

Directors

- JOHN E. CLEGHORN, F.C.A. (1987)
Toronto
Chairman and
Chief Executive Officer
Royal Bank of Canada
- THEODORE M. ALLEN (1992)
Winnipeg
President and
Chairman of the Board
United Grain Growers Limited
- * SIR JAMES BALL (1990)
London, England
Emeritus Professor
London Business School
- JACQUES BOUGIE, O.C. (1991)
Montreal
President and
Chief Executive Officer
Alcan Aluminium Limited
- RONALD L. CLIFF, C.M., F.C.A. (1987)
Vancouver
Chairman, President and
Chief Executive Officer
BC Gas Inc.
- GEORGE A. COHON, O.C. (1988)
Toronto
Senior Chairman and Chairman
of the Executive Committee
McDonald's Restaurants of
Canada Limited
- G.N. (MEL) COOPER, C.M.,
O.B.C. (1992)
Victoria
Chairman and
Chief Executive Officer
Seacoast Communications
Group Inc.
- JOHN R. EVANS, C.C., M.D. (1984)
Toronto
Chairman,
Alcan Aluminium Ltd. and
Chairman, Torstar Corporation
- JOHN T. FERGUSON, F.C.A. (1990)
Edmonton
Chairman and
Chief Executive Officer
Princeton Developments Ltd.
- L. YVES FORTIER, C.C., Q.C. (1992)
Montreal
Chairman
Ogilvy Renault
- THE HON. PAULE GAUTHIER,
P.C., O.C., Q.C. (1991)
Quebec City
Partner
Desjardins Ducharme Stein
Monast
- * CHARLES H. KNIGHT (1983)
Regina
Chief Executive Officer
Denro Holdings Ltd.
- * THE HON. E. PETER
LOUGHEED, P.C., C.C., Q.C. (1986)
Calgary
Senior Partner
Bennett Jones Verchere
- G. WALLACE F. McCAIN, O.C. (1986)
Toronto
Chairman
Maple Leaf Foods Inc.
- * DAWN R. McKEAG (1978)
Winnipeg
President
Walford Investments Ltd.
- J. EDWARD NEWALL, O.C. (1984)
Calgary
Vice-Chairman and
Chief Executive Officer
NOVA Corporation
- DAVID P. O'BRIEN (1996)
Calgary
Chairman, President and
Chief Executive Officer
Canadian Pacific Limited
- ROBERT B. PETERSON (1992)
Toronto
Chairman, President and
Chief Executive Officer
Imperial Oil Limited
- HARTLEY T. RICHARDSON (1996)
Winnipeg
President
James Richardson & Sons,
Limited
- KENNETH C. ROWE, F.C.I.S. (1985)
Halifax
Chairman and
Chief Executive Officer
I.M.P. Group International Inc.
- GUY SAINT-PIERRE, O.C. (1990)
Montreal
Chairman of the Board
SNC-Lavalin Group Inc.
- ROBERT T. STEWART (1988)
Vancouver
Company Director
- ALLAN R. TAYLOR, O.C. (1983)
Toronto
Retired Chairman and
Chief Executive Officer
Royal Bank of Canada
- JOHN A. TORY, Q.C. (1971)
Toronto
Deputy Chairman
The Thomson Corporation
- SHEELAGH D. WHITTAKER (1993)
Toronto
President and
Chief Executive Officer
EDS Canada
- VICTOR L. YOUNG, O.C. (1991)
St. John's
Chairman and
Chief Executive Officer
Fishery Products International
Limited
- * Not standing for re-election on March 5, 1998*
- The date appearing after the name of each director indicates the year in which the individual became a director. The term of office of each director will expire at the next annual meeting, scheduled for March 5, 1998.*
- Since November 1, 1991, the directors have held the principal occupations as listed, except Mr. John E. Cleghorn who, prior to January 26, 1995 was President and Chief Executive Officer and prior to November 1, 1994, was President and Chief Operating Officer of the bank, Mr. Ronald L. Cliff who, prior to September 1997, was Chairman of BC Gas Inc., Mr. John T. Ferguson who, prior to April 1996, was President and Chief Executive Officer of Princeton Developments Ltd., Mr. L. Yves Fortier who, prior to January 1992, was Canada's Ambassador and Permanent Representative to the United Nations, Mr. G. Wallace F. McCain who, prior to*
- April 1995, was President of McCain Foods Limited, Mr. David P. O'Brien who, prior to May 1996, was President and Chief Operating Officer of Canadian Pacific Limited, prior to February 1995, was Chairman and Chief Executive Officer of Pan Canadian Petroleum Limited and prior to December 1994 was Chairman, President and Chief Executive Officer of Pan Canadian Petroleum Limited, Mr. Robert B. Peterson who, prior to July 1994, was Chairman and Chief Executive Officer and prior to September 1992 was President and Chief Operating Officer of Imperial Oil Limited, Mr. Hartley T. Richardson who, prior to April 1993, was President of the Real Estate Division of James Richardson & Sons, Limited, Mr. Kenneth C. Rowe who, prior to July 1997, was also President of I.M.P. Group International Inc., Mr. Guy Saint-Pierre who, prior to May 1996, was President and Chief Executive Officer of SNC-Lavalin Group Inc., Mr. Robert T. Stewart who, prior to January 1994, was Chairman, President and Chief Executive Officer of Scott Paper Limited, Mr. Allan R. Taylor who, prior to January 26, 1995, was Chairman of Royal Bank of Canada and prior to November 1, 1994 was Chairman and Chief Executive Officer and Ms. Sheelagh D. Whittaker who, prior to November 1993, was President and Chief Executive Officer of Canadian Satellite Communications Inc.*
- To the knowledge of the bank, the directors and senior officers, as a group, beneficially own or exercise control or direction over less than [1%] of the common shares of the bank. None of the directors or senior officers of the bank holds shares of its subsidiaries except where required for qualification as a director of a subsidiary and except with respect to RBC Dominion Securities Limited. To the knowledge of the bank, the senior officers of the bank, as a group, beneficially own or exercise control or direction over, less than [1.9%] of the outstanding Series One Participating shares ("P Shares") or [0.5%] of the votes attaching to all outstanding voting securities of RBC Dominion Securities Limited. The bank is required to have an audit committee (see page 105).*

