



**RBC  
Financial  
Group**

# **Fourth Quarter 2003**

## **Quarterly Results Slides**

November 25, 2003

Investor Relations  
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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 2004, 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 54 and reconciliation of non-GAAP measures to GAAP measures can be found throughout this presentation.

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## Financial overview

### *Fourth quarter highlights\**

- Net income up \$72 MM or 10% (up 12% under Cdn. GAAP)
- EPS - diluted up \$0.14 or 13% (up 17% under Cdn. GAAP)
- Charge of \$55 million (\$35 million after tax or \$0.06 per share) in Q4/03 relating to equity losses on private equity investments (Cdn. GAAP: \$60 million pre-tax, \$39 million after tax, \$0.06 per share)
- Impact of strengthening CAD vs. USD reduced net income by \$20 MM, diluted EPS by \$0.03 and ROE by 50 bp
- Net income from U.S. acquisitions \$35 MM vs. \$80 MM in Q4/02; weaker results at RBC Mortgage
- Revenue growth nil while expense growth (1)%
- Revenues up 4%\*\* and NIE up 5%\*\*, excluding the \$200 MM impact on revenues and the \$140 MM impact on expenses of the strengthening CAD vs. USD
- Nonaccrual loans down \$154 MM or 8% from Q3/03
- Specific provision for credit losses \$140 MM (down \$30 MM or 18% from Q3/03) or 0.26% of average loans, acceptances and reverse repos (Cdn. GAAP)

\*Growth vs. Q4/02 except where noted \*\*see charts 26 and 32



## Financial overview

### Key fourth quarter and 2003 numbers\*

C\$ millions	U.S. GAAP		Cdn. GAAP	
	Q4/03	2003	Q4/03	2003
Net income	\$804	\$3,036	\$746	\$3,005
Net income growth	10%	5%	12%	9%
EPS - diluted	\$1.19	\$4.43	\$1.11	\$4.39
EPS growth	13%	8%	17%	12%
ROE	18.0%	17.0%	16.5%	16.7%
Total revenues	\$4,249	\$16,947	\$4,360	\$17,418
Revenue growth	-	(1)%	2%	1%
Non-interest expense	\$2,582	\$10,236	\$2,624	\$10,409
NIE growth	(1)%	-	-	-

\*Growth vs. Q4/02 and 2002

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## Financial overview

### Impact of stronger CAD vs. USD

C\$ millions	Q4/03 vs. Q3/03*	Q4/03 vs. Q4/02*	2003 vs. 2002*
FX impact on:			
Total revenues	(25)	(200)	(495)
Non-interest expense	(17)	(140)	(340)
Net income	-	(20)	(60)
EPS - diluted (\$/share)	-	\$(0.03)	\$(0.09)
ROE	-	(50) bp	(30) bp

Value of C\$1.00 in USD	Q4/03	Q3/03	Q4/02
Average	\$0.7403	\$0.7280	\$0.6379
Closing	\$0.7584	\$0.7118	\$0.6421

\* Translating USD denominated results using Q4/03 and 2003 CAD/USD exchange rates compared to the exchange rates for Q3/03, Q4/02 and 2002, respectively

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## Financial overview

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

C\$ per share	Q4/03	Q3/03	Q4/02	2003	2002
<b>U.S. GAAP EPS - diluted</b>	<b>\$1.19</b>	<b>\$1.14</b>	<b>\$1.05</b>	<b>\$4.43</b>	<b>\$4.12</b>
Insurance accounting	-	-	(0.08)	(0.02)	(0.16)
Derivatives/hedging activities	(0.09)	0.03	(0.09)	(0.04)	(0.13)
Cost of stock apprec. rights	(0.01)	-	0.01	(0.02)	(0.03)
Reclassification of securities*	(0.01)	-	-	0.01	-
Joint ventures	0.01	0.01	0.01	0.04	0.04
Variable Interest Entities	0.02	-	-	0.02	-
Other	-	-	-	0.02	0.01
Tax impact of above items	0.02	(0.02)	0.05	(0.03)	0.08
Non-controlling interest	(0.02)	-	-	(0.02)	-
<b>Cdn. GAAP EPS - diluted</b>	<b>\$1.11</b>	<b>\$1.16</b>	<b>\$0.95</b>	<b>\$4.39</b>	<b>\$3.93</b>
<b>U.S. GAAP EPS less Cdn. GAAP EPS</b>	<b>\$0.08</b>	<b>\$(0.02)</b>	<b>\$0.10</b>	<b>\$0.04</b>	<b>\$0.19</b>

\* Relates to the accounting for loan substitute securities which are treated as loans under Canadian GAAP

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## Financial overview

### Performance vs. objectives – 2003

	Objectives for 2003	Performance 2003
<b><u>Profitability measures</u></b>		
ROE	17-19%	17.0%
EPS growth - diluted	10-15%	8%
Revenue growth	5-8%	(1)%*
Expense growth	< revenue growth	- **
Specific PCL/avg. loans, accept. & reverse repos (Cdn. GAAP)	0.45-0.55%	0.33% net 0.32%***
<b><u>Capital ratios (OSFI)</u></b>		
Tier 1 capital	maintain strong	9.7%
Total capital	capital ratios	12.8%
Dividend payout ratio	35-45%	38%

\* Revenue growth was 2% excluding impact of CAD/USD exchange rate change (see chart 26)

\*\* Expense growth was 3% excluding impact of CAD/USD exchange rate change (see chart 32)

\*\*\* Net of effect of credit derivative gains and losses which are reconciled on chart 43 and explained on chart 54

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# Financial overview

## Objectives for 2004

	Objectives for 2004	
<b>Profitability measures</b>		
ROE	17-19%	
EPS growth - diluted	10-15%	
Revenue growth	5-8%	
Expense growth	< revenue growth	
Specific PCL/avg. loans, accept. & reverse repos (Cdn. GAAP)	0.35-0.45%	lower than 2003 objective
<b>Capital ratios (OSFI)</b>		
Tier 1 capital	maintain strong capital ratios	
Total capital		
Dividend payout ratio	35-45%	



