



# **Second Quarter 2003**

## **Quarterly Results Slides**

May 30, 2003

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## Caution regarding forward-looking statements

From time to time, we make written and oral forward-looking statements, included in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications, which are made pursuant to the "safe harbor" provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements include, among others, statements with respect to our objectives for 2003, and the medium and long terms, and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "anticipate," "estimate," "expect," "intend," "plan," and words and expressions of similar import are intended to identify forward-looking statements.

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

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

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## Note to users

We use a variety of financial measures to evaluate our performance. In addition to GAAP-prescribed measures, we use certain non-GAAP measures we believe provide useful information to investors regarding our financial condition and results of operations. Readers are cautioned that non-GAAP financial measures, such as average common equity and managed asset balances, do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies.

Further explanations of non-GAAP financial measures discussed in this presentation can be found in the "Explanation of certain terms" on chart 53 and reconciliation of non-GAAP measures to GAAP measures can be found throughout this presentation.

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## Financial overview

### *Second quarter highlights\**

- Net income down \$21 million or 3% (up 3% under Cdn. GAAP)
- EPS - diluted down \$0.02 or 2% (up 4% under Cdn. GAAP)
- Impact of strengthening CAD vs. USD reduced net income by \$15 million, EPS by \$0.02 and ROE by 36 bp vs. Q2/02
- Net income from U.S. acquisitions \$58 MM vs. \$35 MM in Q2/02
- Revenues down 4% and expenses flat in Q2/03
- Revenues virtually flat\*\* excluding the impact of strengthening CAD vs. USD and net credit derivative gains, and expenses up 3%\*\* excluding impact of strengthening CAD vs. USD in Q2/03
- Nonaccrual loans down \$211 MM or 9% from Q1/03
- Specific provision for credit losses \$211 MM or 0.40% of average loans, acceptances and reverse repos (Cdn. GAAP)

\*Growth vs. Q2/02 except where noted \*\*see charts 23 and 29



## Financial overview

### Key second quarter and first half numbers\*

C\$ millions	U.S. GAAP		Cdn. GAAP	
	Q2/03	6 mos'03	Q2/03	6 mos'03
Net income	\$689	\$1,456	\$697	\$1,476
Net income growth	(3)%	1%	3%	6%
EPS - diluted	\$0.99	\$2.10	\$1.00	\$2.13
EPS growth	(2)%	2%	4%	7%
ROE	15.4%	16.2%	15.7%	16.4%
Revenues	\$3,749	\$7,713	\$3,814	\$7,851
Revenue growth	(4)%	(3)%	(3)%	(2)%
Non-interest expense	\$2,514	\$5,073	\$2,560	\$5,170
NIE growth	-	(1)%	(1)%	(1)%

\*Growth vs. Q2/02 and 6 mos'02

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## Financial overview

### Impact of stronger CAD vs. USD

C\$ millions	Q2/03 vs. Q1/03*	Q2/03 vs. Q2/02*	6 mos'03 vs. 6 mos'02*
FX impact on:			
Revenues	\$(72)	\$(98)	\$(128)
Non-interest expense	\$(55)	\$(74)	\$(92)
Net income	\$(12)	\$(15)	\$(23)
EPS - diluted (\$/share)	\$(0.02)	\$(0.02)	\$(0.03)
ROE	(27) bp	(36) bp	(27) bp

Value of C\$1.00 in USD	Q2/03	Q1/03	Q2/02
Average	\$0.6841	\$0.6432	\$0.6296
Closing	\$0.6976	\$0.6572	\$0.6376

\* Translating USD denominated results using Q2/03 CAD/USD exchange rates compared to the exchange rates for Q1/03, Q2/02 and 6 mos'02, respectively

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## Financial overview

### Reconciliation of U.S. & Cdn. GAAP EPS

C\$ per share	Q2/03	Q1/03	Q2/02	6 months	
				2003	2002
<b>U.S. GAAP EPS - diluted</b>	<b>\$0.99</b>	<b>\$1.10</b>	<b>\$1.01</b>	<b>\$2.10</b>	<b>\$2.05</b>
Insurance accounting	-	(0.02)	(0.04)	(0.02)	(0.04)
FAS 133 / AcG 13*	0.03	0.02	-	0.05	(0.03)
Cost of stock apprec. rights	(0.01)	-	(0.04)	(0.01)	(0.04)
Reclassification of securities**	-	0.02	-	0.02	-
Other	0.01	0.01	0.01	0.02	0.03
Tax impact of above items	(0.02)	(0.01)	0.02	(0.03)	0.02
<b>Cdn. GAAP EPS - diluted</b>	<b>\$1.00</b>	<b>\$1.12</b>	<b>\$0.96</b>	<b>\$2.13</b>	<b>\$1.99</b>
<b>U.S. GAAP EPS less Cdn. GAAP EPS</b>	<b>\$(0.01)</b>	<b>\$(0.02)</b>	<b>\$0.05</b>	<b>\$(0.03)</b>	<b>\$0.06</b>

\* Accounting for derivatives and hedging. CICA's AcG 13 was adopted in Q1/03

\*\* Relates to a \$13 million after-tax write-down of an investment in Q1/03 to recognize other-than-temporary impairment, which is not required under Cdn. GAAP

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## Financial overview

### Performance vs. objectives – first half 2003

	Objectives for 2003	Performance 6 mos. 03
<b><u>Profitability measures</u></b>		
ROE	17-19%	16.2%
EPS growth - diluted	10-15%	2%
Revenue growth	5-8%	(3)%*
Expense growth	< revenue growth	(1)%**
Specific PCL/avg. loans, accept. & reverse repos (Cdn. GAAP)	0.45-0.55%	0.38% net 0.35%***
<b><u>Capital ratios (OSFI)</u></b>		
Tier 1 capital	maintain strong	9.6%
Total capital	capital ratios	12.8%

\* Revenue growth was (1)% excluding impact of net credit derivative gains and impact of CAD/USD exchange rate change (see chart 23)

\*\* Expense growth was 1% excluding impact of CAD/USD exchange rate change (see chart 29)

\*\*\* Net of effect of credit derivative gains and losses which are reconciled on chart 42 and explained on chart 53

