



**RBC
Financial
Group**

Third Quarter 2002

Quarterly Results Slides

August 20, 2002

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Financial overview

*Third quarter 2002 financial highlights**

- Net income of \$722 MM, up 24% from Q3/01
 - up 11% excluding goodwill amortization in Q3/01 of \$70 MM
- EPS (diluted) of \$1.02, up 24% from Q3/01
 - up 10% excluding goodwill amortization in Q3/01 of \$0.11 per share
- ROE of 16.1%
- Net income from U.S. acquisitions \$65 MM vs. \$(2) MM in Q3/01
- Operating revenues up 5% (down 2% excluding acquisitions)
- Operating expenses up 4% (down 3% excluding acquisitions)
- Nonaccrual loans down \$158 MM or 6% from Q2/02
- Specific provision for credit losses \$216 MM or 0.41% of average loans (including reverse repos) and BAs (Cdn. GAAP)

*Excluding special items in Q3/01 (see chart 7)

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Financial overview

*Key third quarter 2002 numbers**

C\$ millions

	U.S. GAAP		Cdn. GAAP	
	Q3/02	9 mos.'02	Q3/02	9 mos.'02
Net income	\$722	\$2,166	\$697	\$2,096
Net income growth	24%	21%	20%	19%
Net income growth ex. goodwill amort.	11%	12%	8%	10%
EPS - diluted	\$1.02	\$3.07	\$0.99	\$2.98
EPS growth	24%	15%	21%	14%
EPS growth ex. goodwill amort.	10%	6%	8%	5%
ROE	16.1%	16.7%	15.6%	16.2%
Operating rev. growth ex. acqs.**	(2)%	-	(3)%	-
Operating NIE growth ex. acqs.**	(3)%	(5)%	(3)%	(4)%

* Growth vs. Q3/01 and 9 mos.'01, excluding special items (see chart 7)

** Operating revenue and expense growth excluding recent U.S. acquisitions. Operating expenses exclude special items, costs of SARs and certain acquisition expenses such as retention compensation, while operating revenues exclude special items

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Financial overview

Impact of accounting standard*

C\$ millions (excluding special items**)	Q3/02	Q2/02	Q3/01	9 mos.	
				2002	2001
Core net income	\$722	\$710	\$582	\$2,166	\$1,790
Goodwill amort. expense***	-	-	70	-	144
Core net income (excl. goodwill amort. expense)	\$722	\$710	\$652	\$2,166	\$1,934
Core EPS - diluted	\$1.02	\$1.01	\$0.82	\$3.07	\$2.66
Goodwill amort. expense***	-	-	0.11	-	0.23
Core EPS (excl. goodwill amort. expense)	\$1.02	\$1.01	\$0.93	\$3.07	\$2.89

* On November 1, 2001, the bank adopted new accounting standards in Canada and the U.S. regarding business combinations under which goodwill is no longer amortized

** Excluding special items (see chart 7) ***Net of tax

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Financial overview

Performance vs. objectives – 9 months 2002

	Objectives* for 2002	Performance* 9 mos.'02
<u>Profitability measures</u>		
ROE	17-19%	16.7%
EPS growth - diluted	5-10%	15%
EPS growth - diluted, ex. goodwill amort.		6%
Revenue growth	7-10%	13%
Operating revenue growth**		13%
Operating expense growth**	< op.rev.growth	11%
Specific PCL/avg. loans, BAs & reverse repos (Cdn. GAAP)	0.45-0.55%	0.53% net 0.51%***
<u>Capital ratios (OSFI)</u>		
Tier 1 capital	maintain strong	9.1%
Total capital	capital ratios	12.7%

* Excluding special items (for ROE and growth in EPS, revenues and expenses). Growth is over 9 mos.'01

** Operating expenses and revenues defined on chart 4. Excluding recent U.S. acquisitions, operating revenues were flat and operating expenses were down 5%

*** Net of effect of credit derivative gains and losses discussed on chart 40

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Financial overview

Special items* – Q3/01 and 9 mos.'01

C\$ millions	Q3/01		9 mos.'01	
	US GAAP	CDN GAAP	US GAAP	CDN GAAP
Non-interest revenue				
Gain on formation of Moneris (RBC GS)	-	-	89	89
Gain on sale of GRS (RBCInv/RBCB**)	-	-	43	43
Non-interest expense				
U.S. retail bank restructuring (RBCB)	(91)	(91)	(91)	(91)
Total impact (pre-tax)	(91)	(91)	41	41
Impact (after-tax)	(57)	(57)	54	54
Deferred income tax adjustments:				
RBC Banking	(36)	(5)	(36)	(24)
RBC Insurance	-	-	-	2
RBC Investments	(5)	(5)	(5)	(5)
RBC Capital Markets	(24)	(15)	(24)	(25)
"Other" segment	(24)	(5)	(24)	(11)
Total impact (after-tax)	(146)	(87)	(35)	(9)
Impact on EPS – diluted	(0.22)	(0.14)	(0.05)	(0.01)

* There were no special items in Q3/02 or 9 mos.'02

**\$36 million (\$28 million after-tax) in RBCInv and \$7 million (\$6 million after-tax) in RBCB

RBCB = RBC Banking, RBCInv = RBC Investments, RBCGS = RBC Global Services, GRS = Group Retirement Services

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Business segment results

Third quarter 2002 operating highlights

RBC Banking

- Acquired Eagle Bancshares Inc. of Tucker, GA on July 22 for approx. US\$149 million
- RBC Centura completed the rollout of new information systems which provide its retail branch employees with strengthened sales and customer service capabilities
- RBC Centura completed the conversion of the Largo, FL and Atlanta, GA offices of SFNB into full service RBC Centura Banking Centers

RBC Insurance

- Launched a new online sales resource centre to provide life insurance professionals that sell RBC Insurance life products with sales tools and information
- Completed the migration and consolidation of the business process outsourcing and admin. functions acquired from Genelco from St. Louis, MO to Greenville, SC

RBC Investments

- RBC Global Private Banking acquired the private banking business of Barclays PLC in the Americas on June 28
- RBC Funds Inc. successfully transferred the sub-advisor mandate of the Royal European Growth Fund to RBC Global Investment Management Inc.

