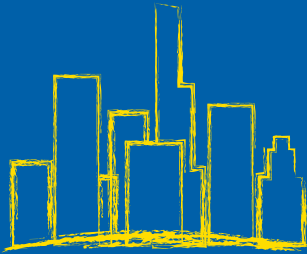


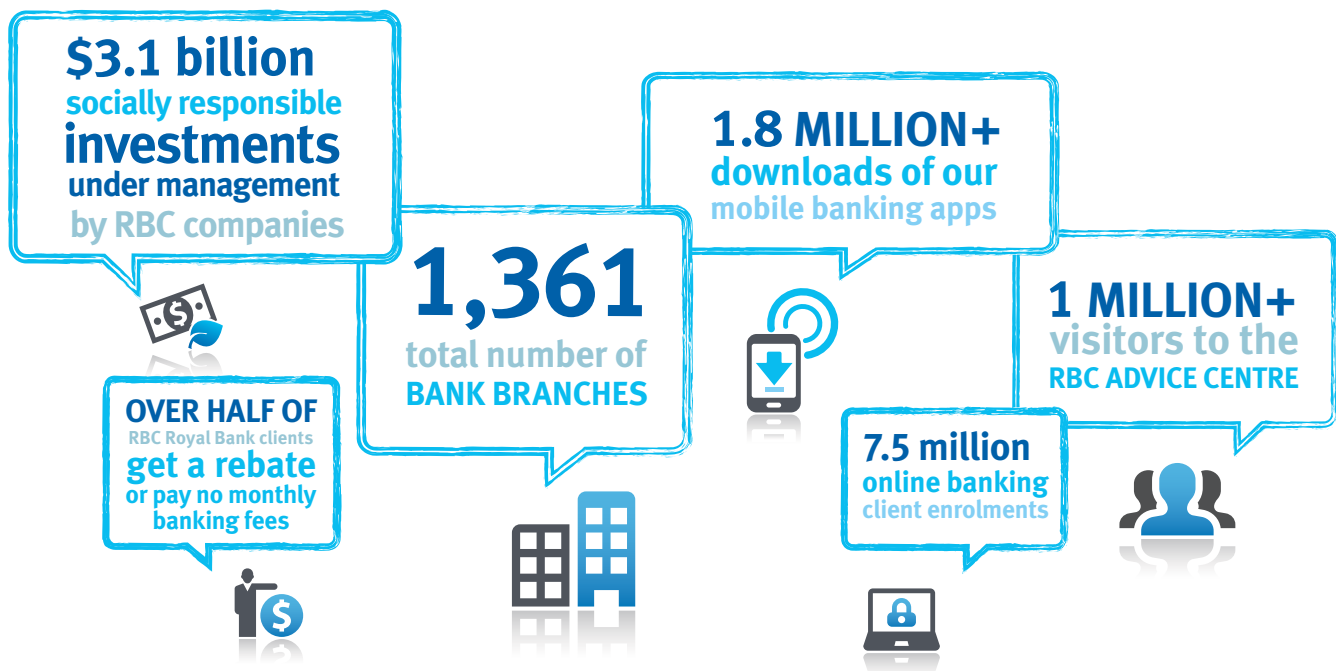
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# MARKETPLACE

RBC™ serves more than 15 million clients in 51 countries worldwide, including those in our home market of Canada. We are “always earning the right to be our clients’ first choice” by serving them responsibly and ensuring that they have access to the financial products, services and advice they need to make the best decisions possible. This section includes information about RBC products and services that have a positive social or environmental, as well as economic, impact.



Marketplace priorities	2012 Performance highlights	2013 Plans
<p><b>Promote financial literacy among clients and the general public</b></p>	<ul style="list-style-type: none"> <li>■ Added a debt-reduction planner and debt-consolidation calculator to our online offerings.</li> <li>■ Supported financial literacy programs offered by not-for-profit organizations across North America.</li> </ul>	<ul style="list-style-type: none"> <li>■ Provide financial education opportunities, both through our own initiatives and by supporting not-for-profit organizations dedicated to this cause.</li> <li>■ Expand the RBC financial literacy campaign to our employees.</li> </ul>
<p><b>Provide access to basic banking through a range of channels</b></p>	<ul style="list-style-type: none"> <li>■ Added 27 branches and 431 ATMs to our Canadian network, bringing our national total to 1,239 branches and 4,724 ATMs.</li> <li>■ Extended the RBC Royal Bank™ retail store concept to 45 locations across Canada (including our 27 branches opened), focusing on financial education through the use of engaging digital technologies.</li> <li>■ Launched a new partnership with a major drug store in Canada enabling more convenient banking with 298 new ATMs (70 per cent of 2012 ATM growth) in Shoppers Drug Mart<sup>†</sup>/Pharmaprix<sup>†</sup> locations.</li> <li>■ Extended hours of business across our Canadian network so that about 70 per cent of our branches are open evenings or weekends.</li> <li>■ Offered rebates or banking accounts with no monthly fee to more than half of our Canadian banking clients.</li> <li>■ Exceeded 1.8 million downloads of our mobile banking apps.</li> <li>■ Ensured all new ATMs ordered in 2012 had larger screens for improved readability.</li> </ul>	<ul style="list-style-type: none"> <li>■ Open approximately 25 new branches in Canada.</li> <li>■ Continue to implement the RBC Royal Bank retail store concept in select markets and branches across Canada.</li> <li>■ Add new features and services to mobile banking.</li> <li>■ Continue to focus on the seamless integration of all channels (branch, phone, online, mobile sales forces, ATMs) while enhancing the self-serve, assisted serve or full service experiences.</li> </ul>
<p><b>Develop products and services responsibly, including those that have positive social or environmental impacts</b></p>	<ul style="list-style-type: none"> <li>■ Financed and/or provided advice on 10 projects under the Equator Principles.</li> <li>■ Managed over \$3 billion in socially responsible investments.</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue to develop products and services responsibly.</li> </ul>
<p><b>Respect clients' privacy, safeguard their information and protect them from fraud</b></p>	<ul style="list-style-type: none"> <li>■ Published timely and relevant alerts and notices on our Privacy &amp; Security website and on our online banking sign-in page.</li> <li>■ Posted informative articles on our online banking sign-in page.</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue to educate employees and clients on privacy, information security and fraud prevention.</li> </ul>
<p><b>Listen and respond to clients</b></p>	<ul style="list-style-type: none"> <li>■ Surveyed more than half a million clients in Canada and the Caribbean.</li> <li>■ Ranked number one in online banking, branch service, advice and products in various customer satisfaction surveys.</li> <li>■ Received industry recognition in the areas of mutual funds, financial planning and private banking.</li> <li>■ Resolved 99 per cent of client care complaints within 30 days, and 80 per cent within two days.</li> </ul>	<ul style="list-style-type: none"> <li>■ Monitor our service delivery through client satisfaction surveys, likelihood-to-recommend scores and referrals from existing clients for new business.</li> <li>■ Respond to our clients' needs and concerns.</li> </ul>

