

Service.
Teamwork.
Responsibility.
Diversity.
Integrity.

What's inside

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RBC's 2005 Corporate Responsibility Report and Public Accountability Statement

Scope

This report describes RBC Financial Group's social, economic and environmental impact on the communities and countries in which we do business. It complements the account of our financial performance provided in our annual report to shareholders. This report has been written to satisfy our full range of stakeholders: as such, there will be too much information for some readers, and not enough for others. We provide detail on stakeholder-specific issues by reporting in a number of places, including in our Annual Report, on our website, and directly to stakeholders.

Stakeholders

This report is published for all stakeholders of Royal Bank of Canada and its subsidiaries, which together operate under the master brand name of RBC Financial Group, including employees, clients, investors and prospective investors, suppliers, government and community partners.

Reporting year

All data and examples contained in this report reflect activities undertaken in fiscal 2005 (November 1, 2004 – October 31, 2005), unless otherwise noted.

Terminology

In this report, "RBC" is used as shorthand to represent the brand name of "RBC Financial Group." Reference to "employees" includes people who work for all the businesses and functions under the RBC Financial Group umbrella around the world, as outlined under Vital Statistics on the inside back cover of this report.

Currency and measurement

All \$ references in this document are to Canadian dollars unless otherwise stated. Measures used in this report are metric, except where stated.

Public Accountability Statement

All federally regulated financial institutions in Canada with equity greater than \$1 billion are required to produce annual public accountability statements for clients and other interested stakeholders, outlining the company's contributions to the Canadian economy and society.

All the content required in the Public Accountability Statement is included in RBC's 2005 Corporate Responsibility Report and Public Accountability Statement (Canadian edition).

Previous reports

Past Corporate Responsibility Reports and Public Accountability Statements, as well as other material relevant to the issues presented in this report, are available on rbc.com.

Global Reporting Initiative

We used the 2002 Global Reporting Initiative (GRI) guidelines and the GRI Financial Services sector supplement, in addition to a number of other resources, to develop the content of this print report. Our online Sustainability Report includes a GRI content index to help readers compare RBC to other reporting organizations, and can be found at rbc.com.

For further information

Additional examples of RBC's responsibility initiatives can be found year-round on rbc.com.

For complete guidelines on applying for donations or submitting sponsorship proposals, please visit rbc.com/community/donations or rbc.com/sponsorship.

The foundations of corporate responsibility

It is our duty as a corporate citizen to add value to society while earning a profit for our shareholders. RBC companies take responsibility for the effects of their actions, both social and economic.

– One of RBC’s eight Guiding Principles, outlined in our *Code of Conduct*



2005 marks the sixth consecutive year that RBC has published a *Corporate Responsibility Report*. Over the years, more and more companies around the world have started to do the same. This is no surprise, given the increasing awareness of the impact social and environmental issues can have on a company’s bottom line. Hardly a week goes by without someone – researchers, investment analysts, advocacy groups and clients – contacting us for information about our policies, products, services and programs in areas that fall under the “corporate responsibility” umbrella. We are regularly asked to sign voluntary codes, implement internal policies, create new products and adopt specific reporting standards to address the interests of our many stakeholders.

It’s not always easy to balance competing expectations. But we believe that companies that are considerate about balancing the needs of their stakeholders will outperform their competitors and provide the best return to investors.

Cynics think that corporate responsibility is a fad. But at RBC, corporate responsibility is not a program. It is not managed by a single department. It is not about a single policy.

Rather, it is about behaving with integrity, and sustaining our company’s long-term viability while contributing to the present and future well-being of our stakeholders. It is about behaving with integrity, every day, in every transaction, in every part of our business. We take this so seriously that, in 1980, we built our commitment right into our *Code of Conduct*.

We are proud to be recognized for our leadership in corporate responsibility. In 2005, RBC was named “Canada’s Most Respected Corporation” for the third straight year, one of the world’s “Top 100 Sustainable Companies,” and one of the Carbon Disclosure Project’s top 60 companies worldwide in addressing climate change. But we know that corporate responsibility is a journey, not a destination, so we continue to look at ways to improve our performance as a good corporate citizen while producing strong financial results.

RBC’s *2005 Corporate Responsibility Report* is an account of how we are striving to make a positive economic, social and environmental impact. We acknowledge that this report may have too much detail for some readers, and far too little for others; in fact, our stakeholders have a wide range of expectations on what companies should disclose. As such, RBC produces information about our corporate responsibility performance in a number of places – including this report, our Annual Report, and on our website. In each, we strive to include an appropriate level of detail on issues that are relevant to our key stakeholders. This is still an evolving area, and we support the work of the Global Reporting Initiative in its efforts to provide a common language for transparent reporting.

I invite you to read our *2005 Corporate Responsibility Report*, or to browse through the areas you’re interested in. Please visit our website for more information and to let us know what you think.

Gordon M. Nixon

President and Chief Executive Officer

RBC’s Vision:
Always earning the right to be our clients’ first choice

RBC’s Values:
Excellent service to clients and each other
Working together to succeed
Personal responsibility for high performance
Diversity for growth and innovation
Trust through integrity in everything we do

Corporate responsibility at RBC Financial Group

A company’s actions speak louder than its words. At RBC, corporate responsibility can be seen in how we operate our business with integrity, support economic prosperity and environmental sustainability, and contribute to communities. Our report is structured to reflect these areas of focus.



Business integrity

RBC has implemented a wide range of policies and practices to ensure we operate with integrity. Some of these represent sound principles for any business, such as our attention to governance, privacy, diversity and being an employer of choice. Others are specific to our role as a financial institution, such as how we manage risk and provide basic banking services.

Economic prosperity

At RBC, we make an economic impact by creating employment and a well-trained workforce, paying our fair share of taxes, and purchasing goods and services responsibly. As a financial services company, we also contribute to economic prosperity by providing access to credit for small business, supporting community economic development initiatives, and supporting innovation and entrepreneurship.

Environmental sustainability

RBC believes that sustained economic growth and a healthy environment are inextricably linked. We take a leading industry role to support and advocate sustainable business practices in terms of providing financial services, especially credit. We also focus on minimizing our environmental footprint in our own facilities and operations.

Community engagement

RBC believes in building prosperity by supporting a broad range of causes. In 2005, we contributed more than \$65 million to community causes worldwide, through donations of more than \$40.6 million, and an additional \$25 million in the sponsorship of community events and national organizations. Our employees and pensioners also make an enormous contribution as volunteers, sharing their financial and business knowledge, time and enthusiasm with thousands of community groups.

Corporate responsibility firsts

RBC’s long history of corporate responsibility contains many significant firsts. In fact, RBC takes corporate responsibility so seriously that in 1980, we embedded it in our first formal employee *Code of Conduct*. Here are some other highlights.

1891	1902	1929	1943	1947	1979	1991	1992	2000	2003	2004	2005
Our first donation on record: \$250 to the Springhill Mine accident relief fund.	We hire our first woman: Jennie Moore from Vancouver.	We start our corporate art collection.	We publish the first issue of <i>Royal Bank Monthly Letter</i> , devoted to topics of citizenship.	We are the first sponsor of the Canadian Olympic Association.	We establish an Equal Employment Opportunity program.	We are the first chartered bank in Canada to publish a formal privacy code.	We are the first North American signatory to the United Nations policy on the environment.	We are the first Canadian bank to be named to the Dow Jones Sustainability Index.	We are the first Canadian bank to adopt the Equator Principles, to assess the social and environmental impacts of large-scale project finance deals.	We are a founding member of the Canadian Aboriginal and Minority Supplier Council.	We are named one of the world’s top 100 sustainable companies, according to a new global business ranking: the “Global 100 Most Sustainable Corporations in the World.”

Recognition and external affiliations

A company's reputation is built in part by what people say about it. We feel privileged to have received these honours, among others, in 2005.

RECOGNITION AND AWARDS

Most respected

- **Canada's Most Respected Corporation** (annual KPMG/Ipsos Reid poll appearing in *The Globe & Mail*). RBC was overall "Most Respected" for the fourth consecutive year, and placed first in six of nine categories, including "Most Admired & Respected," "Financial Performance" and "Long Term Investment";
- Number three in **Canada's Most Admired Corporate Cultures** study (Waterstone Human Capital/*Canadian Business*).

Corporate responsibility/sustainability

- Named to the **Global 100 Most Sustainable Corporations in the World** ranking, recognizing global companies that have proven their ability to manage strategic opportunities in new environmental and social markets;
- **Canada's Most Respected Corporation** for "Corporate Social Responsibility" (11th consecutive year in annual KPMG/Ipsos Reid poll);
- Number one in second annual **ROB/Jantzi Corporate Social Responsibility Ranking** in "Banking" category (*Report on Business* magazine);
- **Dow Jones Sustainability World Index** (sixth consecutive year) and **Dow Jones Sustainability North America Index** recognizing financial, social and environmental leaders;
- **Jantzi Social Index**, recognizing financial, social and environmental leaders in Canada;
- **FTSE4Good Index** (fourth consecutive year);
- **Ethibel Investment Register** and **Ethibel Pioneer Index**, recognizing financial, social and environmental leaders;
- **2005 ECPI Ethical Index** (E. Capital Partners), recognizing the world's top 300 socially responsible companies;
- One of **Canada's Best 50 Corporate Citizens** (Corporate Knights).

Environmental sustainability

- **Climate Leadership Index**. Based on our 2005 submission to the Carbon Disclosure Project (CDP), RBC was among 60 large companies worldwide recognized as leaders in understanding and addressing a breadth of climate change issues.

Governance

- **Canada's Most Respected Corporation** for "Corporate Governance" (KPMG/Ipsos Reid poll);
- **Board Games** (*Report on Business*), RBC ranked eighth in corporate governance rankings in Canada;
- Ranked ninth in annual **Survey of Corporate Governance** (*Canadian Business* magazine).

Economic development

- North Carolina **International Community and Economic Development Award** (NC Department of Commerce) to RBC Centura in recognition of community impact, executive leadership and commitment, corporate mission statement and values, and employee participation.

Employment/labour practices

- **Canada's Most Respected Corporation** for "Human Resources Management" (KPMG/Ipsos Reid poll);
- **Corporation of London Award** for "Employer Newcomer of the Year," presented to RBC Capital Markets in London, U.K.

Diversity

- Ranked first among banks in **Canada's Gender Intelligent Companies** survey of women consumers (Thomas Yaccato Report 2005);
- Three RBC executives were named to the 2005 **Canada's Most Powerful Women: Top 100 list** (Women's Executive Network).

Community involvement

- **Community Contribution Award** (Parks and Recreation Ontario) for the company's support of athletics and education at the community level;
- **Sustained Support Award** at the 12th annual Mayor's luncheon for Business and the Arts, an event celebrating the arts, artists and the partnerships forged with business and patrons of the arts in Calgary, Alberta;
- **Canadian Sport Award** for Corporate Excellence in "Individual Athlete Support," recognizing RBC's support of the Canadian Olympic Team, dating back to 1947.

MEMBERSHIPS AND EXTERNAL AFFILIATIONS

RBC is involved with a number of leading organizations around the world to steward corporate responsibility.

- In 1988, we were a founding member of **Imagine**, a program to encourage philanthropy and volunteering, and remain a member to this day, with a commitment to donate one per cent of our pre-tax profits to charity;
- Since 1997, RBC has been a member of **Center for Corporate Citizenship** at Boston College, a leading resource in North America providing research and executive education on citizenship topics;
- We are a sustaining member of **Canadian Business for Social Responsibility**, a membership organization of Canadian companies who have made a commitment to operate in a socially, environmentally and financially responsible manner;
- We are a funder of the **Global Reporting Initiative's** (GRI) G3 project, to ensure GRI has a self-sustaining business model. GRI is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. RBC now reports on performance indicators suggested by GRI for our non-financial reporting;
- RBC Asset Management is a member of the **Canadian Coalition for Good Governance**, which promotes best corporate governance practices in companies its members consider for investment;
- RBC is a member of the **Conference Board of Canada**, and we sit on its Corporate Community Investment Council, Effective Work Environment Research Council, Business Council for Sustainability and Corporate Ethics Management Council;
- In the United States, RBC is a member of the **U.S. Conference Board Diversity Council**, and the **Families and Work Institute**;
- RBC works both nationally and internationally to help manage environmental liability in the financial services industry and to reduce the impact of our own operations on the environment. See page 28 for more.

Business integrity

It's been said that corporate responsibility isn't so much about how a company spends its money, but about how a company makes its money. We believe that the hallmark of corporate responsibility is how a company does business.

At RBC, we believe that it is our duty to operate with integrity so that we can fulfill our responsibilities to all our stakeholders. No company is perfect, yet we aspire to the highest levels of integrity – every day, in every transaction, in every part of our business.

Our priorities include ensuring that we:

- Operate under strong corporate governance and ethical business practices;
- Serve our clients with integrity and provide products and services in a responsible, professional manner; and
- Remain an employer of choice, creating meaningful, rewarding opportunities for our people.

This section of our report highlights how RBC has integrated corporate responsibility right into our business, from structure and policy, to programs, products, services and people practices.

2005 PERFORMANCE HIGHLIGHTS

- Named **Canada's Most Respected Corporation** in the categories of "Corporate Governance" and "Human Resources Management."
- Tracked increased satisfaction and loyalty among Canadian and U.S. clients.
- Client feedback led to improvements in products and services, including reduced time required to open an account, enhanced online banking and insurance functionality, and a formal commitment to future accessibility of banking services for people with disabilities.
- Employed 69,123 people in 60,012 full-time equivalent positions, with women holding 51 per cent of Canadian management-level positions.
- Invested \$116 million in training and development.

Governance and ethical business practices

RBC believes good governance is, in its broadest sense, a competitive advantage. Our ethical vision and corporate leadership are founded on controls, policies and practices directed at strengthening the ability of the Board of Directors to oversee management's efforts to enhance shareholder value while remaining responsive to employees, clients and communities.

A GLOBAL APPROACH

RBC's dynamic approach to corporate governance is responsive to the changing regulatory environment and anticipates best practices as they evolve. Our governance system determines the fundamental relationships among the members of the Board of Directors, management, shareholders and other stakeholders. It defines the framework in which ethical values are established and the context in which corporate strategies and objectives are set.

The strength of our governance starts at the top with an independent Chairman and experienced and well-informed directors, who give priority to strategic planning, ensure that standards exist to promote ethical behaviour throughout the organization, and drive continuous improvement in governance practices.

Through its commitment to high standards of corporate governance, the board retains the confidence of shareholders. Our governance policies and practices support the ability of directors to supervise management and enhance long-term shareholder value.

Our approach is founded on a commitment to high standards of governance and integrity in all facets of our business activities, promoting a proactive governance culture within RBC. The following demonstrate our global approach to governance, compliance and ethics:

- Established in 2001, our **Subsidiary Governance Office** (SGO) provides governance oversight among our many subsidiaries. Our SGO encourages consistency, simplicity

and transparency across our enterprise to help position RBC as a best practices organization in corporate governance;

- In 2001, our SGO introduced the **Global Corporate Manager** (GCM), a technology solution for managing and tracking corporate data on all RBC subsidiaries. GCM offers employees global access to corporate data as appropriate, providing greater flexibility, and the ability to streamline processes and enhance data management; and
- In 2003, our **Financial Controls Office** launched an enterprise-wide process for managing auditor independence. It provides a structure and system for RBC businesses, functional units or subsidiaries that are entering into a relationship with a public accounting firm to confirm or obtain approval prior to the commencement of work.

GOVERNANCE LEADERSHIP

Every year, the Institute of Corporate Directors (ICD) recognizes four directors who have been nominated by their peers and have distinguished themselves by bringing sound governance leadership to Canadian boardrooms. RBC Chairman David O'Brien was honoured as a 2005 ICD Fellow.

“Our ability to put our clients first while enhancing shareholder value depends upon maintaining integrity in all aspects of our work.”

Edward Wong
RBC Capital Markets
Toronto, Ontario



ETHICAL BUSINESS PRACTICES

As a global organization, RBC respects and complies with all laws and regulations that govern our businesses in the jurisdictions in which we operate. We also contribute to the effort to eliminate abuses of the global financial system by adhering to *Know Your Client* rules (including client identification, verification and record keeping) to ensure, to the fullest extent possible, that our clients are reputable and their business purposes and funds are legitimate.

We have enterprise-wide compliance policies and processes to support the assessment and management of risks, and have formal policies to address issues such as:

- Money laundering;
- Terrorist financing;
- Conflicts of interest, outside activities, and external directorships of employees;
- Insider trading, information barriers and employee trading;
- Client and employee privacy;
- Know your client (client due diligence);
- Environmental risk management;
- Economic sanctions;
- Lending to political parties;
- Financing military materiel;
- Outsourcing risk management;
- Structured transactions and complex credits; and
- Auditor independence.

PRIVACY AND INFORMATION SECURITY

RBC has a longstanding commitment to safeguarding the personal information and confidentiality information of both our clients and our employees. This commitment is a cornerstone of our business and remains one of our highest priorities.

We have had a formal *Privacy Code* since 1991. In 2005, we formed a Global Privacy Management Team that comprises Privacy Officers from all RBC businesses and functions, led by our Chief Privacy Officer. This team provides oversight and guidance to our businesses in the implementation of privacy management practices and compliance, as well as developing training and awareness initiatives.

In 2005, we revised several privacy policies, including the RBC Enterprise Client Privacy Policy governing all units of our operations globally and serving as the basis for any unit or geographic-specific privacy policies. These policies, in conjunction with our *Code of Conduct* and Information Security policies, outline expectations and requirements for compliance by employees and RBC with respect to the collection, use, disclosure and safeguarding of information in our possession.

With increasing reports of security breaches and identity theft, privacy and security are top-of-mind for all of our stakeholders. RBC has placed significant focus on building upon programs and strategies to safeguard information. In 2005, we introduced an enhanced authentication solution to better protect online banking clients from falling victim to online fraud.

RBC also provides timely consumer education material about online security threats such as spyware and “phishing,” a type of fraud that is designed to trick individuals into disclosing confidential financial information for the purpose of identity theft. These bulletins also include tips for clients to follow to better protect their personal computing activities.

For more information, visit rbc.com/privacy and rbc.com/security

CODE OF CONDUCT

Like any citizen, RBC and our employees must comply with the laws, regulations and ethical codes of conduct in all markets in which we do business. All employees worldwide are governed by our internal *Code of Conduct*, which has been in place for more than 20 years and is updated periodically to reflect the changing environment. In 2003, we introduced a Code of

RBC REPORTING HOTLINE

In 2004, we established a whistleblowing policy and the RBC Reporting Hotline, a requirement under the *Sarbanes-Oxley Act*. Employees anywhere in the world may use the Hotline for confidential reporting of questionable internal accounting or auditing matters within RBC directly to RBC's Ombudsman.

FRAUD PREVENTION

RBC places a high priority on protecting clients against potential losses from financial fraud. We work closely with other financial institutions, industry associations and law enforcement authorities globally to combat financial crime. We have also produced an entire website of information on fraud and debit card safety for clients, and a publication called *Straight Talk* about financial fraud, available both through our branch network and online.

Conduct e-Learning Program to ensure all our employees (from the CEO down) know and understand the principles and compliance elements in the code, including issues such as privacy and confidentiality. This e-Learning Program includes both an online course and a test. All employees must complete the program and test within three months of joining RBC and at least once every two years thereafter. Some groups may test more frequently.