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## Business segment results

*Second quarter 2003*

C\$ millions

	Net income	Net income growth*	ROE
RBC Banking	\$ 349	(4)%	18.8%
RBC Insurance	56	17	28.6
RBC Investments	69	(12)	9.8
RBC Capital Markets	97	2	9.8
RBC Global Services	37	(8)	23.2
Other	81	(7)	14.9
Total	\$ 689	(3)%	15.4%

\* Growth vs. Q2/02

Note: ROE, and average common equity for the segments, which is used in the ROE calculation, are discussed on chart 53



## Business segment results

*First half 2003*

C\$ millions

	Net income	Net income growth*	ROE
RBC Banking	\$ 761	1%	20.2%
RBC Insurance	110	22	27.7
RBC Investments	173	4	12.3
RBC Capital Markets	213	(12)	10.5
RBC Global Services	85	6	26.7
Other	114	(2)	10.9
Total	\$1,456	1%	16.2%

\* Growth vs. 6 mos'02

Note: ROE, and average common equity for the segments, which is used in the ROE calculation, are discussed on chart 53



## Business segment results

### *RBC Banking*

C\$ millions

	Q2/03	Q2/03 vs.		6 mos.03	6 mos.03 vs.
		Q1/03	Q2/02		6 mos. 02
Revenues	\$ 1,868	(5)%	1%	\$ 3,827	-
Non-interest expense	1,153	(2)	4	2,331	4 %
Provision for credit losses	158	22	-	288	(20)
Net income	349	(15)	(4)	761	1
Return on common equity	18.8%	↓ 270 bp	↑ 40 bp	20.2%	↑ 160 bp
Average common equity	\$ 7,400	(1)%	(5)%	\$ 7,500	(5)%

See chart 17 for net income contribution of RBC Centura (including RBC Mortgage)

Note: ROE and average common equity for the segments are discussed on chart 53

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## Business segment results

### *RBC Insurance*

C\$ millions

	Q2/03	Q2/03 vs.		6 mos.03	6 mos.03 vs.
		Q1/03	Q2/02		6 mos. 02
Premiums & deposits	\$ 478	(10)%	4%	\$ 1,012	8 %
Revenues	154	(1)	12	309	15
Non-interest expense	98	(3)	5	199	6
Net income	56	4	17	110	22
Return on common equity	28.6%	↓ 180 bp	↑ 200 bp	27.7%	↑ 290 bp
Average common equity	\$ 800	-	14 %	\$ 800	14 %

See chart 17 for net income contribution of RBC Liberty Insurance

Note: ROE and average common equity for the segments are discussed on chart 53

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## Business segment results

### *RBC Investments*

C\$ millions

	Q2/03	Q2/03 vs.		6 mos.03	6 mos.03 vs.
		Q1/03	Q2/02		6 mos. 02
Revenues	\$ 828	(6)%	(10)%	\$ 1,712	(8)%
Non-interest expense	731	1	(10)	1,456	(11)
Provision for credit losses	-	-	n.m.	-	n.m.
Net income	69	(34)	(12)	173	4
Return on common equity	9.8%	↓ 490 bp	↓ 40 bp	12.3%	↑ 160 bp
Average common equity	\$ 2,700	-	(10)%	\$ 2,700	(10)%

See chart 17 for net income contribution of RBC Dain Rauscher (including Tucker Anthony Sutro)

Note: ROE and average common equity for the segments are discussed on chart 53

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## Business segment results

### *RBC Capital Markets*

C\$ millions

	Q2/03	Q2/03 vs.		6 mos.03	6 mos.03 vs.
		Q1/03	Q2/02		6 mos. 02
Revenues	\$ 618	(10)%	(7)%	\$ 1,305	(6)%
Non-interest expense	394	(8)	2	820	2
Provision for credit losses	58	(25)	(67)	135	(50)
Net income	97	(16)	2	213	(12)
Return on common equity	9.8%	↓ 130 bp	↑ 40 bp	10.5%	↓ 110 bp
Average common equity	\$ 4,000	3%	3%	\$ 4,000	-

Note: ROE and average common equity for the segments are discussed on chart 53

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# Business segment results

## RBC Global Services

C\$ millions

	Q2/03	Q2/03 vs.		6 mos.03	6 mos.03 vs.
		Q1/03	Q2/02		6 mos. 02
Revenues	\$ 198	(7)%	(1)%	\$ 410	4%
Non-interest expense	143	(1)	4	287	6
Provision for credit losses	2	n.m.	(33)	2	(60)
Net income	37	(23)	(8)	85	6
Return on common equity	23.2%	↓ 700 bp	↓ 390 bp	26.7%	↑ 30 bp
Average common equity	\$ 600	-	-	\$ 600	-

Note: ROE and average common equity for the segments are discussed on chart 53

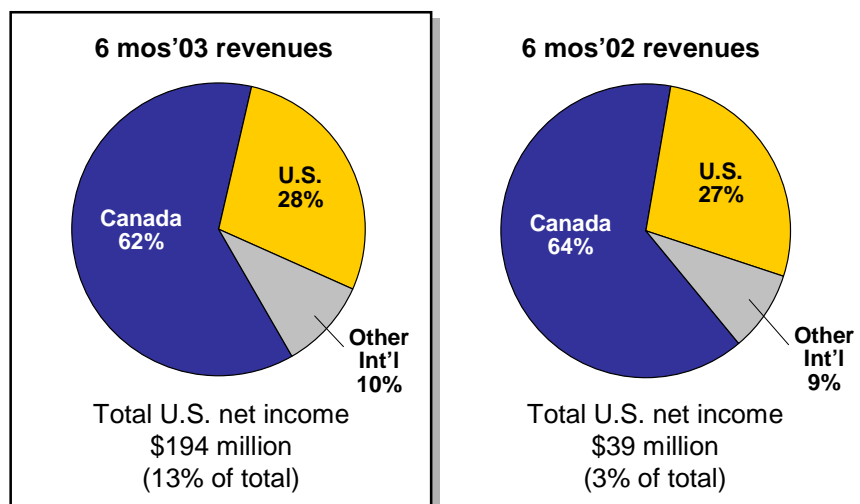
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# Expansion outside Canada