# Business segment results

## Fourth quarter 2003

C\$ millions

	Net income	Net income growth*	ROE
RBC Banking	\$ 379	(6)%	20.5%
RBC Insurance	61	20	26.4
RBC Investments	126	31	19.0
RBC Capital Markets	131	36	13.5
RBC Global Services	44	-	27.0
Other	63	47	10.4
Total	\$ 804	10%	18.0%

\* Growth vs. Q4/02

Note: ROE, and average common equity for the segments, which is used in the ROE calculation, are discussed on chart 54



## Business segment results

*Full-year 2003*

C\$ millions	Net income	Net income growth*	ROE
RBC Banking	\$ 1,554	1%	20.8%
RBC Insurance	228	20	26.4
RBC Investments	412	19	15.1
RBC Capital Markets	491	12	12.6
RBC Global Services	178	3	27.7
Other	173	(15)	7.7
<b>Total</b>	<b>\$3,036</b>	<b>5%</b>	<b>17.0%</b>

\* Growth vs. 2002

Note: ROE, and average common equity for the segments, which is used in the ROE calculation, are discussed on chart 54

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## Business segment results

*RBC Banking*

C\$ millions	Q4/03	Q4/03 vs.		2003	2003 vs.
		Q3/03	Q4/02		2002
Total revenues	\$ 1,865	(5)%	(3)%	\$ 7,652	-
Non-interest expense*	1,148	(1)	(1)	4,642	3%
Provision for credit losses	131	(3)	7	554	(12)
Net income	379	(8)	(6)	1,554	1
Return on common equity	20.5%	↓ 210 bp	↑ 70 bp	20.8%	↑ 160 bp
Average common equity	\$ 7,300	1%	(7)%	\$ 7,350	(6)%
Efficiency ratio	61.6%	↑ 230 bp	↑ 150 bp	60.7%	↑ 160 bp

See chart 21 for net income contribution of RBC Centura (including RBC Mortgage)

Note: ROE and average common equity for the segments are discussed on chart 54

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# Business segment results

## RBC Banking - highlights

	Q4/03 vs. Q4/02	
Domestic revenues	↑ 2%	<b>Domestic volume growth:</b> Res. mortgages ↑ 8% Personal lending ↑ 8% Credit cards ↑ 15% Personal deposits ↑ 7% Business deposits ↑ 9%
Net interest income	↓ 3%	
Non-interest income	↑ 16%	
U.S. revenues - in USD	↓ 13%*	<b>U.S. volume growth:</b> Personal and business loans/deposits ↑ 5-8% Mortgage orig. ↓ 16%
- in CAD	↓ 25%**	
RBC Mortgage revenues	↓ \$50 million	

\* Revenues were up 6% in U.S. dollars, 2003 vs. 2002

\*\* Revenues were down 3% in Canadian dollars, 2003 vs. 2002



# Business segment results

## RBC Banking - consumer market shares

### Market share among all financial institutions in Canada

	Rank*	Aug-03 vs. Jan-03	Market share		
			Aug-03	Apr-03	Jan-03
<b>Total deposits**:</b>	#1	↑ 11 bp	12.68%	12.63%	12.57%
<b>Personal deposits</b>		↑ 4 bp	15.08%	15.11%	15.04%
<b>Mutual funds</b>		↑ 40 bp	9.36%	8.93%	8.96%
<b>Residential mortgages</b>	#1	↑ 14 bp	14.87%	14.84%	14.73%
<b>Personal loans &amp; credit cards</b>	#2	↑ 16 bp	13.51%	13.44%	13.35%

\* Market share rank among all financial institutions in Canada, at August 31, 2003

\*\* Consists of personal deposits and mutual funds



## Business segment results

### *Change in presentation of insurance results*

- Greater transparency of insurance operations
- RBC Insurance numbers now shown on 3 lines:
  - all revenues now reported in “**insurance premiums, investment and fee income**”
  - the costs related to generating revenues reported in “**insurance policyholder benefits, claims and acquisition expense**”
  - administrative costs remain in “**non-interest expense**”
- Minor changes to balance sheet

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## Business segment results

### *RBC Insurance*

C\$ millions

	Q4/03	Q4/03 vs.		2003	2003 vs.	
		Q3/03	Q4/02		2002	2002
Insurance premiums, investment & fee income	\$ 548	9%	4%	\$ 2,045	7 %	
Ins. policyholder benefits, claims & acq. expense	386	15	9	1,404	6	
Non-interest expense	108	(8)	(11)	424	6	
Net income	61	7	20	228	20	
Return on common equity	26.4%	↑ 200 bp	↓ 30 bp	26.4%	↑ 70 bp	
Average common equity	\$ 900	-	20 %	\$ 850	21 %	
Premiums & deposits	\$ 646	16%	18%	\$ 2,214	9 %	

See chart 21 for net income contribution of RBC Liberty Insurance (including BMA, acquired in May 2003)

Note: ROE and average common equity for the segments are discussed on chart 54

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## Business segment results

### *RBC Investments*

C\$ millions

	Q4/03	Q4/03 vs.		2003	2003 vs.
		Q3/03	Q4/02		2002
Total revenues	\$ 914	1%	4%	\$ 3,530	(3)%
Non-interest expense	722	(2)	(2)	2,911	(7)
Provision for credit losses	(2)	n.m.	n.m.	(2)	n.m.
Net income	126	12	31	412	19
Return on common equity	19.0%	↑ 230 bp	↑ 680 bp	15.1%	↑ 400 bp
Average common equity	\$ 2,600	(2)%	(13)%	\$ 2,650	(12)%

