# Royal Bank of Canada
# Third Quarter Results

August 28, 2024

All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in compliance with International Accounting Standard 34 Interim Financial Reporting, unless otherwise noted. Effective November 1, 2023, we adopted IFRS 17 Insurance Contracts (IFRS 17) and comparative amounts have been restated from those previously presented. Totals may not add and percentage changes may not reflect actual changes due to rounding. For an explanation of defined terms used in this presentation, refer to the Glossary on slides 39-40. Our Q3 2024 Report to Shareholders and Supplementary Financial Information are available on our website at: http://www.rbc.com/investorrelations.

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in this document, in other filings with Canadian regulators or the SEC, in reports to shareholders, and in other communications. In addition, our representatives may communicate forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, anticipated economic conditions and the expected synergies related to the acquisition of HSBC Bank Canada (HSBC Canada). The forward-looking statements contained in this document represent the views of management and are presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision, strategic goals and priorities and anticipated financial performance, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "suggest", "seek", "foresee", "forecast", "schedule", "anticipate", "intend", "estimate", "goal", "commit", "target", "objective", "plan", "outlook", "timeline" and "project" and similar expressions of future or conditional verbs such as "will", "may", "might", "should", "could", "can" or "would" or negative or grammatical variations thereof.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct, that our financial performance, environmental & social or other objectives, vision and strategic goals will not be achieved and that our actual results may differ materially from such predictions, forecasts, projections, expectations or conclusions.

We caution readers not to place undue reliance on our forward-looking statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include, but are not limited to: the possibility that the anticipated benefits from the HSBC Canada acquisition are not realized, credit, market, liquidity and funding, insurance, operational, regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines), strategic, reputation, legal and regulatory environment, competitive, model, systemic risks and other risks discussed in the risk sections of our annual report for the fiscal year ended October 31, 2023 (the 2023 Annual Report) and the Risk management section of our Q3 2024 Report to Shareholders, including business and economic conditions in the geographic regions in which we operate, Canadian housing and household indebtedness, information technology, cyber and third-party risks, geopolitical uncertainty, environmental and social risk (including climate change), digital disruption and innovation, privacy and data related risks, regulatory changes, culture and conduct risks, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency, and our ability to anticipate and successfully manage risks arising from all of the foregoing factors. Additional factors that could cause actual results to differ materially from the expectations in such forward-looking statements can be found in the risk sections of our 2023 Annual Report and the Risk management section of our Q3 2024 Report to Shareholders, as may be updated by subsequent quarterly reports.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events, as well as the inherent uncertainty of forward-looking statements. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook sections in our 2023 Annual Report and outlook section of our Q3 2024 Report to Shareholders, as such sections may be updated by subsequent quarterly reports. Assumptions about expected expense synergies (and timing to achieve) were considered in making the forward-looking statements in this document. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections of our 2023 Annual Report and the Risk management section of our Q3 2024 Report to Shareholders, as may be updated by subsequent quarterly reports.

Information contained in or otherwise accessible through the websites mentioned does not form part of this document. All references in this document to websites are inactive textual references and are for your information only.

# Overview

Dave McKay

President and Chief Executive Officer

# **Q3/24 Key Messages:** Accelerating value creation

**Strong results** across our businesses underpinning sustainable earnings growth

| Reported | Adjusted[1] | Reported | Adjusted[1] |
|---|---|---|---|
| **$3.09** | **$3.26** | **13%** | **15%** |
| Diluted Earnings Per Share | | Diluted EPS growth | |

**Strong, diversified client-driven growth** across our largest businesses

- **+6%** Canadian Banking (ex-HBCA) loan growth (YoY)
- **$3.0BN** Strong Capital Markets revenue
- **+18%** Wealth Management client asset growth (YoY)[2]

**Disciplined cost management** driving positive all-bank operating leverage and leading Canadian Banking efficiency

- Reported **+2.0%** | Adjusted[1] **+3.3%** All-bank operating leverage
- **39%** Canadian Banking efficiency ratio
- **5%** Core expense growth[3] (YoY) — **~flat YoY ex-VC[4]**

**Strong funding profile** creates a foundation for loan growth

- **+10%** Canadian Banking (ex-HBCA) deposit growth (YoY)
- **97%** Canadian Banking LTD[5] Ratio
- **126%** Liquidity Coverage Ratio[6]

**Sound capital position** well above regulatory minimums and consistent return of capital to shareholders

- **13.0%** CET1[6] Ratio
- # shares **480k** | $ in shares **$73MM** Share buybacks
- Reported **48%** | Adjusted[1] **45%** Total payout ratio[7]

**HSBC Bank Canada (HSBC Canada or HBCA)** to provide differentiated source of highly profitable growth

- **$740MM** Targeted cost synergies
- Remain on track to achieve cost synergies with $120MM achieved year-to-date ~50 % of annualized targeted

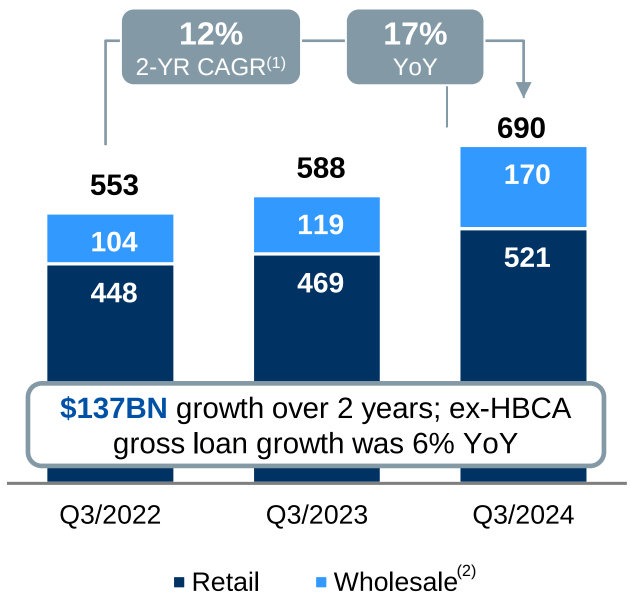
**Premium ROE[7]** underpinning strong organic capital generation and shareholder value

- Reported **15.5%** | Adjusted[1] **16.4%** Return on Equity
- **11%** BVPS[7] growth (YoY)

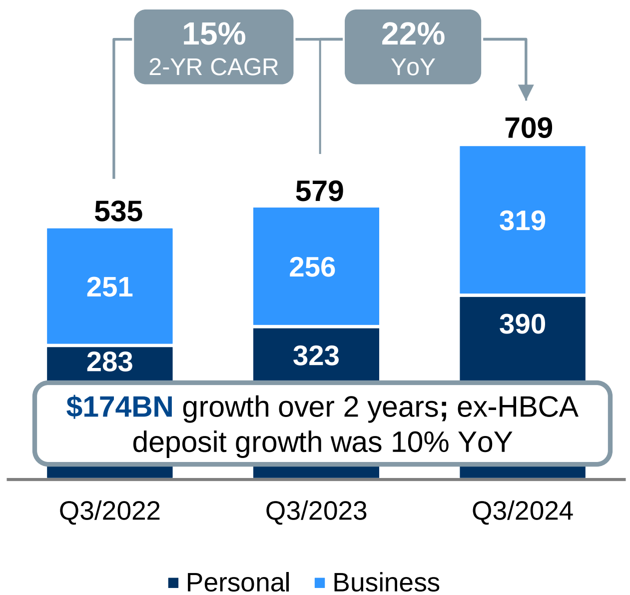
*(1) These are non-GAAP measures. See note 1 on slide 41. (2) Represents the combination of WM AUA (excluding Investor Services) and Global Asset Management AUM growth. (3) This is a non-GAAP measure. See note 2 on slide 41. (4) Variable compensation (5) Loan to Deposit. (6) The Liquidity Coverage Ratio is calculated using OSFI's Liquidity Adequacy Requirements (LAR) guideline. The CET1 ratio is calculated using OSFI's Capital Adequacy Requirements (CAR) guideline. (7) Refer to Glossary on slides 39-40 for explanation of composition of these measures.*