## Access to banking and insurance

### 2012 Retail banking and insurance network

We strive to deliver service where, when and how our clients want it. In Canada, we continue to expand and improve our branch network, extending our branch hours to suit clients' needs, with ATMs and online, telephone and mobile banking providing convenient alternatives. In Canada, we offer the largest fully integrated call centre of any bank, and more ATMs and branches and twice as many financial advice specialists as our nearest competitor.

Feature	Canada	Caribbean
<i>Branches</i>		
Retail banking branches	1,239	121
Branches opened	27	0
Branches closed	2	2
Branches open evenings or weekends	Approximately 70%	1
<i>ATMs</i>		
ATMs	4,724	341
ATMs in off-site locations such as drugstores, gas stations and supermarkets	Yes	Yes
Accounts accessible	Canadian and U.S. accounts	Local accounts
Currency dispensed	Canadian and U.S.	Local and U.S.
<i>Online banking</i>		
Account opening	Yes	No
<i>Mobile sales force</i>		
Visits with clients at home or work any day of the week	Yes	No
<i>Mobile apps</i>		
Available for iPhone <sup>†</sup> , iPod touch <sup>†</sup> , iPad <sup>†</sup> , BlackBerry <sup>†</sup> and Android <sup>†</sup>	Yes	No

### 2012 Branch network enhancements

#### Canada

We made the following improvements in 2012:

- Extended the RBC Royal Bank retail store concept to 45 locations across Canada where we tested and implemented ways to enhance the client experience through video conferencing, tablets, media walls, discovery bars, digital merchandisers and online banking kiosks;
- Equipped more than 750 branches with LCD screens to provide better, faster and more targeted communications, reducing the use of printed posters and our carbon footprint;
- Extended branch hours across the country, for a total increase of almost 7,000 total hours since May 2010 (21 per cent increase). Now, over 760 branches are open Saturdays, and over 710 branches are open at least one late evening;
- Powered our entire Canadian ATM and digital display networks with renewable energy.

#### ATMs

In 2012, we launched a partnership that provides convenient access to banking through 298 new RBC ATMs in Shoppers Drug Mart<sup>†</sup>/Pharmaprix<sup>†</sup> locations. We also added over 100 ATMs in branches, gas stations, convenience stores, airports, drugstores and college/university locations.

#### Bank branch closures and openings

RBC continually reviews growing neighbourhoods to assess any opportunities to add branches to our national network. Prior to closing branches in Canada, we comply with federal legislation in our commitment to:

- Provide clients and communities with four months' advance notice of network reconfigurations or branch closures (six months' notice in the case of rural communities or communities where there is no bank within a 10 km radius); and
- Ensure community leaders and public officials are aware of our reconfiguration initiatives and have an understanding of service alternatives for the affected communities.

See page 107 for a complete list of branches opened and closed in Canada in 2012.

## Caribbean

In 2012, we enhanced our branch network in the Caribbean by:

- Redesigning banking halls, operations and technology in Trinidad to enhance the client experience; and
- Replacing 56 ATMs across the Caribbean, allowing for improved security and wheelchair access.

## Pricing

We are committed to providing value for our clients by setting reasonable banking fees for our service packages.

- We conduct regular research in the marketplace to ensure that our pricing is competitive.
- More than half of our clients — many of them students or seniors — receive a rebate on their banking fees or bank for free.
- Various account packages include specific services in the package cost, such as RBC Cross-Border Debits, *Interac*<sup>+</sup> e-Transfers, annual fee waivers on credit cards, drafts and discounts on safe deposit boxes.
- RBC Insurance<sup>™</sup> offers discounts and savings for eligible clients who have both their home and auto insurance with RBC Insurance, plus further savings on term life insurance.

## Diverse and underserved groups

We provide banking access to a host of traditionally underserved groups through customized products, services, channels and community-based programs.

### Low-income and underserved clients

We provide banking access to low-income and traditionally underserved clients through various initiatives.

- A rebate, or no monthly fees on their banking account, for more than half of our clients — many of them students or seniors;
- A low-cost Canadian deposit account that offers 10 monthly debit transactions for a flat monthly fee;
- Specific programs to improve access to adequate, suitable and affordable housing under the federal government Affordable Housing Initiative (AHI), offered through the Canada Mortgage and Housing Corporation (CMHC) in partnership with the provinces and territories.

