

## CHAIRMAN'S MESSAGE

In the face of ongoing uncertainty in global markets, the Board of Directors maintained its vigilant focus in 2011 on the risk environment and on positioning RBC for the future. We engaged actively with management to ensure that the organization remains resilient and responsive to challenges and opportunities.

Our stakeholders expect that RBC will demonstrate a strong risk discipline, and a key priority of the board is embedding a prudent risk culture throughout the organization. The Board of Directors drew from its collective business experience to oversee risk management, adopting comprehensive frameworks to identify principal risks to the businesses and the controls implemented to manage them. Our processes for determining the Bank's appetite for risk and monitoring risk have continued to improve in an evolving risk environment, and must continue to do so. Within this context, we reviewed management's plans over the past year to ensure they are balanced and focused on generating shareholder value within acceptable risk tolerances.

In addition to reviewing strategies for managing risk, we acted as key advisors in the development of strategic business plans that will contribute to our goals for growth over the medium and long term. During 2011, the board reviewed aspects of RBC strategy at every meeting, taking into account the opportunities and risks of the businesses. The board participated with management in the annual session dedicated to strategic planning. Throughout the year we assessed corporate performance against objectives to monitor the organization's progress. We approved the enterprise strategy as well as major transactions and capital expenditures aligned with the strategic plan.

To assist board members in understanding their responsibilities and to keep their knowledge current, we provide an ongoing education program. In 2011, several educational presentations focused on the transition to International Financial Reporting Standards (IFRS), with targeted sessions aimed at ensuring directors have thorough understanding of IFRS accounting standards that significantly impact RBC. Other presentations were aimed at deepening the

board's understanding of areas such as capital and liquidity and the Bank's risk profile relative to global peers.

In setting the tone at the top, our goal is to foster a culture of shared values and integrity that is critical to the long-term success of RBC. All of our efforts are marked by an emphasis on trust, integrity and good governance. To maximize shareholder value on a sustainable basis, these values must extend beyond the Board of Directors into every segment of business activity. Our reputation for leading corporate governance practices continues to be cited among the world's best. We remain firmly committed to continuous improvement of the strong and effective governance standards of RBC and to transparency in our disclosure.

United by our common values and goals, our board also brings more value to our shareholders through its diversity of thought and backgrounds. Our Corporate Governance and Public Policy Committee regularly reviews and assesses the board's existing strengths and the evolving needs of RBC. In 2011, we were pleased to welcome our newest directors – Heather Munroe-Blum and Bridget van Kralingen – who are both well-recognized in their respective fields and whose experience and expertise are already adding an important dimension to the organization.

As Chairman of the Board, my goal is to provide leadership to the Board of Directors – directing its collective strengths and experience to supervise and guide management in enhancing the stability of the enterprise and creating long-term value for shareholders. The board is proud to be actively engaged in the achievements of RBC. We extend appreciation to management and to the approximately 74,000 RBC employees for their commitment throughout the challenges of 2011 to delivering value for shareholders and clients around the world.

On behalf of the Board of Directors,



David P. O'Brien  
Chairman of the Board