# **Client assets and activity:** Solid momentum in market-related businesses

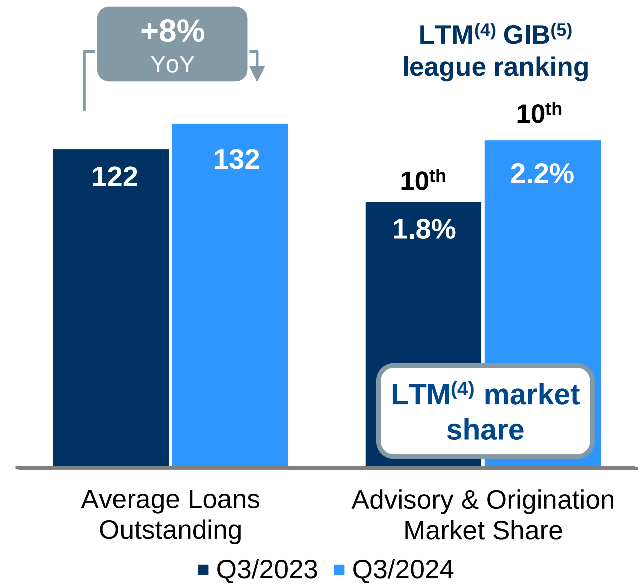
## Canadian Banking average gross loans and acceptances ($ billions)



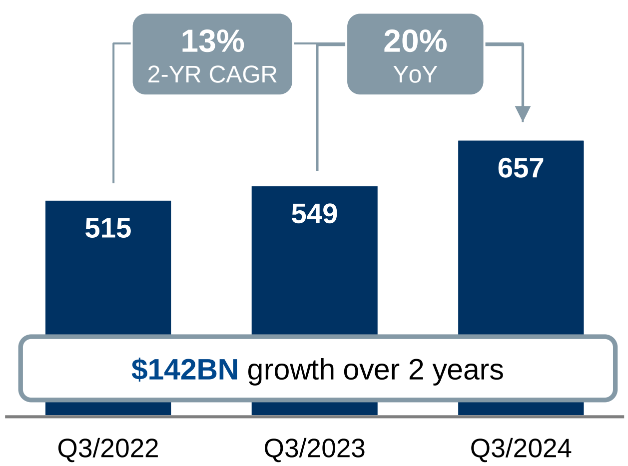

## Canadian Banking average deposits ($ billions)



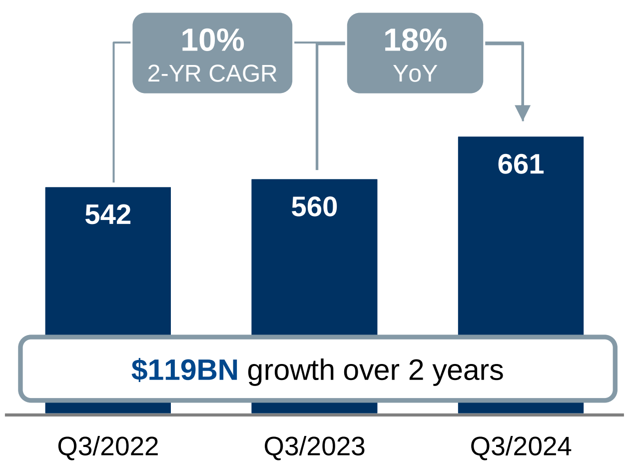

## Capital Markets loans and market share ($ billions; %)[3]



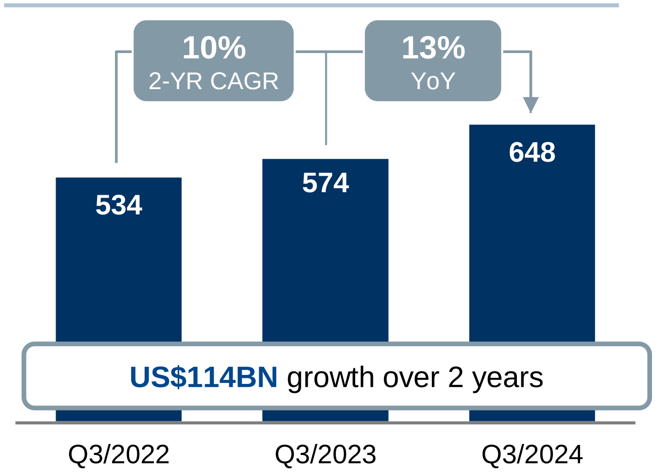

## Canadian Wealth Management AUA ($ billions)[6][7]




## Global Asset Management (GAM) AUM ($ billions)[6][7]




## U.S. Wealth Management (incl. CNB) AUA[6][7] (US$ billions)




*(1) Compound Annual Growth Rate. (2) Wholesale includes small business. (3) See note 3 on slide 41. (4) Last twelve months (LTM). (5) Global Investment Banking (GIB). (6) Refer to Glossary on slides 39-40 for explanation of composition of these measures. (7) Spot balances.*

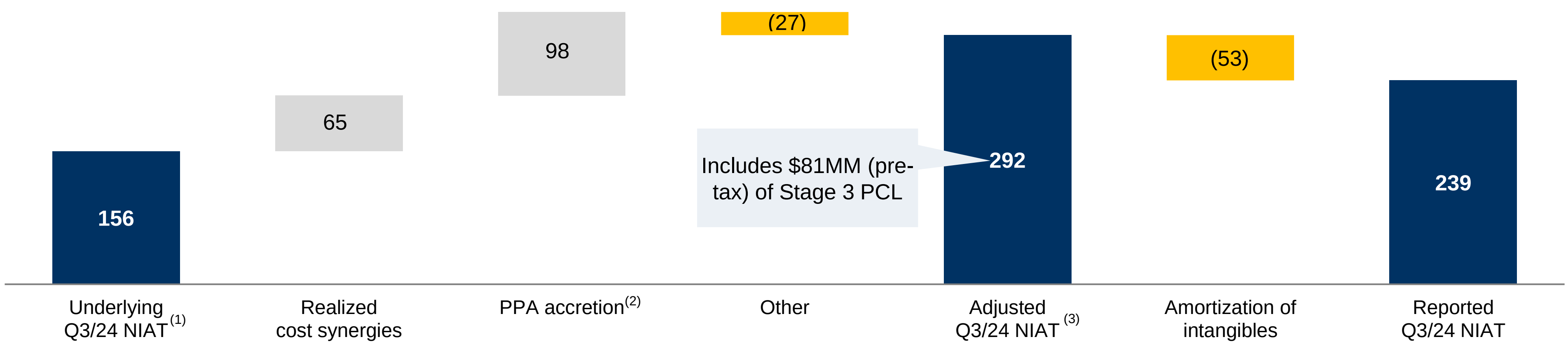
# **HSBC Canada:** Expense synergies remain on track

## On track to deliver $740MM of targeted cost synergies – As at Q3/24, RBC has achieved ~50% of annualized targeted cost synergies


- Realized $120 million of expense synergies year-to-date, equating to 16% of our stated target. On an annualized basis, run-rate savings of $360 million equates to ~50% of our stated target
- Expect shared services, functions and IT cost synergies to be largely realized in Year 1
- Expect distribution, product support and other direct cost synergies to be largely realized in F2025