### Students and youth

RBC provides targeted advice, banking services and financing products for post-secondary students.

- Information on budgeting, how to fund a post-secondary education and how to track monthly expenses.

We offer students:

- Two chequing account options: one with no fees and 25 free debit transactions per month and another with a low monthly fee with unlimited debit transactions and discounted credit card options.

### People with disabilities

Our goal is to ensure equal access to all RBC premises and services for clients with disabilities.



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

#### Branches

- Approximately 90 per cent of our bank and insurance branches are wheelchair accessible;
- Every new RBC branch we open is wheelchair accessible;
- We are committed to applying barrier-free design standards wherever we operate;
- Our physical locations are audited periodically by internal groups and external regulatory agencies to identify and remove barriers.

#### ATMs

- All new ATMs have larger screens to improve readability, and newly purchased walk-up ATMs use our pioneering Audio Voice Guidance Capability;
- Branch ATMs are compliant with the Canadian Standards Association's Accessibility Standards (B651) for height, reach and knee space.

#### Online banking

- Public and secure banking websites are accessible, with standards based on the World Wide Web Consortium Web Content Accessibility Guidelines;
- Platforms are compatible with the browsers, keyboard navigation and adaptive devices most commonly used by persons with disabilities.

#### Telephone banking

- A special phone number that can be accessed using a teletypewriter device, giving hearing-impaired clients in Canada and the U.S. 24-7 access;
- Relay Services so a client can talk to a representative directly, about more complex banking needs.

#### Alternative formats

- Materials provided in large type, audio cassettes, Braille and e-text;
- More than 1,600 RBC clients in Canada receive Braille statements.

#### Training

- In 2012, RBC Insurance established an Accessible Customer Service Policy and enhanced training to ensure services are provided to people with disabilities in a way that respects their dignity and independence.

### Seniors

We are sensitive to the needs and concerns of the growing population of seniors and offer a range of specialized services and products.

- Specialized deposit and insurance options, including rebates on monthly banking fees;
- Training and information about the financial abuse of elders to employees across Canada, who, in turn, meet with groups of seniors to discuss financial fraud;
- Access to basic banking services for housebound seniors through a range of channels. Protect their privacy, require documentation, such as a Power of Attorney or Court Order, and ensure that we can work with third parties who are legally authorized to act in the best interests of seniors who cannot manage their finances independently;
- Out-of-province/country emergency medical insurance coverage for clients aged 65 and above, added to several RBC credit cards in 2012;
- Optional credit card insurance coverage for customers aged 65 to 80 with full creditor life insurance protection up to a maximum of \$25,000.

### Newcomers to Canada

RBC recognizes the contributions that newcomers make to the social and economic fabric of Canada, and we tailor our products and services for diverse communities.

Our products and services for newcomers to Canada include:

- Service and information in our clients' language of choice. We can provide service in a total of 180 languages in more than 400 RBC Royal Bank™ branches and telephone contact centres;
- Monthly fees waived for six months on the RBC Signature No Limit Banking® account;
- A credit card for newcomer clients and their spouses or partners, with no credit history required;
- Alternative ways for clients to secure a mortgage, even without credit history. RBC can do this by reviewing other sources of information, such as immigration type and status, bill payment history and financial information from the client's country of origin;
- Free access to a range of online tutorials, available in up to 14 languages, on subjects such as financing a home, starting a small business and banking terminology. In 2012, we added a tutorial to help newcomers establish and grow their credit history in Canada;
- A preferred rate on foreign exchange transactions for a client's first year in Canada;
- Financial services that support the Canadian federal government's Immigrant Investor Program, to encourage successful and experienced business people to immigrate to Canada;
- RBC Insurance provides articles and tips to educate newcomers about how to protect their family, homes, cars and other assets.

### Aboriginal communities

Access to banking services and capital are critical to helping create wealth and economic sustainability in Aboriginal communities.

Our service and products include:

- Dedicated market managers, account managers, trust and investment advisors and risk management teams who specialize in understanding the banking and credit needs of Aboriginal communities across the country;

Aboriginal branch network	2012	2011	2010
Total number of on-reserve branches	8	8	8
Number of branches in three territories	6	6	6
Agency banking operations in First Nations communities	2	2	2

- A remote banking service that enables clients to open an account and bank 24-7 by telephone or online;
- Telephone service in Cree and Inuktitut, two of the most commonly spoken indigenous languages in Canada;
- On-reserve mortgages and development capital, which are both important factors in creating wealth and economic sustainability in Aboriginal communities. Our Leasehold Mortgage Program gives First Nations members greater flexibility and choice when financing the purchase or construction of a home.



For more information, visit [rbcroyalbank.com/commercial/aboriginal/index.html](http://rbcroyalbank.com/commercial/aboriginal/index.html).

## Mobile banking

RBC offers fully integrated mobile banking applications for all major platforms in Canada so that clients can check account balances, view account activity, review transactions, transfer funds, use mortgage calculators, buy and sell investments, and more. Our mobile app consistently ranks very high in popularity<sup>1</sup> on each platform's respective app store because of its functionality, simplicity and ease of use.

<sup>1</sup> Rankings are based on number of downloads as well as client ratings.

### RBC mobile app statistics<sup>1</sup>

1.8  
MILLION+  
DOWNLOADS OF OUR  
MOBILE BANKING APPS

1  
MILLION+  
CANADIANS  
HAVE USED THE APP

13x  
PER MONTH  
CLIENTS CHECK THEIR  
BALANCES, ON AVERAGE

31  
MILLION  
TRANSACTIONS<sup>2</sup>

436  
MILLION  
INTERACTIONS<sup>3</sup>

<sup>1</sup> From launch in 2010 to October 31, 2012.