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Business segment results

Third quarter 2002 operating highlights

RBC Capital Markets

- For the first half of the calendar year, RBC Capital Markets ranked 2nd in North America in number of technology/communications M&A advisory assignments
- Acted as joint lead manager and book runner for the \$892 million common share component of Nortel's latest financing; acted as senior co-manager and Cdn. coordinator for a US\$1 billion marketed equity offering for Thomson Corp.

RBC Global Services

- Ranked 3rd in the world for global custody service quality by *Global Investor* magazine; also named "Best Global Custodian"
- Launched a program called Benchmark Commission Recapture that rebates a portion of trading brokerage commissions back to participating institutional funds; Benchmark also announced a strategic alliance with RiskMetrics Group



Business segment results

Third quarter 2002

C\$ millions (excluding special items*)	Net income		Economic	
	Net income	Net income growth*	Profit	ROE
RBC Banking	\$ 393	22%	\$ 174	19.9%
RBC Insurance	49	4	28	26.6
RBC Investments	84	38	(3)	10.7
RBC Capital Markets	102	(18)	(19)	9.6
RBC Global Services	49	4	31	32.4
Other	45	n.m.	5	n.m.
Total Bank	\$ 722	24%	\$ 216	16.1%

*Growth over Q3/01; excluding special items in Q3/01 (see chart 7)



Business segment results

9 months 2002

C\$ millions (excluding special items*)	Net income		Economic	
	Net income	Net income growth*	Profit	ROE
RBC Banking	\$ 1,144	23%	\$ 437	19.1%
RBC Insurance	139	7	72	25.4
RBC Investments	250	10	(23)	10.7
RBC Capital Markets	343	(11)	(34)	10.9
RBC Global Services	129	(8)	72	28.4
Other	161	n.m.	88	n.m.
Total Bank	\$ 2,166	21%	\$ 612	16.7%

*Growth over 9 months 2001; excluding special items in 9 months 2001 (see chart 7)

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Business segment results

RBC Banking

C\$ millions (excluding special items*)	Q3/02 vs.			9 mos.'02 vs.	
	Q3/02	Q2/02	Q3/01	9 mos.'02	9 mos.'01
Revenue	\$ 1,894	2%	1%	\$ 5,731	9%
NIE	1,109	-	(4)	3,359	8
NIE ex. g/w amort.**	1,109	-	(2)	3,359	9
Specific PCL	145	(8)	(17)	504	3
Total PCL***	145	(8)	(17)	504	(10)
Net income	393	9	22	1,144	23
Net income ex. g/w amortization	393	9	15	1,144	20
Economic Profit	174	41	87	437	31
ROE	19.9%	↑ 150 bp	↑ 400 bp	19.1%	↓ 80 bp
Avg. com. equity	7,600	(3)%	-	7,800	30%

* See chart 7 for special items

** Goodwill amortization expense was \$22 million in Q3/01 and \$27 million in 9 mos.'01

*** Includes general provision of \$70 million in Q1/01

RBC Centura (which includes RBC Mortgage and what was previously Security First Network Bank) contributed \$90 million of the revenue growth and \$25 million of the core NIE growth from Q3/01. Excluding U.S. acquisitions, revenues fell 5% and NIE fell 7%. See chart 18 for net income contribution of RBC Centura

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Business segment results

RBC Insurance

C\$ millions	Q3/02 vs.			9 mos.'02 vs.	
	Q3/02	Q2/02	Q3/01	9 mos.'02	9 mos.'01
Premiums & deposits	\$ 536	17%	22 %	\$ 1,474	10%
Revenue	139	1	(1)	408	4
NIE	91	(2)	(12)	278	2
NIE ex. g/w amort.*	91	(2)	(10)	278	5
Net income	49	2	4	139	7
Net income ex. g/w amortization	49	2	-	139	1
Economic Profit	28	12	56	72	38
ROE	26.6%	-	↑ 640 bp	25.4%	↑ 490 bp
Avg. com. equity	700	-	(22)%	700	(13)%

* Goodwill amortization expense was \$2 million in Q3/01 and \$8 million in 9 mos.'01

See chart 18 for net income contribution of RBC Liberty Insurance

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Business segment results

RBC Investments

C\$ millions (excluding special items*)	Q3/02 vs.			9 mos.'02 vs.	
	Q3/02	Q2/02	Q3/01	9 mos.'02	9 mos.'01
Revenue	\$ 897	(2)%	18%	\$ 2,767	26%
NIE	770	(5)	17	2,411	31
NIE ex. g/w amort.**	770	(5)	21	2,411	36
Specific/total PCL	-	n.m.	n.m.	(2)	n.m.
Net income	84	8	38	250	10
Net income ex. g/w amortization	84	8	(2)	250	(11)
Economic Profit	(3)	77	(115)	(23)	(122)
ROE	10.7%	↑ 50 bp	↓ 40 bp	10.7%	↓ 570 bp
Avg. com. equity	3,000	-	50%	3,000	76%

* See chart 7 for special items

** Goodwill amortization expense was \$25 million in Q3/01 and \$55 million in 9 mos.'01

RBC Dain Rauscher (which includes Tucker Anthony Sutro) contributed \$174 million of the revenue growth and \$125 million of the NIE growth from Q3/01. See chart 18 for net income contribution of RBC Dain Rauscher (including Tucker Anthony Sutro)