Voluntary codes of conduct

The Canadian banking industry has developed a number of voluntary commitments and codes to protect consumers, to which RBC has committed. These include:

- Canadian Code of Practice for Consumer Debit Card Services;
- Canadian Bankers Association (CBA) Code of Conduct for Authorized Insurance Activities;
- Model Code of Conduct for Bank Relations with Small- and Medium-Sized Businesses;
- Principles of Consumer Protection for Electronic Commerce: A Canadian Framework;
- Undertaking on Unsolicited Services;
- Guidelines for Transfers of Registered Plans;
- Memorandum of Understanding – Low Fee Accounts;
- Index-Linked Deposits Undertaking;
- Visa Zero Liability Policy;
- Visa E-Promise;
- Online Payments; and
- Plain Language Mortgage Documents – CBA Commitment.

COMPLIANCE

All the best policies in the world are just words on a page unless employees understand and have the proper tools to monitor and prevent improper activities.

We ensure that every policy contains a clear plan for communication, training, implementation and monitoring for effectiveness. For example, RBC provides training for employees about money laundering and terrorism financing through web-based training, presentations, conferences and internal communications vehicles such as newsletters and websites.

Our Global Anti-Money Laundering Compliance Group is dedicated to the continuous development and maintenance of policies, guidelines, training and risk assessment tools and models to help our employees deal with ever-evolving money laundering and terrorism financing risks.

Furthermore, to enhance our anti-money laundering capabilities, we implemented an enhanced software system to detect, track and analyze transactions for suspicious activities.

CLIENT CONCERNS AND RESOLUTION

We make every effort to resolve client concerns at the first point of contact. If that is not possible, the issue is referred to RBC's Customer Relations Centre (CRC). In advance, we commit to a definitive time frame for resolving the problem. If an issue cannot be resolved through the CRC, the final point of appeal within RBC is the Office of the Ombudsman, which provides a neutral process for open discussion and voluntary resolution of outstanding conflicts. Our dispute resolution specialists are trained in listening, fact-finding and mediation.

RBC has produced annual Ombudsman reports since 2000, outlining case statistics and analysis. For more information, see rbc.com/ombudsman.

MUTUAL FUND GOVERNANCE

As a member of the **Investment Funds Institute of Canada** and the **Canadian Coalition for Good Governance**, RBC Asset Management Inc. helps develop and strives to follow best practices in the mutual fund industry.

Building on a tradition of independent fund governance, RBC Asset Management Inc. and the Board of Governors of the RBC Funds and RBC Private Pools have been active participants in the Canadian Securities Administrators' development of a proposed rule that all mutual funds and investment funds have an independent review committee (IRC). The intent of the rule is to establish better fund governance practices and to require IRCs to review conflicts of interest that may arise as fund managers manage funds on behalf of investors. This is not new for RBC Asset Management. In 1994, it was one of the first firms to voluntarily establish an advisory Board of Governors to review conflicts of interest and provide advice.

RBC Asset Management's publication, *Mutual Funds and Governance: Taking Care of Your Investments*, developed for clients and other stakeholders, highlights our commitment to fund governance and protecting the interests of investors.

CRISIS MANAGEMENT

RBC's Crisis Management teams are responsible for the overall identification, isolation and management of major crises, and are activated when crises emerge that are both within and outside RBC's control. We also have formal business continuity management processes in place right across the organization, and undergo periodic crisis simulations to help prepare for possible crises, while testing the practicality of contingent strategies and tactics and the capabilities of crisis teams.

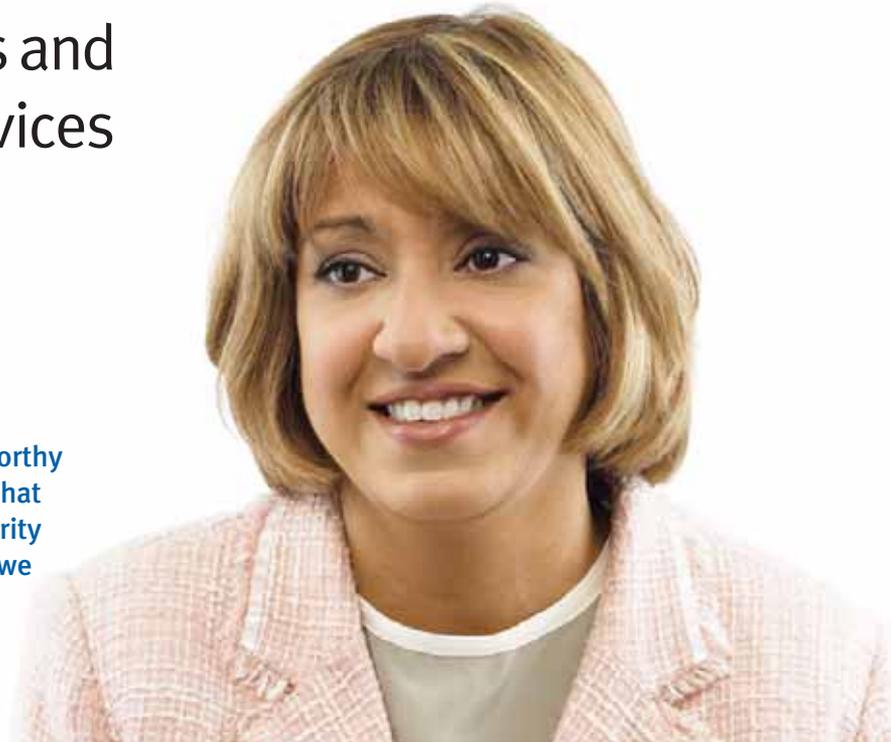
In 2004, the Crisis Management team set up an emergency information telephone line, available to employees and families in the event of an RBC-wide crisis, in case of incidents such as power blackouts, severe weather conditions, or other situations affecting our ability to access RBC offices or serve our clients. In addition, employees can access information regarding situations in their local areas.

Commitment to clients and access to financial services

“People want to deal with a bank that’s trustworthy and makes things easy. My customers know that RBC adheres to the highest standards of security and privacy, and they appreciate the choices we offer so they can bank their way.”

Rebecca Mand

RBC Royal Bank
Vancouver, British Columbia



RBC’s vision is “always earning the right to be our clients’ first choice,” and our entire company is focused on that vision, from remaining vigilant about protecting the privacy of our clients to developing innovative product and service solutions that meet evolving needs.

CLIENTS FIRST

Client satisfaction and feedback

RBC encourages clients to tell us what they think, so we can evaluate how well we are “earning the right” to be their first choice. Each RBC business tracks client satisfaction as a key measure of performance and uses feedback to make improvements.

In the U.S., RBC Centura conducted 98,000 surveys in 2005 that demonstrated a steady increase in client satisfaction and loyalty. In Canada, RBC Royal Bank conducted 150,000 surveys, indicating our client satisfaction levels are also improving.

We record all problems noted by clients in a central database, and we interview a sampling directly to find out how well their issues were resolved.

In 2005, based on client feedback, we improved our account opening process, introduced a number of new products, streamlined our problem resolution process and enhanced our financial planning services. We’ve also piloted new methods to better observe, understand and improve the quality of service in our branches, giving us real-time benchmarks for client experiences such as wait times.

Consumer education

We believe that consumer education is our responsibility, and produce a series of brochures covering topics such as privacy, fraud protection, and the practices RBC employees are expected to follow. For example:

- Our home buying and renovating guides help consumers make informed financial and real estate decisions.

CLIENTS SURVEYED



- RBC Asset Management is focused on keeping mutual fund investors and advisors informed about our policies as well as industry issues and regulatory developments. In 2005, RBC Asset Management published an educational brochure on mutual fund governance to help mutual fund investors understand what independent governance is and to illustrate the benefits of strong fund governance to both them and RBC Asset Management.

Fraud prevention and education

No one wants their bank account to become a crime scene. That’s why RBC has stringent security policies and practices, backed up by a dedicated team of employees and specialized systems working around the clock to prevent and detect potential fraudulent activity in clients’ accounts.

RBC stays on top of the latest security measures and technology to protect clients from potential fraud.

- In 2005, we adapted our online banking log-on screen with more advanced technology that better protects client information and client card numbers.
- We are also vigilant about spotting, tracking and shutting down emerging scams, such as “phishing,” where fraudsters

impersonate real companies in e-mails or websites asking for client account numbers and passwords.

Security is a responsibility we share with our clients, and we have developed a number of fraud-education initiatives, from providing tips and alerts on our websites and brochures, to making presentations to clients. We update our public websites to include information on the latest fraud, privacy and security scams and threats.

A resolve to make it right

No company is perfect. While we always strive to provide our clients with excellent service, sometimes we don't get it right.

Our formal process for handling client concerns is outlined on our website and in one of our *Straight Talk* brochures. We make every effort to resolve concerns at the first point of contact. If that's not possible, the issue is referred to RBC's Customer Relations Centre. If an issue cannot be resolved there, the final point of appeal is the Office of the Ombudsman, which provides an impartial process for discussion and resolution. Every year, our Ombudsman publishes a statistical and qualitative report on cases and how they were resolved (available at rbc.com).

RESPONDING TO CHANGING NEEDS

Responsible products and services

A growing number of consumers are choosing to do business with organizations that offer "socially responsible" products. While RBC does not have specific products that are marketed as "socially responsible," all our products and services must align with our *Code of Conduct*; our existing, rigorous risk assessment discipline; and the voluntary consumer protection codes of conduct that we have signed.

Product innovation

Client feedback from formal and informal sources is the foundation for many product improvements and innovations:

- In 2005, RBC Insurance launched two new term life insurance products that extend coverage to a broader range of clients and include new optional features such as coverage for children and accidental death; and
- We also enhanced our vacation home mortgages and RBC Homeline Plan, which provides clients with flexibility and ease of access of up to 75 per cent of the equity in their home at a low cost of borrowing, with one easy application.

Account opening

Pressured by time constraints and information overload, clients seek simple solutions. RBC is committed to ensuring the process of opening an account is as straightforward as possible, while still meeting regulatory requirements.

In plain language, and available in multiple languages, our documents clearly outline the requirements to open an account and disclose our verification of funds policy. In 2005, we made it easier for clients to open an account with us by reducing paperwork and waiting time from about 45 minutes to as little as five minutes.

Help in times of crisis

RBC offers flexibility and options that help our clients cope when their lives and communities are disrupted by unexpected crises such as floods and hurricanes. Depending on the situation, this can involve rapid recovery loans, extended payment due dates, skip-a-payment options and links to assistance programs. For instance, following several major hurricanes in the southeastern U.S., RBC Centura's efforts included a customer assistance program, loan payment deferrals and special rate loans.

In 2005, RBC released *The Diversity Advantage*, a report that quantifies the economic impact of failing to realize the potential of a number of diverse groups, including women, immigrants and seniors. To view this special, in-depth report, visit rbc.com/economics.

Diversity

We believe that unlocking the power of diversity will enable RBC to be more competitive and our communities more dynamic. This belief guides us in developing our business strategies, products and services.

Having a diverse workforce is the first step to ensuring we can best serve an increasingly multi-ethnic client base. Wherever possible, our employees reflect the makeup of the communities they serve. For example:

- In Canada, we have more than 160 units staffed with employees who speak a number of Chinese dialects;
- In other key markets, we have managers dedicated to serving the growing South Asian and Middle Eastern populations. Combined, RBC call centre staff speak 60 languages; and
- In the U.S., RBC Centura has increased our hiring of Spanish-speaking and Asian employees to better meet the needs of the burgeoning Hispanic and Asian populations. We have also increased the number of African-American mortgage originators, reflecting our market demographics.

ACCESS TO FINANCIAL SERVICES

RBC has led the way in introducing convenient alternatives for people to access their money and finances anywhere, anytime. We continue to expand and improve our branch networks, online and telephone banking, and full-service banking machines. We also provide banking access to a host of previously underserved groups through customized products and services.

Technology

Technology has made it possible for people to access their banking anywhere, anytime and RBC is constantly innovating to make it easier. Today, RBC boasts 2.4 million telephone banking clients and almost one-quarter of our customers bank online. More than seven per cent of RBC's banking transactions are completed online and another two per cent via telephone banking. In the U.S., more than 100,000 RBC Centura clients are enrolled in web banking. In 2005, we launched "My Voice," a technology that allows clients to do their telephone banking by saying what they want to do, instead of pressing buttons on their telephones.

Online banking

RBC has a solid record of online banking innovations. For instance, we were the first bank in Canada to enable clients to access a variety of accounts with a single log-on and the first to offer cheque imaging through online banking. In 2005, we introduced a number of enhancements including:

- Online access to a wider variety of imaged items such as bill payment stubs, cheques written by non-RBC clients, and vouchers of cash deposits. Clients also now have the option to stop receiving monthly statements and cheques via mail, with the option of viewing and printing cheque images online, without the usual fee.

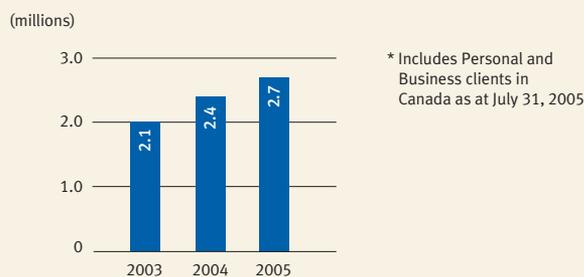


“RBC was the first bank in North America to provide talking bank machines to our clients and we continue to develop convenient alternatives so that our clients have easy access to financial services.”

Abdelhakim Semmache

Royal Direct
Montreal, Quebec

ONLINE BANKING CLIENT ENROLLMENTS*



- A web tool that lets insurance clients view policies, billing and other documents online.
- Interac Online, which enables Internet shoppers to pay for goods and services directly from their RBC account, eliminating the need to use a credit card online.

Remote communities

RBC is trying innovative ways to deliver services to remote communities. Through agency arrangements, we enable access to banking services and improved financial management skills. The agency works with a host RBC branch to provide basic banking services. Agency management decides on its own hours, language of service and business objectives, and it can reinvest the revenue it earns in the community. This means community members no longer need to travel long distances to do their banking and more money stays in the community for economic development. All of RBC's agencies are located on Aboriginal reserves.

Low-income and underserved clients

- In Canada, our low-cost deposit account is one of the industry's most flexible, offering 15 debit transactions for a low, flat fee.

- We continue to pilot a new banking concept for inner-city urban markets in Toronto, called **Cash & Save**, offering specific banking services in smaller premises to people who may not have a bank account. **Cash & Save** focuses on a few key services that were identified by community residents as being necessary: real-time cheque cashing, bill payments, wire transfers and money orders.
- RBC Centura was the first bank to partner with the North Carolina Treasurer's Office in support of **North Carolina Saves**, a state-wide effort by a coalition of not-for-profit, corporate and government groups that encourages North Carolinians to gain financial stability by promoting savings and banking access, especially among the "un-banked." The combination of no-fee savings accounts and encouragement through coaching and education act as catalysts for low to moderate wealth citizens to start saving and build assets. By the end of October 2005, North Carolinians had pledged to save US\$270,000 under the program.
- RBC Royal Bank eliminated the biggest barrier for would-be homeowners in Canada by providing a **no-down-payment mortgage**.
- In the U.S., RBC Centura promotes home ownership by offering several affordable mortgage options and by actively sourcing and participating in a variety of government loan programs aimed at low-income home buyers. We also conduct first-time buyer workshops in partnership with local not-for-profits, businesses or government entities.

Seniors

RBC is sensitive to the specific banking needs and concerns of the growing senior population.

- In Canada, we offer a deposit account rebate to seniors 60 years and older, representing a savings of \$4.00 monthly or 25 per cent of the monthly package fee, whichever is greater. In 2005, the rebate was applied to the primary account holder rather than the account, meaning seniors can maintain their rebate even if they become joint account

holders with younger spouses or parents for estate planning purposes.

- RBC has provided training and presentation material to its employees across Canada, enabling them to meet with groups of seniors to discuss financial fraud. Our brochure *Straight Talk about Financial Fraud* is a popular handout at these presentations.
- RBC Insurance has enhanced our line of TravelCare® products for seniors and long-stay snowbirds, so that travel insurance will be available to a wider range of travelers.

Students and youth

RBC's affordable student banking and credit card options give full-time students access to banking and credit services that are customized for their needs. For clients under 19 in Canada, our Leo Young Savers Account includes 15 free debit transactions monthly. We also contribute a \$5 deposit into accounts opened for children under 12, giving kids a head start on saving and everyday banking.

For an overview of programs we support that promote financial literacy among youth, see *The ABCs of Money*, page 20.

People with disabilities

For clients with special needs, RBC's goal is to ensure equal access to premises and services. We have a strong record of making accessibility improvements and involving our clients and other stakeholders in the process.

- We worked with the Canadian Standards Association (CSA) to shape their industry standard for barrier-free ATMs, and we were the first bank worldwide to provide audio enabled ATMs – our prototype is being adopted as the de facto standard by both the CSA and other standards' bodies around the world.
- Our physical locations are audited periodically for accessibility, to identify and remove barriers to people with disabilities. Every new RBC branch must be wheelchair accessible and, wherever possible, we exceed legal requirements for access. All U.S. banking and administrative facilities built or renovated since the 1990s have met or exceeded ADA (*Americans with Disabilities Act*) requirements. Today, approximately 90 per cent of RBC Royal Bank and RBC Centura branches are wheelchair accessible.
- In 2005, clients had access to 400 "talking" bank machines across Canada, and more than 525 machines ergonomically designed for easier access to those in a wheelchair.
- Royal Direct has a special number that can be accessed using a Teletype Writer (TTY) device, giving hearing-impaired clients 24/7 access to our telephone banking services.
- Alternate formats for our print materials include large type, audio cassettes, Braille and e-text. Over 800 RBC clients receive Braille statements.

In 2005, RBC and other major Canadian financial institutions, together with the Canadian Human Rights Commission signed an agreement that outlines future accessibility standards for branches, ATMs, web-based applications, alternate format print material, and complaint resolution. This agreement supports our ongoing commitment to improve accessibility for people with disabilities.

Aboriginal communities

In addition to seven Canadian branches located on reserves, RBC has established four agency banking outlets with Aboriginal communities in Alberta, Manitoba and Ontario, enabling remote areas to access financial services using RBC systems and infrastructure. In 2006, we plan to open two new agencies.

Our dedicated team of specialized Aboriginal Banking Market Managers, Account Managers and Risk Managers understands the unique lending issues and financial service needs of Aboriginal governments, businesses and communities. The team harnesses its expertise to proactively provide financial advice and solutions to our Aboriginal banking clients across Canada.

In 2005, RBC enhanced our **On-Reserve Housing Loan Program**, which was first developed in 1999 to help more families enjoy the long-term benefits of home ownership. While the original program only provided financing on new or existing houses and certificates of possession, borrowers can now obtain financing for mobile homes and investor loans. Also, the down payment requirement has decreased from 5 per cent to 2.5 per cent of the lesser of the purchase price or cost of construction. Forty First Nations had the program in place in 2004.

For an overview of programs we support to promote economic development in Aboriginal communities, see page 18.

New immigrants

If current trends continue, immigration will account for three-quarters of total Canadian population growth by 2011, and 100 per cent by 2025. Currently, about 15 per cent of RBC's clients in Canada represent a "cultural market" comprising new Canadians and visible minorities. We expect much of our future growth to come from cultural markets, so our goal is to put the right products and people in place now so that we can serve diverse markets better.