## Solid PPPT earnings partly offset by higher Stage 3 PCL

| PPPT ($MM) | $237 | $90 | $136 | $(38) | **$485** | $(73) | **$412** |
|---|---|---|---|---|---|---|---|




*(1) This is a non-GAAP measure. HBCA underlying NIAT is defined as Reported NIAT excluding the after-tax impacts of realized cost synergies: $65MM; PPA accretion $98MM; Other $(27)MM; and Amortization of acquisition-related intangibles: $(53)MM. For more information, see slide 48. (2) Purchase accounting accretion of fair value adjustments from HSBC Canada transaction. (3) This is a non-GAAP measure. HBCA adjusted NIAT is defined as Reported NIAT excluding the after-tax impacts of Amortization of acquisition-related intangibles: $(53)MM.*

# Q3/2024 Financial Review

Katherine Gibson

Interim Chief Financial Officer

# **Q3/24:** Solid revenue growth driven by higher volumes, NIM and higher markets

## Financial Results

| $ millions (except for EPS) | Q3/2024 | Reported YoY | Reported QoQ | HBCA impact |
|---|---|---|---|---|
| **Revenue** | **14,631** | **13%** | **3%** | **$728** |
| Net Interest Income | 7,327 | 17% | 11% | 569 |
| Non-Interest Income | 7,304 | **9%** | **(3)%** | 159 |
| Non-Interest Expense | 8,599 | 11% | 4% | 316 |
| **Pre-Provision, Pre-Tax Earnings**(1) | **6,032** | **16%** | **3%** | **412** |
| Provision for Credit Losses (PCL) | 659 | $43 | ($261) | 83 |
| PCL on Performing Loans | 42 | ($78) | ($202) | 2 |
| PCL on Impaired Loans | 623 | $124 | ($49) | 81 |
| **Income Before Income Taxes** | **5,373** | **17%** | **9%** | **329** |
| Net Income | 4,486 | 16% | 14% | 239 |
| **Adjusted Net Income**(2) | **4,727** | **18%** | **13%** | **292** |
| Diluted Earnings per Share (EPS) | $3.09 | 13% | 13% | |
| **Adjusted Diluted EPS**(2) | **$3.26** | **15%** | **12%** | |

## Segment Results

| $ millions | Q3/2024 | Reported YoY | Reported QoQ | HBCA impact |
|---|---|---|---|---|
| **Reported Net Income** | **4,486** | **16%** | **14%** | **239** |
| Personal & Commercial Banking | 2,490 | 17% | 21% | 198 |
| Wealth Management | 862 | 30% | 12% | |
| Capital Markets | 1,172 | 23% | (7)% | |
| Insurance | 170 | (21)% | (4)% | |
| Corporate Support | (208) | 106% | (33)% | |
| **Reported PPPT**(1) | **6,032** | **16%** | **3%** | **412** |
| Personal & Commercial Banking | 4,010 | 24% | 13% | 361 |
| Wealth Management | 1,086 | 20% | 13% | |
| Capital Markets | 1,249 | 18% | (13)% | |
| Insurance | 215 | (19)% | (6)% | |
| Corporate Support | (528) | 102% | 54% | |

### Earnings

- **Net income** is up 16% YoY; ex-HBCA up 10% YoY
- **Adjusted net income**(2) is up 18% YoY; ex-HBCA up 11% YoY
  - **Adjusted PPPT**(1) is up 17% YoY; ex-HBCA up 8% YoY

### Revenue

- **Net interest income** (slide 10) up 17% YoY; ex-HBCA up 8% YoY
  - **Net interest income (ex-trading)**(3) was up 19% YoY reflecting the inclusion of HBCA net interest income, and higher spreads and solid average volume growth in Canadian Banking
- **Non-interest income** (slide 26) up 9% YoY; ex-HBCA up 7% YoY, largely driven by higher investment management and custodial fees, underwriting and other advisory fees and mutual fund revenue, partially offset by lower insurance investment result and other revenue

### Non-Interest Expense (see slide 11)

- **Non-interest expenses** up 11% YoY; ex-HBCA up 7% YoY
  - **Adjusted non-interest expense**(4) was up 9% YoY
  - **Core expense**(5) was up 5% YoY, largely reflecting higher variable compensation commensurate with increased results

### Provision for Credit Losses (see slides 17 and 19)

- **PCL on loans**(6)**:** 27 bps, down 2 bps YoY and 14 bps QoQ
  - **Stage 1 & 2**: $42MM or 1 bp, down 5 bps YoY and 10 bps QoQ
  - **Stage 3**: $623MM or 26 bps, up 3 bps YoY; down 4 bps QoQ

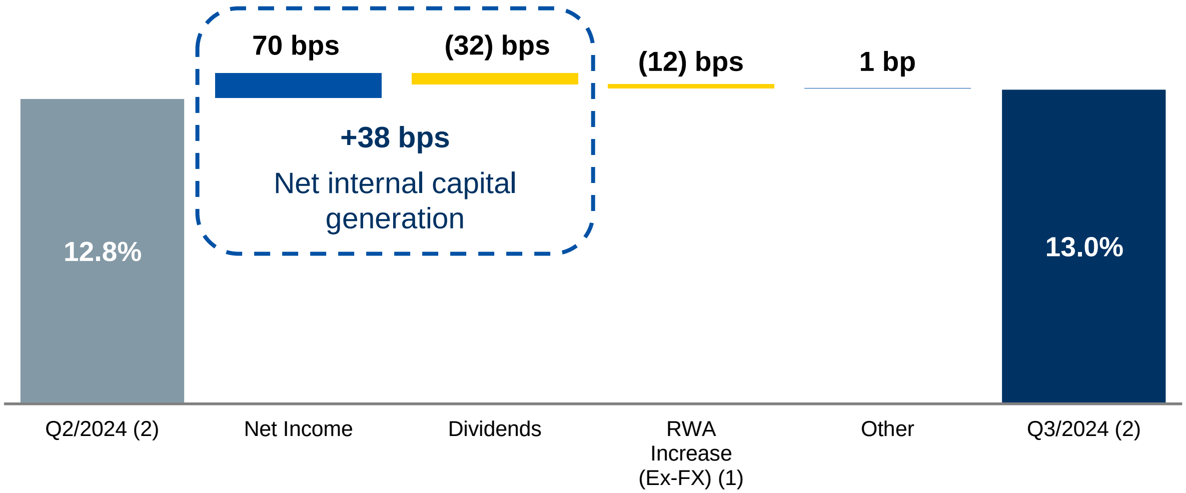
### Income taxes

- **Effective tax rate** of 16.5%;
  - **Adjusted TEB effective tax rate**(7) of 20.1%, up 1.8 pts YoY

*(1) This is a non-GAAP measure. See note 4 on slide 41. (2) This is a non-GAAP measure. See note 1 on slide 41. (3) See note 5 on slide 41. (4) This is a non-GAAP measure. See note 6 on slide 41. (5) This is a non-GAAP measure. See note 2 on slide 41. (6) See note 7 on slide 41. (7) This is a non-GAAP measure. See note 8 on slide 41.*