<sup>2</sup> Includes bill payments, third-party payments, *Interac* e-Transfers and transfers between accounts.

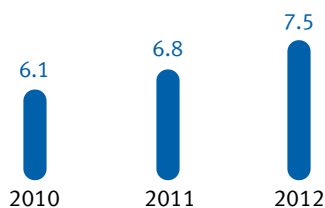
<sup>3</sup> Includes all sign-ins, transactions, account balance inquiries, account detail inquiries and Get Location inquiries.

## Online banking

Online banking is a strategic priority for RBC. As demand from clients grows and evolves, we continue to improve our online offering.

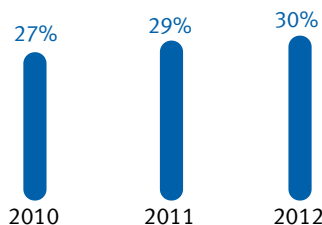
### Online banking client enrolments<sup>1</sup>

(number of clients; millions)



<sup>1</sup> Includes personal and business clients in Canada enrolled in online banking services for the years ended October 31.

### Online banking active users<sup>1</sup>



<sup>1</sup> Percentage of RBC Royal Bank clients who are actively using online banking solutions.

## Payment options

Technology has changed the way people shop and pay for their purchases. RBC provides innovative and convenient payment options for individual clients and for business clients in the retail sector:

- We were a leader in providing *Interac* Flash-enabled cards, which eliminate the need for card insertion and a PIN on smaller purchases. This benefits both the consumer and merchant by allowing transactions to be processed more quickly.
- We introduced Virtual Visa<sup>+</sup> Debit, a smart and safe way to pay for online, telephone and mail order purchases with the funds debited directly from your banking account. Virtual Visa Debit is ideal for people who like to shop online but do not have or do not want to use their credit card for those purchases.

## Financial literacy

Financial matters are so complicated nowadays. It's no wonder so many people are in debt.



We help promote financial literacy through our own initiatives and by supporting not-for-profit organizations that provide financial education. We aim to lend money responsibly by providing credit to clients who are able to manage their debt comfortably.

  
**1 MILLION+**  
 VISITORS  
 TO THE RBC ADVICE  
 CENTRE IN 2012

### Promotion of financial knowledge

As the financial world grows in complexity, and with consumer debt on the rise, people need to be more knowledgeable than ever about their finances. Yet increasingly, they are having difficulty staying on top of their financial affairs. The financial services industry, banks in particular, have a critical role to play in helping to increase the financial literacy of consumers of all ages.

RBC has been promoting financial literacy for many years. In 1924, we developed our first budget book, the first of many money management tools that we have created over the years to help clients manage their finances. RBC continues to promote financial literacy — knowledge of credit, debt and savings — to clients, prospective clients and the public at large. Today's tools include websites, publications and seminars that help clients plan for their financial future.

Our financial literacy initiatives are part of a broad financial planning approach. We start by understanding a client's life needs, prior to discussing their financial needs. We advise clients at key life moments, such as entering university, marriage, birth of a child or the purchase of a first home. This approach encourages clients to learn more about financial matters and establish priorities. Our financial literacy initiatives, described on pages 56-57, support this process.

The financial industry also needs to make things simpler for its clients in order to improve their financial literacy. At RBC, we use plain language and simple illustrations in our communications with clients, and we provide clear and straightforward information on fees. For more information about our communications policies, see page 61.



## Financial literacy — RBC initiatives

For clients, consumers and employees, we delivered a number of financial literacy programs, including the ones listed in the table below.

<b>Personalized advice</b>	Our highly trained front-line staff deliver personal and financial advice to clients. We have more than 400 branches across the country that, combined, offer advice and/or assistance in more than 180 languages.
<b>In-branch advice seminars</b>	We deliver presentations in branches across Canada on topics such as fraud, borrowing, investments and key life events.
<b>Community-based advice seminars</b>	We offer financial literacy seminars for specific community groups on their premises.
<b>The RBC Advice Centre</b>	Our Advice Centre is an online source of information on financial trends and issues, with calculators, customized tools and advice on savings and investing, everyday banking, business, home ownership and mortgages to help Canadians improve their financial literacy. A “Key Life Moments” portal features specialized advice for students, new Canadians, snowbirds and other groups. We also publish a biweekly email containing advice on financial topics, and send it to more than one million clients. It provides information on such topics as saving for a child’s education, using an RRSP for the down payment on a first house and avoiding identity theft.
<b>The RBC Insurance Advice Centre</b>	RBC Insurance offers information and online advice for individuals, families and business owners to assess their needs for personal insurance, retirement solutions, credit protection and business insurance.
<b>myFinanceTracker™</b>	We’ve created a customizable online tool that automatically categorizes transactions, tracks expenses and provides advanced budgeting capabilities, empowering personal banking and credit card clients to make sound financial decisions.
<b>RBC Better Student Life</b>	We offer online advice for students to help them manage their finances.
<b>Learning Money with Leo</b>	We’ve designed free, practical and fun tools to help parents teach their children (aged three to six) about the concept and value of money. An iPad app and online printable resources are available.
<b>RBC banking tutorials for new Canadians</b>	Our online lessons contain helpful information on financial topics, from saving for a child’s education to purchasing a car, now available in up to 14 languages.
<b>Debt reduction planner and debt consolidation calculator</b>	We offer free online tools to help Canadians improve cash flow and reduce debt.
<b>Financial advice campaigns</b>	Our advice campaigns feature advice on topics such as debt reduction, using credit wisely, cybersecurity, whether to buy or lease a car, and tax-free saving. We offer this advice through advertisements, emails, and Twitter <sup>†</sup> and Facebook <sup>‡</sup> postings.
<b>Economic update webcasts and video commentaries</b>	Our Chief Economist offers clear and concise monthly economic updates via webcast and quarterly video commentaries.
<b>Employee financial literacy</b>	In 2012, we created a program exclusively for employees with easy-to-understand information about the many resources available. It provides advice and helps employees take action on their financial future and goals. We will expand the site and promote our resources in 2013.

