



2010 ANNUAL REPORT

Office of the **OMBUDSMAN**

Our Role

The RBC Ombudsman helps RBC clients with unresolved financial services disputes. We offer an impartial, voluntary, and private forum to ensure clients are treated fairly, ethically and in accordance with best business practices. Our dispute resolution specialists are trained in listening, fact-finding and mediation. We provide an objective perspective, independent of the business units of RBC, enabling each party to present their interests in seeking solutions. Our dispute resolution services are offered to all RBC clients globally and across all RBC businesses. We also make recommendations to RBC to improve operations, products and services that enrich the client experience.

Please refer to our website at www.rbc.com/ombudsman for more information.

Our Accountability to our Stakeholders	2	➤
How we help you and RBC address an unresolved complaint	3	➤
What we need to know to assist you	4	➤
Our Year in Review - FY2010	5	➤
It's Your Money – Use It Wisely	8	➤
What to do if your complaint remains unresolved after our review	10	➤



Our Accountability to our Stakeholders

The RBC Ombudsman service is accountable to uphold the mandate, authority and principles of the Office. We are duty bound to provide an impartial avenue of appeal for unresolved concerns and recommend changes to improve client and employee experiences. Annually, the RBC Ombudsman reports to the Conduct Review and Risk Policy Committee of the RBC Board of Directors on the adherence of RBC to effective complaint-handling procedures.

RBC has over 18 million banking, wealth management and insurance clients, including half a million small business clients worldwide. In excess of 2.1 billion transactions were conducted by RBC Canadian Banking clients alone in the past year.

Annually, RBC may log approximately 45,000 contacts from clients whose questions were not resolved to the client's satisfaction at the client's first point of contact. Of complaints referred to the RBC Client Care Centre (Step 2 of complaint resolution), 99% were resolved within 30 days with the vast majority being resolved in less than 3 to 5 days. If complaints remain unresolved after the second point of contact, clients may escalate their concerns to our Office.

The RBC Ombudsman service:

- › operates under the principles of ethics, independence and fairness.
- › is objective and impartial and does not serve as an advocate for any person or entity.
- › champions accurate and fair processes, practices, and their fair administration in dispute resolution.
- › considers the concerns of all parties known to be involved in a dispute and maintains a standard of efficiency with regular contact to all parties.
- › provides all parties involved in a dispute with the opportunity to respond to the claims and concerns of each other.
- › informs and reports to all parties to a dispute our independent conclusions based on the platform of impartiality and without influence by any party.
- › respects that only the parties to a dispute will determine the fate of their relationship together.

The Office has established four internal accountabilities to guide our practice:

- › **Stewardship** – our pledge to stakeholders to guide our work by the spirit of the standards and code of ethics of the International Ombudsman Association and International Standards Organization (ISO) guidelines for complaint handling.
- › **Operational efficiency** – to ensure the service we offer is effective, efficient and conducted in a confidential, transparent and impartial manner.
- › **Strategist** – to identify systemic gaps and propose solutions, provide leadership and navigate ambiguity.
- › **Catalyst** – to stimulate conflict resolution, disciplined execution and facilitate positive change.



How we help you and RBC address an unresolved complaint

RBC offers a three step complaint resolution process. This process is outlined in the RBC *How to Make a Complaint* brochure and at this website link: www.rbc.com/customer-care/complaint.

- › Most complaints are effectively dealt with through your first point of contact with a banking, investment or insurance representative.
- › If you contact our Office before being provided a final response from RBC, we will refer you or your complaint to RBC. If we believe an early resolution may be possible through additional discussion with RBC, we will refer your complaint to RBC senior management and inform you. Referrals to RBC are essential as they provide RBC with a final opportunity to resolve a complaint and ensure senior management input. Only in unusual circumstances will the Ombudsman open an investigation into a client complaint without RBC having provided a response to you.
- › We encourage you to contact us shortly after receiving your response from RBC. We will acknowledge receipt of your complaint within 5 working days. Acknowledgement is generally through the channel you chose to send us your complaint, i.e. telephone, email, surface mail, or fax. (We do not respond to emails that appear to be mass emailing of general society issues.)
- › If your complaint is within our mandate, we will give you the name and contact details of the individual who will be reviewing your complaint.
- › After our initial acknowledgement, we generally communicate through surface mail and telephone only. While the internet is an accepted communication channel, as we are unable to guarantee confidentiality of communication over the internet, we will not communicate personal or account details in emails.
- › We will review and respond to most complaints we receive within 4 – 6 weeks of our initial acknowledgement. More complex disputes, such as those concerning investment advice, authorized/unauthorized client card transactions, or servicing issues may require a lengthier investigation period.
- › If we require more than 60 days to fully investigate your complaint, we will inform you and provide you with an estimated time frame. Taking the necessary time to fully review your issue ensures we are making every effort to assist you in finding a resolution – we appreciate your patience. Our experience has shown that taking appropriate time increases resolution and satisfaction rates.