## Proportion of total U.S. revenues growing



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## U.S. acquisition contributions

*RBC Dain Rauscher contributes to growth vs. last year*

	Net income (\$ millions)									
	Q2/03		Q1/03		Q2/02		6 mos'03		6 mos'02	
	C\$	US\$	C\$	US\$	C\$	US\$	C\$	US\$	C\$	US\$
<b>RBC Centura*</b>	39	27	60	39	42	26	99	66	100	63
<b>RBC Dain Rauscher**</b>	12	9	15	10	(15)	(9)	27	19	(23)	(14)
<b>RBC Liberty Insurance</b>	7	5	6	4	8	5	13	9	10	7
<b>Total U.S. acquisitions</b>	58	41	81	53	35	22	139	94	87	56

\* RBC Centura (acquired in Q3/01) includes its RBC Mortgage subsidiary. The C\$21 million decline in net income from Q1/03 to Q2/03 largely reflects the strengthening of the CAD relative to the USD, three fewer days in the quarter, integration expenses associated with the Admiralty acquisition and an increase in the provision for credit losses from an unusually low level in Q1/03

\*\* Excludes Dain Rauscher Wessels, whose operations have been integrated into RBC Capital Markets since early 2002. The C\$3 million decline in net income from Q1/03 reflects continued market weakness



## U.S. acquisition contributions

*Comparison of CAD & USD net income growth rates*

Growth in net income	Q2/03 vs.				6 mos'03 vs.	
	Q1/03		Q2/02		6 mos'02	
	C\$	US\$	C\$	US\$	C\$	US\$
<b>RBC Centura</b>	(35)%	(31)%	(7)%	4%	(1)%	5%
<b>RBC Dain Rauscher*</b>	(20)%	(10)%	180%	200%	217%	236%
<b>RBC Liberty Insurance</b>	17%	25%	(13)%	-	30%	29%
<b>Total U.S. acquisitions</b>	(28)%	(23)%	66%	86%	60%	68%

\* Comparisons vs. prior periods of last year are distorted as RBC Dain Rauscher posted net losses in both Q2/02 and 6 mos'02



## Retention compensation costs

*Q2/03 lower as forecasted*

C\$ millions

	Q2/03		Q1/03		Q4/02		Q3/02		Q2/02	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
RBCInv*	15	9	22	13	24	15	23	14	24	15
RBCCM	3	2	8	5	12	7	11	7	8	5
<b>Total</b>	<b>18</b>	<b>11</b>	<b>30</b>	<b>18</b>	<b>36</b>	<b>22</b>	<b>34</b>	<b>21</b>	<b>32</b>	<b>20</b>

\* Includes Tucker Anthony Sutro

RBCInv = RBC Investments RBCCM = RBC Capital Markets

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## Retention compensation costs

*Costs to fall in 2003*

C\$ millions

	2001 A		2002 A		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	17	10	2	1	-	-
<b>Total</b>	<b>176</b>	<b>108</b>	<b>158</b>	<b>97</b>	<b>82</b>	<b>50</b>	<b>50</b>	<b>31</b>	<b>30</b>	<b>18</b>

\* Forecast. Nil in 2006. Tucker Anthony Sutro retention compensation cost forecast, included in RBC Investments, is approx. \$9 million each quarter (\$6 million after-tax) up to 2004 and \$29 million in 2005 (\$18 million after-tax)

RBCInv = RBC Investments RBCCM = RBC Capital Markets

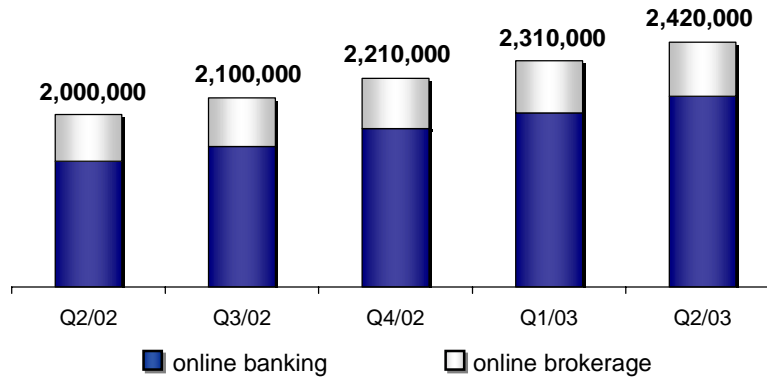
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## Canadian online customers

*Number of online clients continues to increase*

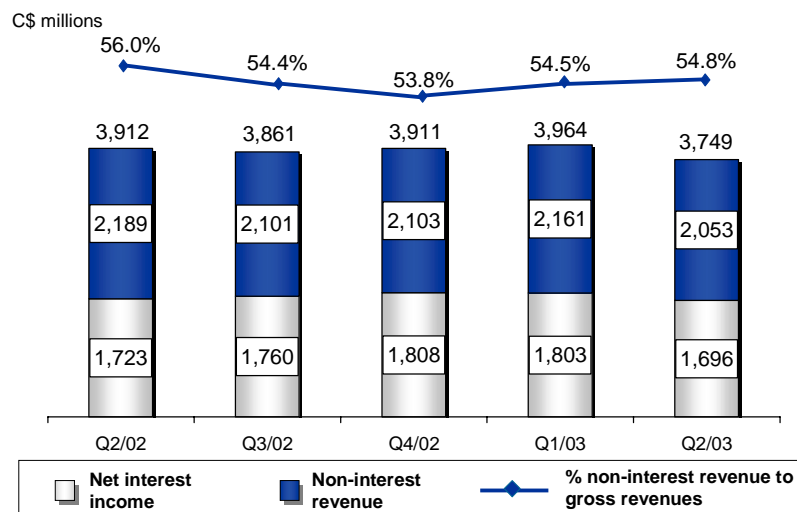
- 2,420,000 clients enrolled as at April 30, 2003 (2,105,000 banking and 315,000 brokerage)
- 24% Canadian customer penetration