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Business segment results

RBC Capital Markets

C\$ millions (excluding special items*)	Q3/02 vs.			9 mos.'02 vs.	
	Q3/02	Q2/02	Q3/01	9 mos.'02	9 mos.'01
Revenue	\$ 650	(3)%	(6)%	\$ 2,045	(3)%
NIE	414	7	(5)	1,220	(10)
NIE ex. g/w amort.*	414	7	(2)	1,220	(7)
Specific/total PCL	76	(57)	12	348	135
Net income	102	7	(18)	343	(11)
Net income ex. g/w amortization	102	7	(24)	343	(18)
Economic Profit	(19)	32	(219)	(34)	(145)
ROE	9.6%	↑ 20 bp	↓ 350 bp	10.9%	↓ 410 bp
Avg. com. equity	4,000	3%	14%	4,000	25%

* See chart 7 for special items

** Goodwill amortization expense was \$12 million in Q3/01 and \$31 million in 9 mos.'01

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Business segment results

RBC Global Services

C\$ millions (excluding special items*)	Q3/02 vs.			9 mos.'02 vs.	
	Q3/02	Q2/02	Q3/01	9 mos.'02	9 mos.'01
Revenue**	\$ 221	16%	16%	\$ 605	6%
NIE**	149	16	20	411	14
NIE ex. g/w amort.***	149	16	22	411	16
Specific/total PCL	2	(33)	n.m.	7	n.m.
Net income	49	23	4	129	(8)
Net income ex. g/w amortization	49	23	-	129	(12)
Economic Profit	31	48	-	72	(18)
ROE	32.4%	↑ 530 bp	↓ 140 bp	28.4%	↓ 570 bp
Avg. com. equity	600	-	20%	600	20%

* See chart 7 for special items

** Growth in revenue and NIE from Q3/01 was impacted by the July 2001 acquisition of Perpetual Fund Services and a change in accounting for services provided by RBC to Moneris. Effective November 2001, these services provided to Moneris have been accounted for as revenues, while previously they were treated as cost recoveries. Excluding these two factors, revenues and NIE growth would have been 6% and 4%, respectively in Q3/02

*** Goodwill amortization expense was \$2 million in Q3/01 and \$6 million in 9 mos.'01

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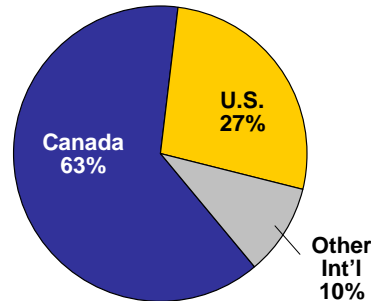
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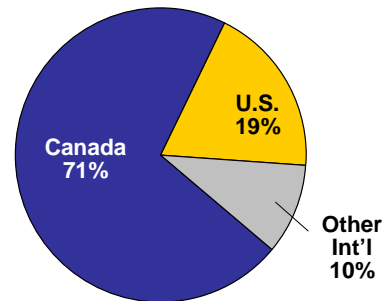
Expansion outside Canada

Proportion of total U.S. revenues growing*

9 months 2002 revenues



9 months 2001 revenues*



- Total U.S. net income was \$144 million (7% of total) in 9 months 2002 vs. \$30 million (2% of total) in 9 months 2001, or \$117 million (6% of total) in 9 months 2001 excluding goodwill amortization expense

*Excluding special items (see chart 7); taxable equivalent basis

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U.S. acquisition* contributions

Upward trend in earnings from U.S. acquisitions

C\$ millions

	Net income*				
	Q3/02	Q2/02	Q1/02	Q4/01	Q3/01**
RBC Centura***	\$ 49	\$ 42	\$ 58	\$ 11	\$ 11
RBC Liberty Insurance	6	8	3	9	12
RBC Dain Rauscher****	10	(15)	(8)	(22)	(25)
Total U.S. acquisitions	\$ 65	\$ 35	\$ 53	\$ (2)	\$ (2)

* Does not include Dain Rauscher Wessels, whose operations have been integrated into RBC Capital Markets since early 2002. Excluding goodwill amortization expense, core net income was \$38 million in Q4/01 and \$32 million in Q3/01 for RBC Centura, \$12 million in Q4/01 and \$13 million in Q3/01 for RBC Liberty Insurance and \$(10) million in Q4/01 and \$(13) million in Q3/01 for RBC Dain Rauscher

** Excludes \$57 million (after-tax) of non-interest expenses related to U.S. retail bank restructuring

*** RBC Centura (acquired in Q3/01) includes RBC Mortgage and what was previously Security First Network Bank

**** Includes Tucker Anthony Sutro beginning October 31, 2001

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Retention compensation costs

Q3/02 as forecasted

C\$ millions

	Q3/02*		Q2/02*		Q1/02*		Q4/01		Q3/01	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
RBCInv	23	14	24	15	36	22	26	16	29	18
RBCCM	11	7	8	5	20	12	25	15	23	14
Total	34	21	32	20	56	34	51	31	52	32

* Includes Tucker Anthony Sutro (\$9 million in WM, \$6 million after-tax in Q3/02)

RBCInv = RBC Investments RBCCM = RBC Capital Markets



Retention compensation costs

Retention compensation costs to fall after 2002

C\$ millions

	2001 A		2002 F*		2003 F*		2004 F*		2005 F*	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
RBCInv	88	54	107	66	65	40	48	30	30	18
RBCCM	88	54	51	31	22	13	5	3	1	1
Total	176	108	158	97	87	53	53	33	31	19

- For Q4/02 retention compensation is expected to be approx. \$23 million (\$14 million after-tax) for RBC Investments and \$11 million (\$7 million after-tax) for RBC Capital Markets