## Financial literacy — Initiatives supported by RBC

In addition to our own extensive financial literacy initiatives, in 2012 we invested more than \$500,000 to support other initiatives that promote financial literacy around the world.

### Canada

#### YourMoney seminars

Twenty-five RBC employees delivered 87 educational seminars developed by the Canadian Bankers' Association in partnership with the Financial Consumer Agency of Canada in classrooms across Canada, helping more than 2,848 high-school students understand topics such as how to handle credit or start a business.

#### Junior Achievement's Economics of Staying in School (ESIS)

RBC contributed more than \$200,000 to ESIS, a program that provides seminars and educational materials on career planning and financial awareness.

#### Canadian Foundation for Economic Education (CFEE) workshops

RBC committed \$175,000 over two years for a workshop series to help recent and established Canadian immigrants improve their economic and financial literacy.

#### Eva's Initiatives for Homeless Youth — Financial Literacy Program

We contributed \$25,000 to this money management project, originally developed for a single shelter's residents and later expanded to thousands of homeless youth across Canada.

#### EducationMatters

We contributed \$25,000 to help students learn basic financial, managerial, marketing, accounting and entrepreneurial principles.

#### Elsbeth Heyworth Centre for Women — Financial Literacy Program

We donated \$20,000 to help empower immigrant women who are survivors of domestic violence by providing them with skills to manage their day-to-day financial affairs.

#### Regina Adult Learning Centre — RBC How Money Works, RBC How Business Works

RBC made a multi-year \$50,000 commitment to programs that help students gain an understanding of debt and recognize the importance of bank accounts and savings.

#### Association of Women of India in Canada Community and Social Services' Financial Literacy Training program

RBC contributed \$5,000 to help educate immigrant women and their families on the essentials of daily budgeting, saving and building a credit history.

#### Edmonton Financial Literacy Society — Making Ends Meet

RBC contributed \$5,000 to provide high-quality financial education for people seeking to become financially solvent.

#### Wellspring Cancer Support Network

RBC contributed \$225,000 over three years to the Money Matters program for cancer patients with financial issues.

### Caribbean

#### Junior Achievement

RBC donated \$18,800 for programs that show young people how to generate and manage wealth, create jobs and apply entrepreneurial thinking to the workplace.

#### Bahamas Institute of Financial Services G12 Programme

We donated \$2,000 to help promote financial literacy among Grade 12 students.

## Responsible banking, investing and insurance

**One of our priorities is to develop products and services responsibly, including those that have positive social or environmental impacts.**

### Opening a bank account

We are committed to ensuring that the process of opening a bank account is straightforward for our clients and allows us to meet regulatory requirements. We provide information about how to open a bank account in plain language and make it available in multiple languages. Our documents clearly outline the requirements for opening an account.

### Development of products and services

RBC has an enterprise-wide policy that sets out a rigorous process for assessing the risks of financial products and services we develop, and lays out a clear approval process for all product and service development. We evaluate products for a range of risks and ensure they align with our risk appetite and applicable laws and regulations. Approval levels correspond to the level of risk identified for a particular product.

### Responsible lending

For RBC, responsible lending means providing credit to clients who are able to manage their debt comfortably. It also means having policies and processes in place that enable us to identify and manage risks associated with a business client's social and environmental concerns, thereby minimizing our exposure to credit, reputational and legal risk. By incorporating social and environmental considerations into our lending process, we can promote social and environmental standards in all types of business.

RBC maintains a suite of social and environmental risk management policies designed to help us identify, assess and mitigate the social and environmental risks associated with financing small business, commercial and corporate clients. These policies are in keeping with our leadership role in social and environmental risk management, and reflect our commitment to a balanced, responsible approach to business. We review these policies regularly to ensure that they reflect our understanding of evolving social and environmental issues and that we comply with legal and operational requirements.

RBC is a signatory to the Equator Principles, a voluntary set of guidelines that help financial institutions address the social and environmental risks associated with project finance. For more information on the Equator Principles, see page 90; on our environmental lending policies, see page 32.

### Microcredit

Microcredit or "microfinance" is sometimes considered an effective approach to alleviating poverty in developing nations.

Microfinance consists of small loans, usually of less than \$200, that are provided by organizations or financial institutions to individuals, primarily women, so that they can establish or expand small, self-sustaining businesses. These small loans are generally made through a financial institution's retail delivery channel on the ground in a specific country or low-income region. While most microcredit programs are found in developing nations, they are starting to appear in some developed nations as well.

As we are not in the retail banking business in developing nations outside of the Caribbean, RBC does not generally engage in the provision of microcredit. We are involved in a pilot project in cooperation with the non-profit ACCESS Community Capital Fund, whereby RBC provides and administers micro-loans for residents of Toronto's Regent Park community so that they can finance new and existing small businesses in the area.

We serve the banking needs of low-income clients and provide credit and financing expertise to small businesses in Canada and the Caribbean (see page 39). We report our provision of credit to small businesses in Canada (see page 106).