Annual Information Form

December 3, 1997

Incorporation

Royal Bank of Canada (the “bank”) is a Schedule I bank under the *Bank Act*, and the Act is its charter. The head office is located at Royal Bank of Canada Building, 1 Place Ville-Marie, Montreal, Quebec, Canada.

Property

At October 31, 1997, the bank owned or leased 1,453 service delivery units in Canada and 105 units in 36 other countries. The bank also owns 7 central processing centres across Canada and major office complexes in Toronto and Ottawa. At October 31, 1997, the net book value of land and buildings worldwide totalled \$910 million or .4% of total assets.

Additional Information

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of securities, options to purchase securities, and interests of insiders in material transactions is contained in the bank’s information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the bank’s comparative financial statements for the year ended October 31, 1997. The bank will provide to any person, upon request to the Vice-President of Investor Relations at 123 Front St. West, 6th Floor, Toronto, Ontario, M5J 2M2, a copy of this annual information form and any documents incorporated by reference, a copy of the comparative financial statements for the year ended October 31, 1997 together with the accompanying report of the auditors, a copy of any interim financial statements subsequent to the financial statements for the year ended October 31, 1997, and a copy of any other documents incorporated by reference in a preliminary short form prospectus or short form prospectus if securities of the bank are in the course of a distribution.

Documents Incorporated by Reference

Additional items comprising the bank’s annual information form are disclosed in portions of this Annual Report and are incorporated by reference as set out below.

ITEM	REFERENCE
Principal subsidiaries	page 100
General development of the business	page 19
Narrative description of business and competitive conditions	pages 16-17 and 19-35
Impaired loans	Note 1, page 74; Note 5, page 80; table 14, page 49; table 15, page 50
Foreign loans	Note 4, page 79
Allowance for credit losses	Note 1, page 75; Note 5, page 80; page 49; table 16, page 51; table 17, page 52
Mortgage operations	table 8, page 43; table 15, page 50; table 16, page 51
Employees	page 4
Cash dividends	page 4; Note 11, page 84
Selected consolidated financial information	page 4
Quarterly financial information	page 98
Dividend policy	page 39
Management’s discussion and analysis	pages 25, 27, 31, 35, 36-68
Market for securities of the bank	inside back cover
Directors	pages 101, 105
Officers	pages 106-107

Corporate Governance

Profound and rapid change in global markets has placed increasing demands on Canadian corporations as they face unprecedented competition. A strong and effective board of directors can play a key role in meeting this challenge.

The question of how corporations are governed is therefore one of widespread interest. It is of particular interest to shareholders, the legal owners of corporations, for it is on their behalf that the board supervises the management of the business and affairs of the corporation.