* Forecast. Nil in 2006. Tucker Anthony Sutro retention compensation cost forecast, included in RBC Investments, is approx. \$10 million each quarter (\$7 million after-tax) up to 2004 and \$29 million in 2005 (\$18 million after-tax)

RBCInv = RBC Investments RBCCM = RBC Capital Markets



Stock option disclosure

Stock options to be expensed starting in 2003

- Intend to expense stock options commencing Q1/03 using “Fair Value”* method of accounting
- Plan to implement under both Cdn. and U.S. GAAP
- **Cdn. GAAP** permits prospective application (ie. for new awards granted after November 1, 2002); expected impact of adoption on EPS to be approx. \$0.02-\$0.04 in fiscal 2003, rising to approx. \$0.09 to \$0.12 in 2006**
- **U.S. GAAP** currently requires prospective application (EPS impact as above). FASB looking at other accounting treatments, including prospective application

* Using an option pricing model to determine a value to be amortized to income over the vesting period (4 years)

** Calculations based on option grant size similar to the grant made in November 2001 and various other assumptions

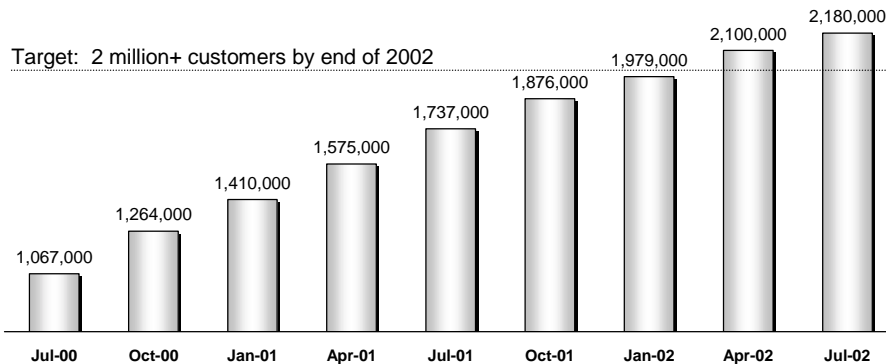
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Online customers update

Penetration rate continues to increase

- 2,180,000 customers at July 31, 2002 (1,810,000 banking and 370,000 brokerage)
- 22% Canadian customer penetration

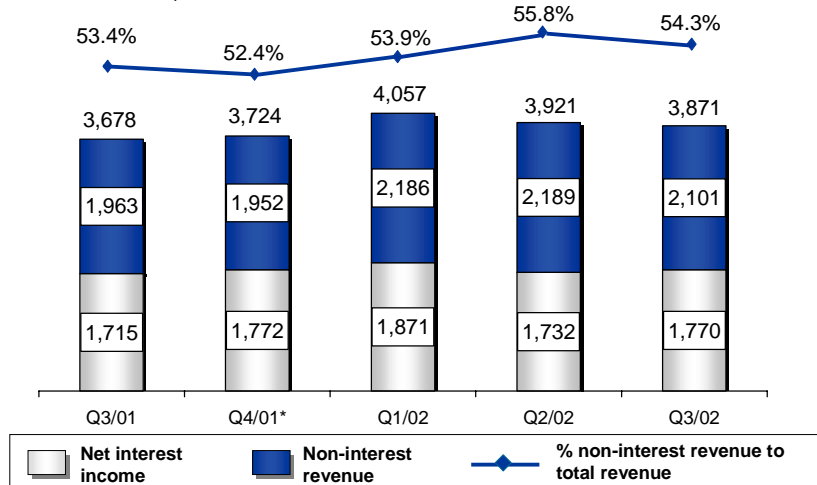


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Revenue growth

C\$ millions, taxable equivalent basis



*Excluding special revenue items in Q4/01 of \$313 million related to the divestiture of a business

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Revenue growth

Non-interest revenue

C\$ millions

	Q2/02		Q3/02 vs. Q3/01		9 mos.'02 vs. 9 mos.'01	
	\$	%	\$	%	\$	%
Non-interest revenue growth	\$ (88)	(4)%	\$ 138	7%	\$ 586	10%
Less: special items*	-	-	-	-	(132)	-
Non-interest revenue growth – core	\$ (88)	(4)%	\$ 138	7%	\$ 718	12%
Due to:						
Securitization revenues	\$ (19)	(33)%	\$ -	-	\$ 51	67%
Capital market fees	(7)	(1)	80	21	293	26
Mortgage banking	-	-	(6)	(10)	34	23
Deposit & payment service charges	12	5	30	13	129	20
Investment management and custodial fees	16	5	36	13	80	10
Mutual fund revenues	5	3	9	5	32	6
Insurance	-	-	2	3	9	5
Trading revenues	56	15	33	8	(152)	(11)
Other**	(151)	(36)	(46)	(15)	242	31

* Special items shown in chart 7

** Includes credit derivative gains and losses discussed on slide 40

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Revenue growth

Capital market fees

C\$ millions

	Q3/02	Q3/02 vs.		9 mos. 2002	9 mos.'02 vs. 9 mos.'01
		Q2/02	Q3/01		
Full-service brokerage*	\$ 273	(7)%	32%	\$ 897	44%
Institutional	175	11	14	484	9
Discount brokerage	16	(24)	(30)	59	(25)
Total capital market fees	\$ 464	(1)%	21%	1,440	26%

* Affected by the acquisitions of Dain Rauscher on January 10, 2001 and of Tucker Anthony Sutro on October 31, 2001