## Restricted transactions

There are certain types of clients and transactions that are to be avoided. These include, but are not necessarily limited to, situations where it is clear that RBC would be providing financing support, whether direct or implicit, for transactions involving:

- Financing of companies manufacturing or trading in equipment or material for nuclear, chemical or biological weapons, landmines or cluster bombs;
- Financing of Internet gambling businesses;
- Granting of credit to entities subject to economic sanctions, or those on our “no credit” lists;
- Credit transactions where the objective appears to be direct or indirect engagement in illegal activity, or to mislead regarding financial statements or regulatory reporting;
- Credit transactions involving undocumented agreements, disbursements or funds transfers; or
- Granting of credit to a business or individual engaged in activities inconsistent with generally accepted standards of ethical behaviour in the community.

In addition to the restrictions listed above, our risk principles guide our decisions. We avoid all activities that are not consistent with our values, Code of Conduct or policies. Our reputation is one of our most valuable assets, and we will not pursue any transaction, loan, deal, client or profit opportunity that puts our reputation at risk. Any transaction, product, business activity or client relationship that potentially exposes RBC to reputational risk is subject to broad and senior executive review, which can lead us to restrict proceeding with a particular transaction, product, business activity or client relationship.

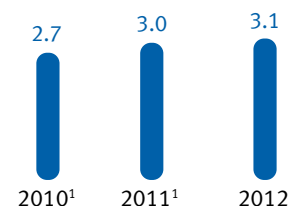
For a full overview of our risk management policies, see our 2012 Annual Report.

## Responsible investing

Socially responsible investing (SRI) is an investment management approach that integrates environmental, social and governance (ESG) criteria in traditional financial analysis.

### SRI assets under management

(\$ billions)



<sup>1</sup> Restated from previous years.

For individual investors who are interested in SRI, we offer options such as:

- RBC Global Asset Management Inc.’s SRI mutual funds include the RBC Jantzi Funds, which use ESG investment screens provided by Sustainalytics, and the Phillips, Hager & North Community Values Funds, which invest in securities issued by companies that conduct themselves in a socially responsible manner. In addition, the team manages segregated accounts for institutional clients that are managed on an SRI basis. Total assets under management for these products exceed \$1 billion.
- Minneapolis-based RBC Global Asset Management (U.S.) Inc. manages the Access Capital Community Investment Strategy, which invests in debt securities that support community development across the United States. The strategy invested over US\$755 million in community projects as of October 31, 2012.
- Our SRI Wealth Management Group is an investment team with more than US\$1.3 billion in assets under management. With over 30 years of responsible and sustainable investment experience, this group provides personalized SRI service to high net worth individuals and institutional clients across the United States.



[rbcmfa.com/sri/](http://rbcmfa.com/sri/)

In addition, RBC clients in Canada have access to all the SRI funds in the Canadian marketplace through our network of advisors. U.S. clients have access to the SRI funds in the U.S. marketplace.

## Green products and services

We offer green products and services that help clients reduce their environmental footprint or transition to more sustainable business models.

In 2012, we expanded the RBC Greening Your Business Advice Centre. We partnered with industry associations in retail and agriculture and published two reports identifying the risks and opportunities of environmental sustainability in these sectors.

We continue to offer clients environmental products and services, such as electronic statements, homeowner mortgage and loan products that support improvements in energy efficiency, solar panel financing for homeowners and businesses, socially responsible investments and advisory services, carbon trading and clean energy financing services. For more information, see page 90.



[rbc.com/community-sustainability/environment/green-products-services](http://rbc.com/community-sustainability/environment/green-products-services)

## Mutual funds

RBC is committed to fostering strong mutual fund governance. We actively participate in industry associations to support effective regulation that benefits the investing public.

We have been leaders in developing and implementing an industry rule requiring all Canadian mutual funds and investment funds to have an independent review committee. This is intended to protect the interests of investors by requiring independent reviews of conflicts of interest that may arise in fund management.

As an institutional investor in firms around the world, we focus on the quality of corporate governance. We are active in the Canadian Coalition for Good Governance, exercising proxies in accordance with comprehensive proxy voting guidelines and disclosing the funds' proxy voting records. We advocate for best practices in corporate governance and engage directly with companies on corporate governance issues.

RBC Global Asset Management Inc. belongs to the Social Investment Organization, a non-profit organization devoted to promoting socially responsible investing in Canada, and offers mutual funds for those seeking socially responsible investments.

## Involvement of stakeholders in product development

We involve external stakeholders, such as clients, community members, academics, non-governmental organizations and grassroots organizations, to various degrees when we are developing new products and services. In 2012, we:

- Developed a Newcomer to Canada project that includes customized products and services, following discussions with newcomer clients, community agencies, government departments and others.
- Partnered with the Canadian Federation of Medical Students to help provide better financial advice and solutions.
- Sponsored cleantech organizations and events that help promote and inform our financing of renewable energy.
- Consulted with external stakeholders as we developed our social finance initiative, a \$20 million commitment to helping find business solutions to social and environmental problems.

## Sale of products and services

We promote and sell our products in a fair and responsible manner so that we can help our clients make the very best financial services choices for themselves.

Our employees must undergo extensive training, make all necessary efforts to know our clients, and understand our clients' personal and financial objectives. "Know Your Client" rules are key to the protection of all our clients, as well as of the world's financial systems and our reputation. Our due diligence, policies, procedures and solutions comply with applicable laws, regulations and industry codes relating to the promotion and sale of financial products. In many instances, we go beyond what is required by law, to avoid impropriety as well as the appearance of impropriety.

## Integrity in marketing and sales communications

RBC is committed to providing clients with investment, banking and insurance information they can easily understand and use. Our brochures and websites describe our products and services simply, using examples for increased clarity. We review contract, policy and statement language regularly so that our clients can more easily evaluate our products' suitability for their needs. In 2012:

- We launched a new tool on our public website that provides two different ways to view the historical performance of our investment solutions.
- We revised the format and wording of home insurance policies to make it easier for RBC Insurance clients to understand their coverage. In response to client concerns about complicated life insurance policies, we also provide inserts with the policy that feature a summary and a glossary in plain language.

