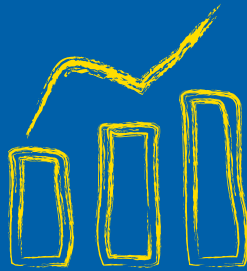


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# ECONOMIC IMPACT

We strive to have a positive impact on the economies of the communities and countries in which we do business. We provide returns to shareholders, pay taxes, create employment, and purchase goods and services from suppliers of all sizes. We also support economic development by providing loans, advice, information and services to our clients, and support small business, entrepreneurship, innovation and social programs.

Banks aren't doing anything to create economic value.



**\$20 million**  
committed to the  
RBC SOCIAL FINANCE INITIATIVE



More than half a  
**million**  
SMALL BUSINESS CLIENTS IN  
Canada and the Caribbean



**\$5.9 billion**  
GOODS AND SERVICES  
purchased



**\$681 million**  
cumulative investment in  
EMERGING TECHNOLOGY COMPANIES



**\$3.1 billion**  
TAXES INCURRED IN 2012<sup>1</sup>



<sup>1</sup> Includes income, capital, property, payroll, business, insurance premiums, and goods and services sales taxes.

Economic impact priorities	2012 Performance highlights	2013 Plans
<b>Provide top-quartile Total Shareholder Returns over the medium term</b>	<ul style="list-style-type: none"> <li>Our three- and five-year average Total Shareholder Returns (TSR), both 5 per cent, placed us in the second quartile for the three-year period and in the top quartile for the five-year period. These ratings were established within our global peer group, described at the bottom of page 39. See our 2012 Annual Report for comprehensive disclosure on our financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>Maximize shareholder returns by achieving a top-quartile TSR over the medium term (three to five years), which we believe reflects a longer-term view of strong and consistent financial performance.</li> </ul>
<b>Create employment</b>	<ul style="list-style-type: none"> <li>Provided direct employment to approximately 80,000 people, with \$9.3 billion in compensation and benefits.</li> <li>Supported charitable and not-for-profit organizations that promote literacy and help unemployed or underemployed people secure jobs.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to provide educational opportunities through our own initiatives and by supporting not-for-profit organizations.</li> </ul>
<b>Support small business</b>	<ul style="list-style-type: none"> <li>Provided \$156.6 billion in financing to businesses in Canada.</li> <li>Served more than 543,000 small business clients in Canada and the Caribbean.</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing, proactive advice and specialized services to small businesses in Canada and the Caribbean.</li> </ul>
<b>Promote community economic development</b>	<ul style="list-style-type: none"> <li>Fostered economic well-being among Canadian newcomers and Aboriginal peoples by providing specialized financial programs, financial literacy initiatives, and support for community initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Evolve our specialized financial programs, financial literacy initiatives and financial support for newcomers to Canada.</li> </ul>
<b>Foster economic growth by supporting infrastructure development projects</b>	<ul style="list-style-type: none"> <li>Helped clients across North America and Europe access public and private financing for infrastructure and development projects.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to support our clients and provide financing for development projects that promote economic prosperity.</li> </ul>
<b>Foster innovation and entrepreneurship</b>	<ul style="list-style-type: none"> <li>Launched our social finance initiative, a \$20 million commitment to help foster and cultivate positive, wide-ranging social and environmental change.</li> <li>Committed \$681 million in investment for emerging technology companies around the world to date.</li> </ul>	<ul style="list-style-type: none"> <li>Make our first set of investments through the RBC Generator (social finance fund) for social and environmental entrepreneurs.</li> </ul>
<b>Purchase goods and services responsibly</b>	<ul style="list-style-type: none"> <li>Purchased goods and services totalling \$5.9 billion from suppliers of all sizes.</li> <li>Fully implemented our new Responsible Procurement Policy to screen key suppliers globally for social and environmental factors.</li> <li>Included screening questions in 147 electronic requests for information (eRFx), representing 97 per cent of our transactions done through our web-based sourcing tool.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to screen suppliers according to our Responsible Procurement Policy.</li> <li>Apply our policy to the qualification process for general contractors.</li> <li>Work with suppliers to address conflict minerals in our supply chain.</li> </ul>