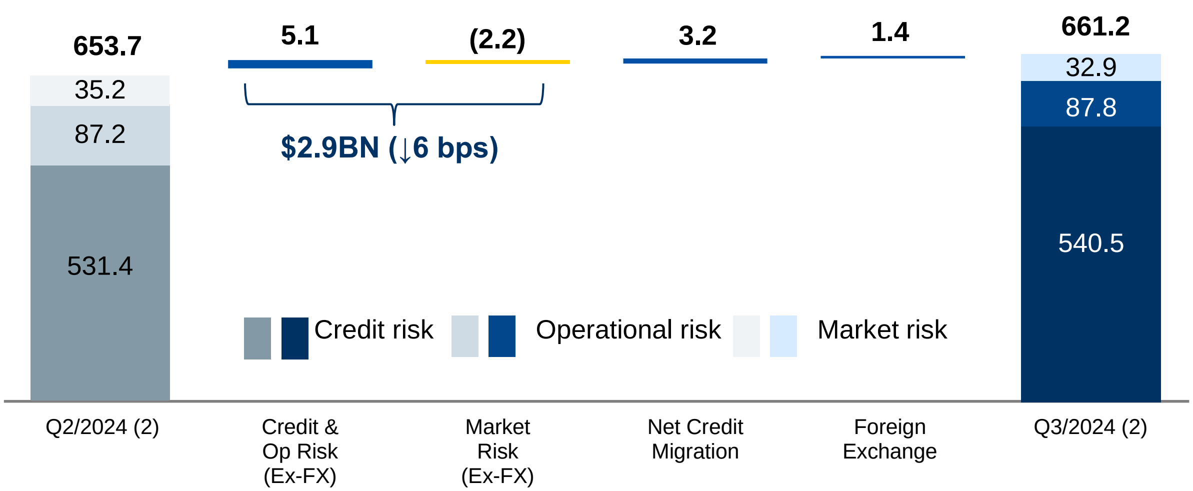
# **Capital:** Strong position supports strategic deployment and shareholder returns

## CET1[1] Movement




- CET1 ratio[1] of 13.0%, up 20 bps QoQ, reflecting:
  - + Net internal capital generation
  - – Higher RWA[1] (excluding FX), mainly from net credit migration and business growth
  - – Repurchase of 480k shares for $73MM
- Leverage ratio[1] of 4.2%, flat QoQ, reflecting internal capital generation offset by business-driven growth in leverage exposures

## RWA[1] Movement ($ billions)



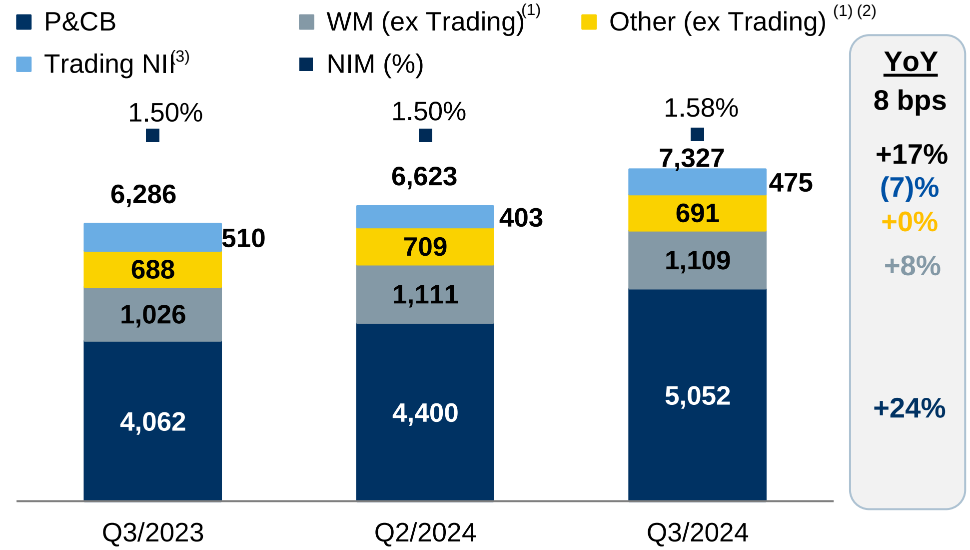

- RWA[1] increased $7.5BN, mainly reflecting:
  - – Growth in wholesale and personal lending
  - – Net credit migration, mainly in wholesale portfolios
  - – Unfavourable FX translation
  - + Lower market risk driven by lower volumes

*(1) The CET1 ratio and RWA are calculated using OSFI's CAR guideline. The leverage ratio is calculated using OSFI's Leverage Requirements (LR) guideline. (2) For more information, refer to the Capital Management section of our Q3/2024 Report to Shareholders*

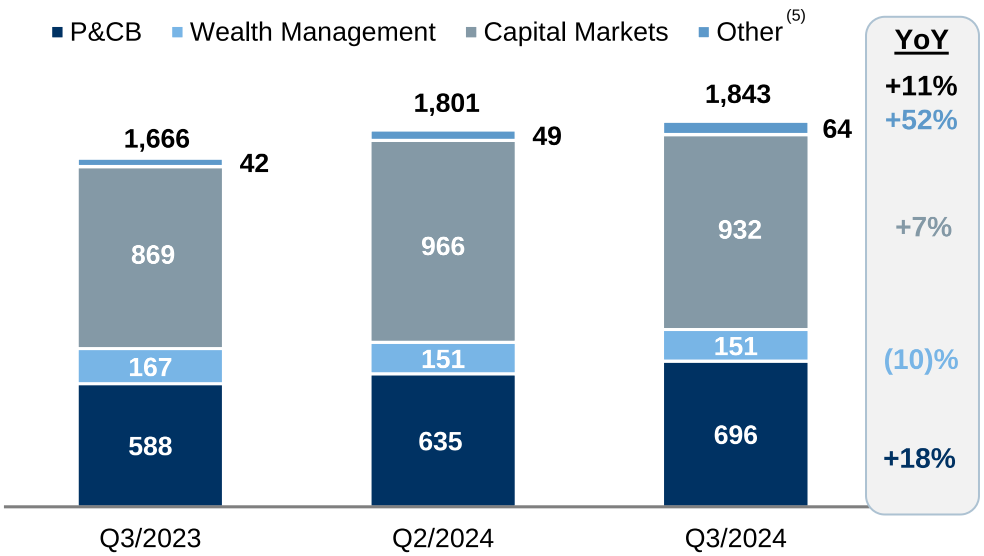
# **Net interest income:** Benefits from higher interest rates and solid volume growth

- **Net interest income** was up 17%
  - **Net interest income (ex-trading)** was up 19% YoY reflecting the inclusion of HBCA net interest income and higher spreads and solid average volume growth in Canadian Banking
- **Average earning assets (AEA)**[(3)(4)] up 11% YoY driven by higher securities and net loans in Capital Markets, addition of HBCA and solid loan growth in Canadian Banking, partially offset by lower AEA in Wealth Management, mainly driven by the sale of Investor Services operations
- **NIM on AEA**[(3)] up 8 bps YoY and QoQ
  - **NIM (ex-Trading Assets, Trading net interest income and Insurance Assets) on total average earning assets** up 9 bps YoY and 1 bp QoQ

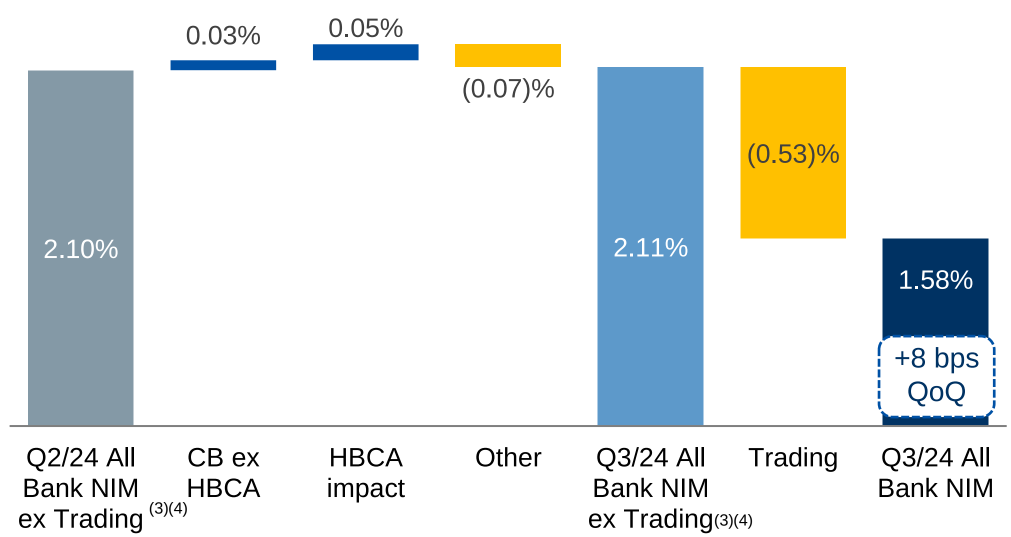
## All-Bank Net Interest Income ($ millions)




