, Corporate Resources, Systems & Technology and Real Estate Operations.
(2) Includes non-controlling interest.

d) Nine-Month Earnings by Geographic Segment

($ millions)	**For the nine months ended July 31 2001 Canada**	**2001 Int'l**	**2001 Total**	For the nine months ended July 31 2000 Canada	2000 Int'l	2000 Total
Net interest income on taxable equivalent basis	**$ 3,958**	**$ 807**	**$ 4,765**	$ 3,515	$ 411	$ 3,926
Other income	**3,921**	**2,039**	**5,960**	3,964	1,015	4,979
Gross revenues on taxable equivalent basis	**7,879**	**2,846**	**10,725**	7,479	1,426	8,905
Taxable equivalent adjustment	**20**	**–**	**20**	22	–	22
Gross revenues	**7,859**	**2,846**	**10,705**	7,457	1,426	8,883
Provision for credit losses	**589**	**105**	**694**	500	17	517
Non-interest expenses	**4,906**	**2,181**	**7,087**	4,749	812	5,561
Income taxes (1)	**1,091**	**78**	**1,169**	1,011	115	1,126
Net income	**$ 1,273**	**$ 482**	**$ 1,755**	$ 1,197	$ 482	$ 1,679

(1) Includes non-controlling interest.

Note 6: **Reconciliation of Canadian and U.S. Generally Accepted Accounting Principles**

($ millions)	Three months ended July 31 2001 Net income	Nine months ended July 31 2001 Net income	As at July 31 2001 Shareholders' equity	As at July 31 2001 Assets
Canadian GAAP	**$ 492**	**$ 1,755**	**$ 18,474**	**$ 329,974**
Derivative instruments and hedging activities (1)	**(2)**	**(2)**	**(58)**	**591**
Substantively enacted tax rate change (2)	**(59)**	**(16)**	**–**	**–**
Reclassification of securities	**–**	**–**	**115**	**115**
Trade date accounting	**–**	**–**	**–**	**147**
Insurance accounting	**6**	**18**	**1**	**1,210**
Other	**(1)**	**–**	**30**	**2,865**
U.S. GAAP	**$ 436**	**$ 1,755**	**$ 18,562**	**$ 334,902**

($ millions)	Three months ended July 31 2000 Net income	Nine months ended July 31 2000 Net income	As at July 31 2000 Shareholders' equity	As at July 31 2000 Assets
Canadian GAAP	$ 574	$ 1,679	$ 13,120	$ 277,073
Reclassification of securities	–	–	(65)	(65)
Postretirement benefits other than pensions (3)	(9)	(26)	(154)	116
Pension benefits (3)	3	4	(23)	(23)
Trade date accounting	–	–	–	(77)
Insurance accounting	(2)	(4)	12	303
Other	(3)	(13)	4	3,388
U.S. GAAP	$ 563	$ 1,640	$ 12,894	$ 280,715

($ millions)	Three months ended April 30 2001 Net income	As at April 30 2001 Shareholders' equity	As at April 30 2001 Assets
Canadian GAAP	$ 602	$ 14,750	$ 313,724
Derivative instruments and hedging activities (1)	4	(33)	604
Substantively enacted tax rate change (2)	10	59	59
Reclassification of securities	–	49	49
Trade date accounting	–	–	321
Insurance accounting	8	(9)	1,183
Other	–	31	3,003
U.S. GAAP	$ 624	$ 14,847	$ 318,943

(1) Under U.S. GAAP all derivatives are recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in Net income, or if the derivative is designated as a cash flow hedge, in Other comprehensive income. Under Canadian GAAP only derivatives used in sales and trading activities are recorded on the balance sheet at fair value. Recording derivatives in accordance with U.S. GAAP decreased net income by $2 million for the three months ended July 31, 2001, and for the nine months then ended; increased other assets by $848 million, deposits by $209 million, other liabilities by $279 million and subordinated debentures by $161 million; and decreased cash resources by $34 million, securities by $27 million, loans by $196 million and shareholders' equity by $58 million as at July 31, 2001.

(2) Under U.S. GAAP, the effects of changes in tax rates on deferred income taxes are recorded when the tax rate change has been passed into law. Under Canadian GAAP, these effects are recorded when the tax rate change has been substantively enacted. The reduction in the corporate tax rate announced by the Minister of Finance of Canada on December 13, 2000, and considered substantively enacted on that date, has been passed into law on June 14, 2001. Adjusting for the effects of this enactment in accordance with U.S. GAAP reduced net income by $59 million for the three months ended July 31, 2001, and by $16 million for the nine months then ended.