We believe banks have a unique role to play in helping ease the integration of immigrants and, in 2005, RBC Royal Bank developed a *Welcome to Canada* program, including:

- A secured Visa card so that new immigrants can build their credit histories;
- Account opening online that lets new immigrants start the process of setting up their bank accounts before arriving in Canada;
- Simplified credit solutions that enable more immigrants to qualify for loans, mortgages and credit cards;
- Easy-to-understand applications and information in multiple languages; and
- A "Newcomer to Canada" website, providing relevant information on education, employment, housing and RBC solutions.

In the U.S., RBC Centura hosted a **Connecting Immigrants to Financial Services Forum** in conjunction with the Federal Reserve Bank and the Federal Deposit Insurance Corporation. Stakeholders gathered to discuss a full scope of issues surrounding this topic.

Employees

“Family is our number one priority. It’s important for us to spend time with our two sons and with each other. RBC’s flexible work arrangements give both of us the chance for a career and a family life.”

Shane and Melody Siemens

RBC Client Contact Centre
Moncton, New Brunswick

Employment worldwide

Fiscal year (ended October 31, 2005)

	Number of employees	Full-time equivalent positions
Canada	55,179	46,401
United States	9,887	9,684
International	4,057	3,927
Total	69,123	60,012

OUR VALUES

What makes RBC different? In a word – people. It’s the excellence of our more than 69,000 employees around the world. Every day, our people bring their values, capabilities, insight and individual diversity and put them to work serving the needs of our clients and our communities.

RBC’s goal is to be an employer of choice, and we are consistently ranked as one of the top employers in Canada. We will continue to provide the leadership and policies to ensure that we are an employer of choice worldwide. This includes our investment in employee initiatives like training and career development as well as flexible working arrangements and respect for diversity.

A dedicated Human Resources Committee of the Board of Directors reviews and approves policies, programs and principles.

DIVERSITY AND EQUITY

RBC recognizes that leveraging diversity is both a sound business imperative and the right thing to do for our employees, clients and communities. Our goal is to foster an inclusive work environment that brings out the best in everyone and provides opportunities for talented employees of all backgrounds.

Structure and responsibility

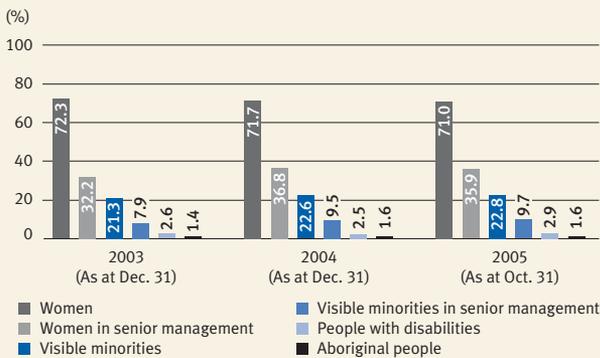
At RBC, creating a diverse and inclusive work environment is a collaborative effort that engages senior leaders, managers and employees. Our Diversity Leadership Council, chaired by our President and CEO, sets diversity goals, develops strategies, establishes accountabilities and monitors progress. It is supported by Diversity Councils at the business level and functional unit level, as well as employee resource groups and advisory boards. We also have dedicated diversity recruiters and partnerships with organizations and outreach agencies to help us hire diverse candidates.

Goals

We strive to have a diverse workforce that fully reflects our clients and communities, and to meet or exceed employment equity goals in the jurisdictions where we do business, with a particular focus on increasing the representation of women and visible minorities in senior management.



DIVERSITY IN RBC'S WORKFORCE IN CANADA*



* Figures represent Employment Equity data for our businesses in Canada governed by the *Employment Equity Act*. Complete 2005 data not available at time of printing. For 2005 information, refer to RBC's *Annual Employment Equity Report* on rbc.com/uniquecareers/diversity/ee_report.html. In 2004, the Canadian Human Rights Commission (CHRC) recognized RBC as in compliance with the 12 regulatory requirements covered under the *Employment Equity Act*. In the U.S., as a federal contractor, RBC Centura is subject to the *Americans with Disabilities Act (ADA)* relative to the employment of persons with disabilities.

Women

In 2005, RBC's *The Diversity Advantage* economic report outlined a strong business case for more fully leveraging the talents and skills of women in the workforce. In 2005, women held 51 per cent of RBC's Canadian management-level positions. One way we attract and retain talented employees is by providing a comprehensive array of support and flexible workplace options that recognize the demands parents face as caregivers, such as resources, online tools, and access to personal consulting services. For instance:

- While on maternity, parental or adoption leave, employees have access to professional work/life resources and can return to work gradually or on an alternate work arrangement where possible.

- In 2005, nearly 500 employees in the Greater Toronto area accessed emergency backup childcare centres through RBC, and in the U.S., RBC Dain Rauscher has offered a similar service since 2003.

Visible minorities

RBC recognizes the social and business value of fully integrating and leveraging the talents of visible minorities. We invest in a number of initiatives, ranging from support of pre-employment training programs, to internships, scholarships, educational supports, classroom training in job skills, communication workshops, mentoring and networking, and these highlights from 2005:

- RBC recruiters focus on diversity hiring and our recruitment processes have been thoroughly reviewed for systemic bias. For example, we no longer require applicants to identify initially where they completed their education, enabling them to progress in the employment cycle without concern about their lack of Canadian experience;
- More than 400 employees in the U.K. attended "Building Excellence through Diversity," and in Canada, we offered a workshop to challenge misconceptions about different cultures and promote better understanding;
- We are a founding supporter of **Career Bridge**, a four-month internship program that helps integrate experienced foreign trained professionals. Since its inception in 2003, RBC has placed 10 interns and we are committed to placing an additional 10 in 2006. RBC is also a founding member of the Toronto Region Immigrant Employment Council; and
- In the U.S., RBC continues to partner with the **National Black MBA Association** and the **National Society of Hispanic MBAs**. RBC Dain Rauscher supports an active Minority Employee Association while RBC Centura is piloting a mentoring initiative for minorities.

Employees with disabilities

According to the 2001 Canadian Census, 3.7 per cent of Canada's workforce identified themselves as persons with disabilities. In Canada, 2.9 per cent of RBC employees identify themselves as such, and we are striving to increase that number to the same level as the workforce at large, through initiatives such as these in 2005:

- Partnering with community associations such as **Bridge to Employment**, which offers a wide range of services to assist persons with disabilities obtain competitive employment;
- Placing **Ability Edge** interns, a paid internship program for graduates with a disability. RBC has placed 48 interns through this program since 1996;
- Sponsoring the **Skills Training Partnership Program**, a joint effort with government agencies that provides specialized training for individuals with disabilities seeking work in the financial services industry; and
- Partnering with Strategic Employment Solutions in Toronto, Ontario.

We aim to provide a barrier-free workplace for employees with disabilities. In Canada, RBC partners with the Canadian Council of Rehabilitation and Work (CCRW). Their accessibility experts conduct thorough workplace assessments for individual employees with disabilities, which can include recommendations on special furniture requirements, adaptive technology or adjustments to traffic flow within buildings.

At RBC, internal usability experts examine, maintain and improve the tools and technology used by employees with disabilities, such as amplified telephones, interactive messaging on wireless devices, Braille displays and printers, and TTY text telephones. In addition, RBC continues to promote usability and accessibility through various communications media.

Aboriginal employees

RBC is a longstanding supporter of Aboriginal communities. For example, our Aboriginal Stay in School Program has provided "work and learn" opportunities for Canadian youth since 1994, and we employed 65 students in 2005.

We also provide networking opportunities for Aboriginal employees. The Royal Eagles and Royal Circle, self-governed RBC employee resource groups, support Aboriginal employees and communities by:

- Helping recruit and retain Aboriginal employees;
- Providing peer support through mentoring, coaching and networking;
- Raising awareness of Aboriginal culture within RBC Financial Group; and
- Liaising with Aboriginal communities in their home provinces and territories.

Diversity learning resources

RBC supports diversity learning through online training tools and information as well as learning activities. These include:

- *Removing the Barriers*, an online reference guide to creating an inclusive environment for people with disabilities; and
- Intranet resources: every month, almost 3,000 employees visit RBC's internal diversity websites in both Canada and the United States, representing 150,000 hits per year.

Diversity leadership

At RBC, we strongly believe in the business advantage of diversity in the workplace, and believe it is our responsibility to lead positive change in this area. In 2005, we took part in a number of initiatives, such as:

- A Conference Board of Canada research study on maximizing the talents of visible minorities in Canada. The study

resulted in a comprehensive "how-to" guide to help employers better leverage the expertise of visible minorities;

- The publication of *The Diversity Advantage*, an economic study quantifying the benefits of diversity to the Canadian economy, with our President and CEO giving three major speeches on the topic;
- Partnering with the **Institute of Disability Studies** at Ryerson University in Toronto on a project to discover how people with disabilities learn inside an organization. The final report is due in 2006; and
- Sponsoring a multi-year study with Catalyst to determine how to leverage the talents of visible minorities in the workplace.

THE RBC EMPLOYEE EXPERIENCE

Our people are our competitive advantage, and our clients tell us that our employees are knowledgeable and professional and act consistently in clients' best interests. We attract, engage and retain a world-class workforce through a comprehensive total rewards program that addresses the elements of the employee experience.

Total Rewards

The Total Rewards program at RBC includes competitive compensation, flexible benefits, a positive working environment and career, and learning opportunities that reward people for their skills, knowledge and contribution to results.

RBC's short-term incentive (STI) program rewards employees for their personal contributions to their business units' performance and the company's overall performance. Employees can also participate in employee savings and share ownership plans, and more than 80 per cent of eligible employees are RBC shareholders through this program.

Employees set goals and receive ongoing feedback on their progress including regular mid-year and year-end performance assessments with their managers. RBC also has a number of programs to reward and recognize employees for high performance and service tenure.

Learning and career development

Changing client needs and emerging technology are reshaping the financial services landscape. RBC provides the resources and opportunities employees need in order to adapt and grow, both personally and professionally. In 2005, we invested \$116 million in training and development.

Our employees have access to a host of formal and informal career development alternatives:

- A web tool helps employees manage their careers and apply online for internal job opportunities; and
- In 2005, to support our Client First Initiative, RBC enhanced training programs for people managers and branch Client Service Representatives.

Workplace flexibility

RBC is committed to fostering a culture that responds to changes in our workforce, workplace and client base. By creating customized solutions and leveraging technology, we can help employees manage their multiple responsibilities at work, at home and in their communities.

We provide a series of formal and informal flexible work options, including part-time or reduced hours, flextime arrangements, modified work hours or weeks and where possible, the opportunity to telework (work offsite from home or a satellite office). Approximately 1,000 employees work in job-sharing arrangements. Employees have the opportunity to purchase additional time off to follow personal pursuits. For those nearing retirement, working reduced hours may be a

viable approach to winding down projects and mentoring a younger generation.

Health, safety and employee wellness

RBC promotes and supports a healthy and safe work environment, and we encourage employees to lead a healthy lifestyle by:

- Facilitating access to appropriate medical and support networks;
- Promoting wellness and providing timely information; and
- Encouraging fulfilling and rewarding working relationships.

Employees can access an EmployeeCare program that provides confidential information on a variety of work/life issues, including professional consultants to provide confidential, personalized telephone consultations; individualized searches; as well as referrals and educational materials.

RBC maintains a supportive, safe and productive work environment. Our health and safety policy was updated in 2002 and a 12-member executive committee is responsible for both monitoring health and safety issues and setting policy for the entire organization. In addition, each business develops and monitors its own initiatives, with some 1,500 local health and safety representatives.

Managing change

Doing what is necessary doesn't always mean doing what is easy. RBC takes great care when we embark on structural changes to minimize the negative effects on our employees. In 2004–2005, RBC restructured our operations, resulting in the reduction of some head office positions and the creation of new positions in client service. Displaced employees were provided with financial support and career counselling to find other employment.

During the transformation, our goal was to keep employees informed of changes, and we developed a number of special communications including dedicated intranet sites, conference calls and dialogues with leaders. We consulted employees through surveys, which helped guide the implementation. Surveys showed that most employees agreed the changes were necessary and that they would benefit RBC clients.

Recruitment

Building for the future is important and, in 2005, RBC hired over 6,000 new employees. Recruiting is an ongoing process to bring talented people into RBC. Some of our recruiting strategies include:

- Visits to 70 to 100 university, college and technical/business campuses each year;
- In-branch, newspaper, magazine and radio advertising in targeted areas;
- An employee referral program;
- Career intake programs that provide internships for new college and university graduates; and
- Being a founding sponsor of **Career Edge**, an internship program developed to provide 6- to 12-month internships to new post-secondary graduates. RBC hosted five Career Edge interns in 2005 and has hosted 88 interns since 1996.

Helping new employees succeed is critical for RBC's success. In 2006, RBC will formally seek feedback from new employees to learn about their early impressions of RBC and help us refine the way in which we welcome and orient new employees.

EMPLOYEE FEEDBACK

Listening and responding

RBC's goal is to continue to be one of the top performing companies in North America. A large part of this success depends on listening and responding to employee opinions. RBC has

conducted employee opinion surveys since 1981, and this feedback helps us establish priorities and take action in areas where we need to improve.

In 2005, we conducted two global surveys (with 35,000 employees responding) to understand how RBC employees were responding to the Client First Initiative. In early 2006, a survey of RBC's entire employee population will solicit feedback on a variety of measures including employee engagement and commitment to client satisfaction.

RBC has a history of acting on employee input. For example, in research undertaken in 2003, employees and managers both indicated a preference for RBC to invest in better skills and expertise for those with people management responsibilities. In 2004 and 2005, RBC continued to build on the "Managerial Excellence" program to provide people managers with tools, support, resources and development opportunities to improve leadership and managerial skills, including:

- A new resource website, *Managing My Team*, providing news and improved access to the resources people managers need to lead a team and manage administrative responsibilities;
- A new Managerial 360° Review Profile that allows managers to obtain the feedback of peers, employees and their manager to further advance their personal development plans; and
- Learning modules designed to provide a series of foundational skills for people managers.

RBC will continue to seek employee opinions and use this feedback to help establish priorities and take action. We will track managers' progress in addressing these through employee-wide surveys planned for early 2006 and subsequent years.

Recourse for employee concerns

Even in the best workplaces, problems can arise. At RBC, managers are encouraged to resolve issues with their employees whenever possible, and we provide tools, such as manager and employee helplines to provide quick assistance. If concerns cannot be resolved at this level, our Employee Ombudsman, an arm of our Office of the Ombudsman, provides a confidential and objective way for employees to manage and resolve workplace conflict through coaching and mediation. In 2005, the Employee Ombudsman handled 1,100 cases, and of these almost 75 per cent were successfully resolved between the employee and their manager.

Information sharing

Keeping employees informed is part of the RBC culture. Employee communications channels include a central intranet news site, e-mail bulletins, broadcast voicemails, leader-led sessions, executive town halls, roundtables and satellite sessions with senior executives.

In addition, the CEO hosts a **quarterly conference call** for all employees, which covers financial and business performance, key initiatives, and updates on the employee programs. The majority of the call is fully interactive, with the CEO and senior management team answering questions that come in live from RBC employees around the world. Employees who cannot participate may access a recording of the quarterly call at their convenience.

We use a coordinated network of professional communicators, organized by business, function, region and country.

RBC's senior management team spends time meeting with employees to share the company's goals, strategies and progress. Employees are encouraged to provide feedback in a variety of ways. Channels are provided to foster dialogue, not just one-way communication.

For more information, visit rbc.com/careers.

Economic prosperity

Companies both large and small can help shape the economies of the communities and countries in which they do business, simply through their day-to-day business decisions and actions. At RBC Financial Group, we have a direct economic impact as an employer, through our activities as a financial services company and a purchaser of goods and services.

Our priorities include ensuring that we:

- Pay our fair share of taxes;
- Create employment and a well-trained workforce;
- Invest in the economic development of communities;
- Provide services and access to credit for small business; and
- Purchase goods and services responsibly.

This section of our report covers the direct and indirect impact we have on the economy.

2005 PERFORMANCE HIGHLIGHTS

- Paid taxes of \$2.6 billion worldwide.
- Provided employment to 69,123 people, with \$6.8 billion in employee compensation and benefits.
- Served more than 650,000 small- and medium-enterprise clients.
- Purchased goods and services totalling \$3.7 billion, from suppliers of all sizes.
- Became a founding member of the Canadian Aboriginal and Minority Supplier Council, complementing our Supplier Diversity Program for our operations in the United States.
- According to RBC's 2005 Business Market Intelligence Study, conducted by Maritz Research Company, more Canadian business owners recommend RBC than any other bank.

Community economic development

RBC invests in sustainable economic development in the communities we serve. We are committed to contributing to the success of people and businesses in the places where we operate, through our support, partnership and leadership.

BASIC NEEDS FIRST

It's nearly impossible for communities to thrive when their citizens are hungry, homeless or fear for their safety. RBC supports programs that meet basic needs and help people become more self-reliant.

Food

In 2005, RBC and our employees gave over \$285,000 to help replenish food banks and soup kitchens across Canada. In the U.S., RBC Centura contributed US\$35,000 to support food banks in North Carolina and Atlanta, Georgia. Employees are also involved, year-round, in various food drives across North America.

Shelter

Having a roof over your head is a basic human need, and RBC invests resources in a number of organizations such as **Raising the Roof**, aimed at finding long-term solutions to homelessness. For the seventh year, RBC supported their fundraising campaign, providing a corporate gift of \$50,000, with employees getting involved raising funds through the sale of toques, a visible symbol of a roof over one's head. Since 1998, RBC employees have raised close to \$1,000,000 for the cause. In the U.S., our community reinvestment efforts help fund housing projects and shelters like a Durham, North Carolina, area shelter for homeless veterans, planned for 2006.

Safety

We support safe communities by contributing to organizations that protect victims and reduce crime.

- The **Massey Centre for Women** works with babies, young children and pregnant teens in Toronto who are homeless, impoverished, uneducated and at risk of physical and sexual abuse.

- RBC is a founding member of **Pro-Action Cops and Kids**, a program that finds ways for police and teens in high-crime urban areas to work together for community improvement.
- The Immigrant Outreach project sponsored by **The North Carolina Coalition Against Domestic Violence** raises awareness of resources and services available to fight domestic violence in Spanish-speaking and other immigrant communities in North Carolina.
- RBC Centura donated US\$20,000 to the **Youth Education Services** program at Interact, an organization that provides safety and support services to survivors of domestic violence and sexual assault. Each year, the program provides tools to help 6,000 students in more than 50 schools in Wake County, North Carolina, to prevent violence, promote cooperative relationships and make healthy decisions.
- RBC Centura's US\$10,000 donation will help the **Albemarle Hopeline** expand its safe shelter, which provides comprehensive domestic and sexual abuse services to people in rural northeastern North Carolina.

2005 SUPPORT FOR ECONOMIC DEVELOPMENT

In 2005, more than \$2 million was donated through the RBC Foundation to initiatives that will have a lasting social and economic impact, such as:

- Helping disadvantaged people access financial services;
- Helping at-risk youth develop job skills;
- Helping create economic prosperity in communities;
- Helping students or disadvantaged people start their own small businesses;
- Supporting new ventures; and
- Helping create capacity or innovation in the business sector.