## Average Earning Assets ($ billions)




## All-Bank NIM (AEA) Decomposition

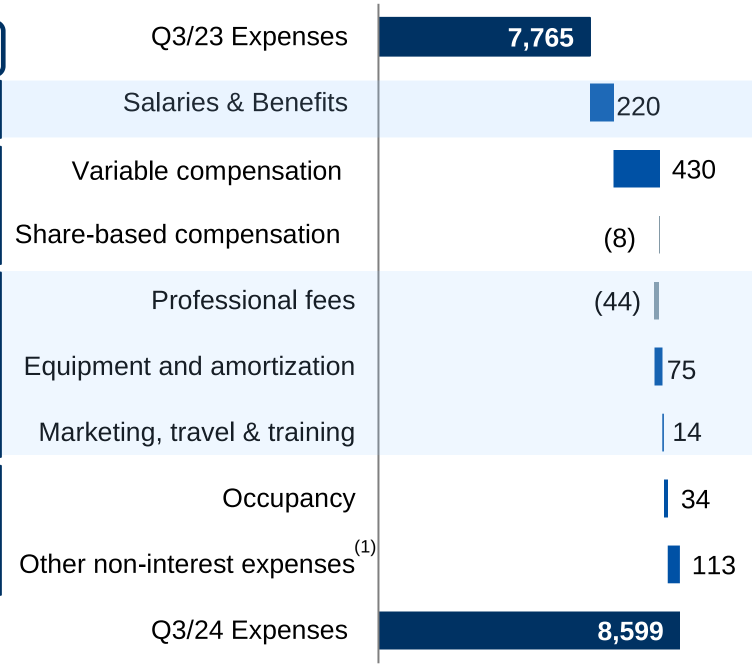



*(1) See note 5 on slide 41. (2) Includes Capital Markets and Corporate Support. (3) Refer to Glossary on slides 39-40 for explanation of composition of this measure. (4) See note 9 on slide 41. (5) Includes Corporate Support.*

# **Non-interest expense:** Improved results driving higher variable compensation

## Non-Interest Expense (NIE, $ millions)

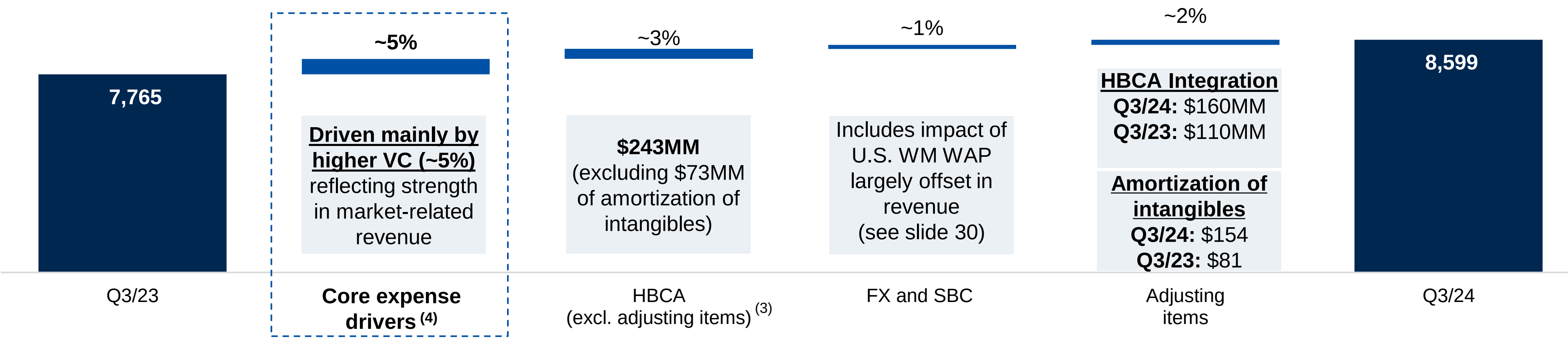
| % of LTM NIE | |
|---|---|
| Salaries | 33% |
| Variable & share-based compensation | 28% |
| Discretionary & tech-adjacent | 23% |
| Occupancy & other | 16% |




## Q3/2024 Highlights

- **Reported Non-interest expense up 11% YoY;** includes HBCA integration costs and amortization of intangibles, which added ~2% to growth
  - **Adjusted non-interest expense growth[2] of 9%**
    - HBCA run-rate expenses excluding adjusted items[3] added ~3%
    - FX and share-based compensation (SBC) added another ~1% to expense growth
- **Excluding the above, core expense growth[4] was 4.7% YoY, mainly reflecting higher variable compensation**
  - Higher variable compensation (VC) added ~5% to expense growth, largely due to improved results in Capital Markets and Wealth Management
  - Higher pension & benefit costs were largely offset by lower salaries costs from the sale of of RBC Investor Services operations and from lower FTE, mainly in Canadian Banking

## Drivers of expense growth




*(1)See note 10 on slide 41. (2) This is a non-GAAP measure. See note 6 on slide 41. (3) This is a non-GAAP measure. Adjusting items comprise HBCA transaction and integration costs and amortization of acquisition-related intangibles. For reconciliation, see slides 43-47. For more information, see slide 48. (4) This is a non-GAAP measure. See note 2 on slide 41.*

# **P&CB:** Solid volume growth and higher NIM partly offset by higher PCL and costs

## Canadian Banking: Key Metrics

| $ millions (unless otherwise stated) | Q3/2024[1] | Reported YoY | Reported QoQ | HBCA Impact |
|---|---|---|---|---|
| **Revenue** | **6,445** | 22% | 13% | **653** |
| Personal Banking | 4,470 | 18% | 10% | |
| Business Banking | 1,975 | 31% | 21% | |
| Non-Interest Expense | 2,533 | 18% | 13% | 292 |
| **Pre-Provision, Pre-Tax Earnings[3]** | **3,912** | **24%** | **13%** | **361** |
| Provision for Credit Losses | 607 | $299 | $(145) | 87 |
| **Net Income** | **2,399** | 17% | 22% | **198** |
| ROE | 23.0% | (7.3) pts | (1.5) pts | |
| Net Interest Margin | 2.84% | 16 bps | 8 bps | |
| Efficiency Ratio | 39.3% | (1.2) pts | - | 44.7% |
| Number of employees | 38,598 | 4% | 1% | |
| Number of banking branches | 1,241 | 8% | (0)% | |

## Canadian Banking: Volumes

| $ billions (unless otherwise stated) | Q3/2024[1] | YoY | QoQ | Ex-HBCA YoY |
|---|---|---|---|---|
| **Avg. Gross Loans & Acceptances** | **690.2** | **17%** | **9%** | **6%** |
| Real Estate Secured Lending[4] | 451.9 | 11% | 6% | 3% |
| Residential Mortgages | 415.1 | 12% | 7% | 3% |
| Home Equity Line of Credit | 36.8 | 5% | 4% | 1% |
| Other Personal | 44.9 | 9% | 4% | 8% |
| Credit Cards | 23.9 | 13% | 6% | 11% |
| Business (Including Small Business) | 169.5 | 43% | 18% | 14% |
| **Avg. Deposits** | **708.7** | **22%** | **10%** | **10%** |
| Personal Deposits | 390.1 | 21% | 9% | 8% |
| Business Deposits | 318.6 | 25% | 11% | 12% |
| **Avg. Personal & Business Deposits** | | | | |
| GICs | | 39% | 10% | |
| Banking Accounts[5] | | 16% | 11% | |
| **Assets Under Administration [6]** | **418.2** | **20%** | **6%** | |