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Revenue growth

Net interest margin

	Q3/02	Q2/02	Q3/01
Net interest margin	1.91%	1.91%	1.98%
Change in margin		-	(7) b.p.
Due to:			
Global equity derivatives		1	6
Impact of RBC Centura*		-	2
Prime-core deposit spread		2	(11)
Other		(3)	(4)
		-	(7)
Avg. Canadian prime rate	4.20%	3.79%	6.29%

* RBC Centura includes RBC Mortgage and what was previously Security First Network Bank

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Cost control

Operating expenses

C\$ millions	Q3/02	Q2/02	Q3/01	9 mos. 2002	9 mos. 2001
Core NIE	\$ 2,515	\$ 2,519	\$ 2,507	\$ 7,643	\$ 6,914
Less:					
• Retention compensation costs	34	32	52	122	125
• Stock Appreciation Rights costs	(15)	17	50	28	43
Operating NIE*	\$ 2,496	\$ 2,470	\$ 2,405	\$ 7,493	6,746
Operating NIE growth		1%	4%**		11%**

- * Operating expenses defined on chart 4
 ** Largely reflects acquisitions made after Q3/01

Performance-related costs

- Variable compensation expenses were \$550 million in Q3/02, \$517 million in Q2/02, \$510 million in Q3/01, \$1,646 million in 9 months 2002 and \$1,589 million in 9 months 2001.
- Excluding variable compensation costs, operating NIE growth in Q3/02 would have been flat compared to Q2/02 and 3% compared to Q3/01, and in 9 months 2002 would have been 13% compared to 9 months 2001

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Cost control

Good cost discipline excluding acquisitions

C\$ millions	Q3/02	Q2/02	Q3/01	9 mos. 2002	9 mos. 2001
Operating NIE*	\$ 2,496	\$ 2,470	\$ 2,405	\$ 7,493	\$ 6,746
Less: NIE of recent U.S. acqs.**	642	691	489	2,049	1,041
Operating NIE excl. U.S. acqs.	\$ 1,854	\$ 1,779	\$ 1,916	\$ 5,444	\$ 5,705
Growth excl. U.S. acquisitions		4%	(3)%		(5)%
Operating revenues*	\$ 3,871	\$ 3,921	\$ 3,678	\$ 11,849	\$ 10,515
Less: revenues of recent U.S. acquisitions**	788	787	535	2,427	1,106
Operating revenues excl. U.S. acquisitions	\$ 3,083	\$ 3,134	\$ 3,143	\$ 9,422	\$ 9,409
Growth excl. U.S. acquisitions		(2)%	(2)%		0%

* Operating expenses and revenues defined on chart 4

**Represents NIE (excluding retention compensation costs) and revenues of RBC Centura (includes RBC Mortgage, Security First Network Bank and Eagle Bancshares), RBC Liberty Insurance and RBC Dain Rauscher (includes Tucker Anthony Sutro). Dain Rauscher Wessels is not included as its operations have been integrated into RBC Capital Markets since early 2002

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Cost control

Cost of Stock Appreciation Rights (SARs)

	End of period share price	\$ share price change during quarter	SAR expense/ (recovery) (\$MM)	Impact on EPS (\$/share)
Q3/02*	\$53.45	-1.52	(15)	+0.01
Q2/02*	\$54.97	+4.97	17	-0.02
Q1/02	\$50.00	+3.20	26	-0.02
Q4/01	\$46.80	-4.16	(20)	+0.02
Q3/01	\$50.96	+8.01	50	-0.05
Q2/01	\$42.95	-5.25	(16)	+0.01
Q1/01	\$48.20	-0.10	9	-
Q4/00	\$48.30	+8.65	37	-0.04
Q3/00	\$39.65	+4.70	13	-0.01
Q2/00	\$34.95	+5.42	2	-

* Starting in Q2/02 under U.S. GAAP, the SAR expense is based on an estimate of 40% of all participants exercising SARs and 60% exercising options (based on historical data). Under Canadian GAAP, the SAR expense must be based on 100% of all participants exercising SARs. See chart 30 for Canadian GAAP numbers.

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US GAAP



Cost control

Impact of SAR expense in Q3/02

C\$ millions

	U.S. GAAP		
	Q3/02	Q2/02	Q3/01
SAR expense/(recovery)	\$ (15)	\$ 17	\$ 50
\$ change in SAR expense		(32)	(65)
	Canadian GAAP		
	Q3/02	Q2/02	Q3/01
SAR expense/(recovery)	\$ (21)	\$ 46	\$ 50
\$ change in SAR expense		(67)	(71)

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Solid balance sheet

*Growth in total consumer loans**

C\$ millions

	July 31, 2002 vs.			
	April 30, 2002		July 31, 2001	
Residential mortgages**	\$ 1,462	2%	\$ 4,724	7%
Personal loans	(70)	-	(42)	-
Credit cards**	187	3	221	4
Total consumer loans	\$ 1,579	1%	\$ 4,903	4%
Business & government loans	(349)	-	(2,995)	(4)
Total gross loans	\$ 1,230	1%	\$ 1,908	1%
less: allowance for loan losses	(120)	(5)	45	2
Total net loans	\$ 1,350	1%	\$ 1,863	1%

* Includes gross loan balances at Q3/02 of \$1.1 billion (approx. \$0.6 billion in res. mortgages and \$0.5 billion in business & gov't loans) related to Eagle Bancshares (acquired on July 22, 2002) and \$0.6 billion related to the private banking business of Barclays PLC in the Americas (acquired on June 28, 2002)

** Growth is before the impact of sold and unsold balances of mortgage-backed securities of \$5.1 billion at Q3/02, \$4.2 billion at Q2/02 and \$4.5 billion at Q3/01 and before the impact of securitized credit card loan balances of \$1.7 billion at Q3/02, \$1.8 billion at Q2/02 and \$2.1 billion at Q3/01