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**LOANS TO  
INDIVIDUALS**

**EMPLOYEE  
COMPENSATION  
AND BENEFITS  
\$9.3 BILLION**

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**RETURNS TO  
SHAREHOLDERS**  
\$3.5 BILLION IN DIVIDENDS



**PROCUREMENT  
\$5.9 BILLION**

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**TAXES**  
\$3.1  
BILLION<sup>1</sup>

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**DONATIONS  
AND SPONSORSHIPS**  
\$95 MILLION

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**LOANS TO  
BUSINESSES**  
**\$156.6 BILLION (CANADA)**

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<sup>1</sup> Taxes incurred.

## Return to shareholders

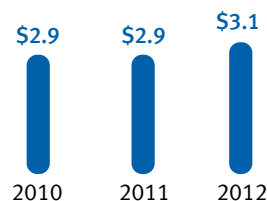
A large number of people share in the ownership of RBC™, either directly or indirectly. Our shareholders include pension funds; insurance, trust and investment companies; and individual investors worldwide, and represent a vast pool of savings. Such widespread ownership heightens our responsibility to provide good returns to shareholders.

We measure our performance in this area using Total Shareholder Returns (TSR), a metric that compares the performance of our common shares over a period of time, reflecting share price appreciation and dividends paid to common shareholders. Our three- and five-year average TSRs, both 5 per cent, placed us in the second quartile for the three-year period and in the top quartile for the five-year period. These ratings were established within our global peer group<sup>1</sup>. We report our financial performance in our Annual Report to Shareholders.

## Taxes

We incurred taxes of \$3.1 billion in 2012. This includes income, capital, property, payroll, business, insurance premium, and goods and services and sales taxes.

**Taxes incurred**  
(\$ billions)



## Employment

RBC provides employment to approximately 80,000 people worldwide. This represents one of our most significant direct economic impacts in the form of compensation and benefits paid, which, in turn, has an impact on the economy.

RBC also has a long history of supporting community and charitable programs for people who are unemployed or underemployed.

<sup>1</sup> We compare our TSR to that of a global peer group approved by our Board of Directors and consisting of the following 20 financial institutions: seven large Canadian financial institutions in addition to us (Bank of Montreal, Canadian Imperial Bank of Commerce, Manulife Financial Corporation, National Bank of Canada, Power Financial Corporation, The Bank of Nova Scotia and The Toronto-Dominion Bank), five U.S. financial institutions (Bank of America Corporation, JPMorgan Chase & Co., The Bank of New York Mellon Corporation, U.S. Bancorp and Wells Fargo & Company), five European financial institutions (Banco Bilbao Vizcaya Argentaria Group (BBVA), Barclays PLC, BNP Paribas, Credit Suisse Group AG and Deutsche Bank Group) and two Australian financial institutions (National Australia Bank and Westpac Banking Corporation).

## Small business

Royal Bank of Canada was founded on the initiative of eight Halifax merchants in the 1860s. We continue to believe that small business is an important economic driver, and our support for this sector has a significant impact on the economy. We serve 543,000 business clients in Canada and the Caribbean, who in turn create jobs, pay taxes, buy goods and services and contribute to a prosperous future for their communities and countries.

### Small business service network

- Market share** We serve approximately one of every four business clients in Canada.
- Network and service** Across the country, we have:
  - 585 senior business and personal account managers devoted to small business owners in Canada.
  - A dedicated team of advisors who are available 24-7 to provide immediate assistance to clients over the phone.

### Access to credit

We are committed to helping businesses prosper, whether they are starting, maintaining or expanding their operations. One of the ways we do this is by providing debt financing or credit.