“RBC has a long-standing commitment to Aboriginal communities, with a solid record of support for programs that contribute to economic and community well-being.”

Darlene Hildebrand

Aboriginal Services Group (Trust), RBC Royal Bank
Winnipeg, Manitoba



ABORIGINAL COMMUNITIES

RBC is building wealth and capacity in Aboriginal communities by supporting the transfer of skills, knowledge and resources. We promote Aboriginal interests, forging partnerships with Aboriginal people, businesses, and governments based on understanding, trust and respect.

Championing the cause

RBC is actively involved with the **Aboriginal Human Resource Development Council of Canada (AHRDCC)** to help engage employers in employment strategies that increase Aboriginal skills and employment. In partnership with the Aboriginal Workforce Partnership Initiative, AHRDCC created TeKnoWave, to help increase Aboriginal employment in technology fields.

We also participated in the **Prime Minister’s Canada-Aboriginal Peoples Roundtable**, an historic event that set the stage for the Government of Canada and Aboriginal peoples to work together to find solutions to the challenges facing Aboriginal people. The follow-up Sectoral Sessions brought together Aboriginal and non-Aboriginal experts to develop action plans and policy recommendations in six key areas: economic opportunities, health, life-long learning, housing, negotiations and accountability for results.

Opportunities fuel economic growth

RBC supports organizations that promote learning, innovation, entrepreneurship and technological savvy.

- We have sponsored the **Canadian Executive Service Organization’s (CESO)** national MBA Experience Program since 1994, teaming graduate students with Aboriginal leaders to work on economic development projects. We also supported CESO’s work with the Labrador Métis to develop a five-year plan and strategy for tourism, a new cultural centre and value-added processing of forestry products. RBC was a Founding Sponsor of CESO’s Aboriginal Services Division back in 1969.
- Budding Aboriginal entrepreneurs can deepen their business knowledge through the **Keyano College Aboriginal Entrepreneurship Certificate Program**. RBC is a founding supporter of this program.

- On Vancouver Island, RBC is partnering with the Aboriginal Community and the **Centre for Non-Timber Resources** to launch an Innovation Centre that will facilitate local rural economic development. The Centre will provide training to the Aboriginal community on starting businesses using the rich variety of goods the forests have to offer.
- Aboriginal-led businesses get a boost from initiatives like the RBC-sponsored *Venturing Forth* TV series, the Council for the Advancement of Native Development Officers, the Aboriginal Financial Officers Association and the Canadian Aboriginal and Minority Supplier Council, which promotes supplier diversity and increases procurement from Aboriginal- and minority-owned businesses. We supported the Council’s first Procurement Fair in 2005.
- RBC donated over \$265,000 to Aboriginal programs and research projects at universities and colleges across Canada in 2005, to increase quality of life, promote culturally sensitive programs and provide access to education for the Aboriginal population.

FOSTERING ECONOMIC GROWTH

Community development

We help stimulate economic growth through our regular business activities and by investing in programs that enable economic development with a social purpose.

- RBC committed to helping the **Greater Halifax Partnership** implement its ambitious economic development strategy in 2006, including the creation of new investment and high-quality jobs, securing the region’s long-term fiscal health and enhancing business confidence.
- RBC has been a sponsor of the **Economic Developers Association of Canada (EDAC)** since 1980. To encourage community-driven economic development projects, the annual EDAC/RBC Financial Group Economic Development Achievement of the Year Award was created to recognize individuals and organizations. In 2005, the award was presented to the County of Renfrew, which worked with the business community to create 200 new jobs, and tackled



“I believe it is our privilege to support community development and the economic well-being of the communities we serve, especially among the low-income population. Improving the economic vitality of our communities ultimately leads to greater financial reward for all.”

Kevin Harris

RBC Centura
Rocky Mount, North Carolina

a number of challenges related to renewable resource industries, such as forestry and agriculture, foreign markets and trade opportunities.

- In the U.S., the Federal *Community Reinvestment Act* (CRA) requires that our bank address the credit, investment and service needs of our communities, paying particular attention to the low- and moderate-income sectors. We work with community and not-for-profit organizations, government agencies, and other funding sources to achieve common goals, such as affordable housing, area revitalization and infrastructure and economic development, and provide financial literacy and education services to underserved and low-income communities.
- In 2004,* RBC Centura provided US\$61 million in financing for community development projects that benefit the low- and moderate-income population. Projects include low-income housing rental and ownership developments, as well as affordable housing for the elderly and people with disabilities.
- In the U.S., we help communities access public and private financing sources for economic development. The financing of an affordable housing renovation project in Arlington, Virginia, draws on the banking and financing expertise of several RBC business segments. We also provided financing to various Florida municipalities waiting to receive disaster relief funds in the wake of Hurricanes Charley, Frances and Jeanne.

* Data as at December 31, 2004. Final 2005 data not available at time of printing.

Bridge to trade and productivity

Through industry partnerships, RBC promotes economic growth, access to markets and cooperative development. We are a member of the **Canadian American Business Council**, raising awareness of the value of the Canada-U.S. trade relationship and the importance of keeping the border open for business. Our employees are also active members of national and local Chambers of Commerce in many places, including the Indo-Canada Chamber of Commerce and the Jeune chambre de commerce.

The currency of new ideas

RBC has taken a leadership role in supporting innovation and commercialization. We are involved in a number of leading-edge research initiatives including:

- The **Medical and Related Sciences (MaRS)** project, facilitating Canadian research and development, and its commercialization;
- The **Toronto Region Research Alliance**, coordinating efforts to attract international R&D firms to Greater Toronto;
- The **Canadian Institute for Advanced Research**, helping fuel Canada’s knowledge base by bringing together the most distinguished thinkers from across Canada and around the world, and providing them with research time and networking opportunities;
- The **National Angel Organization**, an incorporated not-for-profit that provides Angel investors with a secure environment to network and share best practices; and
- Agri-food education programs and networks, which are leaders in the strategic use of innovative technologies for agriculture.

RBC has made direct investments in a number of promising early-stage ventures across North America through RBC Technology Ventures and its partner funds. RBC’s Strategic Technology Fund has brought investment dollars and our vast knowledge and expertise to budding technology companies in the financial services sector. We made early investments in CertaPay, a company that created technology to facilitate e-mail money transfers.

Tracking progress

In 2005, RBC provided \$100,000 to the Atkinson Foundation, to create a **Canadian Index of Wellbeing**, which will become Canada’s core measure of progress. The goal of this new index is to give an accurate account of changes in our human, social, economic and natural wealth to determine well-being in Canada. Unlike the GDP, the new Canadian Index of Wellbeing will help assess whether Canadians are better off or worse off than they used to be.

THE ABCs OF MONEY

Budgeting, saving, investing and borrowing are basic concepts in financial literacy. Yet, for some, financial matters can be intimidating and a barrier to making good choices for the future. RBC supports a host of financial literacy initiatives in Canada and the U.S., including:

- The Lifeskills Seminar and Scholarship program to help Canadian teachers educate students (grades 4–12) about financial literacy, planning and management. In 2005, 10,000 free kits were distributed. The RBC Royal Bank Financial Lifeskills Scholarship is awarded to 10 students annually.
- RBC Centura offers a series of financial literacy workshops in the U.S. Southeast through schools, community and civic groups.
- Across Canada, RBC employees take the financial literacy message right to the classroom by delivering *There's Something About Money*, a seminar developed by the Canadian Bankers Association. In 2004–2005, 109 RBC employees volunteered 1,272 hours to help 6,620 high-school students understand topics such as how to handle credit or start a business.
- We promote financial education for women in need by supporting Women's Empowerment events in the U.S., and Money Management workshops offered by the MCC Employment Development Society in Canada, for unemployed and under-employed women.

Higher learning for better living

Universities are the heart of the knowledge-based economy and, in 2005, RBC supported a number of university programs that will have a lasting economic impact, including:

- A donation of \$350,000 to UNB Fredericton's Centre for Financial Studies to support the Student Investment Fund (SIF) program;
- A multi-year pledge of \$230,000 to the Centre for Leadership and Innovation at the University of Lethbridge to support the Integrated Management Experience (IME) program;
- A three-year pledge of \$75,000 to Brandon University's Rural Development Program to support the Visiting Scholar in Rural Development program; and
- \$50,000 to help Canada's first Pandemic Simulation Training Laboratory.

RESOURCES TO PROMOTE SELF-SUFFICIENCY

When people rely on themselves, they gain the confidence to develop their full potential. RBC supports programs and organizations that help people who are disadvantaged acquire skills, find jobs and build assets.

Improving job prospects

For people who are unemployed and underemployed, it takes skills, opportunities and contacts to land the right job. RBC supports organizations that help overcome these challenges.

- **Youth Employment Services (YES)**, the first Canadian youth employment counseling centre to tackle unemployment among disadvantaged youth. For 34 years, YES has helped more than 60,000 at-risk youth, serving as a model for youth service organizations from coast to coast. In 2005, RBC supported the Ask A Business Consultant Program, which assists youth in starting their own small business.
- Young, internationally educated career women have access to career mentoring through **Youth in Motion's** New Horizons Program. In 2005, RBC provided financial support and mentors.

- **Career Bridge** helps recently arrived, skilled immigrants earn local job experience and employers find qualified workers. To date, 54 employers have provided internships for 269 people, including nine at RBC.
- Enabling low-income, unemployed and under-employed people to become self-sufficient is the main goal of **SEDI** (Social and Enterprise Development Innovations), which RBC has supported since 1999.
- Providing small loans to start or expand self-employment ventures can be a powerful tool that helps people lift themselves out of poverty. RBC supports a number of micro-credit initiatives including Opportunity International, which facilitates micro loans for third world small business enterprises. We are among the sponsors of the Global Micro-Credit Summit to be held in Halifax, Nova Scotia, in 2006.

Wealth through homes of their own

When renters become homeowners, the tax base grows and families can build equity, the foundation for prosperous communities.

- RBC Royal Bank offers a number of mortgage products that help first-time buyers achieve their dream of home ownership.
- RBC Centura partners with local economic development agencies, community leaders, real estate experts, credit counselors and others, in South Carolina, Georgia and Florida, to source programs and enhancements that could help promote home ownership for low-income borrowers there.
- RBC supports **Habitat for Humanity** across North America. Employees participated in community builds in Houston, Denver, Seattle, Minneapolis, Saskatoon, Fort McMurray and Toronto. RBC also donated \$100,000 to Habitat for Humanity Canada. These funds, along with employee volunteers, assisted in building 23 homes at five build sites across Canada.

Commitment to small business

“RBC recognizes that small business is a powerful engine of economic growth. And we also know that small business represents the personal hopes and dreams of our clients. So our goal is to have the right products, services and processes to help our clients succeed.”

Lynda McKoy

RBC Royal Bank
Greater Toronto Region, Ontario



ACCESS TO CREDIT AND MORE

Financing is essential for many small businesses to start, operate or grow. RBC offers a host of credit solutions tailored to meet the needs of diverse businesses at various stages. But access to credit is only one concern of small business clients. We also strive to meet other needs by providing the best possible products, advice and expertise.

WE LISTEN TO SMALL BUSINESS

At the heart of RBC's commitment to entrepreneurs is our pledge to small business. Embedded in the pledge are the ideas of listening, understanding and responding to the needs of entrepreneurs.

RBC Royal Bank surveys about 7,000 small business clients each year to assess how well we meet their needs, and to keep abreast of the changing nature of small business. In the U.S., RBC Centura surveyed over 2,200 business customers in 2005. We also survey a cross-section of business owners who are not our clients, to identify trends and issues in the marketplace.

THE FACTS ABOUT RBC AND SMALL BUSINESS

Canada:

- RBC is the marketplace leader in Canada with almost 600,000 small- and medium-sized enterprise (SME) clients.
- More Canadian business owners recommend RBC than any other bank.
- We have nearly 500 RBC account managers dedicated to small business.

United States:

- RBC Centura serves over 60,000 small business clients in North Carolina, Georgia, Virginia, South Carolina, and Florida.
- We have about 235 bankers who serve small business, with nearly 90 people dedicated solely to this segment.

For example, clients told us they wanted a single point of contact. In response, we have doubled the number of employees who are dedicated to help small business owners with both their business and personal financial needs. We had 480 people devoted to this role in Canada by the end of 2005. Clients also asked to use our volume buying power to their advantage. In 2005, we partnered with Dell to offer small business clients technology packages at more affordable prices than they would otherwise have access to.

In the United States, RBC Centura's small business clients indicated that they want to do business with a bank that does more than meet their lending needs. They want to deal with an organization that understands their business and provides advice. To address this, we have developed a new small business strategy that emphasizes extensive training for front-line staff, enabling them to deliver the kind of advice clients want.

CLIENT FIRST

RBC's "client first" approach to small business means we are committed to make it easier for our clients to do business with us. We adapt our products, processes and skills to keep pace with the needs of today's entrepreneurs. For instance, in 2005, we:

- Streamlined our small business account opening process to facilitate same-day account opening in any branch in Canada;
- Made it easier to structure business accounts for financial covenants;
- Eliminated paperwork and branch visits for most loans originated through Royal Direct telephone banking;
- Improved the Avion Visa card for small business by adding a points roll-up option and reducing fees for supplementary cards;
- Introduced a custom switch that makes it easier for small businesses to move their main banking relationship; and
- Provided training for 90 per cent of our small business account managers in Canada to develop their expertise further.

SERVICES FOR A DIVERSITY OF NEEDS

There aren't one-size-fits-all solutions for business clients. We serve a diversity of industries, and have dedicated specialists to meet the varied priorities of our clients. For instance:

- We have nearly 50 specialists dedicated to the manufacturing sector in Canada; and
- We tailor products and services for professionals, franchise owners and public sector organizations in Canada and the United States.

Knowledge-based industries

RBC is the market leader in helping knowledge-based industries in Canada. We have 50 specialized account managers across Canada who are solely dedicated to working with businesses and industry in the areas of Information and Advanced Technology, Media and Entertainment, and Life Sciences and Health Care. We deliver customized financial services to meet the needs of knowledge-based industries at all stages of their lifecycle – from start-up financing to going public.

Women entrepreneurs

In both Canada and the United States, women-owned businesses are a growing trend. RBC Royal Bank identified this market as a priority a decade ago, and has helped women build their businesses by sharing information, advice and networks. Today, RBC is the market leader for women entrepreneurs in Canada, with 19 per cent market share. Our Women's Champions Network is made up of account managers, personal bankers and investment advisors across the country.

RBC is a founding member of the **Global Banking Alliance (GBA)** for Women, dedicated to speeding the growth of women-owned businesses globally.

RBC sponsored the **2005 RBC Canadian Woman Entrepreneur Awards** to recognize contributions to the Canadian economy.

Young entrepreneurs

RBC Royal Bank provides tailored services and advice to help young people start and grow their businesses. We support the Business and Entrepreneurship Initiative **YouthBiz**, a new TakingITGlobal initiative aimed at connecting young entrepreneurs with what they need to build the companies of their dreams.

The RBC Foundation is a founding sponsor of the **Canadian Youth Business Foundation (CYBF)**, a national organization that empowers aspiring young Canadian entrepreneurs to start up their own businesses. RBC has committed \$500,000 over five years to continue to support CYBF, the national leader in youth entrepreneurship.

Aspiring dentists and doctors need to make sizeable financial investments long before they start their professional careers. RBC supports these future entrepreneurs with our Medical and Dental Student Scholarships, available to students in Canada who are beginning their studies, along with lending programs that recognize the cost of their education and their long-term earnings potential.

Agriculture

RBC is Canada's largest non-government private lender to agriculture and agribusiness and serves more farmers and farm families than any other financial institution in the country. Our policy is to work with clients as partners, through bad times and in good.

Our farm finance specialists tailor solutions to meet clients' financial requirements. In addition, for those who run into challenges – such as those affected by the BSE and avian flu crises RBC proactively contacts clients to explore ways to manage in these situations such as deferring principal payments, restructuring debt or increasing credit.

We also help farmers plan for the future. In 2005, we took agricultural economist Dr. David Kohl of Virginia Tech University on tour to talk about farm management, growth and succession. We encourage careers in agriculture through support of the Douglas McRorie Memorial Scholarship for agriculture students and have supported the RBC Royal Bank 4-H Interprovincial Exchange since 1963.

Not-for-profit organizations

Considered one of the fastest-growing sectors in Canada, not-for-profit organizations have needs similar to those of any enterprise. RBC is committed to helping them thrive – so they can focus on their real work of helping others.

More than 18,000 not-for-profit clients in Canada use the RBC Community Account, launched in 1999. This low-fee account is available to churches, schools, societies and lodges, charities and associations. Service fees are waived for the first three months for certain core banking transactions.

RESOURCES FOR ENTREPRENEURS

Starting or expanding a small business

RBC supports a number of organizations that help new entrepreneurs move forward, including:

- The **National Angel Organization**, an advocacy group that addresses the need for more seed or early-stage funding in Canada, by providing Angel investors with a secure environment to network and learn from their peers as well as the opportunity to be heard collectively on national issues; and
- **Ontario's Small Business Enterprise Centres**, 44 centres across the province that offer one-stop solutions, services and programs to meet the needs of entrepreneurs by providing easy access to business consulting services and information, including management, marketing, technology and financing that support start-up and early-stage business growth.

Networks for new business

To help fuel the next wave of business growth, RBC supports practical ways for clients to expand and become more productive. In Canada, RBC joined an initiative to help manufacturing industries increase their competitiveness, as a sponsor of the Manufacturing 20/20 cross-country consultation led by Canadian Manufacturers & Exporters.

ViaTech, an initiative started by RBC Royal Bank, offers knowledge-based firms across Canada a no-cost forum where they can discuss business challenges and get expert feedback from companies whose areas of expertise include accounting, new product development, marketing/communications and financing.

Employee skills development

In 2005, the RBC Foundation sponsored the RBC National Award for Small Business Skill Development, which recognizes a small business that helps its employees develop skills and competencies so they can help grow the small business in which they work.

Client education

RBC offers a broad range of educational materials and seminars including:

- *Definitive Guides* provide practical information on topics including customer loyalty, cash flow, marketing, e-commerce, exporting and others;
- The New Entrepreneur's Toolkit CD, a start-up kit for business produced in partnerships with the *CATAAlliance*, LaBarge Weinstein Professional Corporation and the National Angel Organization; and
- A small business speaker series, featuring experts, both from RBC and industry, to speak with small business clients via interactive seminars broadcast to branches in Canada through RBC's internal broadcasting system.

Purchasing and procurement

“A company’s responsibility extends right down its supply chain. RBC strives to keep our procurement process fair and competitive.”

Jay Hira

Procurement Finance
RBC Financial Group



RBC Financial Group has a positive economic impact on the communities and countries in which we do business, through the jobs we create and provide, the taxes we pay, and our purchase of goods and services.

In 2005, RBC spent \$3.7 billion on goods and services from national, regional and local suppliers of all sizes, and an additional \$1.7 billion in technology.

Our RBC Procurement Group is responsible for sourcing significant products and services used across RBC, as well as for maintaining a disciplined process to keep our supply chain fair, open and competitive.

POLICIES

Our procurement policies are inclusive and aim to promote sustainable business practices and economic development where possible and appropriate. Social and environmental policies and practices are among the criteria ranked and considered when awarding contracts through our Requests for Proposal (RFP) process.