## Q3/2024 Highlights

**Personal & Commercial Banking**

- **Net income up 17% or 19% adjusted[2] YoY**

**Canadian Banking**

- **Net income up 17% YoY; PPPT[3] up 24% YoY**
  - \+ Revenue up 22% YoY
    - \+ Net interest income up 26%; NIM of 2.84%, up 16 bps
    - \+ Non-interest income up 12% YoY
  - – Expenses up 18% YoY
  - – PCL increased $299MM YoY

**Canadian Banking (excluding HBCA results)**

- **Net income up 8%; PPPT[3] up 13% YoY**
- **Revenue up 9% YoY**
  - \+ **Net interest income up 11% YoY**
    - \+ Higher spreads and average volume growth of 10% in deposits and 6% in loans
    - \+ NIM up 10 bps YoY; up 4 bps QoQ (see slide 25)
  - \+ **Non-interest income up 5% YoY**
    - \+ $66MM impact of HST on payment card clearing services in Q3/2023
    - \+ Higher mutual fund distribution fees
    - \+ Higher service revenue and FX revenue reflecting an increase in client activity
- **Expenses up 5% YoY**
  - – Higher staff-related costs, marketing costs largely associated with new client acquisition campaigns and professional fees
- **PCL up $212MM YoY** (see slides 17 and 19)

**Caribbean & U.S. Banking**

- Net income of $91MM, unchanged YoY

*(1) On March 28, 2024, we completed the acquisition of HBCA (HSBC Canada transaction, or HBCA transaction). HBCA results have been consolidated from the closing date, which impacted results, balances and ratios for the three months ended July 31, 2024 and April 30, 2024. (2) This is a non-GAAP measure. See note 11 on slide 41.(3) This is a non-GAAP measure. See note 4 on slide 41. (4) Real Estate Secured Lending (RESL) includes residential mortgages and Home Equity Line of Credit (HELOC). (5) Includes personal banking accounts, personal savings (registered and non-registered) and business deposit accounts. (6) Spot balances.*

# **Wealth Management:** Strong results driven by market appreciation and net sales

## Key Metrics

| $ millions (unless otherwise stated) | Q3/2024[1] | Reported YoY[2] | Reported QoQ |
|---|---|---|---|
| **Revenue** | 4,765 | 8% | 3% |
| Net interest income | 1,133 | 8% | (0.3)% |
| Non-interest income | 3,632 | 8% | 4% |
| Non-Interest Expense | 3,679 | 5% | 1% |
| **Pre-Provision, Pre-Tax Earnings[3]** | **1,086** | **20%** | **13%** |
| Provision for Credit Losses | 16 | $(86) | $(11) |
| **Net Income** | **862** | 30% | 12% |
| **Adjusted Net Income[4]** | **918** | **28%** | **11%** |
| ROE | 14.3% | 3.5 pts | 0.8 pts |
| Efficiency Ratio | 77.2% | (2.3) pts | (1.9) pts |
| Wealth Management (Non-U.S.)[5] | 65.3% | (1.7) pts | (4.0) pts |
| Average loans & acceptances, net ($BN) | 114.0 | 1% | 1% |
| Average deposits ($BN)[6] | 159.1 | 3% | 2% |
| Assets Under Administration ($BN)[6][7] | 4,267 | 6% | 4% |
| Excluding Investor Services ($BN) | 1,767 | 18% | 6% |
| Assets Under Management ($BN)[7] | 1,291 | 19% | 6% |

## Global Asset Management

| $ billions (unless otherwise stated) | Q3/2024[1] | Reported YoY[2] | Reported QoQ |
|---|---|---|---|
| **Assets Under Management [7]** | **661** | **18%** | **5%** |
| Canadian Retail | 345 | 17% | 6% |
| Canadian Institutional | 129 | 23% | 7% |
| U.S. Institutional | 80 | 13% | (0.1)% |
| International Institutional | 107 | 19% | 7% |
| | **Q3/2024[1]** | **Q3/2023** | **Q2/2024[1]** |
| **Net Sales** | **0.1** | **(3.6)** | **16.8** |
| Long-Term Institutional | 3.7 | 0.9 | 15.4 |
| Long-Term Canadian Retail | 1.4 | (1.9) | 1.0 |
| Money Market Institutional | (5.4) | (2.9) | 0.4 |
| Money Market Canadian Retail | 0.4 | 0.2 | 0.1 |

## Q3/2024 Highlights

- **Net income up 30% or 28% YoY adjusted[4]**
  - + Pre-provision, pre-tax earnings[3] up 20% YoY
- **Revenue up 8% YoY**
  - + **U.S. Wealth Management (incl. CNB) revenue up 12% YoY**
    - + See slide 28
  - + **Canadian Wealth Management revenue up 17% YoY**
    - + Higher fee-based client assets reflecting market appreciation and net sales
    - + Higher transactional revenue, mainly driven by client activity
  - + **Global Asset Management revenue up 18% YoY**
    - + Higher fee-based client assets reflecting market appreciation and net sales
    - + Changes in the fair value of seed capital investments
  - + **International Wealth Management revenue up 1% YoY**
  - – **Investor Services revenue down 51% YoY[6]**
    - – Sale of RBC Investor Services operations
    - – Prior year included the gain on the sale of RBC Investor Services operations
- **Expenses up 5% YoY**
  - – Higher variable compensation commensurate with increased commissionable revenue
  - + Sale of RBC Investor Services operations
- **Lower PCL YoY** (see slides 17 and 19)

*(1) On March 28, 2024, we completed the HBCA transaction. HBCA results have been consolidated from the closing date, which impacted results, balances and ratios for the three months ended July 31, 2024 and April 30, 2024. (2) Effective the fourth quarter of 2023, we moved the Investor Services lending business from our Wealth Management segment to our Capital Markets segment. Therefore, comparative results for the three months ended July 31, 2023 have been revised from those previously presented. (3) This is a non-GAAP measure. See note 4 on slide 41. (4) This is a non-GAAP measure. See note 12 on slide 41. (5) Excludes RBC Investor Services. (6) We completed the sale of RBC Investor Services operations in Europe, Jersey and the U.K. to CACEIS on July 3, 2023, December 1, 2023 and March 25, 2024, respectively (the sale of RBC Investor Services operations). (7) Spot balances.*

# **Capital Markets:** Strong deal flow amidst fee pool recovery

## Key Metrics[1]

| $ millions (unless otherwise stated)[2] | Q3/2024 | Reported | |
|---|---|---|---|
| | | YoY[4] | QoQ |
| **Revenue** | **3,004** | **12%** | **(5)%** |
| **Corporate & Investment Banking** | **1,645** | **23%** | **(5)%** |
| Investment Banking | 710 | 36% | (16)% |
| Lending and Other | 935 | 15% | 5% |
| **Global Markets** | **1,414** | **(1)%** | **(1)%** |
| Equities | 299 | (7)% | 1% |
| FICC | 729 | (3)% | (6)% |
| Treasury Services and Funding | 385 | 10% | 7% |
| Non-Interest Expense | 1,755 | 8% | 2% |
| **Pre-Provision, Pre-Tax Earnings**[3] | **1,249** | **18%** | **(13)%** |
| Provision for Credit Losses | 38 | $(171) | $(99) |
| **Net Income** | **1,172** | **23%** | **(7)%** |
| ROE | 14.1% | 0.7 pts | (2.2) pts |
| Efficiency ratio | 58.4% | (2.1) pts | 3.8 pts |
| Average loans & acceptances, net ($BN) | 152.2 | 6% | 2% |

## Revenue by Geography

| $ millions | Q3/2024 | Reported | |
|---|---|---|---|
| | | YoY[4] | QoQ |
| **Revenue** | **3,004** | **12%** | **(5)%** |
| Canada | 907 | 28% | 2% |
| U.S. | 1,480 | 6% | (10)% |
| U.K. & Europe | 458 | 5% | 1% |
| Australia, Asia & Other | 159 | 22% | (2)% |