The question is, how can corporate governance practices be improved so as to increase board effectiveness?

Royal Bank has been examining this question in detail for many years and has long been pro-active in adopting industry-leading practices. In 1980, and again in 1993-94, special board committees reviewed the role of the Board of Directors. Their recommendations formed the basis of Royal Bank's corporate governance system – a set of principles, structures and processes that enables the board to carry out its responsibilities effectively, and to evaluate and further improve its own performance. In 1994, the board established the following principles upon which Royal Bank's governance system continues to evolve.

1 Royal Bank has been and intends to remain a leader in adopting best practices in corporate governance.

Royal Bank's system of governance is consistent with the Guidelines for Improved Corporate Governance of the Toronto and Montreal Stock Exchanges. But to serve the interests of shareholders and other stakeholders, corporate

governance must improve continuously.

At Royal Bank, ensuring the effectiveness of the board is an on-going process, at the centre of which is a strong, independent Corporate Governance Committee.

The Committee advises and assists the board in applying the bank's existing corporate governance principles and practices. It monitors the effectiveness of the Board of Directors, its committees and individual directors.

The Committee also tracks developments in corporate governance and adapts best practices to the needs and circumstances of Royal Bank.

2 The directors must work as a cohesive team with shared responsibilities that are clearly defined, understood and respected.

The board supervises the management of the business and affairs of Royal Bank. Its mandate of duties and objectives includes:

- ▶ enhancing shareholder value;
- ▶ making major policy decisions for the bank;
- ▶ approving Royal Bank's strategic plan and overseeing its implementation;
- ▶ approving the operating plans, capital budgets and major capital expenditures;
- ▶ setting performance objectives and monitoring results;
- ▶ overseeing the planning of succession for senior management;
- ▶ approving compensation of senior officers and compensation policies for Royal Bank;
- ▶ identifying business risks and ensuring those risks will be managed;
- ▶ establishing investment and lending policies, standards and procedures;
- ▶ overseeing a policy for communications with shareholders, the investment community and the public;
- ▶ assessing the integrity of internal control and management information systems; and
- ▶ setting the dividend policy of Royal Bank.

The *Bank Act* specifies certain matters that must be dealt with by the board. The board has reserved the right to approve certain additional matters and has delegated to management other matters, including the authority to enter into various types of transactions, subject to specific limitations.

The board holds 10 regular meetings each year, as well as special meetings as required. Much of the work of the board is done through its committees, which report to the full board after each committee meeting.

3 The optimal size for the board represents a balance: there is a business need for strong geographical, professional and industry sector representation – and yet the board must be small enough to facilitate open and effective dialogue.

The Board of Directors has therefore adopted a goal to reduce the size of the board, over the next few years, from 22 directors to be nominated by management in March, 1998, to a number within the range of 18 to 21 directors.

This year, the board revised its tenure guidelines to provide that directors would not stand for re-election at the Annual Meeting following their 69th birthday.

The strength of the board is built upon the background,

experience, qualities, skills and diversity of directors. Nominees are selected for their business judgment, integrity, ability to generate public confidence, business or professional activity and experience, international

experience, knowledge of local, national and international issues, residency, and familiarity with a geographic region relevant to Royal Bank's strategic priorities.

Apart from these characteristics, regulatory requirements must be followed. The *Bank Act* provides that no more than two-thirds of the directors can be “affiliated” with the bank. Currently, fewer than one-third of the directors are “affiliated”

within the meaning of the *Bank Act*.

In addition, the Exchange Guidelines state that a majority of directors should be “unrelated”, as that term is defined in the Guidelines. In applying the principles underlying this definition, the

Board of Directors first made the determination that any director who was “affiliated” (as defined in the *Bank Act*) with Royal Bank would be considered “related” for the purpose of the Exchange Guidelines. Based on this analysis and the definition

of “unrelated” in the Exchange Guidelines and information provided by the directors as to their individual circumstances, it has been determined that the majority of the members of the Board of Directors are “unrelated” to Royal Bank.

4 The effectiveness of the board demands independence from management.

As the Exchange Guidelines note, there are different ways to ensure independence. One is to have a board chairman who is not a member of management. Another is to give a board committee or a director, sometimes called the “lead director”, responsibility for ensuring that the board functions independently.

Royal Bank has adopted the second approach, giving this responsibility to the chairman of the Corporate Governance Committee and its members. The chairman of the Corporate Governance Committee serves as an informal liaison on corporate governance matters among the directors and between the board and senior management, and following each board meeting chairs meetings of non-management directors at which any concerns may be freely expressed.