We continue to streamline our credit-approval process so that it is easier for businesses to deal with us, and we facilitate client requests at first point of contact via the client's preferred channel. In 2012, we expanded our small business credit capability. We now have over 1,400 senior account managers who are able to facilitate credit requests of up to \$25,000.

Our annual Public Accountability Statement provides a detailed breakdown of the number of business clients we lend to across Canada and the amount of credit we made available to them. For more information, see page 106.

## Advice and products

While access to credit is important, it is only one of the needs of small business clients. We also strive to provide the best possible products and advice to help our clients better manage their businesses. Here are highlights from 2012:

### Canada

#### Advice and service

- We launched a new deposit program with special banking packages to franchisees across the country.
- We offered free webinars to help small business owners use the Internet more effectively to acquire new customers and sell their products and services. Three webinars attracted a total of 2,000 registered participants.

#### Simplified processes

- We facilitated client requests at first point of contact via the client's preferred channel.
- We introduced a new client agreement for multiple products, resulting in less paperwork for clients.
- We improved clients' electronic access to their RBC Royal Bank™ business client card accounts.

### Caribbean

- We introduced a financial planning service for our clients in Trinidad, Barbados and Curaçao.
- We launched the "Business Banking Winning Guide" in Jamaica to help build the capabilities of the sales team.

## Agricultural businesses

### Canada

We have been committed to Canadian agriculture for more than 135 years. We serve more farmers and farm families than any other financial institution in the country, and consider this another important way in which we have an impact on the economy. In order to help our clients access funds and manage their farms, we participate in federal and provincial programs such as the *Canadian Agricultural Loans Act*, a federal financial loan guarantee program, and AgriInvest, which helps farmers manage small declines in income.

Since farms and agribusinesses are different from other businesses, we tailor our approach with:

- More than 125 dedicated account managers who know agriculture and understand the farm business.
- Farm financing such as mortgages, term and operating loans, and deposit and savings accounts, as well as other specialized services.
- Ongoing advice, education and resources to keep farmers and those in the agribusiness informed about the agricultural economy and the management of their businesses. These cover topics such as business strategy, risk management, technology and farm finance. In 2012, we partnered with the Farm & Food Care Foundation to issue a white paper that explores environmental issues in Canadian agriculture and showcases best practices and opportunities associated with green farm operations.

We have supported 4-H for more than 65 years, one of our longest-standing community relationships, and sponsor programs such as the RBC 4-H Rural-Urban Youth Outreach Program, which fosters the creation of 4-H clubs in cities and facilitates rural-urban exchange.

### Caribbean

We offer a U.S. dollar line of credit that targets the agricultural export sector and the productive sector, including agribusiness, manufacturing and tourism. It provides access to between US\$50,000 and US\$250,000 and is available for trade financing, business expansion and upgrading of existing facilities in Jamaica.

## Not-for-profit organizations

Charitable and not-for-profit organizations (NPOs) are a significant economic force and a critical contributor to the gross domestic product (GDP) in most developed nations. They not only do important work, they comprise an economically important sector in their own right. As a financial services company, we consider our support of this sector to be another significant component of our indirect economic impact.

### Canada

We provide customized services, account packages and expertise:

- We have 45 account managers dedicated exclusively to the NPO sector. In addition to bringing specialized knowledge, advice, products and networking

opportunities to their NPO clients, they are passionate about their clients' causes. Many of our NPO account managers volunteer in their communities.

- We host and support education and networking sessions, provide educational materials about fraud mitigation and governance, and sponsor organizations, such as the Canadian Society of Association Executives, to help build capacity in the sector.

- In 2012, RBC Foundation™ supported a program to help train current and aspiring directors of NPO organizations across Canada. The Governance Essentials Program for Directors of Not-for-Profit Organizations was developed jointly by the Institute of Corporate Directors and the Rotman School of Management, University of Toronto. The program is taught by faculty from Canada's leading business schools.