## Q3/2024 Highlights

- **Net income up 23% YoY**
  - + Pre-provision, pre-tax earnings[3] up 18% YoY
- **Revenue up 12% YoY**
  - + **Corporate & Investment Banking** revenue up 23% YoY
    - + Higher municipal banking activity
    - + Higher loan syndication activity in the U.S.
    - + Higher debt origination in North America
    - + Impact of foreign exchange translation
    - – **QoQ**: Lower M&A activity in the U.S. partially offset by higher municipal banking activity
  - + **Global Markets** revenue down 1% YoY
    - – Lower fixed income trading revenue in the U.S.
    - – Lower equity trading revenue in North America
    - + Higher debt origination in North America
    - + Impact of foreign exchange translation
    - – **QoQ:** Lower gains on investment securities and fixed income trading, partly offset by higher debt origination
- **Expenses up 8% YoY**
  - – Higher compensation on increased results
  - – Impact of foreign exchange translation
- **Lower PCL YoY** (see slides 17 and 19)

*(1) Effective the third quarter of 2024, we moved the majority of our debt origination business from Global Markets to Corporate & Investment Banking. Comparative amounts have been revised from those previously presented. (2) On March 28, 2024, we completed the HBCA transaction. HBCA results have been consolidated from the closing date, which impacted results, balances and ratios for the three months ended July 31, 2024 and April 30, 2024. (3) This is a non-GAAP measure. See note 4 on slide 41. (4) Effective the fourth quarter of 2023, we moved the Investor Services lending business from our Wealth Management segment to our Capital Markets segment. Therefore, comparative results for the three months ended July 31, 2023 have been revised from those previously presented.*

# **Insurance:** Lower investment result partly offset by core business performance

## Key Metrics

| $ millions (unless otherwise stated) [(1)] | Q3/2024 | Reported YoY | Reported QoQ |
|---|---|---|---|
| **Revenue** | 285 | (15)% | (4)% |
| Insurance Service Result | 214 | 44% | 5% |
| Insurance Investment Result | 28 | (81)% | (53)% |
| Other Income | 43 | 19% | 19% |
| Non-Interest Expense | 70 | 1% | 1% |
| **Pre-Provision, Pre-Tax Earnings**[(2)] | **215** | **(19)%** | **(6)%** |
| Provision for Credit Losses | 1 | 1 | 1 |
| **Net Income** | **170** | **(21)%** | **(4)%** |
| ROE | 33.6% | (4.9) pts | (1.1) pts |
| Contractual Service Margin (CSM) | 2,155 | 14% | 9% |
| Premiums and deposits | **1,546** | **(22)%** | **(4)%** |

## Composition of key line items under IFRS 17

- **Insurance service result** includes revenue on short duration products, including Creditor Reinsurance, Group Life & Health, Travel, as well as the amortization of the CSM on longer duration Individual Life & Health, Annuity and Longevity products
- **Insurance investment result** comprises interest and dividend income and net gains (losses) on financial assets. Yields on our own asset portfolio are reflected in the liability discount rate in the period
- **Premiums and Deposits** ~25% are short duration products. The remaining business is made up of longer duration products and provides access to assets which are used to generate investment returns
- **Contractual Service Margin (CSM)** represents future profits on our existing business in longer duration products

## Q3/2024 Highlights

- **Net income down 21% YoY**
- **Revenue down 15% YoY**
  - – **Insurance investment result** down 81% YoY
    - – Lower favourable investment related experience
      - ○ Prior period is not fully comparable as we were not managing our asset and liability portfolios under IFRS 17
  - + **Insurance service result** up 44% YoY
    - + Improved claims experience in life retrocession and business growth across the majority of our products
  - + **Other Income** up 19% YoY primarily due to increased sales in Home & Auto
- **Expenses up 1% YoY**
- **CSM up 14% YoY**
  - + Driven by the impact of new business from growth in longer duration products and interest accretion
  - – Partially offset by CSM release to earnings during the period
- **Premiums and deposits down 22% YoY**
  - – Lower Group Annuity sales partially offset by growth in all other major product lines

*(1) On March 28, 2024, we completed the HBCA transaction. HBCA results have been consolidated from the closing date, which impacted results, balances and ratios for the three months ended July 31, 2024 and April 30, 2024. (2) This is a non-GAAP measure. See note 4 on slide 41.*