This system protects board independence and at the same time allows the bank to retain the benefits of having a Chairman who is also Chief Executive Officer. The combination of the two positions means the Chairman of the

Board has a more detailed knowledge of the business and activities of Royal Bank than would be possible for a chairman who was not a member of management. This is consistent with general practices within the banking industry in North America.

The independence of the board from management is further protected in the following ways:

- ▶ board policy permits no more than two directors from management. Of the 26 members of the board as of October 31, 1997, only one is an executive of the bank (the CEO) and one is a former officer of the bank;
- ▶ management directors do not serve as members of any board committee;
- ▶ a majority of the directors on each committee are both “unaffiliated” and “unrelated”;
- ▶ the *Bank Act* and the Board of Directors itself impose requirements on the directors regarding conflicts of interest and related party transactions and directors must disclose their inter-

est in and refrain from voting in respect of material contracts with Royal Bank;

- ▶ the Human Resources Committee and the board select and annually evaluate the CEO, and determine the CEO’s compensation. The board is also responsible for succession planning for senior management, and approves their remuneration. In this way the CEO and other members of senior management are accountable to the board;
- ▶ to align the interests of directors and shareholders, directors’ retainers are paid in shares until they own Royal Bank stock with a value equal to six times their annual retainer; and
- ▶ the board has adopted a policy that enables an individual director, with the consent of the chairman of the Corporate Governance Committee, to engage an outside advisor at the expense of the bank.

5 Effective decision-making can take place only in an environment of quality information.

The board must have timely access to the knowledge and information it needs to carry out its responsibilities. To ensure this:

- ▶ an on-going education program has been developed for all directors with a focus on the corporate governance system and the roles and responsibilities of the board;
- ▶ each new director is presented with a Director’s Guide and has an opportunity to meet with senior management to discuss the activities of Royal Bank;
- ▶ directors receive a weekly package of information with press releases, articles, videos and analysts’ reports on Royal Bank and the financial services industry;
- ▶ prior to each board meeting, the directors receive a comprehensive information package including the agenda, minutes of the previous meeting, presentations and other information on items to be discussed at the meeting;
- ▶ the board utilizes a consent agenda process for routine matters in order to free up the board’s time for matters of strategic importance;
- ▶ directors attend seminars relating to banking and the financial services industry; and
- ▶ annual off-site sessions are held where directors review and assess Royal Bank’s strategic direction. These meetings are attended by the full board and the heads of the bank’s business units.

The same commitment to excellence and timeliness in

communication is made by Royal Bank to its shareholders. Royal Bank’s investor relations department provides information to potential and existing investors and responds to investor inquiries and concerns. It is the policy of Royal Bank that every shareholder inquiry receive a prompt response from an appropriate officer. The Chief Executive Officer, the Chief Financial Officer and other senior executives also meet periodically with financial analysts and institutional investors.

Mandates and Activities of Board Committees

The board committees are described below:

Audit Committee

- ▶ reviews matters prescribed by the *Bank Act*, including annual and quarterly statements, and returns specified by the Superintendent of Financial Institutions;
- ▶ reviews investments and transactions that could adversely affect the well-being of Royal Bank;
- ▶ reviews prospectuses and offering documents relating to the issue of shares and subordinated indebtedness;
- ▶ meets separately with the shareholders' auditors, the chief internal auditor and senior management, to monitor the effectiveness of the internal control procedures and management information systems, controls, procedures and accounting practices;
- ▶ reviews measures implemented to ensure compliance with the Canada Deposit Insurance Corporation ("CDIC") Internal Control Standards, which include guidelines on information technology controls, valuation policies and procedures, safeguarding controls, accounting and record keeping controls, management information systems, and independent inspections and audits; and
- ▶ reviews and approves policies related to liquidity management and capital management as provided for in the related CDIC Standards and the Standards Assessment and Reporting Program concerning adherence to these CDIC Standards.

Members: Sir James Ball, R.L. Cliff (Chair), L.Y. Fortier, G.W.F. McCain, J.E. Newall, K.C. Rowe

Conduct Review Committee

- ▶ ensures that procedures are established to review transactions with "related parties" of Royal Bank and that these transactions meet market terms and conditions;
- ▶ ensures that any of these transactions having a material effect on the stability or solvency of the bank are identified; and
- ▶ establishes and monitors procedures for disclosing information to customers, restricting the use of confidential information, dealing with complaints, and resolving conflicts of interest.