## Resources for entrepreneurs

We provide information to business owners at all stages of the business life cycle, helping them manage their business and personal financial matters, including the following resources:

### Guidebooks

- Starting a Business (also available in simplified Chinese)
- Growing a Business
- Business Succession Planning
- Personal Financial Management for Business Owners
- Greening Your Business

### Online tools and tips

We provide online resources to help aspiring entrepreneurs and existing business owners, including:

- **Taking Care of My Business:** This website features a series of videos and articles that function as “thought starters” to help entrepreneurs form a more complete picture of what it takes to run a successful business.
- **Business assessment tool:** This tool helps people who are considering the purchase of a franchise.
- **Cash flow management tool:** This tool helps business owners manage their cash positions by creating a variety of realistic cash flow projections through “what if” scenarios with recommendations on how to improve cash flow.

### CICA/RBC Business Monitor

We helped establish this quarterly report based on surveys conducted by the Canadian Institute of Chartered Accountants (CICA). The report includes responses from leading chartered accountants, which serve as a barometer of economic activity.

### 2012 Events

In Canada, we introduced the Business Financial Services Webinar Series, online events that are hosted by our Commercial Advice Centre. The webinars include quarterly economic updates from the RBC Chief Economist on topics such as foreign exchange, fraud, energy retrofitting, business investment and productivity.

In the Caribbean, we held a number of business banking client events in Barbados, Cayman Islands, Trinidad and Guyana, where RBC Caribbean Banking Economists and IMF (International Monetary Fund) representatives provided an economic outlook.

## Economic development

Banks play an important role in the economy by efficiently channelling funds to help create and grow wealth. RBC helps stimulate and grow the economy in our communities, while also promoting social and environmental well-being by:

- Investing in community economic development initiatives that generate social and environmental benefits as well as a financial return, such as programs and services that help newcomers and Aboriginal communities prosper.
- Investing in infrastructure development projects through municipal finance and private-public partnerships.
- Supporting innovation and entrepreneurship by investing in knowledge-based companies and funding programs that promote new ideas and their commercialization.

- Supporting economic think tanks and other organizations that provide research and share knowledge.

### Economic development in Aboriginal communities

RBC supports the creation of wealth and sustainability in Aboriginal communities. See page 53 for an overview of products and services for Aboriginal clients.

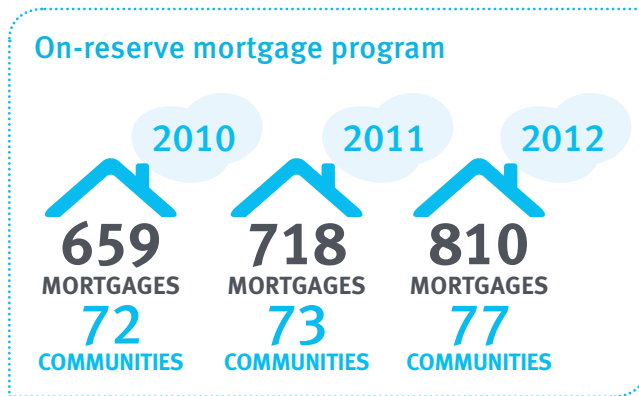
#### Trust and investment services

RBC helps Aboriginal communities manage land claim settlements. We have extensive experience in handling large assets and provide the continuity necessary to ensure settlement money and systems are effectively managed for the future benefit of the community.



### Home financing on reserves

RBC was the first financial institution in Canada to create an on-reserve mortgage product that did not require a federal government guarantee. We continue to increase the number of Aboriginal communities we serve, as well as the number of mortgages we provide.