Please refer to the Ombudsman's website and follow the link to "Send an email": www.rbc.com/customer-care/complaint-step3.html.

We value the opportunity to help you find a solution and your feedback helps us provide suggestions to RBC to improve its products and services for you, its client.



What we need to know to assist you

Our website has full information and a handy online complaint submission form for the information we need from you when you wish us to review an unresolved issue.

You may refer your complaint in writing to this office after receiving a final response from the RBC subsidiary or affiliate with which you are dealing. Information requested will include:

- › Name, surface mail address, telephone contact number (including postal and area codes).
- › Complaint Summary - be specific with respect to dates, monetary claim amounts, individuals involved, noting who you communicated with (and when). Attach documentation as necessary.
- › Response by RBC, including a copy of the response if it was provided to you in writing.
- › Your requested resolution or what you are seeking to resolve the issue. The mandate of the Ombudsman does not include a general awarding of punitive damages, or damages for stress. Where warranted, the Ombudsman may recommend reversal of certain costs, reimbursement of certain quantifiable financial expenses, or other resolution alternatives.

Upon receipt of your written complaint, we will review the issue to determine if it falls within our mandate. We may conduct a preliminary review with RBC, without a full file review, if we believe a resolution can be achieved without a comprehensive case assessment. By submitting your complaint, you provide us permission to discuss the general nature of your issue with any relevant RBC business, subsidiary or affiliate in an effort to obtain an early resolution.

If we determine a full assessment is necessary, we will request that you confirm the terms and conditions outlined in our consent agreement. As we operate independently of RBC, we do not have automatic access to the RBC electronic or paper client files without your consent. Your consent provides the approval for us to request the detailed client file for review. We will explain this process to you in greater detail when we contact you to discuss your complaint.

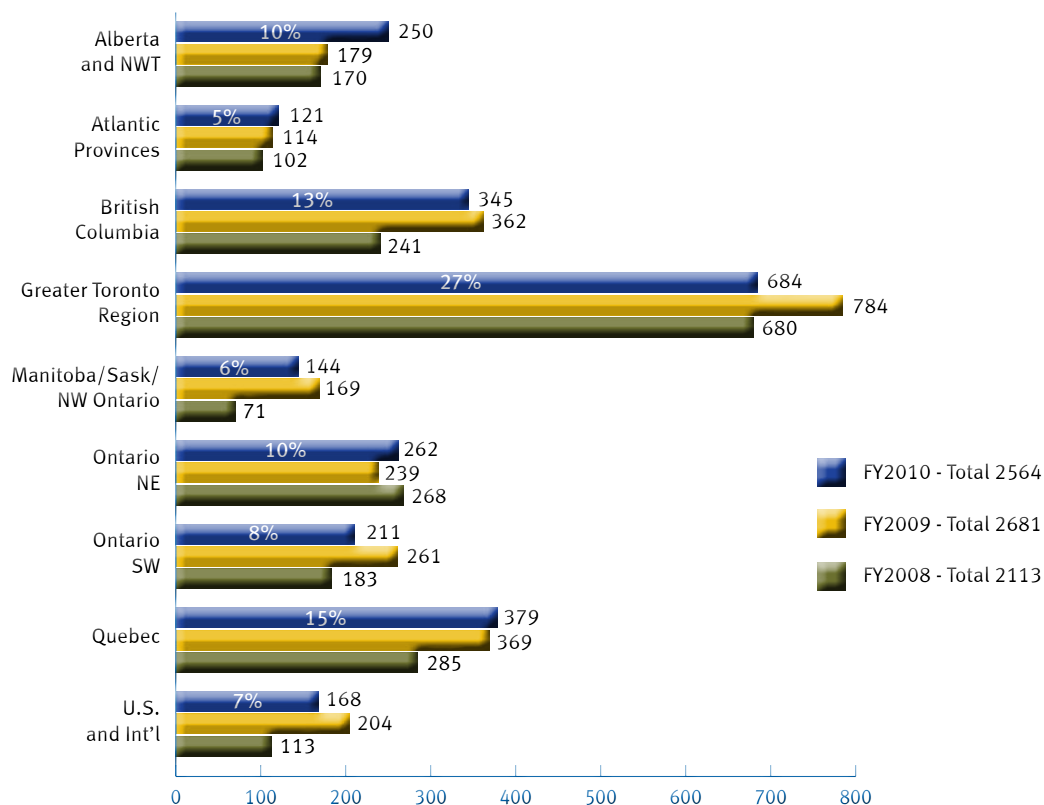


Our Year in Review - FY2010

Fiscal Year 2010 (period between 1 November 2009 and 31 October 2010) with comparative historical data.