Members: T.M. Allen, J.T. Ferguson, C.H. Knight, R.B. Peterson (Chair), G. Saint-Pierre, R.T. Stewart

Corporate Governance Committee

- ▶ is responsible for the development and maintenance of Royal Bank's corporate governance practices;
- ▶ reviews the credentials and performance of each of the directors standing for re-election;
- ▶ identifies and recommends to the board candidates suitable for nomination as directors;
- ▶ assesses the performance of the Board of Directors and its committees. As part of this process, the directors periodically complete a written evaluation of the performance of the board;
- ▶ works with management to develop a "forward agenda", of subjects to be discussed at board and committee meetings over the coming year;

- ▶ reviews the amount and the form of compensation of directors and makes recommendations for appropriate adjustments; and
- ▶ advises management in the planning of the annual strategic meeting attended by the directors and senior management.

Members: J. Bougie, J.R. Evans (Chair), L.Y. Fortier, E.P. Lougheed, D.R. McKeag, J.A. Tory, V.L. Young

Human Resources Committee

- ▶ reviews and approves principles for the recruitment, hiring, training, compensation and evaluation of employees;
- ▶ reviews Royal Bank's pension plan performance;
- ▶ reviews management succession plans for executive officers;
- ▶ reviews the major compensation policies of Royal Bank and recommends to the board the incentive programs for executives;
- ▶ reviews the position description for the CEO and approves the corporate objectives the CEO is responsible for meeting;
- ▶ selects and annually evaluates the performance of the CEO;
- ▶ recommends to the board the remuneration of the CEO and of certain other senior executive officers.

Members: J. Bougie, D.P. O'Brien, H.T. Richardson, J.A. Tory (Chair), S.D. Whittaker, V.L. Young

Public Policy Committee

- ▶ ensures the business of Royal Bank is conducted in an ethical and socially responsible way;
- ▶ oversees Royal Bank's communications policy, including processes for communicating with customers, employees, shareholders and the community;
- ▶ reviews the policies designed to create a positive corporate image;
- ▶ reviews Royal Bank's charitable contributions policy. Members of the Committee are also directors of Royal Bank of Canada Charitable Foundation.

Members: G.A. Cohon, G.N. Cooper, P. Gauthier (Chair), D.R. McKeag, A.R. Taylor

Risk Policy Committee

- ▶ establishes lending and investment policies, standards and procedures;
- ▶ reviews the policies, standards and procedures for the management of key risks;
- ▶ reviews loans which involve directors;
- ▶ approves policies related to the management of credit risk and Royal Bank's securities portfolio;
- ▶ reviews trends in portfolio quality and the adequacy of provisions for credit losses;
- ▶ reviews the credit risk management, real estate appraisal and foreign exchange and interest rate risk management policies and programs to ensure they meet CDIC standards; and
- ▶ reviews and approves the Standards Assessment and Reporting Program to ensure it meets CDIC standards.

Members: T.M. Allen, J.T. Ferguson, C.H. Knight, R.B. Peterson (Chair), G. Saint-Pierre, R.T. Stewart

Executive Officers

Group office

JOHN E. CLEGHORN
Chairman &
Chief Executive Officer
Toronto

J. EMILIE BOLDUC
Vice-Chairman
Montreal

GORDON J. FEENEY
Vice-Chairman
Toronto

ANTHONY S. FELL
Vice-Chairman
Toronto

BRUCE C. GALLOWAY
Vice-Chairman
Toronto

ROBERT J. SUTHERLAND
Vice-Chairman
Toronto

PETER W. CURRIE
Executive Vice-President &
Chief Financial Officer
Toronto

Businesses

Personal Financial Services

JIM T. RAGER
Executive Vice-President
Toronto

ELISABETTA BIGSBY
Senior Vice-President
Products
Toronto

JUDITH M.S. HATLEY
Senior Vice-President
Sales
Toronto

SHAUNEEN E. BRUDER
Senior Vice-President
Marketing
Toronto

*with an executive office also in
Montreal, Quebec*

Card Services

MARK K. TONNESEN
Executive Vice-President
Toronto

JANE S. FERSHKO
Senior Vice-President
Toronto

RBC Insurance Holdings Inc.