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## Revenues



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# Revenues

## Factors affecting revenue growth

C\$ millions	Q2/03 vs.		6 mos'03 vs.
	Q1/03	Q2/02	6 mos'02
<b>Change in gross revenues</b>	<b>\$(215) (5)%</b>	<b>\$(163) (4)%</b>	<b>\$(245) (3)%</b>
Add back: change in net credit derivative gains*	14	75	70
Add back: impact of CAD appreciation vs. USD**	72	98	128
<b>Change in gross revenues excluding above factors</b>	<b>\$(129) (3)%</b>	<b>\$ 10 -</b>	<b>\$ (47) (1)%</b>

\* See charts 42 and 53 for details

\*\* Translating USD denominated results using Q2/03 CAD/USD exchange rates compared to the exchange rates for Q1/03, Q2/02 and 6 mos'02, respectively

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# Revenues

## Net interest margin

	Q2/03	Q1/03	Q2/02
<b>Net interest margin</b>	1.74 %	1.80 %	1.90 %
<b>Change in margin (vs. Q2/03)</b>		(6) bp	(16) bp
<b>Due to change in:</b>			
Prime-core deposit spread		-	12
Low-yielding assets*		(2)	(9)
Lending spread**		(6)	(19)
Other		2	-
		(6) bp	(16) bp
Avg. Canadian prime rate	4.70 %	4.50 %	3.79 %

\* Largely relating to higher volumes and funding costs of low interest yielding assets such as securities

\*\* Largely in commercial and wholesale lending

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# Revenues

## Non-interest revenue

C\$ millions

	Q2/03 vs.				6 mos'03 vs.	
	Q1/03		Q2/02		6 mos'02	
<b>Non-interest revenue growth</b>	\$ (108)	(5)%	\$ (136)	(6)%	\$ (161)	(4)%
<b>Due to:</b>						
Securities gains (losses)	\$ 74	n.m.	\$ 35	269%	\$ 8	57%
Trading revenues	(63)	(12)%	97	25	185	22
Insurance	19	29	15	22	24	19
Deposit & payment service charges	(18)	(6)	11	4	36	7
Mortgage banking	(11)	(16)	4	7	1	1
Investment management and custodial fees	(4)	(1)	(21)	(7)	(26)	(4)
Mutual fund revenues	(8)	(5)	(22)	(12)	(35)	(10)
Securitization revenues	7	21	(16)	(28)	(14)	(16)
Capital market fees	(3)	(1)	(74)	(16)	(179)	(18)
Other*	(101)	(29)	(165)	(40)	(161)	(22)

\* Includes credit derivative gains and losses discussed on charts 42 and 53

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# Revenues

## Capital market fees

C\$ millions

	Q2/03	Q2/03 vs.		6 mos'03	6 mos'03 vs. 6 mos'02
		Q1/03	Q2/02		
Full-service brokerage	\$ 244	(4)%	(17)%	\$ 498	(20)%
Institutional	137	10	(13)	262	(15)
Discount brokerage	16	(24)	(24)	37	(14)
<b>Total capital market fees</b>	<b>\$ 397</b>	<b>(1)%</b>	<b>(16)%</b>	<b>\$ 797</b>	<b>(18)%</b>

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## Revenues

### Revenue growth excluding recent U.S. acquisitions\*

C\$ millions	Q2/03	Q1/03	Q2/02	6 mos'03	6 mos'02
Revenues	\$ 3,749	\$ 3,964	\$ 3,912	\$ 7,713	\$ 7,958
Less: revenues of recent U.S. acquisitions*	779	824	782	1,603	1,632
Revenues excl. U.S. acquisitions	\$ 2,970	\$ 3,140	\$ 3,130	\$ 6,110	\$ 6,326
	Q2/03 vs.			6 mos'03 vs.	
	Q1/03	Q2/02		6 mos'02	
<b>Δ in revenues excl. U.S. acqs.</b>	<b>\$(170)</b>	<b>\$(160)</b>	<b>(5)%</b>	<b>\$(216)</b>	<b>(3)%</b>
Add back: change in net credit derivative gains**	14	75		70	
Add back: impact of CAD appreciation vs. USD***(excl. acqs)	22	31		41	
<b>Δ excl. U.S. acqs. and impact of CAD/USD rate change</b>	<b>\$(134)</b>	<b>\$ (54)</b>	<b>(4)%</b>	<b>\$(105)</b>	<b>(2)%</b>

\* Represents revenues of RBC Centura (includes its subsidiary RBC Mortgage), 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

\*\* See charts 42 and 53 for details

\*\*\*Translating USD denominated results using Q2/03 CAD/USD exchange rates compared to the exchange rates for Q1/03, Q2/02 and 6 mos'02, respectively

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## Non-interest expense

### Cost discipline maintained in Q2/03

C\$ millions	Q2/03	Q1/03	Q2/02	6 mos'03	6 mos'02
Non-interest expense	\$ 2,514	\$ 2,559	\$ 2,519	\$ 5,073	\$ 5,128
Change vs. Q2/03 and 6 mos'03		(2)%	-		(1)%
Includes:					
• Retention compensation expense*	\$ 18	\$ 30	\$ 32	\$ 48	\$ 88
• Stock compensation expense					
- Stock Appreciation Rights**	8	4	17	12	43
- Performance-deferred stock plan	9	4	4	13	4
- Stock options	1	1	-	2	-
• Pension expense	53	55	38	108	71

\* Related to the acquisitions of Dain Rauscher, Dain Rauscher Wessels and Tucker Anthony Sutro

\*\* Under Cdn. GAAP, the cost of stock appreciation rights was \$15 million in Q2/03, \$5 million in Q1/03, \$46 million in Q2/02, \$20 million in 6 mos'03 and \$72 million in 6 mos'02. Since Q2/02, under U.S. GAAP, the expense is based on an estimate of 40% of all participants exercising stock appreciation rights and 60% exercising options (based on past experience). Under Canadian GAAP, the expense must be based on 100% of all participants exercising their stock appreciation rights

Note: In addition to the above categories, variable compensation costs were \$479 million in Q2/03, \$511 million in Q1/03, \$517 million in Q2/02, \$990 million in 6 mos'03 and \$1,096 million in 6 mos'02