Clients contacting our Office

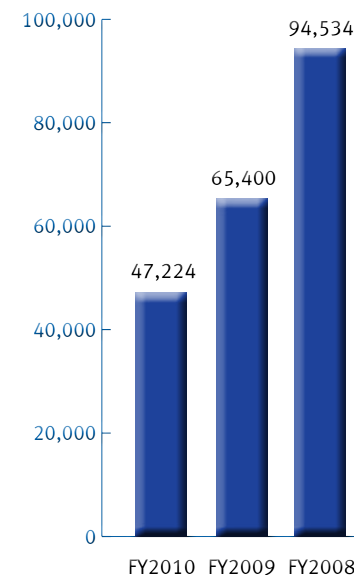
Where do our contacts come from?



Footnote:

Of the 2,564 contacts to our Office, we referred 1,496 back to RBC as the Ombudsman will not undertake a review until RBC has first had an opportunity to address the clients' issues. An additional 520 contacts were not reviewed as they were outside our mandate. The remaining contacts were dealt with by the Ombudsman either through early resolution, full case reviews, or by providing other clarifying information to clients. Please refer to page 7 for a more detailed disposition of Ombudsman reviews in 2010.

Website visitors

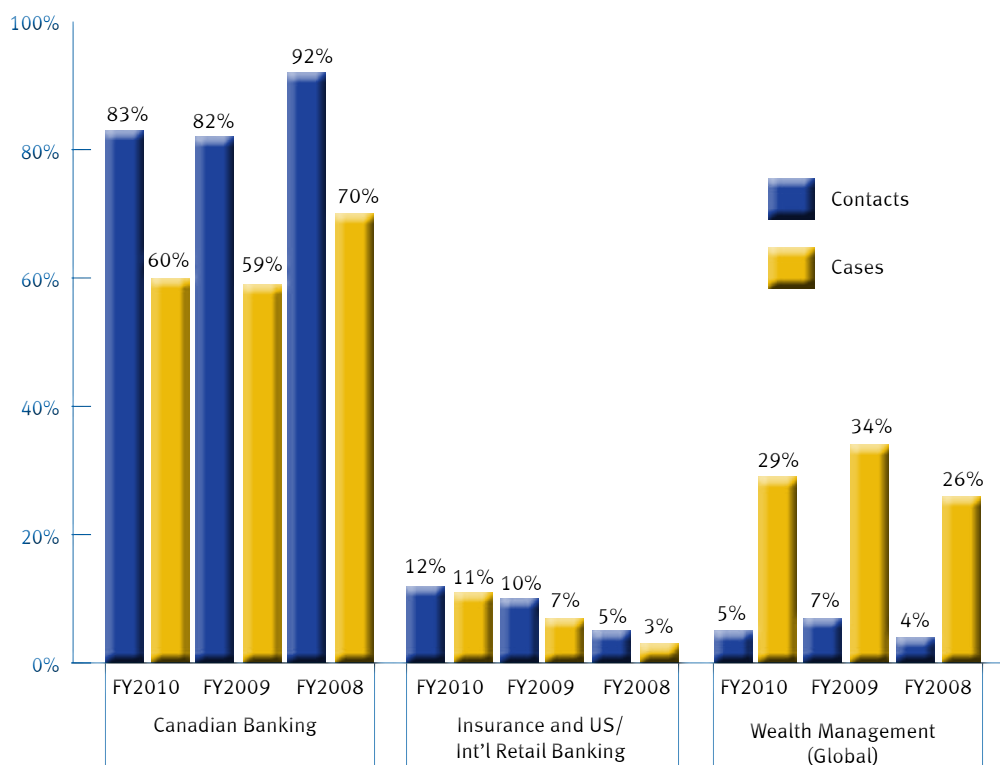




Our Year in Review - FY2010 *(continued)*

Reviews

Which RBC Business Units are generally involved?