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US GAAP



Rabobank transaction

History

- June 21, Rabobank initiated an action in New York against RBC in an effort to nullify its obligation under the terms of a January 31, 2001 "total return swap"
- June 24, RBC instituted proceedings against Rabobank in London alleging that Rabobank had repudiated its obligations under the swap
- July 31, RBC filed motion to dismiss or stay Rabobank's New York lawsuit arguing, among other things, that the swap transaction is governed by English law, was negotiated in London and involves witnesses resident in the U.K., and thus London is the more appropriate jurisdiction in which to resolve the dispute, or, in the alternative, that the action fails to state a claim as matter of law

Accounting treatment

- US\$517 million (C\$820 million) of receivables due from Rabobank, representing the value at maturity of the derivative contract that is the subject of the litigation, is recorded in "Other assets"
- While the outcome of any litigation cannot be predicted with certainty, we expect to recover this amount in its entirety and accordingly have not recorded any provision for loss

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Capital strength

Maintaining strong capital ratios

Capital ratios:

(using OSFI guidelines)

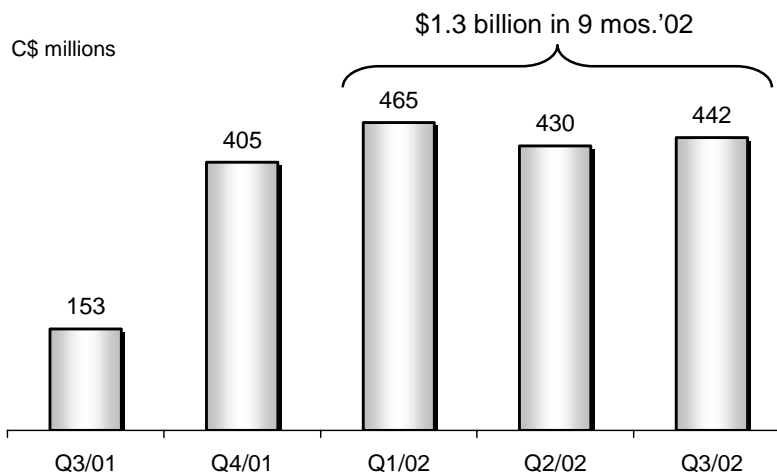
	<u>Q3/02</u>	<u>Q2/02</u>	<u>Q3/01</u>
• Tier 1 ratio:	9.1%	9.0%	9.3%
• Total capital ratio:	12.7%	12.6%	12.3%

Share repurchases:

- Repurchased 3.3 million common shares for \$168 million in Q3/02 under normal course issuer bid
 - 0.4 million repurchased for \$23 million at average price of \$55.77 per share under bid which ended in June 2002
 - 2.9 million repurchased for \$145 million at average price of \$50.90 per share under renewed bid which began on June 24, 2002

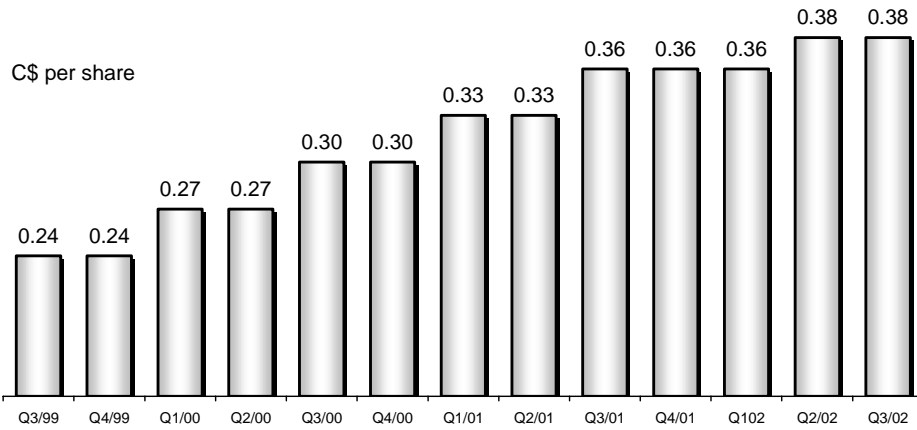


Substantial internal capital generation





Common share dividends



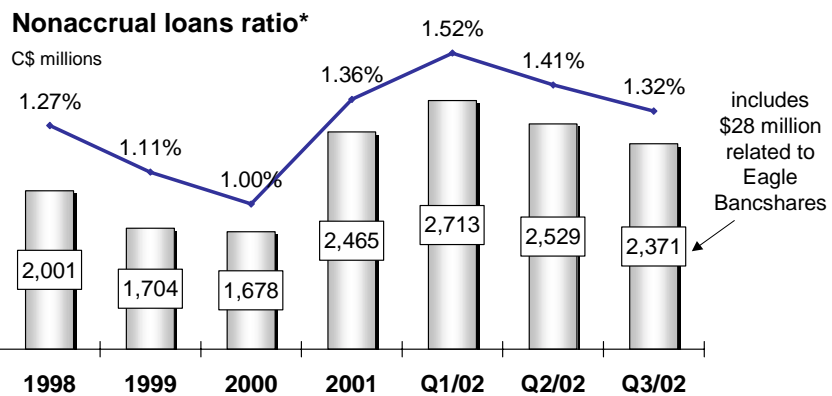
- history of uninterrupted dividend payments
- payout ratio of 37%* in Q3/02 (target payout range of 30-40%)

*US GAAP



Asset quality

Nonaccrual loans



Of the decrease from Q2/02, \$146 million occurred in the business & government loan portfolio and was largely related to charge-offs this quarter of previous nonaccrual accounts (mostly telecom)

* Nonaccrual loans as a percentage of related loans (including acceptances)