We aim to communicate in a manner that is fair, clear and not misleading, and respect applicable laws and regulations in the various jurisdictions where we conduct business.

### Canada

- Advertising is highly regulated at both the federal and provincial levels, with legislation, such as the *Competition Act*, which prohibits false and misleading advertising, and provincial consumer protection laws, which govern conduct concerning claims that may be false or misleading.
- In producing our marketing material, we also follow the guidelines and standards of practice of various self-regulatory bodies, such as Advertising Standards Canada and the Canadian Marketing Association.
- We subscribe to a number of voluntary codes of conduct relating to the responsible sale of financial products and services. For example, we follow voluntary Canadian banking industry guidelines for plain language mortgage documents and apply many of those guidelines to other documents such as account applications. See page 63 for a list of voluntary codes and page 58 for information on documents related to opening an account.

### United Kingdom

- We comply with Financial Services Authority laws governing marketing communications, advertising, promotion and sponsorship.

### Caribbean

- We have multiple regulators across the Caribbean, and we comply with all their disclosure and marketing requirements.

## Protection of clients

How can I be sure it's safe to bank online?



### Information security and privacy

As the use of online and mobile banking grows, so does the risk of fraud and scams. Banks must take responsibility for protecting their clients' information from unauthorized access or use. We have stringent privacy practices and use a range of technologies and security mechanisms to ensure the safety, confidentiality and integrity of client information and transactions. We employ advanced technology and security procedures to help protect against unauthorized transactions and access to user data.<sup>1</sup> We also offer our clients a guarantee.

If an unauthorized transaction is conducted through RBC Royal Bank Online or Mobile Banking or RBC Direct Investing™ Online or Mobile, clients will be reimbursed 100 per cent for any losses to their accounts resulting from unauthorized access.<sup>2</sup>



### Privacy and information security

RBC is dedicated to safeguarding the privacy and confidentiality of our clients' personal, business and financial information. This is one of our highest priorities and remains a cornerstone of our commitment to our clients, employees and other stakeholders. Our Privacy Policy, first developed in 1991, is overseen by our Chief Privacy Officer. We use rigorous security safeguards and internal controls to ensure the privacy and security of information entrusted to us.

### Information for clients

We provide ongoing, regular information to clients about privacy, information security and fraud prevention in easy-to-understand and engaging formats, including advisories, videos and interactive quizzes, on rbc.com.

### Employee awareness

In 2012, we enhanced our employee training to include information specific to an employee's jurisdiction, with practical guidance on everyday situations that require privacy and information security decisions.

### Online security

RBC has developed and maintains finely tuned, sophisticated systems and processes for ensuring the security of online transactions. For example:

- We have designed our fraud detection systems to detect unusual or suspicious behaviour.
- We require a passport or other valid documents as "Know Your Client" identification for accounts opened online.

<sup>1</sup> For a definition of an unauthorized transaction and for full details regarding the protections and limitations of the RBC Online Banking Security Guarantee, see the Electronic Access Agreement. This guarantee is given by Royal Bank of Canada in connection with its online banking service.

<sup>2</sup> For a definition of an unauthorized transaction and full details regarding the protections and limitations of the Online Security Guarantees, please see your account and/or online agreements with the applicable entity. The guarantees are given by Royal Bank of Canada in connection with its online banking service and by RBC Direct Investing Inc. in connection with its online investing service.

## Fraud prevention

RBC has stringent security policies and practices, supported by around-the-clock resources to prevent, detect and investigate potential fraud. Our guarantees for Canadian online banking and self-directed brokerage clients offer 100 per cent reimbursement for funds lost through unauthorized transactions in their accounts.<sup>1</sup> In 2012, we:

- Enhanced processes and strategies in order to decrease the impact of fraud on our clients;
- Communicated regularly with clients to help educate them on fraud-related issues and to provide up-to-date tips and alerts. Communication tools included our financial fraud prevention and privacy protection brochure, our Privacy & Security website, our RBC Advice Centre video on identity and investment scams, and client presentations on topics such as identity theft and seniors' financial abuse; and

- Automated some of our fraud prevention and reimbursement calls so that we were able to reach clients faster and reduce any negative impact on them.

<sup>1</sup> For a definition of an unauthorized transaction and full details regarding the protections and limitations of the Online Security Guarantees, see the account and/or online agreements with the applicable entity. The guarantees are given by Royal Bank of Canada in connection with its online banking service and RBC Direct Investing Inc. in connection with its online investing service.

## Treating clients fairly

Treating our clients fairly is an important part of ensuring “integrity in everything we do” and “always earning the right to be our clients’ first choice.” RBC abides by consumer protection and market conduct rules and regulations designed to protect financial services clients. In addition, the Canadian banking industry has developed a number of voluntary codes to protect consumers, and these codes have been adopted by our Canadian businesses. A list of these codes can be found below and on the Voluntary Commitments page of the Canadian Bankers Association (CBA) website.

## Consumer protection codes and commitments

We subscribe to a number of voluntary industry codes of conduct to protect consumers.