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## Non-interest expense

### *Impact of strengthening CAD on expenses*

C\$ millions	Q2/03 vs.		6 mos'03 vs.
	Q1/03	Q2/02	6 mos'02
<b>Change in non-interest expense</b>	<b>\$(45) (2)%</b>	<b>\$ (5) -</b>	<b>\$(55) (1)%</b>
Add back: impact of CAD appreciation vs. USD*	55	74	92
<b>Change in non-interest expense excluding above factors</b>	<b>\$ 10 -</b>	<b>\$69 3%</b>	<b>\$ 37 1%</b>

\* Translating USD denominated results using Q2/03 CAD/USD exchange rates compared to the exchange rates for Q1/03, Q2/02 and 6 mos'02, respectively

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## Non-interest expense

### *Expense growth excluding recent U.S. acquisitions\**

C\$ millions	Q2/03	Q1/03	Q2/02	6 mos'03	6 mos'02
	Non-interest expense	\$ 2,514	\$ 2,559	\$ 2,519	\$ 5,073
Less: NIE of recent U.S. acqs.*	666	683	715	1,350	1,467
NIE excl. U.S. acquisitions	\$ 1,848	\$ 1,876	\$ 1,804	\$ 3,723	\$ 3,661

	Q2/03 vs.		6 mos'03 vs.
	Q1/03	Q2/02	6 mos'02
<b>Change in NIE excl. U.S. acquisitions</b>	<b>\$(28) (1)%</b>	<b>\$44 2%</b>	<b>\$62 2%</b>
Add back: impact of CAD appreciation vs. USD**(excl. acqs)	14	18	23
<b>Change excl. U.S. acqs. and impact of CAD/USD rate change</b>	<b>\$(14) (1)%</b>	<b>\$62 3%</b>	<b>\$85 2%</b>

\* Represents NIE (including retention compensation costs) of RBC Centura (includes its subsidiary RBC Mortgage), 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

\*\* Translating USD denominated results using Q2/03 CAD/USD exchange rates compared to the exchange rates for Q1/03, Q2/02 and 6 mos'02, respectively

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US GAAP



## Solid balance sheet

### *Strong growth in consumer loans vs. Q2/02*

- Residential mortgages up 6% (managed balances\* up 8%)
- Revolving credit (included in personal loan balances) up 18%
- Total personal loans excluding student loans up almost 3%
- Credit cards up 20% (managed balances\* up 12%)

\* The use of managed balances is discussed on chart 53 and a reconciliation between GAAP and managed balances can be found on chart 33

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## Solid balance sheet

### *Growth in consumer balances*

C\$ millions

	April 30, 2003 vs.			
	January 31, 2003		April 30, 2002	
Managed residential mortgages*	\$ 1,362	2%	\$ 5,948	8%
Personal loans	495	2	159	-
Managed credit cards*	113	2	740	12
<b>Total consumer loans</b>	<b>\$ 1,970</b>	<b>2%</b>	<b>\$ 6,847</b>	<b>6%</b>
Business & government loans	(2,112)	(4)	(5,694)	(9)
<b>Total gross loans</b>	<b>\$ (142)</b>	<b>-</b>	<b>\$ 1,153</b>	<b>1%</b>
Allowance for loan losses	41	2	112	5
<b>Total net loans</b>	<b>\$ (101)</b>	<b>-</b>	<b>\$ 1,265</b>	<b>1%</b>
<b>Personal deposits (Cdn. GAAP)</b>	<b>\$ 552</b>	<b>1%</b>	<b>\$ 5,855</b>	<b>6%</b>

\* Managed balances are before the impact of sold and unsold (reported as securities on the Balance Sheet) balances of mortgage-backed securities and before the impact of securitized credit card loan balances. The use of "managed assets" in the analysis of our balance sheet is discussed on chart 53 and a reconciliation between GAAP and managed balances can be found on chart 33

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US GAAP



## Solid balance sheet

### *Impact of securitizations on loan balances*

C\$ millions

	April 30/03	Jan. 31/03	April 30/02
Residential mortgages	\$ 74,431	\$ 73,417	\$ 70,118
Mortgage-backed securities*	5,817	5,469	4,182
<b>Managed residential mortgages</b>	<b>\$ 80,248</b>	<b>\$ 78,886</b>	<b>\$ 74,300</b>
Credit cards	\$ 5,327	\$ 5,214	\$ 4,445
Credit card securitizations	1,675	1,675	1,817
<b>Managed credit cards</b>	<b>\$ 7,002</b>	<b>\$ 6,889</b>	<b>\$ 6,262</b>

\* Includes both sold and unsold mortgage-backed securities balances. Unsold balances are reported as securities on the Balance Sheet

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US GAAP



## Consumer market shares

### *Strong gains in deposits market share continue*

Market share among all financial institutions in Canada

	Rank*	Change	Market share	
			Feb-03	Nov-02
<b>Total deposits**:</b>	#1	↑ 31 bp	12.69%	12.38%
<i>Personal deposits</i>		↑ 13 bp	15.10%	14.97%
<i>Mutual funds</i>		↑ 31 bp	9.07%	8.76%
<b>Residential mortgages</b>	#1	↓ 2 bp	14.77%	14.79%
<b>Personal loans &amp; credit cards</b>	#2	↓ 6 bp	13.66%	13.72%

\* Market share rank among all financial institutions in Canada, at February 28, 2003

\*\* Consists of personal deposits and mutual funds

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## Capital strength

### *Maintaining strong capital ratios*

#### Capital ratios:

(using OSFI guidelines)

	<u>Q2/03</u>	<u>Q1/03</u>	<u>Q2/02</u>
• Tier 1 ratio:	<b>9.6%</b>	9.4%	9.0%
• Total capital ratio:	<b>12.8%</b>	12.7%	12.6%

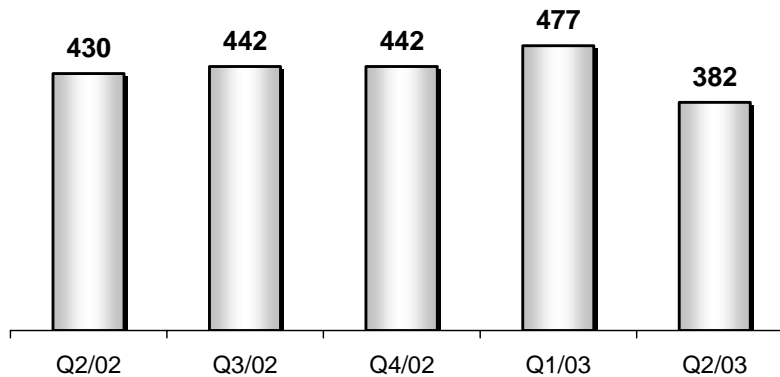
#### Share repurchases:

- repurchased 5.1 million common shares for approx. \$293 million in Q2/03 at average price of \$57.63 per share under normal course issuer bid
- since commencement of program on June 24, 2002 for one-year period, repurchased 15.8 million shares for \$857 million
- balance of 4.2 million shares may be repurchased under this program



## Substantial internal capital generation

C\$ millions

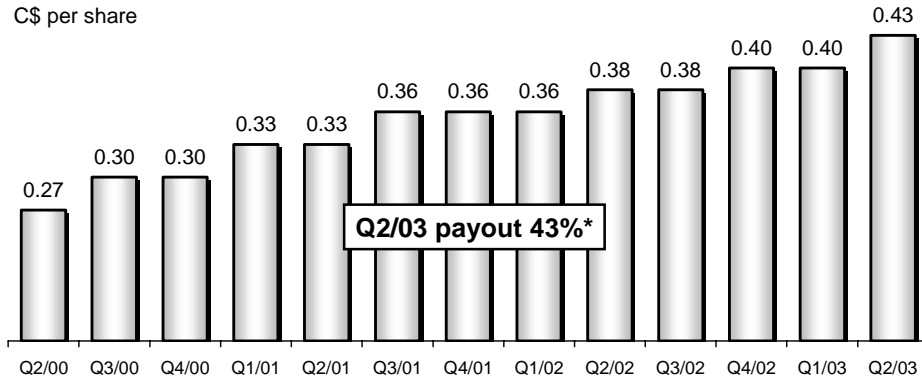




# Common share dividends

Up 59% since Q2/00

C\$ per share



- history of uninterrupted dividend payments
- target dividend payout range: 35-45%

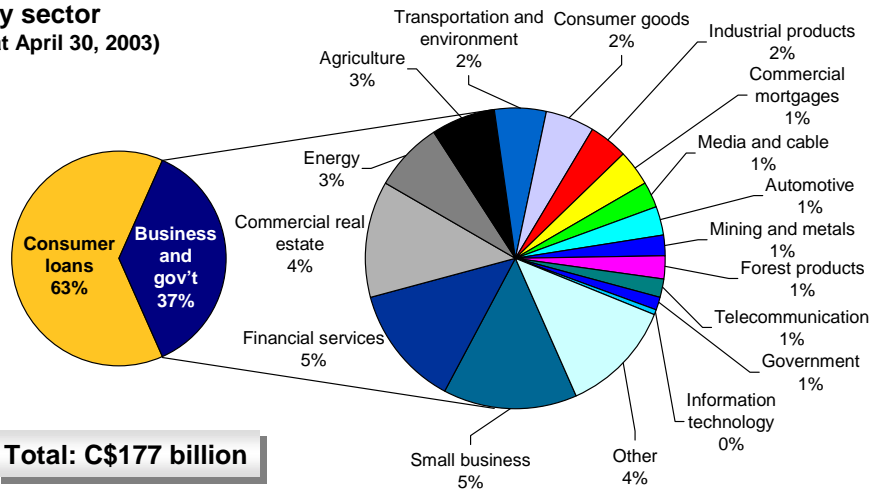
\*US GAAP



# Asset quality

Diversified loan portfolio

Gross loans and acceptances by sector (at April 30, 2003)



Total: C\$177 billion

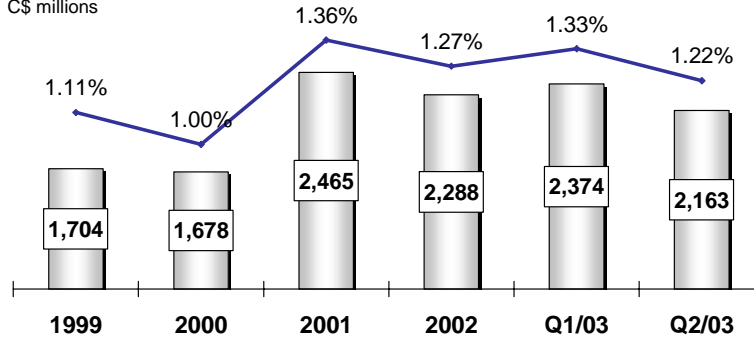


## Asset quality

### Nonaccrual loans

#### Nonaccrual loans ratio\*

C\$ millions



\$191 million of the \$211 million decrease in nonaccrual loans from Q1/03 to Q2/03 occurred in the business and government portfolio, despite the classification of an airline account in Q2/03.

\* Nonaccrual loans (before deducting allowance for credit losses) as a percentage of related loans and acceptances

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## Asset quality

### Nonaccrual loans

C\$ millions

	Q2/03	Q2/03 vs.			
		Q1/03		Q2/02	
<b>Nonaccrual loans</b>	<b>\$ 2,163</b>	<b>\$ (211)</b>	<b>(9)%</b>	<b>\$ (366)</b>	<b>(14)%</b>
<b>Comprising:</b>					
Domestic consumer	\$ 343	\$ (20)	(6)%	\$ (81)	(19)
Domestic business	958	109	13	(79)	(8)
International (ex. RBC Centura)	688	(317)	(32)	(255)	(27)
RBC Centura*	174	17	11	49	39

\* Growth from Q2/02 largely relates to acquisition of Eagle Bancshares in July 2002

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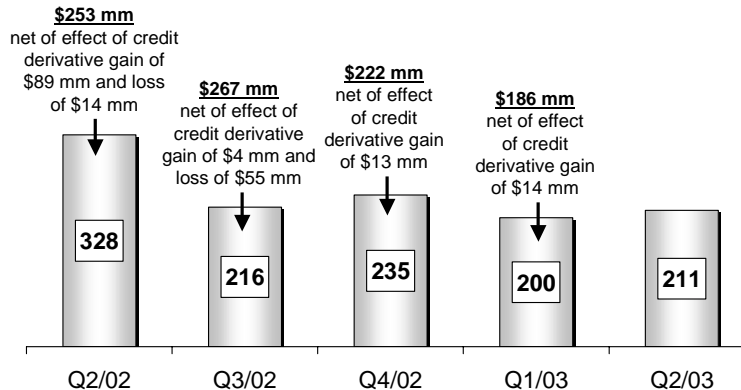
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## Asset quality

### Allocated specific provision for credit losses

C\$ millions



Please see charts 42 and 53 for reconciliation and further details on these net credit derivative gains.