### Sponsorship of non-profit organizations

We provide financial support to organizations that foster self-sufficiency for Aboriginal peoples, including the following:

- Aboriginal Financial Officers Association of Canada, which helps to enhance the financial and management practices and skills of Aboriginal peoples.
- Aboriginal Human Resource Council, which helps to advance the full participation of Aboriginal peoples in Canada’s labour market.
- Council for the Advancement of Native Development Officers, which works to help build economic skills in Aboriginal communities and organizations.
- Young Entrepreneurs Symposium, which helps Aboriginal entrepreneurs connect to established business people.
- Conference Board of Canada’s Centre for the North, which helps government, business, community and Aboriginal leaders achieve a shared vision of sustainable prosperity in Canada’s North. We made a five-year, \$250,000 commitment to this organization in 2010.
- Ashoka Canada’s Changemaker Competition, which identifies and rewards new ideas in Aboriginal education that have the potential for innovation, impact and sustainability. We donated \$185,000 to Ashoka Canada initiatives in 2012.

- Actua, a Canadian science, engineering and technology youth outreach organization. We donated \$75,000 to their National Aboriginal Outreach Program.
- Frontiers Foundation, which promotes the advancement of economically and socially disadvantaged communities. Since 1989, we have supported its Operation Beaver Program, which helps provide Aboriginal communities with affordable housing and improvements in education.
- Twenty-one additional Aboriginal community-based organizations across Canada that offer structured after school programs and supervised activities for children between the ages of six and 17. We committed more than \$500,000 to help these organizations deliver programs that focus on safety, social skills and self-esteem for the 2012-13 school year.

### Support for newcomers to Canada

We believe there are significant economic benefits for society when new immigrants succeed in their adopted country. We support organizations and sponsor programs that promote the interests of newcomers, including:

- Top 25 Canadian Immigrants, a national people’s choice award that allows Canadians to vote for outstanding immigrants who have made a difference since their arrival in Canada.
- Canadian Immigrant Integration Program/Association of Canadian Community Colleges, which prepares newcomers for economic integration while they are still in their country of origin. RBC also facilitates international webinars such as “Understanding Banking in Canada.”
- RBC SIFE (Students in Free Enterprise) Newcomer Advancement Project of Advancing Canadian Entrepreneurship (ACE), which helps increase the ability of new Canadians to achieve success.
- Career Bridge, a paid internship program that helps immigrants who are internationally qualified professionals find work in their fields. In 2012, RBC hired 31 people in the Career Bridge internship program (see page 74).

### Infrastructure development projects

RBC helps foster economic growth by providing credit and financial advice to clients for projects that have a social purpose. This is an important part of our business as a financial services company, and has a significant impact on the economy.

### Municipal finance

Some investments have both a financial and social return. For example, RBC helps municipal clients access public and private financing sources for infrastructure development projects such as social housing. To preserve client confidentiality, we do not disclose specific details about our full municipal finance portfolio.

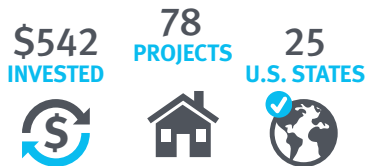
### Public/private partnerships (PPPs)

Financial services companies help build towns and cities when we provide financing or advice for major infrastructure projects, such as hospitals, schools, roads, bridges, power plants and transit systems. That's where partnerships with government, business and civil society organizations can be important. We provide advice and financial services to PPPs through our offices in Toronto, London (U.K.), Sydney, New York City, Paris and Madrid, and count these as important ways in which we have an impact on the economy.

#### Examples of 2012 municipal finance projects

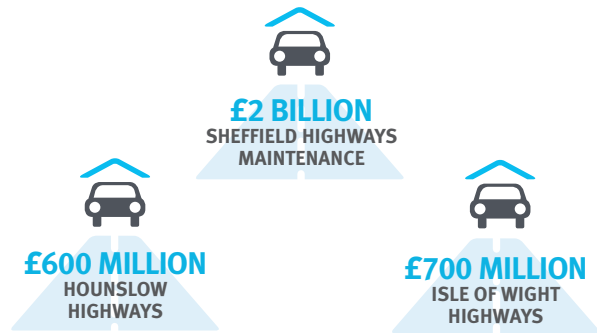


5,900 units of affordable housing (US\$ millions)



Through the RBC Tax Equity Group, which syndicates a 99 per cent equity ownership position for investors.