W. JAMES WESTLAKE
President &
Chief Executive Officer
Mississauga, Ont.

Business Banking

CHARLES S. COFFEY
Executive Vice-President
Toronto

GEORGE A.A. DICKSON
Senior Vice-President
Product Management
Toronto

ED J. LUNDY
Senior Vice-President
Toronto

ANNE L.B. SUTHERLAND
Senior Vice-President
Small & Medium
Size Businesses
Toronto

*with an executive office also in
Winnipeg*

Royal Trust

ANTHONY A. WEBB
President &
Chief Executive Officer
Toronto

GREG R. BRIGHT
Senior Vice-President
Wealth Management
Toronto

Global Private Banking

MICHAEL J. LAGOPOULOS
Senior Vice-President
Global Private Banking
Toronto

*with executive offices also in
Miami, Florida
Geneva, Switzerland,
Singapore,
Guernsey and
Jersey, Channel Islands*

Global Securities Services

DAVID W.S. DUNLOP
Senior Vice-President
Global Securities Services
Toronto

*with executive offices also in
Calgary, Alta
London, Ont.
Montreal, Que
Ottawa, Ont
Vancouver, B.C.
and London, England*

Royal Trust Investment Management

B. LEE BENTLEY
President &
Chief Executive Officer
Toronto

Royal Mutual Funds Inc.

SIMON LEWIS
President
Toronto

RBC Dominion Securities Inc.

ANTHONY S. FELL
Chairman &
Chief Executive Officer
Toronto

W. REAY MACKAY
President
Chief Operating Officer
Toronto

BRUCE W. DOUGLAS
Deputy Chairman
Toronto

CHARLES M. WINOGRAD
Deputy Chairman
Toronto

*with executive offices also in
London, England,
Singapore,
Honk Kong and
Tokyo, Japan*

RBC Dominion Securities Corporation

GORDON M. RITCHIE
President &
Chief Executive Officer
New York

Royal Bank Action Direct Inc.

MICHAEL A. BASTIAN
President &
Chief Executive Officer
Richmond Hill, Ont.

Corporate Banking

BERNIE SCHRODER
Executive Vice-President
Toronto

MARK R. HUGHES
Senior Vice-President
Financial Services
Toronto

WALTER MURRAY
Senior Vice-President
Toronto

*with executive offices also in
Calgary,
Montreal and
Vancouver*

Financial Institutions and Trade

MICHAEL K. TAYLOR
Senior Vice-President
Toronto

Geographies – Canada

Alberta

GORD G. TALLMAN
Senior Vice-President &
General Manager
Calgary

*with an executive office also in
Edmonton*

Atlantic

CLAY J. COVEYDUCK
Senior Vice-President &
General Manager
Halifax

*with executive offices also in
Saint John and
St. John's*

British Columbia & Yukon

ROD S. PENNYCOOK
Senior Vice-President &
General Manager
Vancouver

*with executive offices also in
Langley,
New Westminster,
Prince George and
Victoria*

Manitoba

DENNICE M. LEAHEY
Senior Vice-President &
General Manager
Winnipeg

Metropolitan Toronto

GEORGE F. GAFFNEY
Executive Vice-President &
General Manager
Toronto

*with executive offices also in
Etobicoke,
Mississauga,
North York,
Richmond Hill, and
Scarborough, Ontario*

Ontario (outside Toronto)

PAM G. PITZ
Senior Vice-President &
General Manager
Burlington

*with executive offices also in
Kitchener,
London, and
Ottawa, Ontario*

Quebec

MONIQUE F. LEROUX
Senior Vice-President &
General Manager
Montreal

*with executive offices also in
Quebec City*

Saskatchewan

ANNE LOCKIE
Senior Vice-President &
General Manager
Regina

Geographies – International

Asia

J. PHILIP W. BREWSTER
Senior Vice-President &
General Manager
Singapore

*with executive offices also in
Hong Kong,
Shanghai, China,
Seoul, Korea,
Taipei, Taiwan, and
Tokyo, Japan*

Caribbean

DAVID C. GALE
Vice-President
Bahamas and Cayman
Nassau, Bahamas

C. DOUG MALONEY
Vice-President
Barbados and
Eastern Caribbean
Bridgetown, Barbados

Europe

RONALD E. STANLEY
Senior Vice-President &
General Manager
London, England

*with an executive office also in
Paris, France*

Latin America

ALAN A. BOWBYES
Senior Vice-President &
General Manager
Toronto

*with executive offices also in
Mexico City, Mexico and
Sao Paulo, Brazil*

U.S.A.