As appropriate to a specific RFP, RBC’s Procurement Group may ask prospective vendors to detail their environmental performance, manufacturing process, employment practices, safety record, human rights performance and external audits.

RBC promotes fair purchasing practices and strives to support the communities in which we operate. RBC does not link our client relationships to our vendor relationships, recognizing that open competition based on value must be the basis for all successful relationships.

DIVERSITY

RBC is a founding member of the **Canadian Aboriginal and Minority Supplier Council**, established in October 2004. This will open opportunities for entrepreneurs among Canada’s native population and visible minorities. RBC has been a member of the Council’s U.S. affiliate, the **National Minority Supplier Development Council**, since 2002.

In 2005, our U.S. Supplier Diversity Program tracked purchases in the U.S. from more than 300 suppliers identified as minority- or women- or disabled/disadvantaged-owned, a baseline for future targets.

EFFICIENCY AND FAIRNESS

We’ve introduced electronic invoicing to make business transactions more efficient and ensure small- and medium-sized business owners can compete alongside national or larger suppliers. We provide companies with the opportunity to introduce themselves via our website, to increase their visibility and chance of being invited to compete for a purchasing relationship.

We also use an e-procurement program to manage the purchase of certain goods and services in Canada and plans are under way to implement this technology across most of the North American companies of RBC Financial Group. Buying goods and services electronically lowers the cost of processing transactions, and allows for better contract compliance and speedier cash flow to our suppliers.

For more information, visit rbc.com/sourcing.

Environmental sustainability

RBC understands the importance of balancing the needs of our business with stewardship of the earth's resources.

In our lending practices as well as our own business operations, our goal is to minimize environmental impact and help protect our planet for future generations. We also play a leading industry role in promoting environmentally sustainable business practices.

This section of our report covers some of RBC's initiatives in promoting environmental sustainability. For more detailed information, please visit rbc.com.

2005 PERFORMANCE HIGHLIGHTS

- Named to the **Global 100 Most Sustainable Corporations in the World** ranking, the **Dow Jones Sustainability World Index** (sixth consecutive year), the **Dow Jones Sustainability North America Index**, the **Jantzi Social Index**, and the **FTSE4Good Index** (fourth consecutive year), recognizing the world's financial, social and environmental leaders.
- Evaluated environmental impact of two development projects using the Equator Principles (adopted in 2003).
- Financed 26 wind farms in North America, the U.K., France and the Republic of Ireland.
- Reduced greenhouse gas emissions by 2,619 tonnes since 2003, through energy-efficiency projects and Green Power programs.
- Purchased 1,530 megawatt hours of Green Power through BC Hydro and Bullfrog Power in Ontario.
- Introduced "paperless" statements for online banking clients, which will save 40 tonnes of paper annually.

Environment

“RBC continues to take a leading industry role to support and advocate sustainable business practices, because we believe that sustained economic growth and a healthy environment are inextricably linked.”

Sophie Justice

RBC Capital Markets
London, U.K.



STRUCTURE AND ACCOUNTABILITY

RBC has a direct impact on the environment through our own operations, and our goal is to minimize our environmental footprint by using resources efficiently. Our Corporate Real Estate group ensures that we build energy-saving efficiencies into our own operations and evaluates the environmental impact of our purchases. Our Environmental Management System is modelled on ISO 14001 and applies to all RBC platforms, with a special emphasis on corporate real estate within Canada.

As a financial services provider, we also have a significant indirect impact on the environment through our clients, especially those to whom we lend money. Risk management is a core competency of all financial institutions, with environmental risk management a unique category within the overall risk management structure of RBC. Our Environmental Risk Management group is responsible for this area, with oversight provided by the Chief Risk Officer and ultimately by the Conduct Review & Risk Policy Committee of our Board of Directors.

ENVIRONMENTAL POLICY

RBC's Environmental Policy was established in 1992, is reviewed regularly, and supplements the environmental section of our employee *Code of Conduct*. It guides every RBC activity that can influence the environment, including our own operations, as well as our lending and investment activity. We also have a set of policies and sector-specific procedures designed to assess the social and environmental costs of any deal or project. Compliance is audited on a regular basis by RBC's internal audit professionals.

LENDING AND BUSINESS OPPORTUNITIES

Equator Principles

RBC was the first Canadian bank to adopt the Equator Principles, in 2003. These nine principles provide a framework that helps financial institutions address the environmental and social risks associated with financing large-scale projects in developing

countries. “Large scale” means projects with a capital cost of US\$50 million or more, and they are typically engineering and construction projects in industries like oil and gas, power generation and manufacturing. RBC has broadened our use of the Equator Principles to include high-impact projects with a capital cost of US\$20 million or more, regardless of location.

Upon signing the Equator Principles, we revised our *Policy on Social and Environmental Review in Project Finance* to include all elements of the Equator Principles, including updated procedures for lenders and risk managers. These were fully communicated to all employees involved in project finance.

When a project is being evaluated under the Equator Principles:

- Our client must conduct a full social and environmental impact assessment of the proposed project;
- A professional technical consultant or environmental expert, working on our behalf, evaluates the assessment, and prepares an environmental due diligence report;
- This report is provided to our Credit Risk Management and Environmental Risk Management departments to determine whether the project meets our criteria, with recommendations made if further work is required; and
- Once the project meets our criteria, including the Equator Principles guidelines, it is forwarded to RBC's Chief Risk Officer for final approval.

In 2005, we applied the Equator Principles in the assessment of two resource sector projects internationally in the energy and power sectors.

Climate change

Climate change is considered one of the most significant global and economic threats in history. Its effects are expected to cause shifts in weather patterns, weather-related damage, and rising sea levels affecting coastal regions around the world. Climate change represents a concern and a challenge for financial institutions and our clients.



“Our branch has been powered by alternative energy sources since 2004. Both our clients and staff appreciate RBC’s support for sustainability and the environment.”

Sharon Duncan

RBC Royal Bank
Langley, British Columbia

RBC is working on a number of fronts to address the issues raised by climate change, including:

- Evaluating the climate change risks to industries such as tourism, agriculture and natural resources, and the risks of severe weather events in our property insurance business;
- Assessing the risks and opportunities of international agreements such as the Kyoto Protocol and government responses as they apply to RBC and our clients; and
- Incorporating “carbon risk” into the assessment of borrowers in high-impact sectors such as mining, oil and gas and heavy manufacturing.

RBC is among 60 companies worldwide that have been recognized as leaders in understanding and addressing climate change issues. The ranking was carried out as part of the **Carbon Disclosure Project (CDP)**, an initiative sponsored by a

COMMITMENTS

RBC is a signatory to the:

- **Equator Principles**
- **International Chamber of Commerce Business Charter for Sustainable Development**
- **UNEP Statement by Financial Institutions on the Environment & Sustainable Development**

coalition of 155 leading institutional investors that collectively manage \$21 trillion in assets. These institutional investors share a common desire to know the degree to which large companies are exposed to climate change risks, and how they are managing them.

Emissions trading opportunities

As the Kyoto Protocol comes into force, carbon dioxide and other greenhouse gas (GHG) emissions will be either an asset or a liability on the balance sheets of many of our clients or their subsidiaries. RBC is preparing for GHG emissions regulation and trading, particularly in response to the E.U.’s trading scheme, which started in January 2005.

Carbon trading allows industries with carbon credits generated by reducing their GHG emissions to sell them to industries with excess GHG emissions or to governments.

In examining the potential risks and opportunities in trading GHG emissions, we conducted an extensive review of energy carbon markets in Canada, the U.S., and the E.U. and identified specific business opportunities for RBC, along with timing, risks and how risks could be mitigated. We:

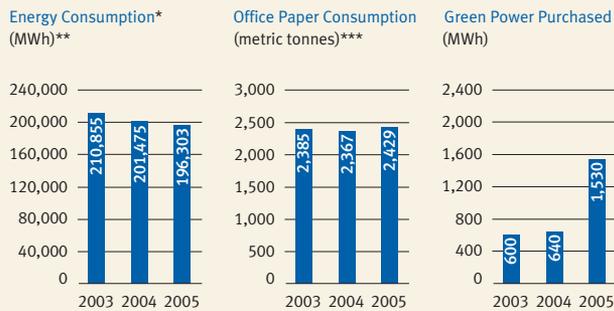
- Monitor developments in the E.U., Canada and the U.S.;
- Participate in a number of IETA (International Emissions Trading Association) initiatives, including developing the framework for a Canadian carbon market;
- Examine the risks and opportunities of greenhouse gas emissions trading as an RBC business area; and
- Examine the impacts of the monetization of carbon on our clients.

Renewable energy opportunities

Renewable energy and energy efficiency can provide some long-term investment options with a great return for the planet.

RBC Technology Ventures is a lead investor in the GEF Clean Technology Fund, L.P. This new private equity investment fund

ENVIRONMENTAL PERFORMANCE



* tracked for our Canadian premises
 ** equivalent megawatt hours
 *** tracked for approximately 75 per cent of RBC Financial Group

GREENHOUSE GAS EMISSIONS

	2003	2004	2005
GHG emissions in tonnes CO₂ (metric)			
Direct emissions from oil and gas consumption	11,245	11,121	10,635
Indirect emissions from purchased electricity	31,240	29,811	29,231
Total GHG emissions	42,485	40,932	39,866

Scientists predict that higher levels of greenhouse gases in the environment are leading to global warming. Greenhouse gases, or GHGs, may include carbon dioxide that is generated as a result of burning fossil fuels like coal, gasoline and diesel. RBC's GHG emissions are calculated based on standards recommended by the World Business Council for Sustainable Development.

will seek to identify and finance companies that create technologies to help traditional industrial companies reduce energy consumption, material waste and the discharge of pollutants, and manage safety or public health hazards and other environmental consequences.

We recognize the opportunity in alternative energy resources, and finance 26 wind farms in North America, U.K., France and the Republic of Ireland. In 2005, RBC Capital Markets also acted as financial advisor to a number of significant green energy business transactions that will generate more than 1 gigawatt (GW) worth of power in Europe. These include a wind development business in the U.K., a renewable energy company with an international portfolio of wind assets, and a landfill gas generation business.

OPERATIONAL FOOTPRINT

With operations in more than 1,500 buildings in Canada alone, RBC occupies a significant amount of commercial real estate. As such, we strive to reduce our impact on the environment in all our operations. Energy consumption is a good example: we know that responsible energy use saves money, helps protect the environment, and is an obligation to shareholders, stakeholders and the communities in which we live and work. Here are some of the things we do to achieve this:

- Through the **Building Energy Performance Index Challenge**, we identify the least energy-efficient branches across Canada annually and prioritize them for action. We investigate the potential causes of the inefficiencies and unexpectedly high energy consumption, and then develop both short- and long-term solutions, with a view to implementing best practices on a wider basis;
- RBC has supported **Green Power** generation since 2002, and we have purchased 4,240 megawatt-hours (MWh) of Green Power since then;

- In 2005, RBC purchased 530 MWh of Green Power from BC Hydro. This purchase is equivalent to taking 53 passenger cars off the road for a year, and a reduction of greenhouse gas (GHG) emissions of 190 tonnes. We also purchased 1,000 MWh from Bullfrog Power, the only 100 per cent green electricity retailer in Ontario that sources power from wind and low-impact hydro generators. This energy will power seven branches in Toronto, as well as RBC's premises in Toronto's Medical and Related Sciences Centre, and will reduce greenhouse gas emissions by almost 800 tonnes; and
- RBC's new construction standards now require the installation of occupancy sensors to switch lights off when no one's around in new branches and in major renovations. We also changed our corporate standards for room temperature settings in all of our offices. This slight modification will have a beneficial impact on energy use across all our premises.

Conservation in the workplace

- In 2005, RBC introduced a "paperless" statement for clients of our online banking service in Canada, estimated to save 40 tonnes of paper annually. This number will increase as more clients become comfortable receiving their statements online. In 2004, we introduced electronic pay statements for Canadian employees, eliminating the printing of 2 million statements and envelopes, and saving nearly 16 tonnes of paper annually.
- When we renovate, we reuse material wherever possible. In 2005, more than 60 tonnes of carpet tile were reused, rather than landfilled, thanks to a program started in 2002.
- By 2005, we reduced the number of printers in our workplaces by 52 per cent by introducing shared, networked devices capable of many functions. The new units are Energy Star compliant, and are expected to reduce energy consumption. This initiative also resulted in a reduction in our usage of ink cartridges as well.

BENCHMARKS

- RBC was named to the 2005 and 2006 Dow Jones Sustainability Index, which recognizes the world's financial, social and environmental corporate leaders. We have appeared on the Index every year since its inception.
- RBC is listed on the FTSE4Good Global Index, designed to track the performance of companies that meet globally recognized corporate responsibility standards in areas such as environmental sustainability, stakeholder relations and universal human rights.
- RBC is included on the Jantzi Social Index (JSI), a stock index of 60 Canadian companies that pass a set of social and environmental screens.

CONSERVATION IN THE COMMUNITY

- RBC is on the advisory panel of the **Canadian Brownfields Network**, launched in March 2004. Its goal is to accelerate redevelopment and urban revitalization across Canada. A brownfield is an abandoned, idle or underutilized commercial or industrial property usually in an urban area where past actions have caused, or are suspected to have caused, environmental contamination. Brownfield redevelopment results in the revitalization of communities through increased economic productivity, increased tax revenue, lower municipal infrastructure costs, reduced health risks and improved neighbourhoods.
- To mark Earth Day 2005, RBC took part in **Cellphones for Food**, a program to encourage employees in the Greater Toronto Area to donate their used cellphones to a unique organization that auctions off the phones to the remanufacturing industry, and redirects the resulting revenues to local food banks. The donation of one cell phone translates into a carton of milk, a jar of peanut butter, or even a whole meal to someone in need. RBC collected 187 cell phones, alleviating close to 51 kilograms of waste.
- RBC donated \$75,000 to support **Adopt a Class**, a program offered by Ducks Unlimited Canada to provide urban children with a chance to experience nature first-hand.
- RBC donated \$45,000 to the **Centennial Writing Challenge** in Alberta and Saskatchewan. More than 350,000 students were asked to write a report on the "past, present and future of our environment" to commemorate both provinces' centennial anniversaries.
- RBC Centura completed its \$100,000, four-year pledge to The **Nature Conservancy's Forever Wild** campaign, designed to protect the ecologically critical and threatened lands and waters across North Carolina.

COLLABORATION AND ENGAGEMENT

RBC is committed to working with all sectors to help manage our environmental risks, pursue business opportunities that help protect the environment and minimize the impact of our operations on the environment. For example, we are a member of:

- the Canadian Banker's Association Environmental Issues Advisory Group;
 - the Environmental Bankers Association;
 - the United Nations Environment Program Finance (UNEP) Initiatives; and
 - the Canadian Brownfields Network.
- We are also former members of the NRTEE Brownfield Task Force.

We are engaged with Canadian federal government departments such as the Ministry of Natural Resources and Environment Canada on issues like climate change. As an Equator Principles signatory, we participate with the World Bank and the IFC on developing standards for project finance, and responding to the concerns of NGOs.

In 2005, RBC hosted "Canada Local, Canada Global: The Environment, Society and the Canadian Financial Sector," a meeting of financial institutions, stakeholders and interest groups to understand risks and act on opportunities presented by environmental issues. We also sponsored CIELAP's third annual Partnering for Sustainability Conference, as well as the Fourth Municipal Leaders Summit on Climate Change, held in parallel with The United Nations Climate Change Conference in Montreal, Quebec.

For further information, visit rbc.com/environment.

Community engagement

RBC believes in building prosperity by contributing to the health and wellness of the communities in which we live and work.

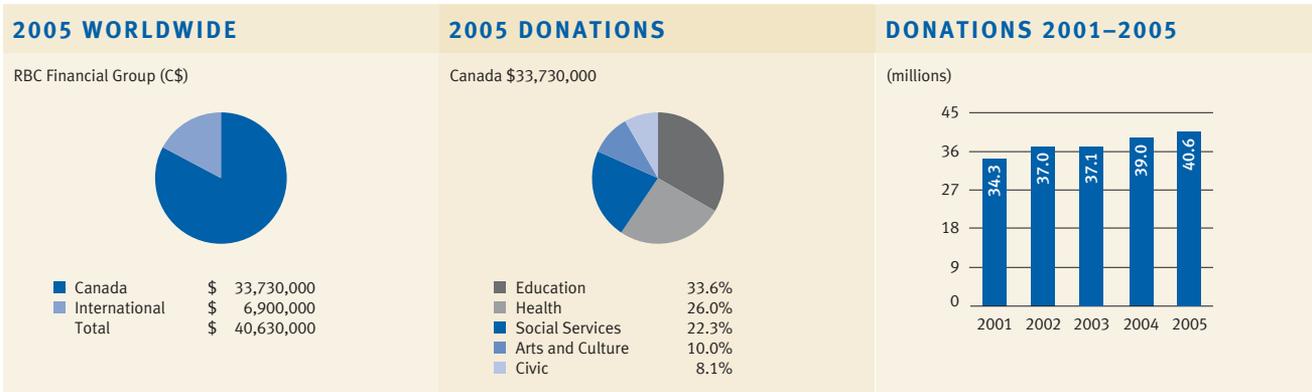
We support a broad range of community initiatives, through donations, sponsorships and employee volunteer activities. Through a variety of research tools, we engage communities in helping us establish our community investment focus.

This section of our report provides community investment highlights from 2005 – you can find more details all year long at rbc.com.

2005 PERFORMANCE HIGHLIGHTS

- Named Canada's most socially responsible corporation for the 11th year running.
- Contributed more than \$65 million to community causes worldwide, through donations of more than \$40.6 million, and an additional \$25 million in sponsorship of community events and national organizations.
- Extended our Employee Volunteer Grant program to employees in the United States.
- Qualified as an Imagine Canada "Caring Company," having donated at least one per cent of pre-tax profits to charity.
- Employees and pensioners worldwide contributed countless hours in volunteer activities and funds to not-for-profit groups through payroll deductions, direct giving and special events.

Donations



Donations are an important cornerstone of our community programs, with a tradition of philanthropy dating back to our roots: in fact, we have donations on record as far back as 1891. We are now one of Canada’s largest corporate donors, and contribute to communities across North America and around the world.

We take great pride in the accomplishments of our community partners, and appreciate the opportunity to invest in their good works.

GOVERNANCE

The member companies of RBC Financial Group administer charitable donations through the RBC Foundation, established in 1993.

Our formal Donations Policy is reviewed annually by the Public Policy Committee of the Board of Directors, outlining our giving guidelines and strategy.

The RBC Foundation has a Board of Directors, comprised of heads of each of our businesses worldwide, which sets policy and ratifies all donations made in Canada. The Foundation is staffed by a team of five employees.

To ensure our giving is appropriate and responsive to local needs, we also have professional grant-makers situated in each of our regional headquarters in Canada (Vancouver, Calgary, Toronto, Montreal, Halifax) as well as our businesses in the United States (RBC Dain Rauscher, RBC Centura and RBC Insurance).

DUE DILIGENCE

RBC Foundation receives about 20,000 requests for funding each year – more than 10 requests for every hour of the business day. Seeing so many proposals for funding, we are in a privileged position to notice when the mandates of different charities overlap, and we encourage synergies between organizations. Our goal is to ensure that our charitable partners have sustainable sources of funding and use their donors’ funds responsibly.