#### Examples of 2012 PPPs in the U.K.



This is a sample of publicly disclosed projects in which RBC was involved in 2012. The examples here are for United Kingdom deals in which RBC acted as sole financial advisor. To preserve client confidentiality, we do not disclose specific details about our full PPP portfolio.

## Innovation and entrepreneurship

Innovation is widely recognized as a key ingredient of long-term sustainable productivity and economic prosperity. Since 1969, we have brought investment dollars, as well as our knowledge and expertise, to budding software and technology companies serving the financial services and other sectors. We also support organizations and initiatives that promote learning, innovation and entrepreneurship. Here are a few examples.

### 2012 Investments in innovation

#### Emerging technology

We have committed \$681 million for emerging technologies around the world to date.

#### RBC Next Great Innovator Challenge®

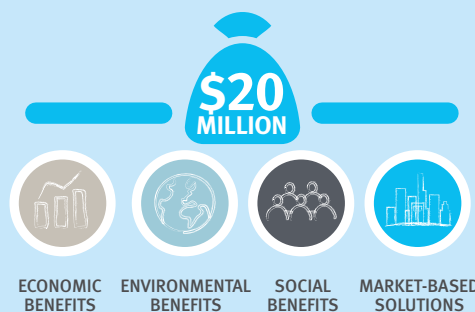
An annual contest for college and university students from across Canada to propose ideas on how to deliver financial services. Now in its sixth year, the challenge has been expanded to four unique competition streams for students to showcase their cutting-edge ideas and innovative approaches. For more information, visit [rbc.com/innovator](http://rbc.com/innovator).

### RBC's social finance initiative

In 2012, we launched our social finance initiative, a \$20 million commitment to help foster and cultivate positive, wide-ranging social and environmental change. Social finance is a proactive approach to solving social and environmental challenges through direct investment in private companies, projects and funds while also earning an attractive financial return. We were the first major financial institution in Canada to announce such an initiative, which includes:

- The RBC Generator, a \$10 million pool of capital for investing in funds and small businesses that generate a social and/or environmental return. This capital will provide much-needed financing for innovative enterprises that help address issues around water and energy or provide employment opportunities for youth and disadvantaged groups. These groups must have a “for profit” model. We will grow and reinvest the proceeds of successful investments.

- An investment of \$10 million of RBC Foundation assets in socially responsible investments through the Phillips, Hager & North Community Value Funds.
- Support for research, development of knowledge networks and thought leadership to catalyze the growth of social and environmental entrepreneurship in Canada. In 2012, we donated \$1 million to the MaRS Centre for Impact Investing. MaRS will use the funds to convene an engaged network around key issues and events; incubate and accelerate new social entrepreneurs; conduct research; and inform a broad audience on what makes a successful social-purpose business.



## Research and sharing of knowledge

We believe financial institutions have a duty to contribute to public policy discussions about economic and social issues. Our views are often sought by legislators, the public service and other participants in public discussion. In 2012, RBC participated in a roundtable hosted by Canada's Minister of Transport Canada on infrastructure and private sector best practices that could be adopted by the public sector.

We maintain a substantial research program, both corporately and within our various businesses. Our experts examine conditions, developments and trends in Canada and abroad, and share their findings and analyses extensively through publications, speeches and briefings.

Our Chief Economist regularly meets with officials from the Bank of Canada as well as the federal and provincial departments of Finance. We are also frequently called upon to prepare and submit briefs to government commissions and task forces. We have consistently emphasized the importance of, and need for, improved productivity in Canada, especially in the context of an increasingly competitive global environment.

In 2012, we issued reports on a broad range of economic subjects, including Canadians' debt levels, housing trends and affordability, and the economic and financial market outlook.

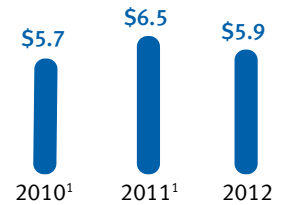
 [rbc.com/economics](http://rbc.com/economics)

## Procurement

RBC purchases goods and services from suppliers of all sizes, and this procurement has a significant economic impact. In 2012, we spent \$5.9 billion on goods and services from 36,000 international, national, regional and local suppliers of all sizes.