See chart 21 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 54

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## Business segment results

### *RBC Capital Markets*

C\$ millions

	Q4/03	Q4/03 vs.		2003	2003 vs.
		Q3/03	Q4/02		2002
Total revenues	\$ 632	(8)%	(2)%	\$ 2,625	(2)%
Non-interest expense	431	3	6	1,671	3
Provision for credit losses	15	(62)	(87)	189	(59)
Net income	131	(11)	36	491	12
Return on common equity	13.5%	↓ 240bp	↑ 420 bp	12.6%	↑ 210 bp
Average common equity	\$ 3,700	1%	(4)%	\$ 3,800	(4)%

Note: ROE and average common equity for the segments are discussed on chart 54

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# Business segment results

## RBC Global Services

C\$ millions

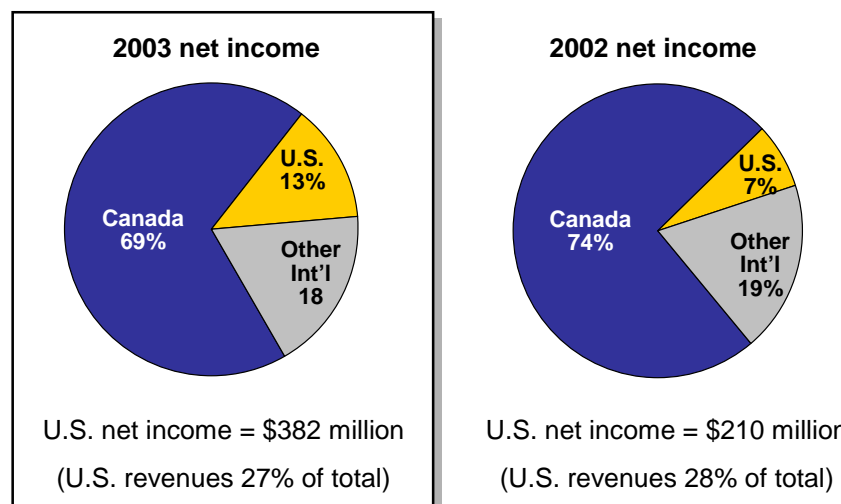
	Q4/03	Q4/03 vs.		2003	2003 vs.
		Q3/03	Q4/02		2002
Total revenues	\$ 216	(1)%	6%	\$ 844	4%
Non-interest expense	159	7	16	595	9
Provision for credit losses	-	n.m.	n.m.	2	(80)
Net income	44	(10)	-	178	3
Return on common equity	27.0%	↓ 340 bp	↓ 260 bp	27.7%	↓ 100 bp
Average common equity	\$ 650	-	8%	\$ 650	8%

Note: ROE and average common equity for the segments are discussed on chart 54



# Expansion outside Canada

## Proportion of U.S. earnings growing





## U.S. acquisition contributions

*Significant growth at RBC Dain Rauscher*

\$ millions

	Net income									
	Q4/03		Q3/03		Q4/02		2003		2002	
	C\$	US\$	C\$	US\$	C\$	US\$	C\$	US\$	C\$	US\$
<b>RBC Centura*</b>	1	1	41	30	57	36	141	96	206	131
<b>RBC Dain Rauscher**</b>	39	29	35	26	17	11	102	73	3	3
<b>RBC Liberty Insurance***</b>	(5)	(4)	-	-	6	4	8	5	23	15
<b>Total U.S. acquisitions</b>	<b>35</b>	<b>26</b>	<b>76</b>	<b>56</b>	<b>80</b>	<b>51</b>	<b>251</b>	<b>174</b>	<b>232</b>	<b>149</b>

\* RBC Centura includes its RBC Mortgage subsidiary

\*\* Excludes Dain Rauscher Wessels, whose operations have been integrated into RBC Capital Markets since early 2002

\*\*\* RBC Liberty Insurance includes BMA, which was acquired in May 2003

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## Retention compensation costs

C\$ millions

	Q4/03		Q3/03		Q2/03		Q1/03		Q4/02	
	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax	pre-tax	after-tax
<b>RBCInv*</b>	16	10	13	8	15	9	22	13	24	15
<b>RBCCM</b>	5	3	2	1	3	2	8	5	12	7
<b>Total</b>	<b>21</b>	<b>13</b>	<b>15</b>	<b>9</b>	<b>18</b>	<b>11</b>	<b>30</b>	<b>18</b>	<b>36</b>	<b>22</b>

\* Includes Tucker Anthony Sutro

RBCInv = RBC Investments RBCCM = RBC Capital Markets

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## Retention compensation costs

*Costs to continue to fall in 2004*

C\$ millions

	2001 A		2002 A		2003 A		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	66	41	42	26	20	13
RBCCM	88	54	51	31	18	11	3	2	-	-
<b>Total</b>	<b>176</b>	<b>108</b>	<b>158</b>	<b>97</b>	<b>84</b>	<b>52</b>	<b>45</b>	<b>28</b>	<b>20</b>	<b>13</b>

\* Forecast. Nil in 2006.