Our grant-makers follow a rigorous process when evaluating proposals to ensure our funds are invested with the utmost care and responsibility. We look at whether the charity has a wide range of support and assess the charity’s ability to deliver its programs. The process includes a complete assessment of the charity’s fiscal management and governance practices. All charities must provide audited financial statements in order to qualify for RBC funding.

SOCIAL IMPACT

In 2005, the RBC Foundation expanded our application requirements and we now require our charitable partners to clearly demonstrate the social impact of our contribution. Further, we expect our charitable partners to outline the specific details around the goals and gaps they encountered during the period of time they receive funding from the RBC Foundation.

TARGETS AND PERFORMANCE

We are a founding member of Imagine Canada, which encourages philanthropy and citizenship.

As a member of Imagine, we are committed to donating at least one per cent of our average annual net income before taxes, based on a five-year average. A complete list of all our donations over \$500 given in 2005 is available on rbc.com.

For information on guidelines for donations or sponsorship requests, please visit rbc.com.

Volunteer activity



“I retired in 2005 after 35 years of service to RBC, and I’m proud that the company still supports my volunteer efforts through the Employee Volunteer Grant program.”

Pierre Arvisais
RBC Pensioner
Montreal, Quebec

Sometimes, the greatest contribution you can make to a cause is the gift of your time.

Around the world, RBC employees and pensioners play a vital role in helping build the prosperity of the communities in which they live and work, by volunteering their time and expertise for good causes.

RBC’s employees and pensioners are passionate volunteers and, as financial services professionals, one of the most significant contributions they make is by sharing their knowledge. You’ll find our employees on not-for-profit boards and committees, providing money-management workshops, and sharing knowledge about budgeting and business planning.

While we can’t take credit for their efforts, we celebrate and thank our employees for all they do to build strong, healthy communities.

To see profiles of some of our employees who volunteer in their communities, please visit our Donations site on rbc.com.

DOLLARS FOR DOERS

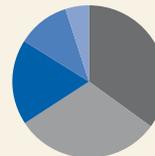
RBC’s **Employee Volunteer Grants Program** was launched in 1999 to support and encourage community involvement. Employees and pensioners who volunteer a minimum of 40 hours a year to a registered charity are eligible for a \$500 grant to the organization in their honour.

Many of these grants are applied to specific projects at smaller organizations that do not even have the resources to fundraise, so they can have a real impact.

Since 1999, RBC has made over 8,500 grants and donated more than \$4.4 million to celebrate our employees’ volunteer efforts. We expanded this program to our operations in the United States in 2004, and provided 117 grants there in 2005.

EMPLOYEE VOLUNTEER GRANTS 2005

Number of grants (Canada) 1,756
Total \$878,000



CREATING A CULTURE OF VOLUNTEERS

In addition to supporting the efforts of our employees through our Employee Volunteer Grants Program, we also strive to support programs that will help create and nurture a culture of volunteerism.

For example, in 2005, we donated \$10,000 to **Framework Foundation**, an organization geared to engaging young, urban Canadians in volunteer activities through innovative initiatives, such as an art auction in which young people bid volunteer hours rather than money. Framework Foundation also promotes agencies that have compelling volunteer opportunities, and help the sector to share best practices in volunteer management.

As a founding partner, we also continued to support **Altruvest** with a gift of \$35,000 in 2005, supporting their BoardMatch program, which introduces registered charities to talented, enthusiastic and informed professionals willing to serve on the board of a charitable organization. To date, the program has matched over 1,300 volunteers with charitable organizations, and will be expanding beyond Toronto and Vancouver to other cities across Canada in 2006, including Calgary, Fredericton and Thunder Bay. RBC also supported Action Canada in its quest to enhance employee volunteer opportunities with Aboriginal organizations.

Support for causes

“RBC put together five community advisory panels across Canada to help decide which organizations would receive its after-school grants. It felt great to have my voice heard as a panel member, because I really feel like I’ve played an important role in making a difference for my community.”

Donna Crowshoe
Member, Community Panel,
RBC After-School Grants Program
Calgary, Alberta



CIVIC CAUSES

Support for United Way

RBC Financial Group is the largest private sector contributor to United Way in Canada, where we are one of only 53 organizations that contributes over \$1 million annually. We also have the largest private sector employee giving campaign in Canada, with nearly \$8 million contributed through payroll deduction, direct giving and employee-driven fundraising events.

In 2005, we also seconded, or loaned, 15 employees to work full-time on local United Way campaigns.

UNITED WAY: CORPORATE DONATIONS

Canada	\$ 3,407,710
United States	US\$ 298,975

UNITED WAY: EMPLOYEE DONATIONS*

Canada	\$ 7,808,209
United States	US\$ 603,005

* This includes funds raised through payroll, direct giving and employee fundraising events. RBC employees around the world also help raise much-needed funds for countless community groups in addition to United Way.

Disaster relief

When disaster strikes, people want to help. That was certainly the case, time and again in 2005. RBC did its part through direct contributions on behalf of our clients and employees, and by opening our branch network to collect donations from the public, including:

- A donation of \$250,000 to **South Asian tsunami relief efforts**, including a matching challenge to all employees

worldwide and to the Canadian public. RBC’s corporate donation included \$50,000 toward the future resettlement in Canada of immigrants from affected areas, especially those from Sri Lanka. Through our Canadian branch network, \$2.557 million was collected from the public;

- A donation of \$250,000 to the **Red Cross Hurricane Katrina relief fund**, including \$125,000 to match our employees’ contributions, in addition to accepting public donations at our branches across Canada, as well as RBC Centura branches in the U.S. southeast; and
- \$125,000 was provided through a direct corporate gift and employee matching gift to the Canadian Red Cross to support the **South Asia earthquake campaign**, in addition to accepting public donations at our branches across Canada.

As a matter of course, RBC supports public campaigns run by the Canadian Red Cross by opening our branch network to collect public donations, such as for the Alberta Flood Relief campaign in 2005, to which RBC also donated \$25,000. After Hurricane Juan hit the Atlantic coast in 2004, RBC committed \$75,000 over three years to the Red Cross Atlantic Division’s Disaster Awareness Campaign.

YOUTH AND EDUCATION

Keeping kids in school

- In 2005, RBC invested \$1.7 million with 60 of Canada’s top community-based **after-school programs**, bringing our total funding in this area to \$10.5 million since 1999. These programs have provided 5,500 children with opportunities to build social skills and self-esteem through structured activities in safe environments.
- In 2005, RBC Centura launched **Invest in Success**, a campaign to raise public awareness and support for Communities In Schools (CIS), a not-for-profit organization that helps students across the United States stay in school.
- RBC supports **Junior Achievement (JA)**, an international organization that provides students with a first-hand glimpse into the world of business and entrepreneurship.

2005 EDUCATION HIGHLIGHTS

An investment in education lasts forever, enriching our children's lives and building the intellectual capital that lies at the foundation of the health and prosperity of our communities.

- Over one-quarter of RBC Foundation's annual donations budget is devoted to education, totalling more than \$11 million in 2005.
- RBC's support of education includes major donations to universities, totalling over \$3.8 million in 2005.
- We invested \$116 million in employee learning.
- Our employees also spend countless hours volunteering in classrooms around the world.

In Canada alone, 803 employee volunteers invested 12,226 hours delivering JA programs, such as a powerful seminar called The Economics of Staying in School. In 2005, RBC announced a gift of \$150,000 over three years to refresh the tools and materials to support this program. RBC also supports JA's Diversity In Action program.

Towards higher education

- RBC provides products to help parents finance a child's education. The **RBC Target Education Funds** are innovative solutions that offer investment growth potential up-front to help meet the rising costs of tuition and become more conservative as the child approaches college or university age. Through the RBC Rewards program, RBC Royal Bank Visa cardholders can exchange their points for a cash contribution into an RBC Registered Education Savings Plan.
- RBC Royal Bank and RBC Centura provide a great deal of information on how to finance a post-secondary education. Visit rbccroyalbank.com and rbccentura.com.
- RBC administers a limited number of scholarships, including:
 - The *RBC Scholarship Program* for the children of employees;
 - The *RBC Medical and Dental Student Scholarship*, available to students in Canada who are beginning their studies and demonstrate an exceptional quality of care and community involvement, as well as financial need;
 - *RBC Royal Bank Financial Life Skills Scholarship*; and
 - A number of scholarships through not-for-profit organizations and post-secondary institutions, such as The *RBC Investments Scholarship* at the George Brown College School of Business in Toronto, where RBC advisors teach the certification program, and top students are offered employment with RBC. A similar scholarship is offered at Memorial University in Newfoundland.
- RBC funds scholarships with not-for-profit partners as well, such as:
 - A scholarship at the University of Manitoba to encourage Aboriginal students to study engineering; and

PEOPLE WITH DISABILITIES

In April 2000, RBC released an economic outlook for people with disabilities. "Despite an incredible run of economic growth that has pushed Canadian and American unemployment rates to their lowest levels in over two decades," the report stated, "individuals with disabilities have participated in this upswing only to a minor extent. Deep inequalities continue to exist that result in people with disabilities generally suffering from missed opportunities throughout their lives."

RBC believes that full inclusion is in the best interests of our communities and our countries, and we support programs that help create employability and remove barriers to education for people with disabilities:

- RBC donated \$20,000 to **Reaching E-Quality Employment Services** for its WORKink Manitoba project, \$5,000 to BC's Neil Squire Society's EmployAbility Program, and \$25,000 to the Richmond Committee on Disability Project, to help people with disabilities hone their job searching skills, develop skills for the workplace and find long-term employment.
- We support research that will help advance people with disabilities. We continue to support the **Canadian Centre on Disability Studies** in Winnipeg, Manitoba, through the RBC Research Chair. In 2005, we also donated \$30,000 to help the Centre provide grants for disability-related research projects at the community level.
- In Toronto, the **Ryerson RBC Foundation Institute for Disability Studies** undertook a project to research employment and employability of people with disabilities within the financial services industry.

RBC Foundation donated over \$825,000 to support Aboriginal causes in 2005.

ABORIGINAL PEOPLES

In 1997, RBC released a landmark report on the state of Aboriginal economic development. “The economic state of Canada’s first peoples is deplorable, and the costs of the status quo to the public purse are high and rising,” the report stated. “This is a matter of great national urgency, and the business community should lend its support.”

With Canada’s Aboriginal population growing at about twice the rate of the Canadian population, and with over half the Aboriginal population under the age of 25, RBC is committed to supporting education and job creation for Aboriginal youth.

- Since its inception in 1992, RBC’s **Aboriginal Student Awards Program** has provided 64 scholarships totalling \$628,000. Five students received awards in 2005, selected by an independent committee of academics from the Aboriginal community.
- RBC donated \$20,000 to the Dominion Institute to support its **Aboriginal Youth Writing Challenge**, encouraging Aboriginal high school students to write a work of fiction about an event in Aboriginal history. RBC’s contribution will help the Institute to promote the Writing Challenge to Aboriginal communities and fund a one-hour documentary profiling Aboriginal writers.
- RBC donated \$40,000 to the **Historica Foundation’s** heritage programs for Aboriginal students, developed with First Nations educators. The program inspires young people aged 9 to 14 to share their own history with students in the rest of Canada. Over 238,000 students participated in 2005.

- scholarships through the **United Negro College Fund (UNCF)** for study in health-related fields at historically black colleges and universities. We also announced a significant partnership with the UNCF Special Programs Corporation to support community-based service and service learning programs.

RBC is committed to fostering competitiveness and prosperity by funding targeted post-secondary programs related to technology, innovation and business management, such as:

- A \$350,000 donation to **UNB Fredericton’s Centre for Financial Studies (CFS)** to support the award-winning Student Investment Fund program. This will give UNB business students real investment experience in Canada’s growing financial services industry; and
- A \$600,000 donation to **Seneca College’s Centre for Financial Services**, which now offers an applied degree that provides students with critical knowledge and advanced practical skills for careers in the field of financial services.

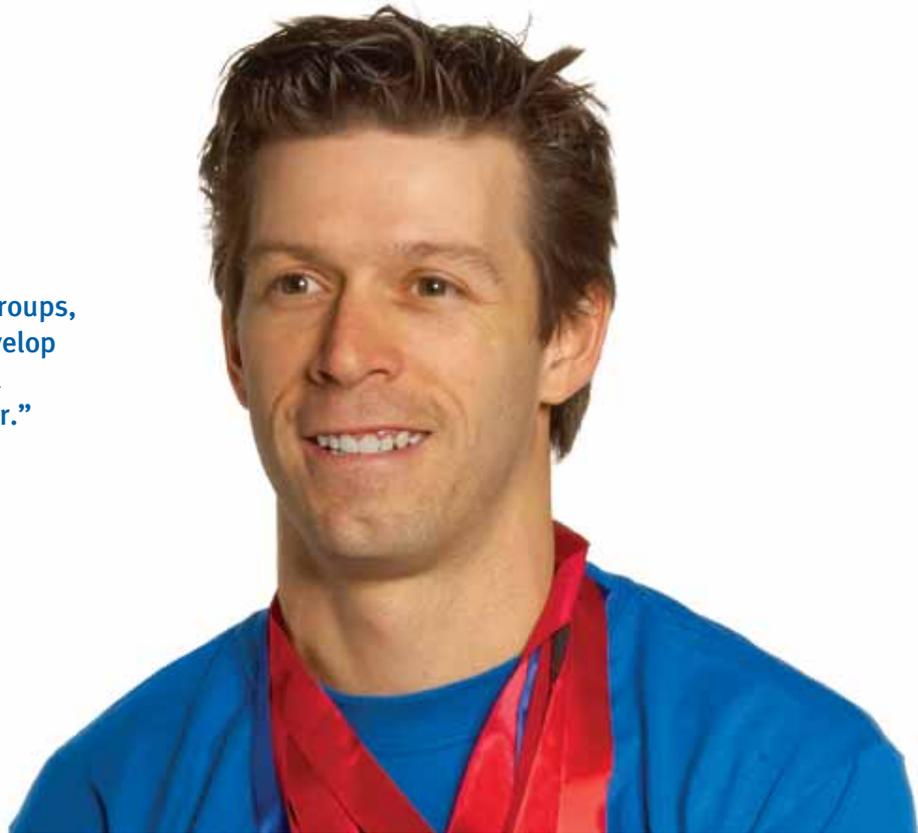
Into the workforce

- RBC is a founding partner of **Career Edge**, an organization that provides internship opportunities for Canadian graduates who have little to no work experience in their field. RBC hosted five Career Edge interns in 2005, and through our Associate Host program, we also placed seven interns with our small business and not-for-profit clients. RBC also supports Career Bridge for immigrants and Ability Edge for people with disabilities.
- RBC was one of the first corporate supporters of **Pathways to Education**, an innovative program that provided one-on-one support to every student in one of Toronto’s economically disadvantaged communities, over their full four years of secondary school, starting in 2001. The program has had stunning success. Of the 87 youth who started the program the first year, 37 just graduated, with 33 continuing to college and university. The rest are returning for one more semester of secondary school, with a

“As an RBC Olympian, I’ll get to share my experiences with students, community groups, RBC clients and employees, as well as develop valuable skills that will help me pursue a career once my competition days are over.”

Graham Hood

RBC Olympian, Gold Medallist at the 1999 Pan American Games, and two-time Olympian (Track).



90 per cent graduation rate expected. In 2005, 725 students were part of the program. In 2005, RBC offered six summer internships to Pathways graduates, and we became the sole provider of recruitment services to Pathways graduates by offering work preparation seminars, resume-writing experience and conducting mock interviews.

For more information on how RBC supports youth and education, visit rbc.com/community.

ARTS AND CULTURE

Vibrant communities depend on an environment that celebrates arts and culture. RBC supports a wide range of initiatives that contribute to the cultural fabric of our communities.

- The **RBC Canadian Painting Competition** was established in 1999 to nurture Canadian visual artists in their early career. The competition has the largest prize disbursement for a painting competition in Canada, with one national prize of \$25,000 and two honourable mentions receiving \$15,000 each. The artwork of semi-finalists is shared with the public on a tour of the country, and winning works become part of RBC’s own art collection.
- RBC’s **art collection** was established in 1929 to encourage and support Canadian artists. Today, our collection contains 4,000 distinguished paintings, prints and sculptures, displayed in RBC locations around the world.
- RBC has a long tradition of supporting **emerging artists**. In 2005, we invested \$280,000 in young artists through apprenticeship and internship programs with organizations such as the National Ballet, the Canadian Opera Company, Dance Saskatchewan, the Shaw Festival and the Royal Conservatory of Music.
- RBC is committed to enhancing **access to the arts for people with disabilities**. For example, we support Corpuscule Danse, an inclusive dance company in Quebec that uses performers with disabilities as well as those who are able-bodied, and an Art Studio & Cooperative in British Columbia, providing skill development to artists with disabilities.

- In 2005, RBC supported **regional arts initiatives** across North America, such as a pledge of \$1 million over six years to the Banff Centre for Continuing Education to support its Youth Excellence Scholarship, Banff International String Quartet Competition and the Banff Summer Arts Festival, as well as a gift of \$47,500 to the Atlantic Ballet Theatre in Moncton, New Brunswick.
- RBC Dain Rauscher sponsored “The Human Touch: Selections from the RBC Dain Rauscher Collection,” an art tour featuring 39 works that were displayed in cities across the United States.

For more on RBC’s support of the arts, visit rbc.com/community.

AMATEUR ATHLETICS

RBC supports amateur athletes of all levels, from those who take part in community sports to those who dream of Olympic gold.

Canada’s Olympic Team

- RBC was chosen as the Premier National Partner in the banking category for the **2010 Olympic and Paralympic Winter Games**, Vancouver, BC with Canadian Olympic Team sponsorship rights for all Games from 2006 to 2012. RBC’s total commitment of \$110 million over the next eight years included a cash contribution of more than \$70 million. Other support includes banking services, athlete and amateur sport investments, support for the Paralympics, First Nations’ community development programs and Olympic brand marketing support through the RBC network. RBC is the longest-serving corporate sponsor of the Canadian Olympic team, since 1947.
- RBC employs current and retired Olympic and Paralympic athletes through the **RBC Olympians Program**, offering flexible work arrangements so that athletes can make time for training and competition. The RBC Olympians act as community ambassadors, visiting schools, community groups, clients and employees. The program also provides valuable

work experience to help athletes prepare for life after sport, with RBC Olympians working in various departments across RBC. Since its launch in 2002, the RBC Olympians Program has employed more than 35 athletes and several have gone on to full-time careers with RBC.

- Access to sport: RBC is a founding sponsor of **Special Olympics Canada**, helping to provide sport training and competition opportunities for 28,000 athletes of all ages and abilities. RBC employees volunteer their time as coaches and fundraisers while the RBC-sponsored Sport Celebrities Festival raises more than \$1 million annually.