Asset quality

Nonaccrual loans

C\$ millions

	Q3/02	Q3/02 vs.			
		Q2/02		Q3/01	
Non-accrual loans	\$ 2,371	\$ (158)	(6)%	\$ 178	8%
Non-accrual loans (ex. RBC Centura)	\$ 2,186	\$ (218)	(9)%	\$ 115	6%
Comprising:					
Domestic business	\$ 955	\$ (82)	(8)%	\$ (65)	(6)
Domestic consumer	392	(32)	(8)	(51)	(12)
International (ex. RBC Centura)	839	(104)	(11)	231	38
RBC Centura*	185	60	48	63	52

* Includes \$28 million for Eagle Bancshares (acquired on July 22, 2002)

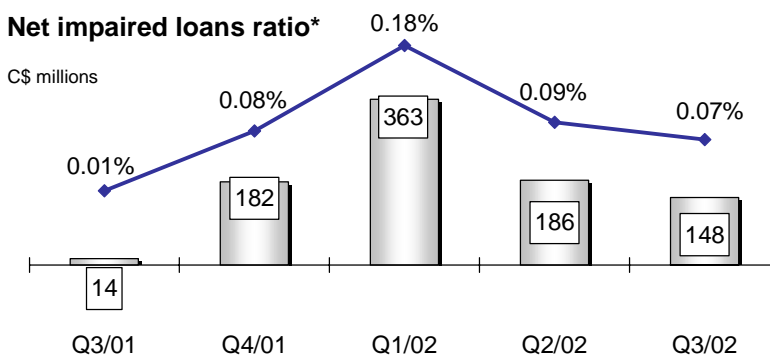


Asset quality

Net impaired loans

Net impaired loans ratio*

C\$ millions



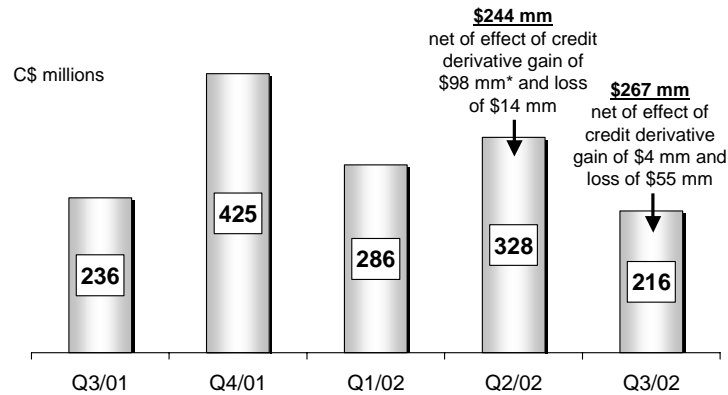
Additional coverage for exceptional loan losses is provided through a 5-year agreement entered into with a AAA rated insurer in October 2000. The agreement requires the reinsurer to purchase up to \$200 million in Non-cumulative first preferred shares at the October 27, 2000 market price, should the general allowance for credit losses be drawn below a certain level.

* Net impaired loans as a percentage of related loans and acceptances (net of allowance for loan losses)



Asset quality

Specific provisions



Please see chart 40 for further details on the credit derivative gains and losses.

* Under U.S. GAAP, \$89 million of the credit derivative gain was recorded in Q2/02 and \$9 million in Q1/02

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CDN GAAP



Asset quality

Details on credit derivative gains and losses

	Q3/02	Q2/02	Q1/02	9 mos.'02
Specific PCL	\$216	\$328	\$286	\$830
Credit derivative gains*	(4)	(98)	-	(102)
Credit derivative losses**	55	14	-	69
"Net" specific PCL	\$267	\$244	\$286	\$797
"Net" specific PCL ratio	0.51%	0.48%	0.54%	0.51%

* Mark-to-market gain recorded in "Other income". Related to a telecom account that was classified as impaired in Q2/02. This credit derivative was closed out in Q3/02

** Mark-to-market loss recorded in "Other income". RBC had provided credit protection through derivatives to counterparties with respect to a large U.S. telecommunications company which defaulted in Q3/02

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CDN GAAP

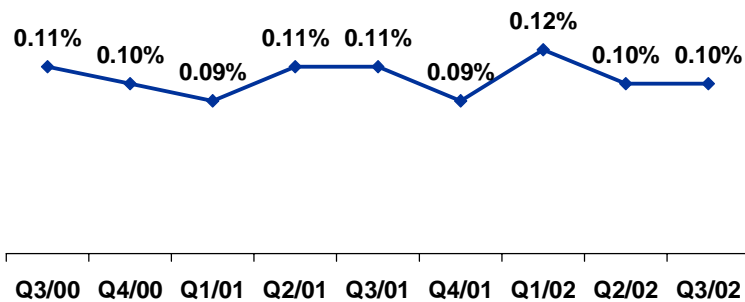


Asset quality

Stable Canadian consumer loan portfolio

Provision for credit losses

% of outstanding balance*



* Total Canadian consumer loans, excluding student loans



Asset quality

Provision for credit losses (PCL)

C\$ millions	Q3/02	Q2/02	Q3/01	9 mos.'02	9 mos.'01
Specific provision	\$216	\$328	\$236	\$830	\$624
General provision	-	-	-	-	70
Total PCL	<u>\$216</u>	<u>\$328</u>	<u>\$236</u>	<u>\$830</u>	<u>\$694</u>
Total net* PCL	<u>\$267</u>	<u>\$244</u>	<u>\$236</u>	<u>\$797</u>	<u>\$694</u>
Specific PCL ratio	0.41%	0.65%	0.46%	0.53%	0.42%
Net* specific PCL ratio	0.51%	0.48%	0.46%	0.51%	0.42%