RBCInv = RBC Investments RBCCM = RBC Capital Markets

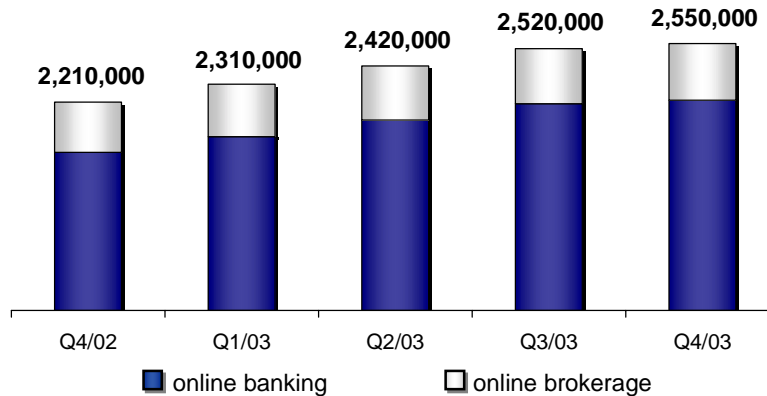
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## Canadian online customers

*Number of online clients continues to increase*

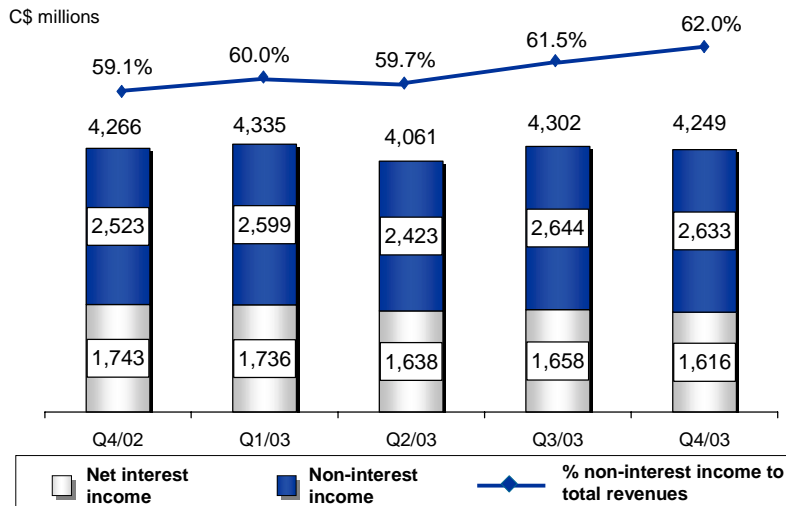
- 2,550,000 clients enrolled as at October 31, 2003 (2,220,000 banking and 330,000 brokerage)
- 25% Canadian customer penetration



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## Total revenues



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## Total revenues

### Impact of strengthening CAD on revenues

C\$ millions

	Q4/03 vs.		2003 vs.
	Q3/03	Q4/02	2002
<b>Change in total revenues</b>	\$ (53) (1)%	\$ (17) -	\$ (113) (1)%
Add back: impact of CAD appreciation vs. USD*	25	200	495
<b>Change in total revenues excluding above factor</b>	<b>\$ (28) (1)%</b>	<b>\$ 183 4%</b>	<b>\$ 382 2 %</b>

\* Translating USD denominated results using Q4/03 and 2003 CAD/USD exchange rates compared to the exchange rates for Q3/03, Q4/02 and 2002, respectively

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## Total revenues

### Net interest margin

	Q4/03	Q3/03	Q4/02
<b>Net interest margin</b>	1.58%	1.63%	1.81%
Avg. Canadian prime rate	4.59%	4.96%	4.50%
<b>Change in margin</b> <b>Due to:</b> Domestic banking margin* Growth in low-yielding assets and other factors	Q4/03 vs.		
	Q3/03		Q4/02
	(5) bp		(23) bp
	(5) bp		(23) bp

\* Largely due to deposit spread compression

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## Total revenues

### Non-interest income

C\$ millions

	Q4/03 vs.				2003 vs.	
	Q3/03		Q4/02		2002	
<b>Non-interest income growth</b>	\$ (11)	-	\$ 110	4%	\$ 167	2%
<b>Due to:</b>						
Underwriting & other advisory fees	\$ 4	2%	44	28%	\$ 28	4%
Investment management and custodial fees	28	10	28	10	(34)	(3)
Insurance premiums, investment & fee income	43	9	21	4	135	7
Securitization revenues	32	110	16	36	(7)	(4)
Securities brokerage commissions	(14)	(5)	16	6	(115)	(9)
Mutual fund revenues	7	4	5	3	(50)	(7)
Trading revenues	(102)	(19)	(45)	(9)	243	14
Mortgage banking	(75)	(119)	(69)	(121)	(60)	(25)
Securities gains (losses)	24	n.m.	126	n.m.	131	n.m.
Other*	42	7	(32)	(5)	(104)	(4)

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## Total revenues

### Securities brokerage commissions

C\$ millions	Q4/03	Q4/03 vs.				2003	2003 vs.	
		Q3/03		Q4/02			2002	
Retail full-service brokerage	\$ 211	\$(11)	(5)%	\$24	13%	\$ 814	\$(103)	(11)%
Institutional brokerage	50	(7)	(12)	(15)	(23)	213	(17)	(7)
Discount brokerage	24	4	20	7	41	81	5	7
<b>Total securities brokerage commissions</b>	<b>\$ 285</b>	<b>\$(14)</b>	<b>(5)%</b>	<b>\$16</b>	<b>6%</b>	<b>\$ 1,108</b>	<b>\$(115)</b>	<b>(9)%</b>

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## Total revenues

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

C\$ millions	Q4/03	Q3/03	Q4/02	2003	2002	
Total revenues	\$ 4,249	\$ 4,302	\$ 4,266	\$ 16,947	\$ 17,060	
Less: revenues of principal U.S. acquisitions*	822	909	952	3,507	3,642	
<b>Revenues excl. U.S. acquisitions</b>	<b>\$ 3,427</b>	<b>\$ 3,393</b>	<b>\$ 3,314</b>	<b>\$ 13,440</b>	<b>\$ 13,418</b>	
	Q4/03 vs.				2003 vs.	
	Q3/03		Q4/02		2002	
<b>Change in revenues excl. U.S. acquisitions</b>	<b>\$34</b>	<b>1%</b>	<b>\$113</b>	<b>3%</b>	<b>\$ 22</b>	<b>-</b>
Add back: impact of CAD appreciation vs. USD**(excl. acq)	11		68		163	
<b>Change excl. U.S. acqs. and impact of CAD/USD rate change</b>	<b>\$45</b>	<b>1%</b>	<b>\$181</b>	<b>5%</b>	<b>\$185</b>	<b>1%</b>