Hockey

- RBC has been a Premier Sponsor of **Hockey Canada** since 1995. In addition to supporting Canada's Men's and Women's National and Olympic teams, RBC is title sponsor of the National Junior A Championship, the RBC Royal Bank Cup, held in Weyburn, Saskatchewan in 2005.
- In 2005, Saskatchewan and Alberta commemorated their 100th anniversaries, and RBC celebrated by sending treasures from the renowned Hockey Hall of Fame on the *RBC 100 Years of Hockey* exhibit, touring local communities in both provinces.
- In its second year, the **RBC Local Hockey Leaders** program recognized "behind the scenes" volunteers who dedicate their time to supporting grassroots hockey in their community. Thirteen regional winners were recognized in the Hockey Hall of Fame for their efforts, with RBC donating \$10,000 to minor hockey in each of their communities.
- In 2005 RBC awarded ten **scholarships** to players from each of the regional leagues of Canada's Junior A hockey, to be applied to post-secondary education.
- RBC sponsored the **XI FINA World Championships** (aquatics) in Montreal, Quebec, where RBC Olympian Ann Dow captured a bronze medal with Team Canada.

For more on how RBC supports amateur sport, visit rbc.com/sponsorship.

2005 HEALTH HIGHLIGHTS

- 26 per cent of our donations are directed to health causes.
- 51.7 per cent of donations related to health went to Community and Children's Hospitals.
- Over 200 RBC employees/pensioners received Employee Volunteer Grants for their work at community and children's hospitals.

HEALTH AND WELLNESS

RBC is committed to health and wellness, with an emphasis on supporting research and programs that improve community services and enhance quality of life. Our major gifts in 2005 included:

- \$2 million to the First Office of Injury Prevention at Sunnybrook and Women's College and Health Sciences Centre in Toronto, Ontario;
- \$350,000 to the STARS Human Patient Simulator program, a mobile education unit that tours Alberta, parts of British Columbia, the Northwest Territories and northern Montana;
- RBC supported Quebec's first respite home and pediatric palliative care facility with a \$100,000 donation to the Lighthouse;
- \$500,000 to the Queen Elizabeth II Health Sciences Centre in Halifax. This donation will facilitate further growth of the Multi-Organ Transplant Program and help to fund endowed chairs; and
- \$350,000 to the University of Regina to establish the RBC Research Fellowship Program on Aging and Health.

Our employees also generously volunteer their time to health care organizations and charities around the world. Here are some highlights from 2005:

- Every year the **Juvenile Diabetes Research Foundation** hosts the Ride for Research event in communities across Canada, in which teams on stationary bikes race against each other and the clock. In 2005, 1,760 RBC employees across Canada raised \$470,000, with RBC also donating close to \$134,000 to the cause;
- **Terry Fox Run for Cancer Research:** 2005 marked the 25th annual Terry Fox Run, with hundreds of RBC employees, from London, Ontario to London, U.K. taking part in what is considered the largest single-day fund-raiser for cancer research in the world. RBC Royal Bank branches once again accepted pledge sheets from runners; and
- In 2005, 181 RBC employees and family members in 18 communities across Canada took part in the **Multiple Sclerosis Society's** walks and bike rides, raising \$86,400, with 25 employees helping count money raised from events held across Ontario. RBC also hosted a Charity Golf Tournament in Toronto, with 450 participants, 100 sponsors, and 70 volunteers raising a record-breaking \$350,000.

For more information on RBC's support for health, visit rbc.com/community.

Local support

“I’m proud to represent RBC in the community. Every year, I look forward to taking part in events such as the International Dragon Boat Race Festival and the Montreal Chinese Hospital Foundation Gala.”

Kevin Hum
RBC Royal Bank
Montreal, Quebec



RBC Financial Group operates across Canada and the United States, as well as in other countries around the world.

This section gives a sampling of how RBC and our employees are involved in communities across Canada. For information on how RBC is involved in other regions, please visit rbc.com.

2005 DONATIONS BY REGION (C\$)

Newfoundland and Labrador	\$ 206,533
Prince Edward Island	\$ 142,500
Nova Scotia	\$ 1,183,289
New Brunswick	\$ 744,400
Quebec	\$ 4,494,585
Ontario	\$ 13,500,803
Manitoba	\$ 1,033,650
Saskatchewan	\$ 883,160
Alberta	\$ 3,031,085
British Columbia	\$ 3,555,545
Yukon/Northwest Territories/Nunavut	\$ 44,300
National (Canadian)	\$ 4,910,150
United States	\$ 6,100,000
International	\$ 800,000
Total	\$ 40,630,000

ATLANTIC Region-wide

- In addition to a corporate gift, RBC employees take part in the Wishmaker Parade and in raffle ticket sales all year long in support of Children’s Wish Foundation.
- RBC has long supported United Way, and was one of three “founding corporate partners” that brought the United Way to Newfoundland and Labrador. RBC also donated \$132,900 to the 11 United Way chapters in Atlantic Canada, with staff overwhelmingly supporting payroll deduction campaigns in each region.

- Since 2001, RBC has pledged over \$2.1 million to universities in Atlantic Canada, including: UPEI’s Adult Connections in Education Program, Dalhousie’s Centre for Risk Management, Saint Mary’s Atlantic Centre of Support for Disabled Students, the University of New Brunswick’s Centre for Financial Studies, Leadership Mount Allison, the Mi’kmaq-Maliseet Business Administration Program, and the Nova Scotia College of Art & Design Graduate Program in Film Production.
- RBC provided \$50,000 to Pier 21 Society to develop programming that will teach youth about the history of Canada, the role our veterans played and the importance of immigration and diversity.
- RBC granted \$35,000 to the Atlantic Ballet Theatre, increasing regional access to the arts by funding two touring productions.

NEWFOUNDLAND AND LABRADOR

Employees	345
Donations	\$206,533
Corporate donations to United Way	\$25,000
33 Employee Volunteer Grants	\$16,500
After-School Grants	\$14,000

Province-wide: RBC donated \$17,000 to 11 food banks, with RBC employees also coordinating food drives in branches across the province.

Corner Brook: RBC has supported Theatre Newfoundland and Labrador’s Youth Programming since 2002. More than 100 students participate in classes from September to March.

St. John’s: RBC’s donation of \$10,000 helped the Newfoundland Society for the Physically Disabled establish a children’s summer camp in the west coast of Newfoundland.

PRINCE EDWARD ISLAND

Employees	108
Donations	\$142,500
Corporate donations to United Way	\$5,000
14 Employee Volunteer Grants	\$7,000
After-School Grants	\$23,000

Charlottetown: RBC has partnered with the Charlottetown Confederation Centre of the Arts and their Arts Alive Program since 2000, providing hands-on studio activities and art education programs for 125 children aged 6–13.

Summerside: RBC helps the YMCA's Y's Kids Equipped Program provide school supplies for children. Employees also help pack these school kits.

NOVA SCOTIA

Employees	1,436
Donations	\$1,183,289
Corporate donations to United Way	\$62,715
105 Employee Volunteer Grants	\$52,500
After-School Grants	\$100,000

Province-wide:

- RBC has supported the Discovery Centre's Science on the Road Program for the past two years, bringing science to schools throughout rural Nova Scotia.
- RBC donated \$85,000 to the Art Gallery of Nova Scotia to support its Art of the Ancient Mediterranean education program, reaching more than 500 schools across the province.

Barrington Passage: RBC donated a total of \$23,750 to Camp Goodtime, for children living with cancer with the help of employee fundraising efforts.

Digby: RBC donated \$1,000 to an adult literacy program through the Digby Area Learning Association.

Halifax: Two RBC employees raised \$6,900 for the Abilities Foundation for the disabled by rappelling more than 20 storeys. One employee was the top fundraiser for the entire event.

Kentville: RBC donated \$8,500 to help Fidelis House build a new facility. RBC branches in Western Nova Scotia raised an additional \$8,500.

Truro: Since 1998, local RBC employees have volunteered 31 years of service and have donated \$6,000 through the RBC Employee Volunteer Grants Program to the Big Brother-Big Sister In School Mentoring Program, including \$1,500 donated in 2005.

Wolfville: RBC pledged \$10,000 for a Student Bursary Foundation Endowment Fund that addresses the needs of students with learning disabilities at Landmark East School.

NEW BRUNSWICK

Employees	1,359
Donations	\$744,400
Corporate donations to United Way	\$51,750
68 Employee Volunteer Grants	\$34,000
After-School Grants	\$90,000

Province-wide:

- RBC held food drives in eastern and northern New Brunswick, donating \$25,500 to 13 food banks.
- RBC's commitment of \$10,000 to the University of New Brunswick's Centre for Autism will provide intensive training in the latest methods of instruction and therapeutic skills necessary to work with children affected by autistic spectrum disorders.

Moncton: RBC employees at the Mountain Road branch raised \$1,000 for the Mobile One Soup Kitchen through dress-down Fridays.

Plaster Rock: Every year, the population of this small town (1,200) grows five-fold during the three days it hosts the World Pond Hockey Championships, sponsored by RBC. The event also raised funds for a new recreational centre for their community.

QUEBEC

Employees	7,565
Donations	\$4,494,585
Corporate donations to United Way	\$767,875
186 Employee Volunteer Grants	\$93,000
After-School Grants	\$223,500

Province-wide:

- 150 RBC employees in 10 cities in Eastern Quebec took part in a bowl-a-thon supporting the Children's Wish Foundation.
- RBC donated \$6,000 to the *Association des clubs d'entrepreneurs étudiants du Québec*, which teaches post-secondary students about entrepreneurship.
- Thousands of Quebecers have continued the legacy established during the Potato Famine by adopting orphaned children from countries ravaged by war and disaster. RBC supports both Société Adoption Enfants du Monde Inc. and Formons Une Famille, agencies that help unite orphaned children with caring families.

Abitibi: RBC pledged \$25,000 to the University of Quebec to help build a new First Nations Pavilion, and \$20,000 for the University's capital campaign.

Outaouais: RBC donated \$1,000 to Entraide familiale de l'Outaouais in their mission to provide counselling and referral services, literacy courses and job-training to disadvantaged people. An RBC golf tournament also raises funds for this organization.

Montreal:

- RBC donated \$6,000 to the Heart and Stroke Foundation, to provide healthy cooking workshops for elementary school students.
- RBC donated \$25,000 to the Marie-Vincent Foundation to help prevent children from being victims of violence. Employees also took part in the Foundation's "Angel Wings" bike tour across Quebec.
- RBC donated \$50,000 to the Mental Illness Foundation, in part to support the "Partners for Life" program to prevent suicide among teens aged 14–18 years of age.
- A \$10,000 donation to the Learning Associates of Montreal will help support people who have learning disabilities.
- RBC's \$50,000 leadership of the Maimonides Hospital's annual golf tournament helped raise much needed funds and awareness about the hospital and home for the aged.

For more on RBC's activities in Quebec, see our *Rapport sur la responsabilité de l'entreprise 2005*.

ONTARIO

Employees	29,590
Donations	\$13,500,803
Corporate donations to United Way	\$1,768,395
751 Employee Volunteer Grants	\$375,500
After-School Grants	\$559,000

Province-wide:

- RBC supports Junior Achievement (JA) which provides students with a first-hand glimpse into the world of business and entrepreneurship. More than 500 employees in the province delivered JA programs such as "The Economics of Staying in School" and "Diversity in Action."

- For the eighth year, RBC's Charity Trust/United Way employee campaign was the largest private sector campaign in Ontario, with \$6.7 million donated in 2005.
- For the past six years, RBC has provided over \$1 million to Business Enterprise Centres across Ontario to offer one-stop assistance and programs to local area entrepreneurs and small businesses.

Greater Toronto Area:

- Since 2002, RBC employees in Peel have raised over \$63,000 for Interim Place, which provides a safe place for women and their children fleeing violence. In 2005, 26 branches in Mississauga and Brampton supported the "Piggy Bank Challenge," raising over \$13,500.
- Since 1994, RBC and our community partners have come together to support the Variety Village Sunshine Games. Variety Village is a sports and fitness centre that helps people with disabilities. In 2005, RBC helped raise over \$525,000 through fundraising events in 160 branches across the GTA, bringing the total raised since 1994 to close to \$6 million.
- Eva's Phoenix Print Shop is a commercial print shop that provides experience and employment to homeless and at-risk youth. RBC supports this growing enterprise – to date, 30 youth have secured full-time career-oriented positions at graphics companies and educational institutions.

Hamilton: RBC pledged \$750,000 to the Hamilton Health Sciences Foundation to support their Children's Mental Health Unit.

Kenora/Rainy River Districts: RBC donated \$10,000 to help the Alzheimer Society deliver a Community Education Program in remote areas of northwest Ontario, including 52 First Nations Reserves. Materials will be translated into Ojibway and Oji-Cree.

Kitchener: Since 1998, RBC employees have supported Nutrition for Learning, raising over \$350,000 in an annual golf tournament, including \$38,000 raised in 2005. Over 60 RBC employees volunteer, serving breakfast to children in school every year.

London: Dr. David Wolfe, the RBC Chair in Children's Mental Health, has developed a school curriculum module for Ontario Grade 9 students on the "4th R" – Relationships. The school program, aimed at educating kids to reduce violence, date rape and substance abuse, was piloted in London schools in the 2004/5 academic year.

Nepean: RBC supported the Queensway Carleton Hospital with a pledge of \$135,000 over five years.

Oakville: RBC Festival of Classics is one of southern Ontario's premier professional theatre festivals, where classic plays are presented outdoors. In 2005, the RBC Festival of Classics celebrated its 10th anniversary.

Ottawa: Over a three-month period in 2005, employees in 23 branches took part in the RBC Wheels of Life campaign, raising \$86,000 for a recreational bus for the clients of St. Vincent's Hospital, the only provider of chronic care in the Ottawa area.

Owen Sound: RBC made a gift of \$200,000 over five years to the Grey Bruce Health Services in support of the rural hospitals in Lion's Head, Markdale, Meaford, Southampton and Wiarton.

Sudbury: Since 2003, RBC has provided \$15,000 to the Transition Fund of Last Resort at the Northeast Mental Health Centre. This fund helps clients re-establishing themselves into the community.

Windsor: Since 2004, RBC has given over \$40,000 to the Teen Health Centre and supports the RBC Teen Health Month, which, in 2005, educated 1,650 teens and their families about social issues and family conflict.

MANITOBA

Employees	2,141
Donations	\$1,033,650
Corporate donations to United Way	\$98,000
106 Employee Volunteer Grants	\$53,000
After-School Grants	\$119,000

Province-wide:

- RBC donated \$10,000 to the Kidney Foundation's Aboriginal Education Program.
- Since 2003, RBC has donated \$5,000 annually to Manitoba Farmers with Disabilities to help educate children about safety and accident prevention on the farm. Over 40 presentations are made annually to school-age groups.

Brandon: RBC has been a long-time sponsor of the Royal Manitoba Winter Fair, one of the premier agricultural events in Canada. Additionally, as part of the RBC Agriculture Speaking series, Dr. David Kohl, North America's leading agricultural economist, was brought in to share his valued expertise with the community.

Flin Flon: RBC's donation of \$5,000 helped the Community Adult Learning Centre offer courses in literacy and computer skills.

Manitou: RBC donated \$5,000 to the Manitou Public Library's Lifelong Reading Program for seniors.

Winnipeg:

- RBC's donation of \$75,000 helped the Manitoba Cardiac Institute (Reh-Fit) Foundation offer seminars and activities to improve wellness. Our employees also took part in the Walk of Life for Cardiac Rehabilitation.
- RBC donated \$30,000 to help the Manitoba Museum deliver Astronomy Science Workshops to more than 3,200 primary school students.

SASKATCHEWAN

Employees	1,448
Donations	\$883,160
Corporate donations to United Way	\$54,700
69 Employee Volunteer Grants	\$34,500
After-School Grants	\$92,000

Province-wide:

- RBC's donation of \$5,000 will help Child Find Saskatchewan reduce the number of missing children by providing information to over 25 schools throughout Saskatchewan.
- Since 1979, RBC has sponsored the Canadian Western Agribition, Canada's premier Agriculture Show and Marketplace attracting over 140,000 visitors from across Canada, the U.S. and over 60 countries.

Estevan/Weyburn: RBC's donation helps the Violence Intervention Program in southeast Saskatchewan deliver education sessions to women.

Prince Albert: More than 7,500 seniors are provided transportation by Prince Albert & District Community Service Centre, thanks to a \$10,000 donation from RBC.

Regina:

- The United Way Days of Caring saw 20 RBC employees help give a face-lift to SOFIA House and the Regina Residential Resource Centre.
- A \$5,000 donation from RBC helps the Regina Symphony Orchestra deliver their School Concert Program to K-8 students in 30 schools.

Saskatoon:

- Over 50 RBC employees took part in a Habitat for Humanity project.
- RBC donated \$3,500 to the Family Service Saskatoon to support their performing arts for youth program.

Swift Current: RBC donated \$5,000 to the Saskatchewan Abilities Council for its members with disabilities to take part in weekly music and drama therapy programs.

ALBERTA

Employees	3,943
Donations	\$3,031,085
Corporate donations to United Way	\$235,650
122 Employee Volunteer Grants	\$61,000
After-School Grants	\$161,000

Province-wide: RBC donated \$84,000 to Science Alberta Foundation to create a travelling “Finance in a Crate” program, supporting the high school math curriculum.

Calgary:

- Since 2002, RBC has supported Calgary Reads, a literacy initiative pairing more than 500 young readers with 290 volunteer tutors in 50 schools. In 2005, RBC employees also took part in an annual book sale, raising \$20,000.
- RBC funded seminars at The Calgary Business Information Centre to provide individuals with free or affordable access to useful information for launching a business.

Camrose: RBC employees raised funds for Bethany Homes for Children, Breakfast for Kids and the Camrose Food Bank. They also served lunch to the volunteers at a Habitat for Humanity build.

Edmonton and northern Alberta:

- RBC committed \$250,000 to the Northern Alberta Institute of Technology (NAIT) Aboriginal Education Success Initiative. Mobile Education Units will take business and trade skills programs to Aboriginal students throughout Northern Alberta.
- RBC has supported the Alberta Ballet’s Northern Tights Tour since 2002, bringing dance to over 2,000 students in Edmonton and northern communities.

Fort McMurray: To celebrate the opening of our new branch, RBC made a donation to the Fort McMurray Historical Society’s Moving North education program.

Hinton: RBC’s donation of \$5,000 to the Hinton Municipal Library commemorated RBC’s 50th anniversary in Hinton.

Stettler: RBC donated \$30,000 to help start a Seniors Health & Wellness Program in the town’s leisure centre.

BRITISH COLUMBIA

Employees	7,158
Donations	\$3,555,545
Corporate donations to United Way	\$336,125
300 Employee Volunteer Grants	\$150,000
After-School Grants	\$284,000

Province-wide:

- RBC contributed \$25,000 to the British Columbia Library Association’s Summer Reading Club, a program that encourages over 80,000 children to read throughout the summer, improving skills acquired during the school year.
- RBC donated \$50,000 to BC Women’s Hospital Foundation’s Osteofit program to help seniors strengthen their bodies and improve their health, independence and quality of life.
- Over the past three years, RBC has donated \$30,000 to the British Columbia Professional Fire Fighters’ Burn Fund to

support Burn Awareness Week, teaching kids how to be responsible for their own safety and creating awareness in their families on how to avoid potentially harmful situations.

- To enable persons with disabilities to participate in hiking, RBC donated \$8,000 to British Columbia Mobility Opportunities Association to fund a one-wheeled, ecologically safe, multi-terrain vehicle.

Burnaby: RBC donated \$3,000 to the Community Living Society’s Pottery Works project, an art studio and cooperative serving people with disabilities.

Delta: RBC donated \$5,000 to Burns Bog Conservation Society for a wetlands education project designed to promote the ecological value of peat lands by providing teachers with educational materials and onsite field trips.