DAVID L. ROBERTSON
Senior Vice-President &
General Manager
New York

*with executive offices also in
Chicago, Los Angeles and
Houston*

Functions

Corporate Affairs

BRYAN P. DAVIES
Senior Vice-President
Toronto

Corporate Secretary

JANE E. LAWSON
Senior Vice-President &
Corporate Secretary
Toronto

Corporate Treasury

SUZANNE B. LABARGE
Executive Vice-President
Toronto

BRYAN P. GRIFFITHS
Senior Vice-President
Funding, Liquidity &
Portfolio Management
Toronto

Finance & Audit

PETER W. CURRIE
Executive Vice-President &
Chief Financial Officer
Toronto

JANICE FUKAKUSA
Senior Vice-President &
Chief Internal Auditor
Toronto

JOHN MERRIAM
Senior Vice-President
Finance
Toronto

Human Resources

E. GAY MITCHELL
Executive Vice-President
Toronto

JIM J. GANNON
Senior Vice-President
Human Resource Development
Toronto

PETER H. TUCKER
Senior Vice-President
Compensation & Organization
Toronto

Law

TED K. WEIR
Senior Vice-President &
General Counsel
Toronto

Ombudsman

VERNE G. MCKAY
Senior Vice-President
Toronto

Operations & Service Delivery

DON A. BERARDINUCCI
Executive Vice-President
Toronto

ROBERT H. AYLWARD
Senior Vice-President
Strategic Sourcing
Toronto

A. ROGER CREASOR
Senior Vice-President
Service Delivery
Toronto

HAROLD E. ELSIE
Senior Vice-President
Operations
Toronto

PIERRE LEBRUN
Senior Vice-President
Delivery Channel Management
Toronto

Real Estate Operations

RON A. MASLECK
Senior Vice-President
Toronto

Risk Management

MURRAY A. CORLETT
Executive Vice-President
Toronto

NORM C. ACHEN
Senior Vice-President
New York

FRANCINE P. BLACKBURN
Senior Vice-President
Toronto

RONALD J.J. CATHCART
Senior Vice-President
Toronto

DAVID W. DOUGHERTY
Senior Vice-President
Toronto

MORTEN N. FRIIS
Senior Vice-President
Toronto

DONALD A.B. GRAHAM
Senior Vice-President
Singapore

R.G. (BOB) HALL
Senior Vice-President
Toronto

JOHN MCCALLUM
Senior Vice-President &
Chief Economist
Toronto

GEZA P.Z. TATRALLYAY
Senior Vice-President
London, England

Strategic Development

JIM C. WALZ
Senior Vice-President
Toronto

Strategic Investments

DON S. WELLS
Executive Vice-President
Montreal

Systems & Technology

MARTIN J. LIPPERT
Executive Vice-President &
Chief Information Officer
Toronto

J. DOUG DIXON
Senior Vice-President
Personal Client Technology
Toronto

BOB M. JUNEAU
Senior Vice-President
& Deputy
Toronto

JOHN K. TRUMAN
Senior Vice-President
Business Client Technology &
New Business Ventures
Toronto

MIKE H. VELSHI
Senior Vice-President &
Chief Technology Officer
Toronto

All of the officers of the bank have been engaged for more than five years in various capacities in the affairs of the bank, Royal Trust and their affiliates except P.W. Currie, who prior to April 1997 was Senior Vice-President & Chief Financial Officer, Northern Telecom Limited, Brampton; B.P. Davies, who prior to May 1994 was Vice-president, Business Affairs & Chief Administration Officer, University of Toronto; S.B. Labarge, who prior to April 1995 was Deputy Superintendent, Deposit-Taking Institutions Sector, Office of the Superintendent of Financial Institutions, Ottawa; M.F. Leroux, who prior to July 1995 was a Partner & Associate with Caron, Belanger, Ernst & Young, Montreal; M.J. Lippert, who prior to August 1997 was Executive Vice-President, Information Management & Research Department, Mellon Bank Corporation, Pittsburgh, Pennsylvania; J. McCallum, who prior to June 1994 was Dean, Faculty of Arts, McGill University; M.K. Tonnesen, who prior to February 1997 was Chief Development Officer, Banc One Corporation, Columbus, Ohio; E.K. Weir, who prior to September 1994 was a Senior Partner with McMillan Binch, Toronto; W.J. Westlake, who prior to January 1995 was Vice-president & Chief Operating Officer, Metropolitan Life Insurance Company, Toronto.

serving diverse groups

Royal Bank believes that positive results for shareholders are ultimately determined by the quality of relationship the bank maintains with its other key stakeholders: clients, employees and the communities it serves. We believe that corporations committed to the positive well-being of these key stakeholders will also deliver the best returns to their shareholders. This page highlights Royal Bank's commitment to its other stakeholders.