\* Principal acquisitions since 2000. Represents revenues of RBC Centura (includes its subsidiary RBC Mortgage), RBC Liberty Insurance (includes BMA) 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 Q4/03 and 2003 CAD/USD exchange rates compared to the exchange rates for Q3/03, Q4/02 and 2002, respectively

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## Non-interest expense

### *Cost discipline maintained*

C\$ millions	Q4/03	Q3/03	Q4/02	2003	2002
Non-interest expense	\$ 2,582	\$ 2,581	\$ 2,601	\$ 10,236	\$ 10,244
Change - Q4/03 & 2003 vs. prior periods		-	(1)%		-
Includes:					
• Retention compensation expense*	\$ 21	\$ 15	\$ 36	\$ 84	\$ 158
• Stock compensation expense					
- Stock Appreciation Rights**	6	-	(1)	18	27
- Performance-deferred stock plan	10	10	4	33	11
- Stock options	2	2	-	6	-
• Pension expense	64	49	48	237	181

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

\*\* Under Cdn. GAAP, the cost of stock appreciation rights was \$14 million in Q4/03, nil in Q3/03, \$(7) million in Q4/02, \$34 million in 2003 and \$44 million in 2002. 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 \$529 million in Q4/03, \$565 million in Q3/03, \$449 million in Q4/02, \$2,084 million in 2003 and \$2,095 million in 2002

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US GAAP



## Non-interest expense

### *Impact of strengthening CAD on expenses*

C\$ millions	Q4/03 vs.		2003 vs. 2002
	Q3/03	Q4/02	
<b>Change in non-interest expense</b>	\$ 1 -	\$ (19) (1)%	\$ (8) -
Add back: impact of CAD appreciation vs. USD*	17	140	340
<b>Change in non-interest expense excluding above factor</b>	\$18 1%	\$121 5%	\$332 3%

\* Translating USD denominated results using Q4/03 and 2003 CAD/USD exchange rates compared to the exchange rates for Q3/03, Q4/02 and 2002, respectively

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US GAAP



## Non-interest expense

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

C\$ millions	Q4/03	Q3/03	Q4/02	2003	2002	
Non-interest expense	\$ 2,582	\$ 2,581	\$ 2,601	\$ 10,236	\$ 10,244	
Less: NIE of principal U.S. acqs.*	661	670	700	2,680	2,831	
NIE excl. U.S. acquisitions	\$ 1,921	\$ 1,911	\$ 1,901	\$ 7,556	\$ 7,413	
	Q4/03 vs.			2003 vs.		
	Q3/03	Q4/02		2002		
<b>Change in NIE excl. U.S. acquisitions</b>	<b>\$10</b>	<b>1%</b>	<b>\$20</b>	<b>1%</b>	<b>\$143</b>	<b>2%</b>
Add back: impact of CAD appreciation vs. USD**(excl. acqs)	6		34		87	
<b>Change excl. U.S. acqs. and impact of CAD/USD rate change</b>	<b>\$16</b>	<b>1%</b>	<b>\$54</b>	<b>3%</b>	<b>\$230</b>	<b>3%</b>

\* Principal acquisitions since 2000. Represents NIE (including retention compensation costs) of RBC Centura (includes its subsidiary RBC Mortgage), RBC Liberty Insurance (includes BMA) 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 Q4/03 and 2003 CAD/USD exchange rates compared to the exchange rates for Q3/03, Q4/02 and 2002, respectively

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US GAAP



## Solid balance sheet

### Growth in consumer balances

C\$ millions	October 31, 2003 vs.			
	July 31, 2003		October 31, 2002	
Managed residential mortgages*	\$ 1,861	2%	\$ 6,708	9%
Personal loans	832	3	2,047	6
Managed credit cards*	191	3	902	14
<b>Total managed consumer loans</b>	<b>\$ 2,884</b>	<b>2%</b>	<b>\$ 9,657</b>	<b>8%</b>
Managed business & gov't loans*	(2,333)	(4)	(6,771)	(11)
<b>Total managed gross loans</b>	<b>\$ 551</b>	<b>-</b>	<b>\$ 2,886</b>	<b>2%</b>
Allowance for loan losses	(101)	(5)	(148)	(7)
<b>Total managed net loans</b>	<b>\$ 652</b>	<b>-</b>	<b>\$ 3,034</b>	<b>2%</b>
<b>Personal deposits</b>	<b>\$ (68)</b>	<b>-</b>	<b>\$ 4,818</b>	<b>5%</b>

\* Managed assets are comprised of sold and unsold balances of mortgage-backed securities, securitized credit card loan balances and securitized commercial mortgages. The use of "managed assets" in the analysis of our balance sheet is discussed on chart 54 and a reconciliation between GAAP and managed balances can be found on chart 35

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US GAAP



## Solid balance sheet

### *Impact of securitizations on loan balances*

C\$ millions

	Oct. 31/03	Jul. 31/03	Oct. 31/02
Residential mortgages	\$ 78,819	\$ 77,201	\$ 72,842
Mortgage-backed securities*	6,212	5,969	5,481
<b>Managed residential mortgages</b>	<b>\$ 85,031</b>	<b>\$ 83,170</b>	<b>\$ 78,323</b>
Credit cards	\$ 4,816	\$ 5,625	\$ 4,914
Credit card securitizations	2,675	1,675	1,675
<b>Managed credit cards</b>	<b>\$ 7,491</b>	<b>\$ 7,300</b>	<b>\$ 6,589</b>
Business & government loans	\$ 54,909	\$ 57,242	\$ 61,811
Commercial mortgage securitizations	131	131	-
<b>Managed business &amp; government loans</b>	<b>\$ 55,040</b>	<b>\$ 57,373</b>	<b>\$ 61,811</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