(3) The bank adopted the new accounting standard issued by the CICA for Employee Future Benefits which requires the bank to accrue the costs of all postretirement benefits over the working lives of employees instead of the previous method of expensing costs when paid. The new standard also requires a change to the discount rate used to value future benefit obligations from an estimated long-term rate to a market-based interest rate. As a result of adopting this new standard on November 1, 2000, there are no longer differences between Canadian and U.S. GAAP related to employee future benefits accounting.

(4) As at October 31, 2000, shareholders' equity and assets were $13,541 and $289,740, respectively, under Canadian GAAP and $13,297 and $294,054, respectively, under U.S. GAAP.

For a complete discussion of the reasons for U.S. and Canadian GAAP differences see Note 17 to the consolidated financial statements for the year ended October 31, 2000, on page 77A of the 2000 Annual Report.

Appendix: Credit Related Information (unaudited)

Impaired Loans

($ millions)	July 31 2001	April 30 2001	January 31 2001	October 31 2000	July 31 2000
Net impaired loans (1), (2)					
Residential mortgage	$ 126	$ 142	$ 144	$ 157	$ 132
Personal	122	105	98	51	70
Business and government	1,066	950	708	695	725
Total before general allowance	1,314	1,197	950	903	927
General allowance	(1,300)	(1,166)	(1,166)	(1,102)	(1,041)
Total	$ 14	$ 31	$ (216)	$ (199)	$ (114)
Net impaired loans as a % of related loans and acceptances					
Residential mortgage	0.19%	0.22%	0.23%	0.25%	0.21%
Personal	0.39%	0.36%	0.32%	0.18%	0.26%
Business and government loans and acceptances	1.07%	0.99%	0.78%	0.77%	0.86%
Total before general allowance	0.65%	0.62%	0.50%	0.49%	0.52%
Total	0.01%	0.02%	(0.11)%	(0.11)%	(0.06)%

Allowance for Credit Losses

	For the three months ended			For the nine months ended	
($ millions)	July 31 2001	April 30 2001	July 31 2000	July 31 2001	July 31 2000
Allowance at beginning of period	$ 2,061	$ 2,056	$ 1,999	$ 1,975	$ 1,900
Provision for credit losses	236	210	172	694	517
Write-offs					
Residential mortgage	(4)	(3)	(3)	(10)	(8)
Personal	(105)	(99)	(122)	(299)	(258)
Credit card	(44)	(46)	(29)	(132)	(104)
Business and government	(71)	(116)	(89)	(281)	(200)
	(224)	(264)	(243)	(722)	(570)
Recoveries					
Personal	18	15	10	47	28
Credit card	11	10	3	30	23
Business and government	13	9	14	54	42
	42	34	27	131	93
Net write-offs	(182)	(230)	(216)	(591)	(477)
Centura Banks at date of acquisition	157			157	
Adjustments	11	25	15	48	30
Allowance at end of period	$ 2,283	$ 2,061	$ 1,970	$ 2,283	$ 1,970
Net write-offs (excluding LDCs) as a % of average loans and acceptances	0.35%	0.48%	0.47%	0.40%	0.36%
Net write-offs as a % of average loans and acceptances	0.35%	0.48%	0.47%	0.40%	0.36%
Allocation of allowance (2)					
Residential mortgage	$ 45	$ 45	$ 56	$ 45	$ 56
Personal	440	405	375	440	375
Credit card	126	122	54	126	54
Business and government	1,340	1,179	1,180	1,340	1,180
Allocated allowance	1,951	1,751	1,665	1,951	1,665
General unallocated allowance	332	310	305	332	305
Total	$ 2,283	$ 2,061	$ 1,970	$ 2,283	$ 1,970
Composition of allowance (2)					
Specific, including allowance for loan substitute securities	$ 850	$ 762	$ 781	$ 850	$ 781
Country risk	29	29	29	29	29
General allocated allowance for credit losses	1,072	960	855	1,072	855
General unallocated allowance for credit losses	332	310	305	332	305
Total allowance for credit losses	$ 2,283	$ 2,061	$ 1,970	$ 2,283	$ 1,970
Consisting of:					
Allowance for loan losses	$ 2,173	$ 1,951	$ 1,845	$ 2,173	$ 1,845
Allowance for off-balance sheet and other items (3)	104	104	119	104	119
Allowance for loan substitute securities	6	6	6	6	6
Total	$ 2,283	$ 2,061	$ 1,970	$ 2,283	$ 1,970
Allowance for loan losses as a % of loans (including reverse repurchase agreements) and acceptances	1.1%	1.0%	1.0%	1.1%	1.0%
Allowance for loan losses as a % of gross impaired loans (coverage ratio), excluding LDCs	99%	98%	107%	99%	107%