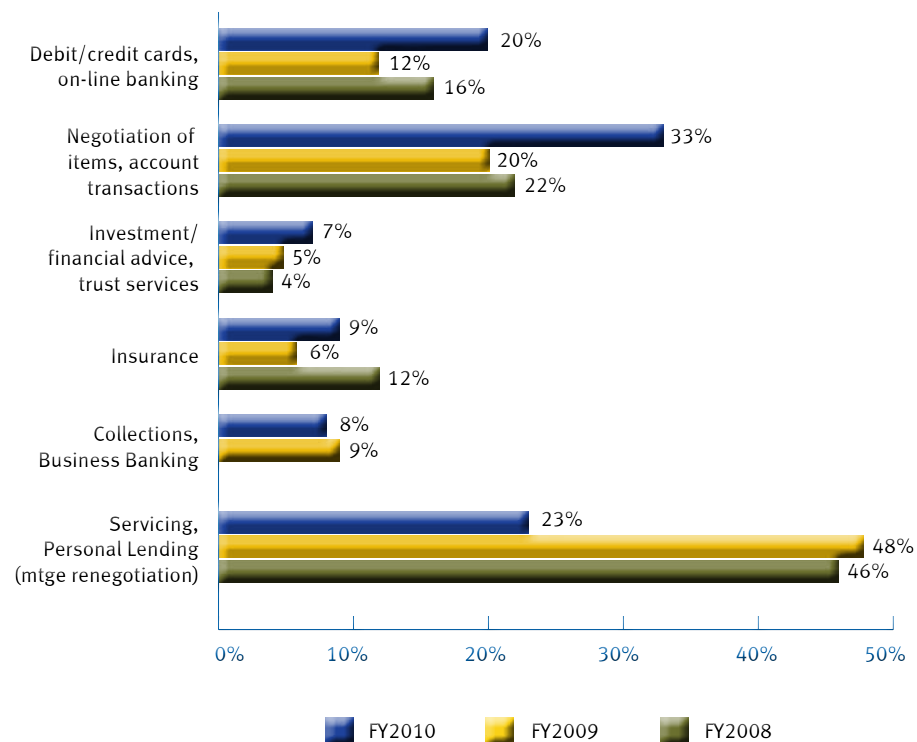


	FY2010	FY2009	FY2008
Contacts	2,564	2,681	2,113
Cases opened (closed in brackets)	211 (235)	238 (208)	166 (187)

Footnote:

A higher proportion of Investment complaints evolve into full reviews as would be expected in the current economic environment.

What are the most common issues referred to our Office?

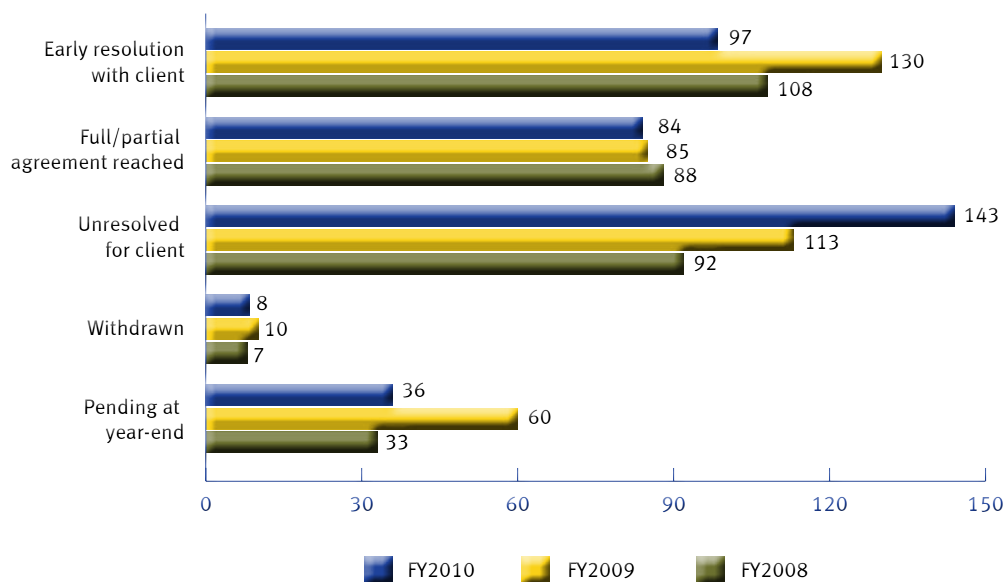




Our Year in Review - FY2010 *(continued)*

Reviews

What are the dispositions of our reviews?