## Capital strength

### *Maintaining strong capital ratios*

#### Capital ratios (using OSFI guidelines)

	<u>Q4/03</u>	<u>Q3/03</u>	<u>Q4/02</u>
• Tier 1 ratio:	<b>9.7%</b>	9.6%	9.3%
• Total capital ratio:	<b>12.8%</b>	12.7%	12.7%

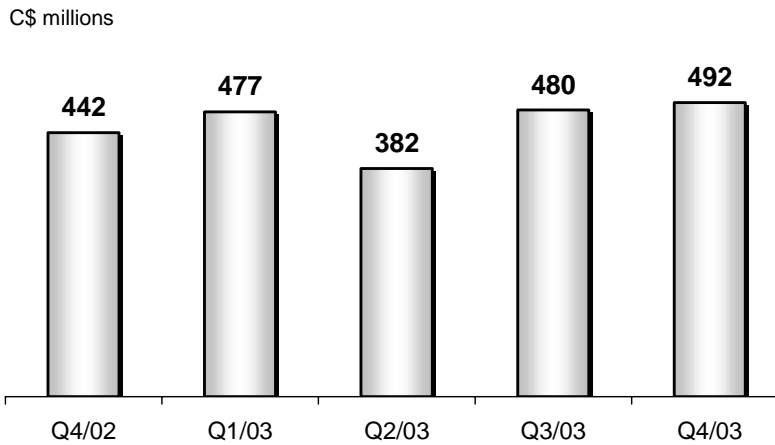
Share repurchases	# of shares	Average price	\$ repurchased
Q4/03: under program commenced June 24/03	3.6 mm	\$59.86	\$214 mm
2003: under program ended June 23/03	8.6 mm	\$58.09	\$502 mm
2003: under program commenced June 24/03	5.9 mm	\$59.30	\$350 mm
2003: total repurchases	14.5 mm	\$58.58	\$852 mm

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CDN GAAP



## Substantial internal capital generation



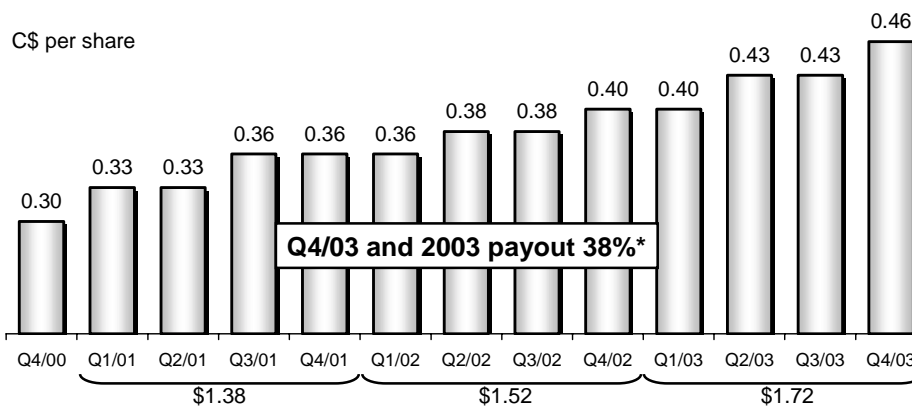
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US GAAP



## Common share dividends

*Six increases since Q4/00*



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

\*US GAAP

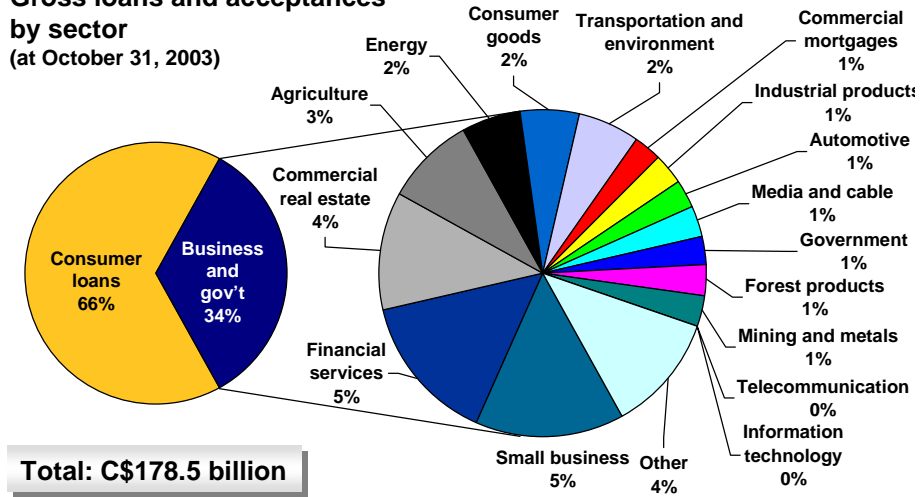
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# Asset quality

## Diversified loan portfolio

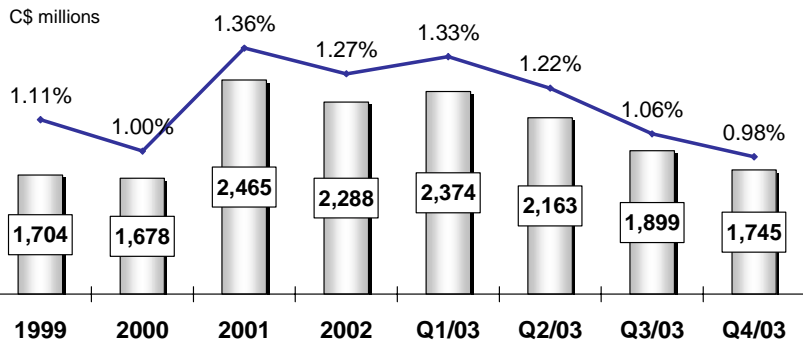
Gross loans and acceptances  
by sector  
(at October 31, 2003)



# Asset quality

## Nonaccrual loans

Nonaccrual loans ratio\*



\$132 million of the decrease in nonaccrual loans from Q3/03 to Q4/03 occurred in the business and government loan portfolio.