Consumer protection codes and commitments	
<b>E-commerce</b>	
<b>Online Payments — Canadian Bankers Association</b>	A description of consumer and industry responsibilities related to the use of online payment systems in Canada.
<b>Principles of Consumer Protection for Electronic Commerce: A Canadian Framework</b>	A guide to protecting clients who make online transactions.
<b>Visa<sup>®</sup> E-Promise</b>	A program providing protection for Visa cardholders who shop online, by mail or by phone.
<b>Credit and debit cards</b>	
<b>Canadian Code of Practice for Consumer Debit Card Services</b>	A set of industry and consumer practices and responsibilities related to debit cards.
<b>Code of Conduct for the Credit and Debit Card Industry in Canada</b>	A code of conduct that sets principles for business practices related to the issuance and acceptance of payment cards and operation of payment card networks.
<b>MasterCard<sup>®</sup> Zero Liability Policy</b>	A policy that ensures the elimination of client liability for certain fraudulent MasterCard transactions.
<b>Visa Zero Liability Policy</b>	A policy that ensures the elimination of client liability for certain fraudulent Visa transactions.
<b>Everyday banking</b>	
<b>Memorandum of Understanding: Low-Fee Accounts (Financial Consumer Agency of Canada)</b>	A commitment to offer a standard low-cost account to clients.



## Consumer protection codes and commitments (continued)

### Investments

**Guidelines for Transfers of Registered Plans** A guide on what to expect, and where to get help, when transferring a registered savings plan (RSP) between financial institutions.

**Undertaking on Right of Rescission of Principal Protected Notes** A description of rights of rescission for principal-protected notes purchased by electronic means and/or telephone.

### Insurance

**Canadian Bankers Association Code of Conduct for Authorized Insurance Activities** A description of the minimum standards that apply to bank representatives who promote authorized insurance products in Canada.

### Mortgages

**Plain Language Mortgage Documents** A CBA commitment to improving the readability of residential mortgage documents.

**Code of Conduct for Federally Regulated Financial Institutions – mortgage prepayment information** A code of conduct that outlines the type of information customers will receive to help them make an informed decision about mortgage prepayment.

### Marketing and communication

**Advertising Standards Canada, The Canadian Code of Advertising Standards and Guidelines** A set of guidelines and standards that advertisers and broadcasters are encouraged to respect.

**Canadian Marketing Association’s Code of Ethics and Standards of Practice** A comprehensive regulatory framework governing conduct that is compulsory for members.

**Canadian Bankers Association’s Commitment on Modification or Replacement of Existing Products or Services** A set of assurances related to the modification or replacement of existing products and services.

## Client satisfaction

High levels of client satisfaction are critical to our business growth and sustainability because satisfied and loyal clients are more likely to consider purchasing products and services from us, and less likely to move to our competition. We monitor how well we satisfy our clients through extensive research that evaluates all drivers of client loyalty and satisfaction, including how we compare to our key competitors.

### How we monitor our clients’ experience

We have a well-established customer experience measurement survey program, administered by our Client Knowledge & Insights department, a team of in-house research professionals. We set and monitor quantitative targets to improve client satisfaction and loyalty, and measure all components of the client experience on a regular basis. In Canada, our client experience target is integrated within client-service training and tied to employees’ performance management.

We rely on a range of information sources to track client satisfaction and loyalty, including our own research and surveys, research conducted by external benchmarking organizations and external performance rankings.

Clients surveyed	2012	2011	2010
Canada	500	492	492
Caribbean	32	25	7.3

### Our performance

Research from our Personal & Commercial Banking group shows a consistent upward trend in our clients’ willingness to recommend RBC. We believe this demonstrates the strength of our relationships and our clients’ satisfaction with the services we provide.

## External benchmarking

We participate in various external industry benchmarking surveys. In 2012, we received the following recognition and awards, among others:

Ranker	RBC placement
Forrester	Number one in online banking
Lipper	Number one in mutual funds
Euromoney	Number one private bank
Investment Executive	Number one in financial planning
Ipsos CSI	Branch service, online banking, financial planning and advice, products, valuing clients' business and clients' likelihood to recommend
Retail Banker International	Best retail bank in North America

## Sharing and acting on feedback

### Feedback from the front line

We monitor client satisfaction levels in our branches regularly. Clients can agree to participate in a survey after they have visited a branch, and these survey results are shared with branch managers. Survey results are linked to specific branch employees, which increases accountability and facilitates employee coaching. In this way, real-time client comments are directly addressed and serve to improve customer service. Similar practices

are in place across other channels, including online and telephone banking.

### Management reports

Managers gain insight into the client experience with the help of sophisticated customer behaviour data. This information is used to monitor our progress on strategies and identify areas where improvement is required.

### Client complaint process

We enable employees to resolve client concerns at first point of contact, as we believe this approach leads to improved customer satisfaction and loyalty. In our Canadian Banking business, 88 per cent of reported complaints are effectively resolved at first point of contact.

If clients are unable to resolve their concerns through our normal channels, they may appeal to the RBC Office of the Ombudsman. The Ombudsman investigates both sides of the issue to assist the parties in reaching a fair and reasonable resolution, while respecting the dignity and privacy of all parties. Certain disputes that remain unresolved after being reviewed by the Ombudsman may be directed by the complainant to external ombudservices and regulatory bodies.

Our process for handling client concerns is outlined in the Make a Complaint section of [rbc.com](http://rbc.com). Every year, the Office of the Ombudsman produces an annual report, also available on our website, which includes detailed information on the number of client cases opened, the final dispositions of the Ombudsman, and reviews and tips on how to avoid common issues.

Client Care Centre and Ombudsman statistics	2012	2011	2010
Number of client complaints logged at the RBC Client Care Centre	42,000	50,000	44,000
Percentage resolved within 30 days	99%	99%	99%
Percentage resolved within two business days	80%	78%	78%
Number of clients who contacted the Ombudsman's Office	2,587	2,230	2,564
Percentage referred back to RBC for the opportunity to resolve issue at first point of contact	66%	68.5%	58%
Percentage not reviewed because outside Ombudsman's mandate	4%	1.3%	4%
Percentage resolved early, through full case review or through clarification	6.6%	6.8%	7%



[rbc.com/customer-care](http://rbc.com/customer-care)