Trade-marks used in this report include the LION & GLOBE Design, ROYAL BANK, ROYAL BANK OF CANADA, ROYAL BANK CREDITLINE FOR SMALL BUSINESS, ROYAL BANK FINANCIAL GROUP, ROYAL BUSINESS LEASE, ROYAL BUSINESS LEASELINE, ROYAL DIRECT, ROYAL DIRECT PC, ROYAL CREDIT LINE, ROYAL EMPLOYEE SAVINGS AND SHARE OWNERSHIP PLAN, ROYAL LEARNING NETWORK, RESEARCH SOURCE, TRADEVIEW, TRAVEL HEALTHPROTECTOR AND AUDIO BANKING MACHINE which are trade-marks of Royal Bank of Canada. ACTION DIRECT, ACTION DIRECT INVESTOR, ACTION DIRECT VALUE RSP, ACTION DIRECT SELECT SERVICE and PCACTION are trade-marks of Royal Bank of Canada used under licence by Royal Bank Action Direct Inc. ROYAL MUTUAL FUNDS, ROYAL PREMIUM MONEY MARKET FUND and ROYAL MONTHLY INCOME FUND are trade-marks of Royal Bank of Canada used under licence by Royal Mutual Funds Inc. GLOBAL SECURITIES SERVICES is a trade-mark of Royal Bank of Canada used under licence by The Royal Trust Company. RBC and RBC LIFE are trade-marks of Royal Bank of Canada used under licence by Life Insurance Company of Royal Bank of Canada. ADVISOR ACCOUNT is a trade-mark of RBC Dominion Securities. VOYAGEUR INSURANCE COMPANY is a trade-mark of Royal Bank of Canada used under licence by Voyageur Insurance Company. ROYAL TRUST and BENCHMARK are trade-marks of The Royal Trust Company. VISA is a registered trade-mark of Visa International Association used under licence by Royal Bank of Canada. MANAGING YOUR MONEY is a trade-mark of Mosaic Software, L.L.C. used under licence by Royal Bank of Canada. INTERAC is a trade-mark of Interac Inc. used under licence by Royal Bank of Canada. MONDEX is a trade-mark of Monex International Limited used under licence by Royal Bank of Canada.

clients

Royal Bank's success is dependent on the satisfaction and loyalty of its clients. To meet the ever-changing needs of our 10 million customers, we are raising the targets for customer satisfaction by providing our employees with the training, technology and the time to devote care and attention to their clients. We are investing in new products, services and delivery channels and conducting acquisitions to provide our customers with the most comprehensive offering of products and services that meet their needs for speed, convenience and returns. Clients today have more choices than ever before for their financial services needs. By investing in new initiatives in each of the bank's three major business segments (see review by business segment, pages 22-35, of this report), Royal Bank believes it can continue to deliver leading-edge financial services to its clients.



employees

Royal Bank believes that building a mutually rewarding partnership which lets people meet their workplace goals will permit us to meet our business goals. In addition to leading edge Work/Family/Life, diversity and gender gap policies and programs, in 1997, the bank invested more than \$100 million on employee development programs to ensure that it can meet the changing needs of its clients. Royal Bank employees, in addition to being front line contact for our customers, are also shareholders committed to the success of the bank. 94% of management employees and 89% of total employees own shares in Royal Bank through participation in the *Royal Employee Savings and Share Ownership Plan*. All employees are also eligible for variable compensation through a Quality Performance Incentive plan, based on employee performance and the bank's return on equity, revenue growth, customer satisfaction and employee commitment.

communities

Employer, taxpayer, goods and services buyer, corporate donor. These are a few of the ways Royal Bank is involved in the communities it serves. In 1997, the bank employed 58,000 people with a direct payroll of \$3.4 billion, purchased more than \$1.8 billion in goods and services, and paid more than \$1.5 billion in income and other taxes. The bank also

donated \$18 million to 2,400 charities across Canada, primarily in health and welfare, education and federated appeals. In addition to spending many volunteer hours in their communities, Royal Bank employees donated in excess of \$3 million to the Royal Bank Employee Charitable Trust Fund which benefits United Way, Centraide and other select organizations.



Never rest on success. In 1997, Royal Bank won the Valuing Differences Award for Leveraging Diversity for Enhanced Performance in the Marketplace from the prestigious American Society for Training and Development. But, we continue to raise our sights and have set 6 objectives and 15 actions in motion to meet our vision of Many People, One Team: Growth and Prosperity through Diversity.