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



# Asset quality

## Nonaccrual loans

C\$ millions

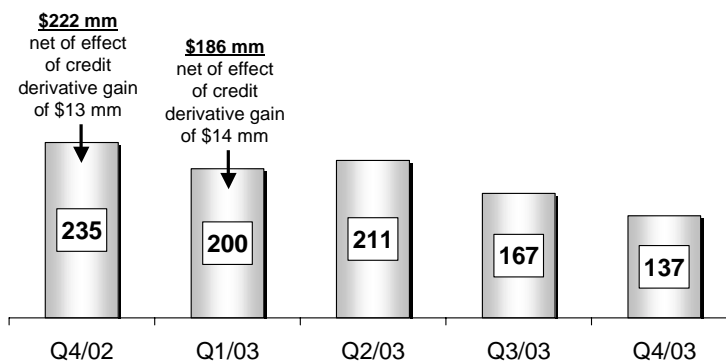
	Q4/03	Q4/03 vs.		Q4/02	
		Q3/03			
<b>Nonaccrual loans</b>	<b>\$ 1,745</b>	<b>\$ (154)</b>	<b>(8)%</b>	<b>\$ (543)</b>	<b>(24)%</b>
<b>Comprising:</b>					
Canada - consumer	\$ 323	\$ (7)	(2)%	\$ (54)	(14)%
Canada - business	741	(25)	(3)	(154)	(17)
U.S.A.	361	(48)	(12)	(223)	(38)
Other international	320	(74)	(19)	(112)	(26)



# Asset quality

## Allocated specific provision for credit losses

C\$ millions



Please see charts 43 and 54 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	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	2003	2002
Allocated specific PCL	\$137	\$167	\$211	\$200	\$235	\$715	\$1,065
Credit derivative gains*	-	-	-	(14)	(13)	(14)	(115)
Credit derivative losses**	-	-	-	-	-	-	69
Net credit derivative gains	-	-	-	(14)	(13)	(14)	(46)
"Net" allocated specific PCL	\$137	\$167	\$211	\$186	\$222	\$701	\$1,019

\* Mark-to-market gains on derivatives purchased to hedge accounts classified as nonaccrual (gains recorded in "non-interest income" 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 recorded in "non-interest income". We had provided credit protection through derivatives to counterparties in order to obtain 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 54 for further details on the use of credit derivatives

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US GAAP



## Asset quality

### Details on credit protection portfolio

C\$ millions, at October 31, 2003

	Bought	Sold
<b>Financial services</b>	\$ 359	\$ 13
<b>Transportation &amp; environmental</b>	66	13
<b>Energy</b>	65	23
<b>Telecommunications &amp; media</b>	63	34
<b>Forest products</b>	53	-
<b>Consumer products</b>	-	96
<b>Other industries</b>	88	110
	<u>\$ 694</u>	<u>\$ 289</u>
<b>Investment grade</b>	\$ 611	\$ 289
<b>Non-investment grade</b>	\$ 83	-

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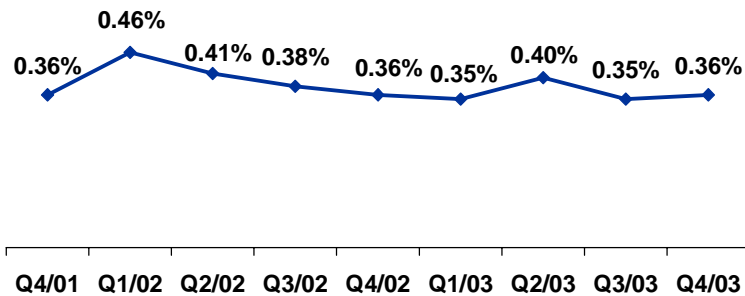


## Asset quality

### 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

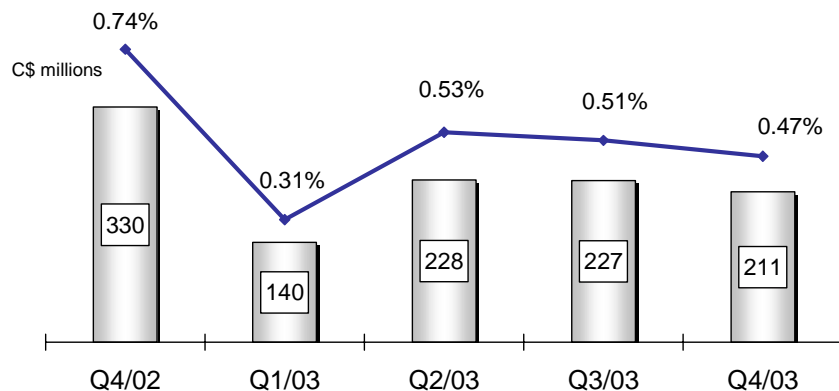
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## Asset quality

### Net charge-offs

#### Net charge-off ratio\*



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

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US GAAP



## Asset quality

### *Power generation and distribution loans down 18%*

C\$ millions

	Q4/03					Q3/03	
	Inv. grade	Non-inv. grade	Total loans	Impaired		Total loans	Net impaired
				Gross	Net		
<b>Regulated power transmission/distrib.</b>	59	14	73	-	-	224	-
<b>Diversified generation</b>	9	97	106	85	27	122	29
<b>Diversified utility</b>	426	238	664	7	2	683	3
<b>Generation projects with Offtake*</b>	94	66	160	-	-	230	-
<b>Merchant generation</b>	-	193	193	36	32	202	2
<b>Total sector</b>	<b>588</b>	<b>608</b>	<b>1,196</b>	<b>128</b>	<b>61</b>	<b>1,461**</b>	<b>34</b>

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

\*\*Included \$599 million of investment grade and \$862 million of non-investment grade loans