## Asset quality

### Impact of credit derivative gains/losses on accounts in default

C\$ millions

	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	6 mos. 2003	6 mos. 2002
Allocated specific PCL	\$211	\$200	\$235	\$216	\$328	\$411	\$614
Credit derivative gains*	-	(14)	(13)	(4)	(89)	(14)	(98)
Credit derivative losses**	-	-	-	55	14	-	14
Net credit derivative gains	-	(14)	(13)	51	(75)	(14)	(84)
"Net" allocated specific PCL	\$211	\$186	\$222	\$267	\$253	\$397	\$530

\* Mark-to-market gains on derivatives relating to accounts classified as nonaccrual (gains recorded in "Non-interest revenue" in accordance with FAS 133). The gains recorded in Q1/03 and Q4/02 related to a European energy account that was classified as nonaccrual in Q4/02 (this credit derivative settled in Q1/03). Q2/02 and Q3/02 gains related to a telecom account that was classified as nonaccrual in Q2/02 (these credit derivatives settled in Q3/02).

\*\*Mark-to-market losses relating to derivatives which provided us exposure to a large U.S. telecommunications company. This company defaulted in Q3/02 and the related credit derivatives settled in Q4/02

Please refer to chart 53 for further details on the use of credit derivatives



## Asset quality

### *Details on credit protection portfolio*

C\$ millions	Bought	Sold
<b>Financial services</b>	\$ 521	-
<b>Energy</b>	106	\$ 24
<b>Telecommunications &amp; Media</b>	107	7
<b>Transportation &amp; Environmental</b>	91	-
<b>Other industries</b>	205	221
	<u>\$1,030</u>	<u>\$252</u>
<b>Investment grade</b>	\$927	\$252
<b>Non-investment grade</b>	\$103	-

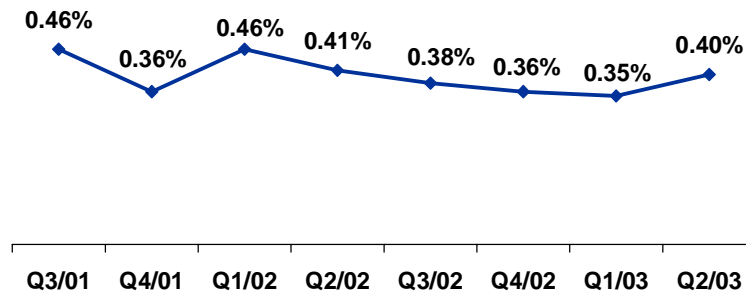
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## Asset quality

### *Stable Canadian consumer loan portfolio*

**Provision for credit losses**  
% of average balances\*, annualized



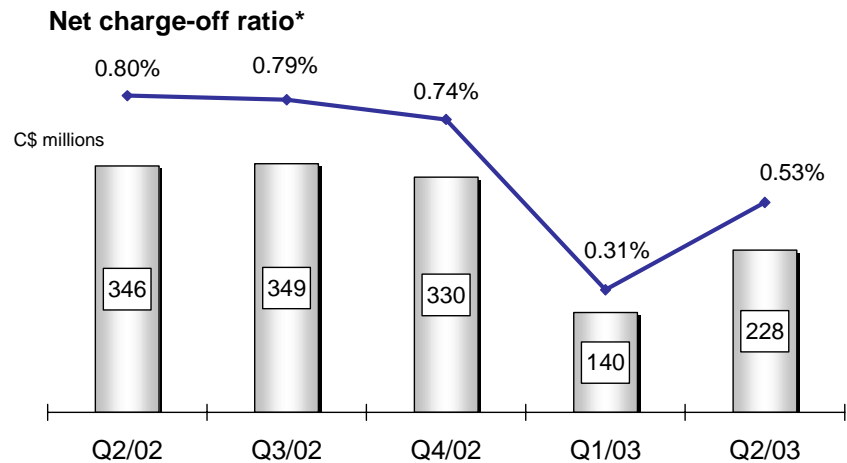
\* Total Canadian residential mortgage, personal loan and credit card portfolios. Excludes the student loan portfolio, which has unique portfolio characteristics

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## Asset quality

### Net charge-offs



\* Net charge-offs as a percentage of average loans and acceptances

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US GAAP



## Asset quality

### Power generation and distribution loans

C\$ millions

	Q2/03					Q1/03	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Impaired Net	Total loans	Net impaired
<b>Regulated power transmission/distrib.</b>	96	242	338	-	-	490	-
<b>Diversified generation</b>	12	154	166	92	30	205	39
<b>Diversified utility</b>	373	340	713	8	3	583	176
<b>Generation projects with Offtake*</b>	103	107	210	-	-	201	-
<b>Merchant generation</b>	27	180	207	-	-	209	-
<b>Total sector</b>	<b>611</b>	<b>1,023</b>	<b>1,634</b>	<b>100</b>	<b>33</b>	<b>1,688**</b>	<b>215</b>

\* Offtake = guarantees, tolling agreements, Power Purchase Agreements and other contractual obligations

\*\*Included \$0.6 billion of investment grade and \$1.1 billion of non-investment grade loans

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## Asset quality

### *Telecommunication and cable loans*

C\$ millions

	Q2/03					Q1/03	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Impaired Net	Total loans	Net impaired
<b>Telecom</b>	374	581	955	51	23	1,323	23
<b>Cable</b>	168	564	732	49	49	777	53
<b>Total sector</b>	<b>542</b>	<b>1,145</b>	<b>1,687</b>	<b>100</b>	<b>72</b>	<b>2,100**</b>	<b>76</b>