2002 objective: specific PCL ratio of 0.45-0.55%**

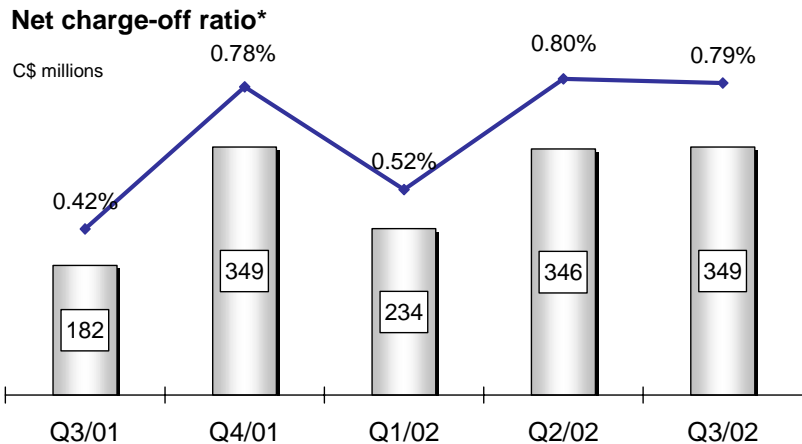
* Net of effect of credit derivative gains and losses as shown on chart 40

** Specific provision as a percentage of average loans (including reverse repos) and acceptances



Asset quality

Net charge-offs



* Net charge-offs as a percentage of average loans (including acceptances)

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US GAAP



Asset quality

Telecommunication and cable exposure

C\$ billions	Q3/02		Q2/02	
	Gross	Net	Gross	Net
Total telecom/cable exposure	2.7	2.6	2.8	2.6
- investment grade	1.1		1.2	
- non-investment grade	1.6		1.6	
Cable loans only	0.9	0.9	0.9	0.9
Telecommunication loans only*	1.8	1.7	1.9	1.7
- investment grade	0.9		0.9	
- non-investment grade	0.9		1.0	

C\$ millions

Total telecom/cable impaired loans	184	115	300	97
Cable loans only	54	54	-	-
Telecommunication loans only	130	61	300	97

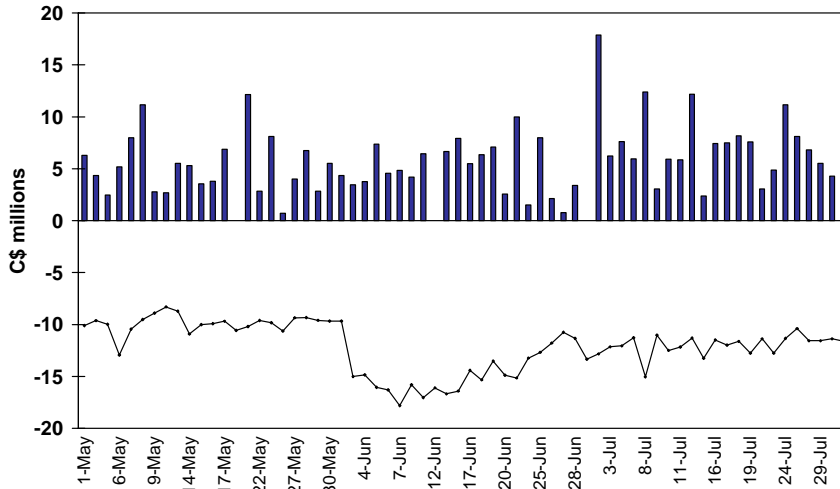
* Includes CLEC exposure of \$139 million in Q3/02 (net of allowances, exposure is \$90 million) and \$138 million in Q2/02 (net of allowances, exposure is \$97 million)

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Trading revenue performance

Good performance vs. VAR continues in Q3/02

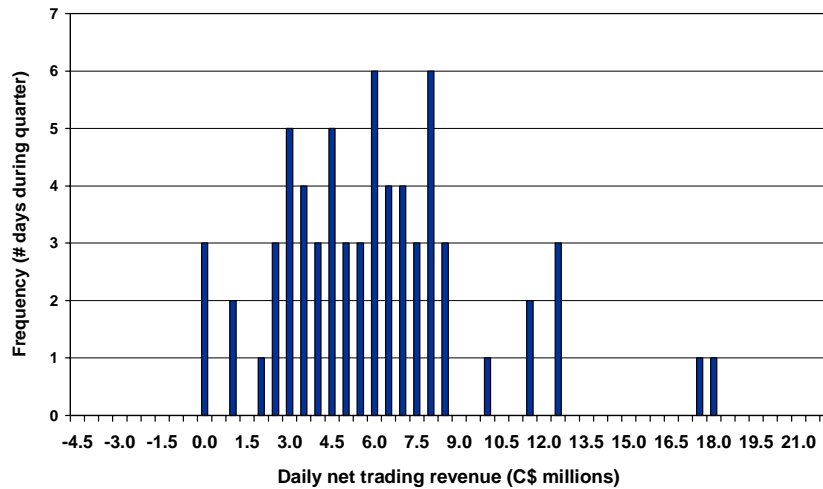


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Trading revenue performance

No negative trading days in Q3/02



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Risk management

Summary

- **Improvement in nonaccrual loans, despite the addition of \$28 million in nonaccrual accounts related to the Eagle Bancshares acquisition, largely reflects charge-offs in the business & government loan portfolio (mostly previously classified telecom loans)**
- **Specific PCL down \$112 million from Q2/02 (up \$23 million net of effect of credit derivative gains and losses)**
- **Specific PCL ratio of 0.53% for 9 mos.'02 (or 0.51% net of effect of credit derivative gains and losses), compared to 2002 objective of 0.45-0.55% (Cdn. GAAP)**
- **Gross impaired loans down 39% in telecom/cable portfolio**
- **Solid trading performance continues**