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## Asset quality

### *Telecommunication and cable loans down 15%*

C\$ millions

	Q4/03					Q3/03	
	Inv. grade	Non-inv. grade	Total loans	Impaired		Total loans	Net impaired
				Gross	Net		
<b>Telecom</b>	169	371	540	8	3	739	16
<b>Cable</b>	124	544	668	71	57	688	67
<b>Total sector</b>	<b>293</b>	<b>915</b>	<b>1,208</b>	<b>79</b>	<b>60</b>	<b>1,427**</b>	<b>83</b>

\* Includes CLEC exposure of nil in Q4/03 and \$15 million in Q3/03 (net of allowances, exposure was \$2 million)

\*\*Included \$381 million of investment grade and \$1,046 million of non-investment grade loans

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## Asset quality

### *Airlines and aerospace loans\* down 23%*

C\$ millions

	Q4/03					Q3/03	
	Inv. grade	Non-inv. grade	Total loans	Impaired Gross	Impaired Net	Total loans	Net impaired
<b>Airlines</b>	248	327	575	83	33	752	42
<b>Aerospace</b>	44	117	161	2	1	203	2
<b>Total sector</b>	<b>292</b>	<b>444</b>	<b>736</b>	<b>85</b>	<b>34</b>	<b>955**</b>	<b>44</b>

\* Airlines and aerospace loans are included in the "Transportation and environment" sector on chart 39

\*\*Included \$458 million of investment grade and \$497 million of non-investment grade loans



## Asset quality

### *Hotels, restaurants & entertainment loans\* down 9%*

C\$ millions

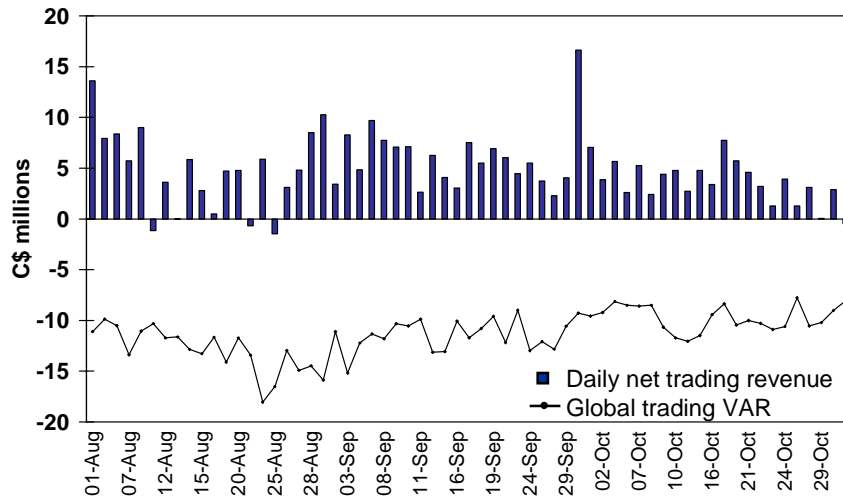
	Q4/03						Q3/03	
	Small business		Corporate & Commercial		Total loans	Gross Impaired	Total loans	Gross Impaired
	Inv. grade	Non-inv. grade	Inv. grade	Non-inv. grade				
<b>Hotels</b>	40	186	124	706	1,056	-	1,193	-
<b>Restaurants</b>	158	370	122	107	757	5	771	6
<b>Entertainment</b>	76	217	79	578	950	1	1,063	1
<b>Total</b>	<b>274</b>	<b>773</b>	<b>325</b>	<b>1,391</b>	<b>2,763</b>	<b>6</b>	<b>3,027**</b>	<b>7</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 39

\*\*Included \$204 million of investment grade small business, \$776 million of non-investment grade small business, \$566 million of investment grade corporate/commercial and \$1,481 million of non-investment grade corporate/commercial

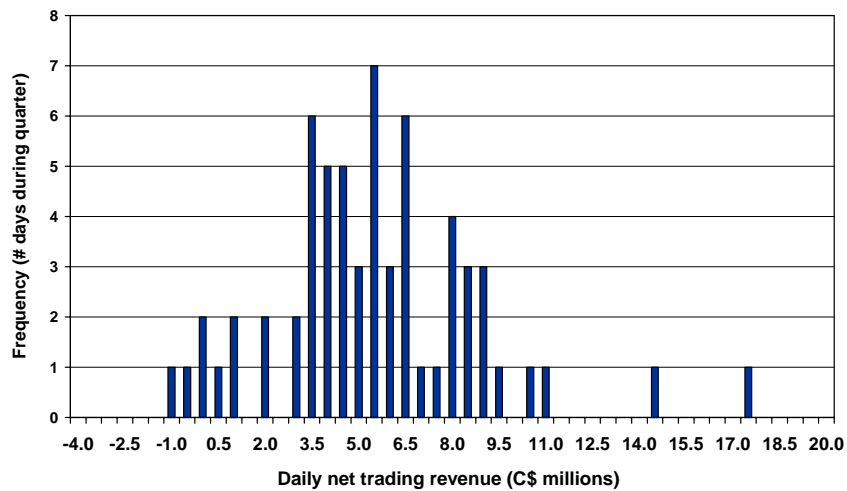


# Trading revenue performance



# Trading revenue performance

## *Distribution of Q4/03 trading revenues*





## Risk management

### Summary

- Nonaccrual loans down \$154 million from Q3/03 due largely to improvements in the business & government loan portfolio
- Allocated specific PCL down \$30 million from Q3/03 and \$98 million from Q4/02
- Continuing to reduce power, telecom, airline and hotel/entertainment loans from Q3/03 levels
- Continued solid trading performance



## 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 for the segments is calculated using methods intended to approximate the average of the daily balances for the period, while average common equity for RBC 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 loan 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, and/or receive servicing fees on them.

**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 income") 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.