- › **Banking-related cases** – Of 133 cases closed, 42 concluded in agreement. Most unresolved complaints involved inadequate safeguarding of financial information, PINs and client cards.
- › **Insurance-related cases** – As in past years, the majority of these issues were unresolved and involved insufficient client understanding of travel insurance coverage and medical determinations. The latter are outside our mandate.
- › **Investment cases** – 30 of 79 cases provided a resolution for the client. Investment advice disputes are complex and involve differing recollections of advice provided to the client. In the unresolved cases, our reviews did not reveal gaps in servicing.

During this fiscal year, through our investigation of client issues, we suggested improvements in RBC website disclosures to clients and more transparent explanations of certain policies and processes in consumer banking, lending, and investment channels.



It's Your Money – Use It Wisely

Most common issues raised to our Office

General Banking and Insurance

Talk to your banker and insurance specialist about:

- › Your financial institution's "hold" policy, what it means, and understand that it does not eliminate the risk of a deposit item being returned to you.
- › The impact of a returned foreign exchange transaction and the currency conversion cost to you.
- › Read and understand agreements, including deposit account, client card, and mortgage documentation.
- › Understand the impact of all your debt products and debt servicing obligations on your cash flow capabilities. Understand residential and commercial mortgage repayment conditions and prepayment charges that flow from fixed rate financing products.
- › Read and understand travel, auto, home insurance policies; review the definitions in brochures and contact the insurance provider to understand the terms and conditions and their possible applicability to your needs.

Investment advice:

Understanding your investor profile –

- › When you discuss your investment objectives and risk tolerance levels with advisors, ask questions and ensure you understand the process – after all, you're discussing your money and your best interests.
- › Ensure you are comfortable with how this information is recorded on your Know Your Client form. Some licensed representatives automatically provide a copy of this form to you, others may provide a confirmation by mail; otherwise you may request a copy. Review this frequently, at least annually, and ensure your licensed representative is advised of any changes in your investment profile and cash flow requirements.

- › A best practice is to review your objectives and tolerances at least annually and advise your licensed representative (investment advisor, financial planner, investment retirement planner, mutual fund representative) of significant changes in your lifestyle or economic environments at your earliest opportunity. Take the time to plan this meeting and determine your financial objectives. Spending time to speak with your licensed representative up front will guide you in reacting to financial market movements. Understand the risk/return balance; a risk-free investment provides a low but more certain rate of return; higher rates of return involve assuming increasing degrees of market risk. Understand individual responsibility to read and question financial reports, prospectuses, and account statements.

Financial obligations:

Protecting yourself and your financial assets:

- › Consult with your legal, banking, and financial advisors and ensure you are aware of your independent and joint financial obligations, particularly in situations where personal relationships are changing. We frequently investigate situations where, years after a relationship breakup, one party ceases to repay a debt and the other party is held responsible for residual debt.
- › If you hold a loan or credit card with another individual (i.e. primary/secondary or co-signer relationship) and no longer wish to be held accountable for this credit facility, investigate how to remove your exposure from joint responsibility, arrange for orderly debt repayment and ensure you are aware of your obligations going forward. Obtain written confirmation from the bank or the credit bureau to avoid future misunderstandings.

Most common issues raised to our Office *(continued)*

Debit and credit cards:

Sharing of personal identification numbers (PINs) – disclosing a PIN to another person or inadequately protecting or shielding a PIN may be viewed as voluntary sharing of your PIN and result in your being responsible for transactions that you did not want to incur. A PIN and card together constitute an electronic signature authorizing a transaction and in the absence of circumstances beyond your control, the cardholder is generally responsible for the transaction and for safeguarding the privacy of his or her electronic signature. Refer to your banking and card agreements and to the Canadian Code of Practice for Consumer Debit Card Services (you will find links on the www.rbc.com website as well as on the website of the Canadian Bankers Association www.cba.ca).

Protecting yourself and your financial assets:

- › Read, understand and follow guidelines in your banking account agreements and on banking websites.
- › Do not divulge your PIN to anyone; follow recommendations for choosing PIN numbers.
- › Understand individual account and card entitlements (i.e. daily withdrawal limits) and keep them current.
- › If you require assistance, discuss options with your banker – there are processes, including special cards and entitlements, if you require family or trusted friends to assist you in your daily banking needs.
- › If you are a parent with school-age children, counsel your children in safeguarding the security of their client cards. Students may be approached by strangers promising easy cash for borrowing or buying their debit card – if the student divulges their PIN, they may reasonably be said to authorize client card transactions. This can result in their bearing responsibility for returned cheques or other deposits to their accounts.