Kelowna: A \$20,000 donation from RBC helped 23,000 students, staff and volunteers from three school districts plant 134,000 tree seedlings, setting two Guinness World Records.

Prince George: RBC donated \$9,500 to Street Spirits, a youth-driven theatre company that uses drama to help youth identify solutions to problems they face. RBC’s donation was used for educational programming to address the impact that alcohol has on families.

Richmond: RBC’s \$9,000 donation to Richmond Art Gallery provided local residents free access to the visual arts through their Family Sundays Program, facilitated by high school students interested in a career in arts and culture.

Surrey: RBC donated \$15,000 to Surrey Fire Fighters to teach fire safety in regional schools.

Vancouver Area:

- RBC donated \$10,000 to PLEA’s Community Services Society of BC’s KidStart program, which provides 225 at-risk children with positive mentoring services and support through their trained volunteers.
- A \$7,500 donation to Festival Vancouver provided over 2,000 disadvantaged people with access to this major cultural event featuring world-class classical, jazz and world music.
- In partnership with the Vancouver Art Gallery, RBC is sponsoring FUSE Fridays, a monthly event that features live theatre, dance and music.

Victoria: RBC’s \$4,000 donation to the Victoria Conservatory of Music’s Cathedral Festival Youth Initiative will provide over 40 young musicians with training at a level that they would not normally receive.

YUKON/NORTHWEST TERRITORIES/NUNAVUT

Employees	86
Donations	\$44,300
Corporate donations to United Way	\$2,500
2 Employee Volunteer Grants	\$1,000

Yellowknife, NWT:

- RBC donated \$25,000 to the Stanton Territorial Hospital Foundation’s Our Children Our Future Campaign.
- RBC supports an Early Childhood Intervention Program for children with disabilities and their families.
- Employees joined other members of the community in the United Way Days of Caring to help restore Camp Connections, a camp for foster children from all over the NWT.

Cambridge Bay, Nunavut: RBC donated more than \$11,000 to improve the local community library and cultural centre.

Whitehorse, Yukon: In 2005, RBC donated \$500 through the RBC Employee Volunteer Grants Program to the Victoria Faulkner Women’s Centre.

2005 Public Accountability Statement

All federally regulated financial institutions in Canada with equity greater than \$1 billion are required to produce annual public accountability statements for clients and other interested stakeholders, outlining the company's contributions to the Canadian economy and society.

DECLARATION

In accordance with regulations, RBC Financial Group is publishing this statement describing the contribution to the Canadian economy and society of Royal Bank of Canada and our prescribed affiliates.

REPORTING PERIOD

RBC has included all content required in the *Public Accountability Statement* in this *2005 Corporate Responsibility Report and Public Accountability Statement*, as indicated in the chart below, covering activities from our fiscal 2005 (November 1, 2004 to October 31, 2005).

AFFILIATES

The information documented in this report captures activities from Royal Bank of Canada and all its prescribed affiliates and is reported collectively under the brand name RBC Financial Group (RBC). Affiliates that are either finance entities or federally regulated financial institutions under the *Bank Act* include RBC General Insurance Company, RBC Life Insurance Company, RBC Travel Insurance Company, Royal Bank Mortgage Corporation, The Royal Trust Company, Royal Trust Corporation of Canada, RBC Action Direct Inc., RBC Asset Management Inc., RBC Private Counsel Inc., RBC Trustees International Limited and RBC Dominion Securities Inc.

Public Accountability Statement Requirements

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Employment and taxes

EMPLOYMENT IN CANADA

RBC Financial Group is one of the country's largest employers, with more than 55,000 people employed in Canada. We also have a growing number of employees in the United States and in our international locations. In 2005, we employed 69,123 people in 60,012 full-time equivalent positions worldwide.

2005 fiscal year (ended October 31, 2005)

Province	Number of employees	Full-time	Part-time
Newfoundland and Labrador	345	240	105
Prince Edward Island	108	73	35
Nova Scotia	1,436	981	455
New Brunswick	1,359	937	422
Quebec	7,565	5,283	2,282
Ontario	29,590	24,136	5,454
Manitoba	2,141	1,395	746
Saskatchewan	1,448	909	539
Alberta	3,943	2,680	1,263
British Columbia	7,158	4,645	2,513
Yukon, Northwest Territories and Nunavut	86	62	24
Total	55,179	41,341	13,838

TAXES IN CANADA

In fiscal 2005, RBC Financial Group paid \$2.6 billion in taxes worldwide, including Canadian taxes in excess of \$2 billion, as shown below.

2005 fiscal year (ended October 31, 2005) (C\$ thousands)

Consolidated Capital/Income Taxes by Jurisdictions	Capital Taxes	Income Taxes
Newfoundland and Labrador	1,677	2,396
Prince Edward Island	648	1,092
Nova Scotia	5,547	10,709
New Brunswick	3,343	6,146
Quebec	46,027	54,989
Ontario	66,288	308,646
Manitoba	9,283	11,421
Saskatchewan	7,564	11,593
Alberta	–	33,368
British Columbia	23,271	50,242
Yukon and Northwest Territories	–	680
Nunavut	–	294
	163,648	491,576
Federal	–	874,824
Total capital/income taxes (Canada)	163,648	1,366,400
Total other taxes (Canada)		529,112
Total taxes (Canada)		2,059,760

Authorized business loans

We recognize that access to credit is extremely important to small business. That's why we continue to look for ways to make it easier for our small business clients to secure financing to help them manage and grow their business. We also strive to provide them the best advice and expertise. These figures reflect our loans to business clients in Canada.

TOTAL AMOUNT OF MONEY MADE AVAILABLE TO FIRMS IN CANADA

2005 fiscal year (ended October 31, 2005)

Province	Metrics	\$0–	\$25,000–	\$50,000–	\$100,000–	\$250,000–	\$500,000–	\$1,000,000–	>=	Grand Total
		\$24,999.99	\$49,999.99	\$99,999.99	\$249,999.99	\$499,999.99	\$999,999.99	\$4,999,999.99	\$5,000,000.00	
Newfoundland and Labrador	Number of clients	978	351	261	206	85	58	59	23	2,021
	Authorizations	\$ 8,617,871	\$ 12,358,034	\$ 17,454,046	\$ 30,878,155	\$ 28,914,566	\$ 41,610,034	\$ 126,384,043	\$ 791,895,447	\$ 1,058,112,195
	Outstanding loans	\$ 3,523,545	\$ 6,238,755	\$ 9,682,812	\$ 17,754,945	\$ 17,671,578	\$ 29,507,291	\$ 91,854,216	\$ 319,993,983	\$ 496,227,124
Prince Edward Island*	Number of clients	309	140	123	113	36	33	52		806
	Authorizations	\$ 2,711,660	\$ 4,963,546	\$ 8,323,661	\$ 16,867,193	\$ 13,299,433	\$ 23,360,184	\$ 98,974,253		\$ 168,499,931
	Outstanding loans	\$ 1,181,910	\$ 2,879,757	\$ 4,889,661	\$ 11,136,715	\$ 9,072,638	\$ 19,283,744	\$ 78,637,972		\$ 127,082,397
Nova Scotia	Number of clients	3,984	1,443	1,249	781	425	249	270	62	8,463
	Authorizations	\$ 34,315,382	\$ 50,995,660	\$ 85,087,063	\$ 120,359,424	\$ 146,986,437	\$ 170,344,969	\$ 593,037,233	\$ 1,707,896,554	\$ 2,909,022,721
	Outstanding loans	\$ 13,608,816	\$ 26,688,291	\$ 47,726,512	\$ 74,055,222	\$ 92,724,197	\$ 112,496,999	\$ 362,922,059	\$ 927,519,321	\$ 1,657,741,418
New Brunswick	Number of clients	2,073	786	671	478	234	125	161	36	4,564
	Authorizations	\$ 17,490,234	\$ 27,778,000	\$ 44,962,811	\$ 71,547,057	\$ 82,136,205	\$ 83,367,691	\$ 338,229,151	\$ 771,247,779	\$ 1,436,758,927
	Outstanding loans	\$ 7,220,040	\$ 14,838,891	\$ 25,384,733	\$ 45,695,355	\$ 53,560,389	\$ 57,171,207	\$ 251,165,790	\$ 300,044,950	\$ 755,081,353
Quebec	Number of clients	12,746	3,438	2,916	2,427	1,358	1,053	1,174	366	25,478
	Authorizations	\$ 92,990,039	\$ 120,460,474	\$ 199,649,073	\$ 378,031,194	\$ 481,450,468	\$ 730,567,896	\$ 2,485,921,332	\$ 11,380,151,544	\$ 15,869,222,019
	Outstanding loans	\$ 31,338,287	\$ 55,738,457	\$ 101,388,809	\$ 223,790,200	\$ 307,935,099	\$ 483,597,259	\$ 1,540,187,742	\$ 4,781,737,944	\$ 7,525,713,795
Ontario	Number of clients	54,763	14,751	12,742	9,037	4,335	3,096	3,056	896	102,676
	Authorizations	\$332,596,649	\$ 523,942,741	\$ 859,428,118	\$ 1,366,622,059	\$ 1,513,518,885	\$ 2,133,598,290	\$ 6,233,421,677	\$ 38,258,067,023	\$ 51,221,195,442
	Outstanding loans	\$126,541,281	\$ 284,597,695	\$ 468,930,471	\$ 807,387,204	\$ 974,310,478	\$ 1,374,046,336	\$ 3,699,731,347	\$ 12,462,247,159	\$ 20,197,791,970
Manitoba	Number of clients	5,188	1,331	1,281	1,055	435	273	271	90	9,924
	Authorizations	\$ 30,131,279	\$ 47,183,577	\$ 87,295,707	\$ 159,504,156	\$ 149,130,296	\$ 190,366,956	\$ 577,319,480	\$ 1,905,544,855	\$ 3,146,476,305
	Outstanding loans	\$ 12,029,598	\$ 25,569,740	\$ 49,110,634	\$ 95,516,597	\$ 92,799,603	\$ 120,069,295	\$ 339,797,435	\$ 819,079,045	\$ 1,553,971,947
Saskatchewan	Number of clients	5,736	1,818	1,919	1,697	654	345	253	48	12,470
	Authorizations	\$ 39,021,425	\$ 64,734,222	\$ 133,396,996	\$ 263,378,640	\$ 225,571,922	\$ 236,266,693	\$ 479,010,914	\$ 1,063,382,236	\$ 2,504,763,047
	Outstanding loans	\$ 19,251,836	\$ 38,505,557	\$ 84,929,818	\$ 183,143,352	\$ 158,940,211	\$ 167,753,034	\$ 303,041,374	\$ 437,657,526	\$ 1,393,222,708
Alberta	Number of clients	21,017	4,087	3,661	2,936	1,326	881	913	341	35,162
	Authorizations	\$112,567,658	\$ 143,163,743	\$ 247,380,453	\$ 445,008,836	\$ 459,201,254	\$ 609,184,573	\$ 1,949,066,184	\$ 13,879,122,121	\$ 17,844,694,822
	Outstanding loans	\$ 37,682,836	\$ 69,371,821	\$ 132,305,359	\$ 274,101,829	\$ 305,935,176	\$ 405,643,974	\$ 1,172,592,471	\$ 5,428,243,219	\$ 7,825,876,686
British Columbia	Number of clients	23,346	5,298	4,789	3,114	1,515	1,113	1,413	338	40,926
	Authorizations	\$143,175,859	\$ 185,374,145	\$ 320,090,903	\$ 463,355,283	\$ 532,765,988	\$ 781,022,272	\$ 3,043,762,994	\$ 6,962,686,329	\$ 12,432,233,774
	Outstanding loans	\$ 46,707,966	\$ 85,424,813	\$ 156,772,441	\$ 257,094,729	\$ 347,941,243	\$ 521,391,085	\$ 2,015,471,582	\$ 3,715,574,395	\$ 7,146,378,254
Yukon, Northwest Territories, Nunavut*	Number of clients	550	102	84	73	38	26	36		909
	Authorizations	\$ 2,875,258	\$ 3,667,765	\$ 5,658,955	\$ 11,244,957	\$ 12,780,559	\$ 18,408,069	\$ 76,637,028		\$ 131,272,590
	Outstanding loans	\$ 814,378	\$ 1,590,139	\$ 2,898,289	\$ 6,400,961	\$ 8,322,818	\$ 11,207,309	\$ 53,616,017		\$ 84,849,909
Total	Number of clients	130,690	33,545	29,696	21,917	10,441	7,252	7,658	2,200	243,399
	Authorizations	\$816,493,313	\$1,184,621,906	\$2,008,727,786	\$ 3,326,796,955	\$ 3,645,756,012	\$ 5,018,097,626	\$16,001,764,286	\$ 76,719,993,889	\$108,722,251,774
	Outstanding loans	\$299,900,493	\$ 611,443,915	\$1,084,019,538	\$ 1,996,077,111	\$ 2,369,213,429	\$ 3,302,167,531	\$ 9,909,018,004	\$ 29,192,097,543	\$ 48,763,937,563

* For reasons of confidentiality, data has been omitted for PEI, Yukon, Northwest Territories and Nunavut to preclude identification of clients with authorized limits equal to or greater than \$5 million.

Bank branch openings and closings

RBC's "client first" focus has driven expansion and re-investment in our Canadian branch network. In 2005, RBC Royal Bank opened nine new branches across Canada. Branch closings were limited to small in-store/sales office locations and the relocation and expansion of other units.

In 2005, we had 3,906 banking machines (ATMs) in Canada, compared to 4,060 ATMs in 2004. A list of banking machines that were installed and removed in 2005 is available in the online version of this report, found on rbc.com.

RBC Royal Bank complies with federal legislation in our commitments to:

- Provide clients and communities with four months' advance notice of network reconfigurations/branch closures (six months' notice in the case of rural communities where there is no other financial institution 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.

We are committed to working individually with each employee affected by a branch closure to identify placement opportunities as well as training and development activities to enhance placement.

CANADIAN BRANCH/FACILITY OPENINGS AND CLOSURES

2005 fiscal year (ended October 31, 2005)

OPENED

	Street Address	City	Prov
Timberlea Branch	106 Millenium Dr.	Fort McMurray	AB
Coventry Shopping Centre Branch	130 Country Village Rd. NE Unit 100	Calgary	AB
Royal Oak Centre Branch	8888 Country Hills Blvd. Unit 1000	Calgary	AB
Sullivan Square Branch	15365 10 Highway	Surrey	BC
Ste-Dorothee Branch	5 Samson Blvd.	Laval	QC
Barrhaven Branch	3131 Strandherd Dr.	Nepean	ON
Hwy 11 & Big Bay Point Branch	649 Yonge St.	Barrie	ON
Saint-Constant Branch	564 Hwy 132 Service Rd. Ste 800	Saint-Constant	QC
Hwy 401 & James Snow Parkway Branch	1240 Steeles Ave. E.	Milton	ON

CLOSED

	Street Address	City	Prov
Crowfoot Co-op Instore	35 Crowfoot Way NW	Calgary	AB
Chinatown Plaza Branch	126 Keefer St.	Vancouver	BC
Gateway Village Branch	2 Herbert Rd.	St. Albert	AB
Fairlawn Plaza Branch	2158 Carling Ave.	Ottawa	ON

RELOCATED

Unit Name	From	To	City	Prov
Kingston & Kingswood Branch	996 Kingston Rd.	936 Kingston Rd.	Toronto	ON
Sherwood Park Branch	2008 Sherwood Dr.	390 Baseline Rd.	Sherwood Park	AB
Otterville relocation (temporary)	202 Main St. E.	210 Main St. E.	Otterville	ON
Carlingwood Mall Branch	2121 Carling Ave.	2121 Carling Ave.*	Ottawa	ON

* Relocation within mall

Vital statistics

As a leading employer, corporate donor, taxpayer, and buyer of goods and services, RBC Financial Group has an impact on the communities in which we operate.

Who we are

- Royal Bank of Canada (RBC), which trades as RY on the TSX and NYSE, and its subsidiaries operate under the master brand name of RBC Financial Group.
- We are Canada's largest bank as measured by assets and market capitalization as of December 31, 2005, and one of North America's leading diversified financial services companies.
- We provide personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis. Our corporate support team enables business growth with expert professional advice and state-of-the-art processes.
- We serve more than 14 million personal, business and public sector clients through offices in North America and some 30 countries around the world.

In Canada

- We rank first or second in most personal and commercial banking retail products.
- In wealth management, we have the leading full-service brokerage operation (by assets under administration), the top mutual fund provider among Canadian banks and the second-largest self-directed broker (by assets under administration).
- We are the largest Canadian bank-owned insurer, one of the top 10 Canadian life insurance producers, and a leader in travel insurance, creditor products and individual disability insurance.
- In corporate and investment banking, we continue to be the top-ranked securities underwriter and the leading mergers and acquisitions advisor.
- We have by far the largest Canadian custody operations (by assets under administration).
- Our domestic delivery network includes 1,104 branches and 3,906 banking machines, 437 investment retirement planners, 1,063 financial planners, 371 insurance agents and 975 mortgage specialists. Currently, we have 3.5 million online and 2.5 million telephone clients.

Internationally

- In the United States, we provide personal and commercial banking, insurance, full-service brokerage and corporate and investment banking services to about 1.5 million clients through RBC Centura, RBC Builder Finance, RBC Insurance, RBC Liberty Insurance, RBC Dain Rauscher and RBC Capital Markets.

- Outside North America, we have a banking network in the Caribbean and a presence in niche markets globally. In Europe, South America and the Middle East, we provide private banking, international estate planning and wealth management services tailored for high net worth individuals, sophisticated investors and corporate and institutional clients. We also offer investment banking, trading, capital markets, reinsurance, securities custody and trade finance to corporate, institutional and business clients.
- In the Asia-Pacific region and Australia, we provide corporate and investment banking, trade finance, correspondent banking, treasury and securities custody services to corporate and reinsurance to institutional and business clients, and private banking services to individual clients.

Our people

- 69,123 people employed.
- 60,012 full-time equivalent positions.
- \$6.8 billion paid in employee compensation and benefits.
- \$116 million invested in employee learning.
- Approximately 80 per cent of eligible employees own our shares through employee savings and share ownership plans.

Our clients

- More than 14 million personal, business and public sector clients.
- More than 650,000 small and medium enterprise clients.

Our economic impact

- \$2.6 billion paid in taxes.
- \$3.7 billion spent on goods and services, from suppliers of all sizes.
- \$1.7 billion spent on technology.

Our community investments

- More than \$65 million invested in community causes worldwide, through donations of more than \$40.6 million, and an additional \$25 million in sponsorship of community events and national organizations.
- RBC is a founding member of Imagine, a program encouraging Canadian corporations to participate in charitable giving.
- Our employees devote tens of thousands of hours to charitable causes in their communities.

Managing Editor: Lynn Patterson
 Writers: Pat Grassi, Suzanne Willers, Gayle Longley
 Photo research: Jennifer Waddell
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FOR ADDITIONAL COPIES OR TO PROVIDE FEEDBACK:

The Editor
RBC Corporate Responsibility Report and Public Accountability Statement
9th Floor, South Tower
Royal Bank Plaza
200 Bay Street
Toronto, Ontario
Canada
M5J 2J5
Fax: 416-974-6023
Email: corporateresponsibilityreport@rbc.com

Download or view this report from rbc.com/community.

Also available in audio format.
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