(1) Impaired loans are net of specific allowance.
(2) The results for the quarter ending July 31, 2001, include RBC Centura. This includes $97 million of impaired loans, net of specific allowance, that were comprised of residential mortgages of $16 million, personal of $8 million and business and government of $73 million. The related allowance was $156 million and was comprised of residential mortgages of $2 million, personal of $27 million, cards of $4 million, business and government of $101 million and unallocated general of $22 million. The allocated allowance was comprised of specific of $22 million and general of $112 million.
(3) During 2000, the allowance for off-balance sheet and other items was separated and reported under Other liabilities. Previously, the amount was included in the allowance for loan losses.

Appendix: Share Information (unaudited)

(Number of shares in thousands)	July 31 2001	April 30 2001	October 31 2000
First preferred shares (1)			
Non-cumulative Series E	**1,500**	1,500	1,500
Non-cumulative Series H	**12,000**	12,000	12,000
US$ Non-cumulative Series I	**8,000**	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**	–	–
	75,500	65,500	65,500
Series 2010 and 2011 trust securities issued by RBC Capital Trust (2)	**1,400**	1,400	650
Class B and C shares issued by Royal Bank DS Holdings Inc. (1)	**1,939**	1,939	1,961
Stock options (3)			
Outstanding at end of period	**30,735**	31,440	25,877
Exercisable at end of period	**13,254**	13,886	8,881
Common shares	**683,312**	616,516	602,398

(1) Details provided in Royal Bank of Canada's 2000 Annual Report Notes 7 and 11 on pages 66 and 71, respectively.

(2) Reported in Non-controlling interest in subsidiaries in 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 2000, 5,618,600 stock options were issued with Stock Appreciation Rights (SARs) attached. A participant is entitled to exercise either an option or the corresponding SAR. On January 10, 2001, 1,884,438 stock options were issued to employees of Dain Rauscher as partial consideration for acquisition. On June 5, 2001, 130,000 stock options were granted to former executives of Centura Banks, Inc., now executives of RBC Centura.

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www.royalbank.com

Transfer Agent and Registrar

Main Agent
Montreal Trust Company of Canada

Street address:
1800 McGill College Avenue
Montreal, Quebec
Canada H3A 3K9
Tel: (514) 982-7555, or
1-866-982-7494
Fax: (514) 982-7635

Mailing address:
P.O. Box 890, Station "B"
Montreal, Quebec
Canada H3B 3K5

Web site:
www.montrealtrust.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
U.S.
New York Stock Exchange
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 dividend paid in October 2000 did not affect the Valuation Day value for the bank's common shares.

Shareholder Contact
For change of address, shareholders are requested to write to the bank's Transfer Agent, Montreal 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 1-866-982-7494.

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 calling (416) 955-7806 or by visiting our Web site *www.royalbank.com/investorrelation*

Annual Meeting Will Be Held on February 22, 2002
The bank's next Annual Meeting of Common Shareholders will be held on Friday, February 22, 2002, at the North Building, Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario.

2001 Quarterly Earnings Release Dates

First quarter	Feb. 23
Second quarter	May 23
Third quarter	Aug. 21
Fourth quarter	Nov. 20

Direct Deposit Service
Shareholders may have their dividends deposited by electronic funds transfer directly to an account at any financial institution that is a member of the Canadian Payments Association. To arrange for this, please write to Montreal 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.

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 market 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.

Dividend Dates for 2001
Subject to approval by the Board of Directors.

	Record dates	Payment dates
Common and preferred shares series H, I, J, K, N, O and P	Jan. 24	Feb. 23
	Apr. 24	May 24
	Jul. 25	Aug. 24
	Oct. 24	Nov. 23
Preferred shares series S	Aug. 9	Aug. 24
	Oct. 24	Nov. 23
Preferred shares series E	Last trading day of each month	12th day of the following month