### Goods and services purchased

(\$ billions)



<sup>1</sup> Includes discontinued operations.

## Responsible sourcing

Increasingly, purchasers take social and environmental considerations into account when making purchasing decisions and managing their relationships with suppliers. As a result, responsible sourcing and effective supply-chain management are quickly becoming hallmarks of a sustainable company. We introduced a company-wide Responsible Procurement Policy in 2011, which calls for increased due diligence when we are pre-screening potential suppliers. We review our guidelines regularly to ensure they align with our sustainability objectives.

In 2012, RBC was rated the top Canadian financial institution, and fourth company overall, for policies addressing labour standards in the property service supply chain.

We perform due diligence with respect to sustainability on all requests for information, quotes or proposals from suppliers related to the provision of goods and/or services. We ask suppliers to provide details on their commitment to responsible environmental management, employee health and safety, ethical business practices, compliance with labour standards and workforce diversity. We may also ask prospective vendors to provide extensive corporate and financial information, including a declaration of conflicts, lawsuits or administrative complaints and charges, industry experience and references.

For key suppliers, our environmental, labour and diversity standards and requirements may include:

**Environment**

- Environmental policies and targets.
- Environmental performance data.
- An established environmental management system certified to ISO 14001, Eco-Management and Audit Scheme (EMAS) or equivalent, with external independent audits.
- Environmental standards for suppliers’ processes, products or services.
- Lifecycle impact assessments of the suppliers’ processes, products or services.
- Evidence of action plans that minimize a given company’s adverse environmental impacts to air, water and land.
- Evidence of third-party certifications that verify environmental accreditations.

- Disclosure of any significant environmental violations within the past five years.
- Disclosure of any significant environmental activism campaigns against them within the last five years.

**Labour**

- Labour standards/employment practices.
- Occupational health and safety policies; management systems and performance data.
- Human rights policies and performance data.
- Grievance processes implemented.
- Disclosure of significant violations or social activism campaigns against them within the last five years.

**Diversity**

- Consultation with, and consideration of, Aboriginal peoples.
- Representation of diverse groups.
- Management practices demonstrating a commitment to diversity.

**Implementation and auditing**

We fully implemented our Responsible Procurement Policy and tracking mechanisms in 2012. We assess suppliers based on comprehensive screening criteria. For certain key suppliers, we follow more in-depth processes, such as formal service-level agreements, supplier reporting, customer satisfaction surveys, quarterly reviews, site visits and price audits. We also conduct formal audits in concert with our Internal Audit group, as appropriate.

<b>Responsible Procurement Policy</b>		
Material suppliers assessed for responsible business practices		
<b>2013 (target)</b>	<b>2012</b>	<b>2011</b>
Sustainability criteria will be included in the pre-qualification process for general contractors providing construction services.	147 suppliers were assessed, representing over \$510 million in purchasing.	160 suppliers were assessed, representing over \$270 million in purchasing.

**Support for diverse and local suppliers**

RBC strives to increase opportunities for diverse suppliers to sell goods and services. We are a founding member of the Canadian Aboriginal and Minority Supplier Council (CAMSC) and an inaugural sponsor of WEConnect Canada, a not-for-profit organization that promotes women-owned businesses in the supply chain. We use information from CAMSC and WEConnect to identify potential suppliers who can compete for RBC business. In 2012, RBC received the CAMSC Corporation of the Year Award, for contributions to supplier diversity, as well as the WEConnect Leader of the Year Award.

In 2012, we also launched our Supplier Diversity Mentorship Program, which offers one-on-one mentorship to a small group of qualified suppliers. The program is intended to help diverse suppliers improve their ability to compete for business from large corporations such as RBC, and to increase our potential supplier base.