\* Includes CLEC exposure of \$48 million in Q2/03 (net of allowances, exposure is \$38 million) and \$82 million in Q1/03 (net of allowances, exposure is \$49 million)

\*\*Included \$0.7 billion of investment grade and \$1.4 billion of non-investment grade loans



## Asset quality

### *Airlines and aerospace loans\**

C\$ millions

	Q2/03					Q1/03	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Impaired Net	Total loans	Net impaired
<b>Airlines</b>	425	377	802	117	62	832	4
<b>Aerospace</b>	141	85	226	3	2	207	3
<b>Total sector</b>	<b>566</b>	<b>462</b>	<b>1,028</b>	<b>120</b>	<b>64</b>	<b>1,039</b>	<b>7</b>

\* Airlines and aerospace loans are included in the "Transportation and environment" sector on chart 38



# Asset quality

## Hotels, restaurants & entertainment loans\*

C\$ millions  
(at April 30, 2003)

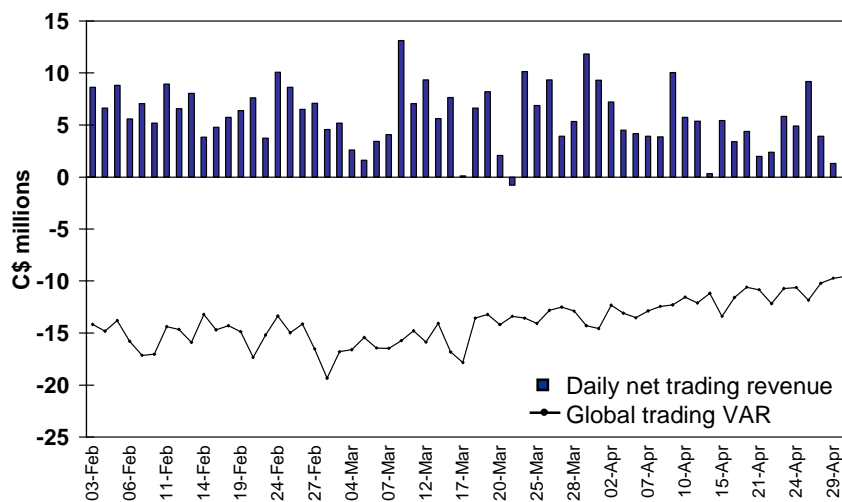
	Small business		Corporate & Commercial		Total loans	Gross Impaired
	Inv. grade	Non-inv. grade	Inv. grade	Non-inv. grade		
Hotels	48	197	205	719	1,169	-
Restaurants	85	392	193	95	765	6
Entertainment	81	212	59	605	957	4
<b>Total</b>	<b>214</b>	<b>801</b>	<b>457</b>	<b>1,419</b>	<b>2,891</b>	<b>10</b>

\* The small business portion is included in the "Small business" sector and the corporate & commercial portion is included in the "Other" sector on chart 38



# Trading revenue performance

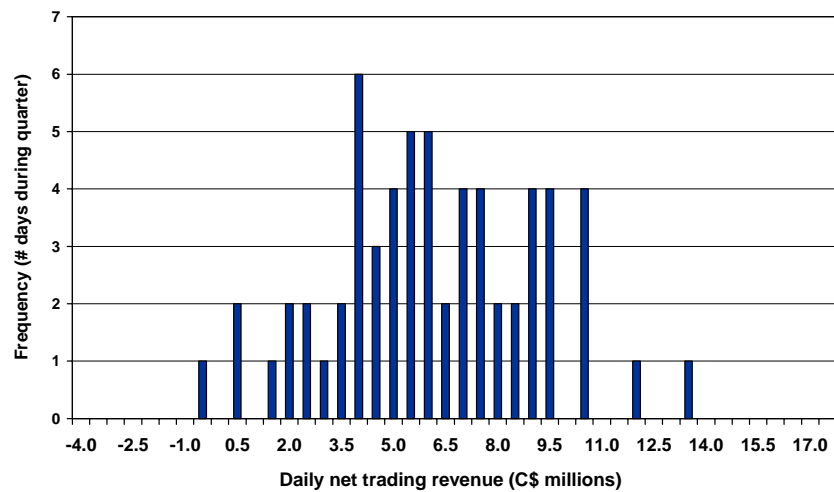
## One day of net trading losses in Q2/03





## Trading revenue performance

### *Distribution of Q2/03 trading revenues*



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## Risk management

### *Summary*

- Nonaccrual loans down \$211 million from Q1/03 due to decreases in the international business & government loan portfolio
- Allocated specific PCL up \$11 million from Q1/03 but down \$117 million from Q2/02
- Total loans down 3%, 20% and 1% from Q1/03 in the power, telecom and airline sectors, respectively
- Solid trading performance continues with only one day of trading losses recorded in Q2/03

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US GAAP



## Explanation of certain terms

**Average common equity:** GAAP does not prescribe a method for allocating equity to business segments. For management and reporting purposes, we attribute common equity to each of our business segments (including the "Other" segment) based on methodologies designed to measure the equity capital necessary to underpin the risks of the businesses in each segment, as discussed on page 54 of our 2002 annual report, under the discussion of "Economic Capital". The capital attribution methodologies involve judgment by management, are revised from time to time, and will impact other measures such as business segment ROE. Average common equity is calculated as the average of the month-end balances for the period.

**Return on equity (ROE):** ROE is calculated as net income available to common shareholders, as a percent of average common equity for the period.

**Managed assets:** In addition to the amounts on our balance sheet, we also measure the size of our residential mortgage and credit card portfolios on a "managed" basis, meaning before the impact of securitizations. We measure managed assets as they are subject to the same underwriting standards and are serviced by the same personnel as our on-balance sheet assets, and we continue to earn a net interest spread on securitized assets, net of funding costs.

**Credit derivatives:** In order to mitigate risk on portions of our portfolio, we enter into credit derivative contracts. We believe that an analysis which nets credit derivative gains and losses (which are recorded in "non-interest revenue") on accounts in default against provision for credit losses is useful since it reflects the full loss associated with such accounts and management considers such information when evaluating our credit exposures. We also believe that investors may find this information useful in their assessment of our credit quality and risk management.