Internet transactions:

Engaging in financial transactions with unknown persons or entities is very risky and can be dangerous to the safeguarding of your financial assets – these situations arise when clients engage in transactions over the internet. Participating in transactions involving acceptance of a payment exceeding the actual value of the good or service generally results in the client being requested to wire transfer the “excess payment” to another party. A few days after the wire transfer of the “excess payment”, the original deposit amount is charged back due to insufficient funds or an unknown account. These transactions involve Canadian dollar currency transactions, and increasingly international currency amounts including payments in US dollars or Euros and wire transfer requests in US dollars, Euros or Asian currencies.

Protecting yourself and your financial assets:

- › Know the other party with whom you are dealing; can they or their business be confirmed through organizations such as the Better Business Bureau?
- › Understand your bank’s deposit hold policy and fully discuss the circumstances of unusual deposits or transactions with your banker prior to making a deposit and prior to forwarding funds to an unknown third party – appreciate that if your banker advises caution, he or she is trying to protect you from risk.
- › Ask yourself if you would do the same transaction if someone came to your door; ask yourself why anyone would send you more than an agreed upon amount, regardless of what their “explanation” may be. Does the request really make sense to you?
- › If the deal seems to be too good to be true, it likely is. Don’t become a victim.



What to do if your complaint remains unresolved after our review

The RBC “*How to Make a Complaint*” brochure (available at branches, offices and at www.rbc.com/customercare) provides additional external dispute resolution options for you.

Resolving financial disputes requires knowledge, patience, and calm. You help yourself when you take responsibility for your finances: be aware of your financial standing; safeguard your financial assets; and understand the risk and rewards of investment decisions.

We counsel clients and bankers to document discussions so that if questions or problems arise, you can refer to a recorded history.

Our advice to clients and bankers in conflict resolution situations is to gather your knowledge and documents, understand your own responsibilities and accountabilities, be prepared to learn something new from each other, and work towards a mutually satisfying resolution.

The services of the RBC Ombudsman are available to RBC clients worldwide. If efforts to assist you do not resolve your dispute, most jurisdictions also provide access to external dispute resolution bodies.

In Canada, clients who are not able to resolve complaints after review by the RBC Ombudsman have the option to refer their complaint to a financial service sector Ombudservice. RBC clients may refer unresolved complaints to:

- › ADRBO - ADR Chambers Banking Ombuds for banking related complaints: www.bankingombuds.ca
- › GIO – General Insurance Ombudservice – www.giocanada.org
- › OBSI - Ombudsman for Banking Services and Investments (OBSI) for investment advice complaints – www.obsi.ca
- › OLHI – OmbudService for Life and Health Insurance – www.olhi.ca

These ombudservices will deal with your complaint if you have first given us the opportunity to achieve a resolution for you. All ombudservices are offered free of charge to you.

In the USA, clients who are not able to resolve their complaints after review may refer their issue to their federal or local state banking or investment sector regulators.

The following links provide website information concerning the complaint resolution process:

- › Canada and International, excluding the US: www.rbc.com/customercare
- › RBC Bank USA: www.rbcbankusa.com/clientrelationscenter/cid-96982.html

The brochure, “*How to Make a Complaint*”, is available in all RBC branches in Canada. In the US, the brochure “*We’re Listening*” is available in RBC Bank USA branches.

If this information is not available to you, please contact the RBC Ombudsman at:

P.O. Box 1, 200 Bay Street, Toronto, Ontario M5J 2J5
1-800-769-2542
Fax: (416) 974-6922
ombudsman@rbc.com

The internet is a powerful tool to research educational materials to increase your understanding of financial management. Financial services regulators websites contain valuable consumer information.

In Canada, the Financial Consumer Agency of Canada provides excellent overviews of accountabilities and responsibilities of consumers and financial services providers as well as consumer education materials on its website. In addition, the Investment Industry Regulator of Canada, the Mutual Fund Dealers Association and provincial securities commissions (such as the Ontario Securities Commission and l’*autorité des marchés financiers*), provide assistance to investors and also provide excellent overviews of accountabilities and responsibilities of investors, licensed representatives and investment firms on their websites. We refer to these tools as guidelines when reviewing investment advice disputes. Other investment industry participants, such as the Investment Industry Association of Canada and Investment Funds Institute of Canada also have informational websites.