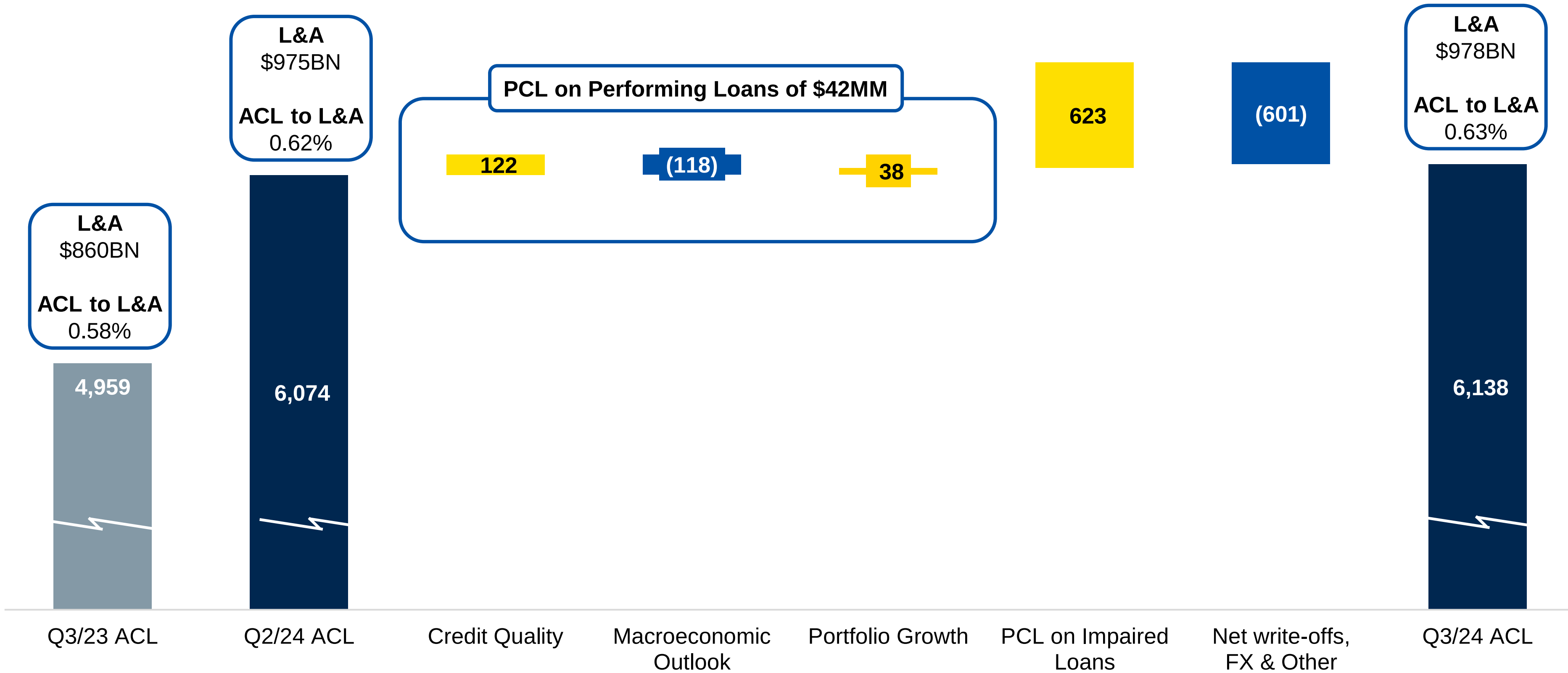
# Risk Review

Graeme Hepworth

Chief Risk Officer

# **Allowance for Credit Losses:** Prudent reserve increases on performing loans

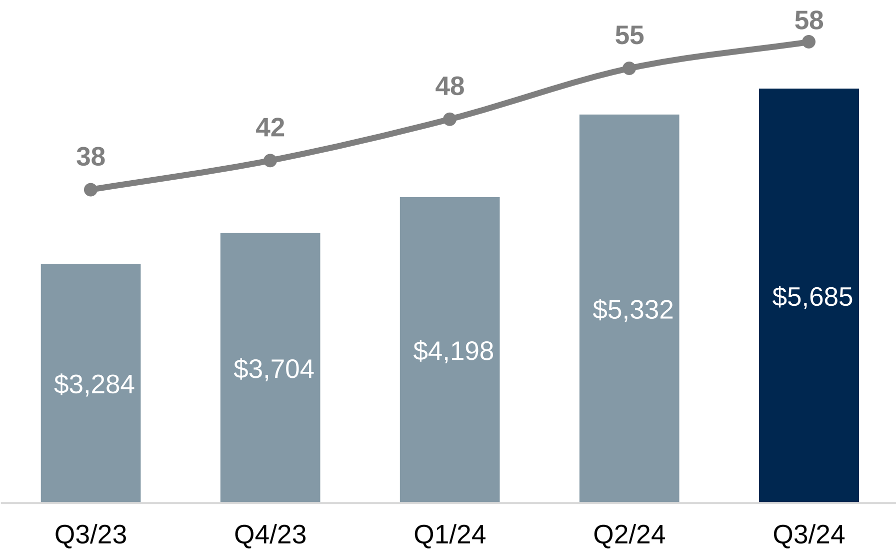
## Allowance for Credit Losses (ACL) on Loans & Acceptances (L&A) ($ millions)




- ACL on loans and acceptances increased $64MM or 1 bp QoQ
  - ACL on performing loans of $4.6BN has increased $1.5BN or 46% since Q2/22, with reserve additions for 9 consecutive quarters
- We took $42MM of provisions on performing loans this quarter (down $202MM QoQ), mainly in the Canadian Banking portfolio and driven by unfavourable changes to credit quality, partially offset by favourable scenario weight changes
  - QoQ decrease in provisions mainly reflects higher provisions in the prior quarter driven by the initial PCL on performing loans purchased in the HSBC Canada transaction

# **Gross Impaired Loans:** New formations higher in Canadian Banking

## Gross Impaired Loans (GIL) ($ millions, bps)




## Key Drivers of GIL (QoQ)

- Total GIL increased $353MM (up 3 bps QoQ)

### Canadian Banking

- GIL of $3,361MM increased $760MM QoQ, with increases mainly in Commercial
  - Commercial new formations included a larger impairment in both the Real Estate and Related and Forest Products sectors

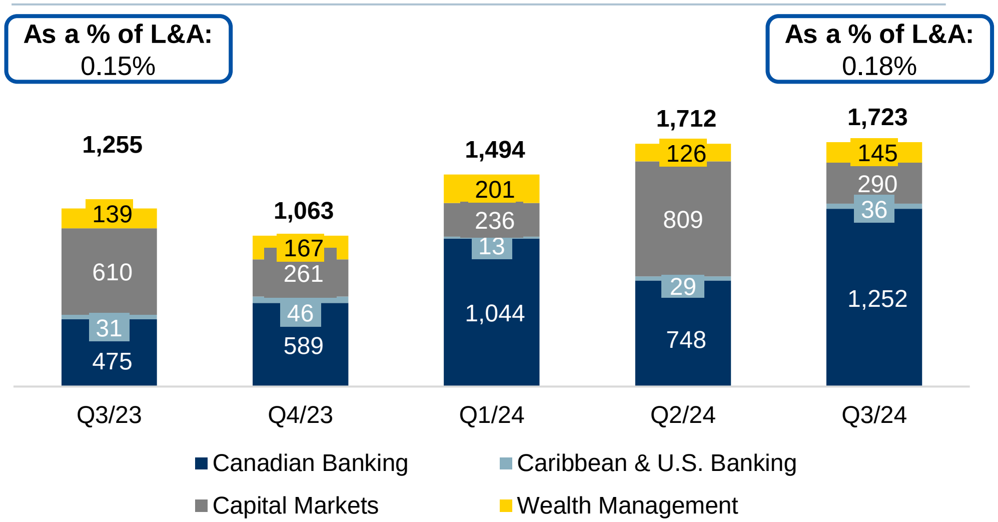
### Capital Markets

- GIL of $1,484MM decreased $354MM QoQ. The reduction in GIL includes $442MM in foreclosed Real Estate and Related assets
  - New formations were down $519MM QoQ, largely due to lower formations in the Real Estate and Related and Financing Products sectors

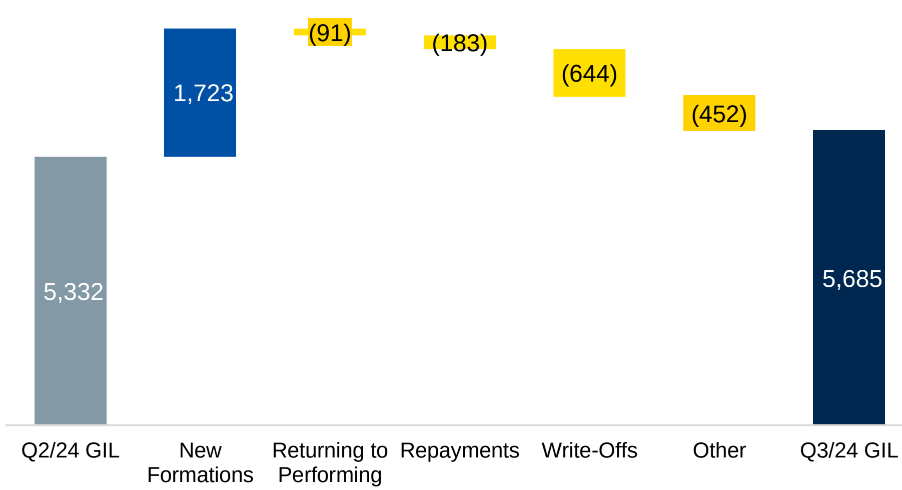
### Wealth Management (including CNB)

- GIL of $533MM decreased $53MM QoQ, while new formations were up $19MM QoQ

## New Formations ($ millions)(1)




## Net Formations ($ millions)

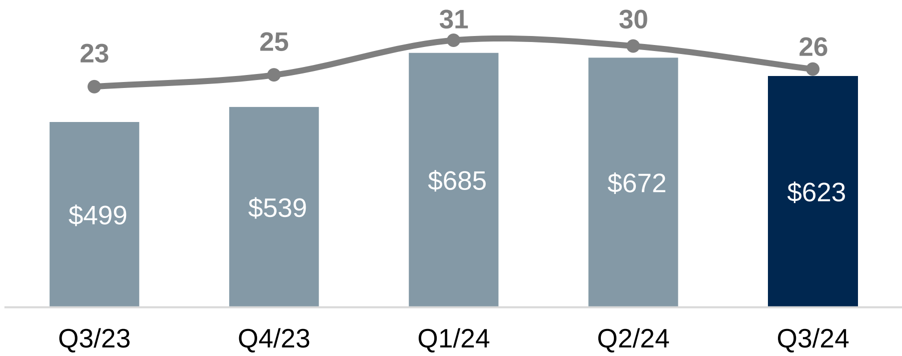



*(1) See note 13 on Slide 41.*

# PCL on impaired loans: Loss rates trended lower across all segments

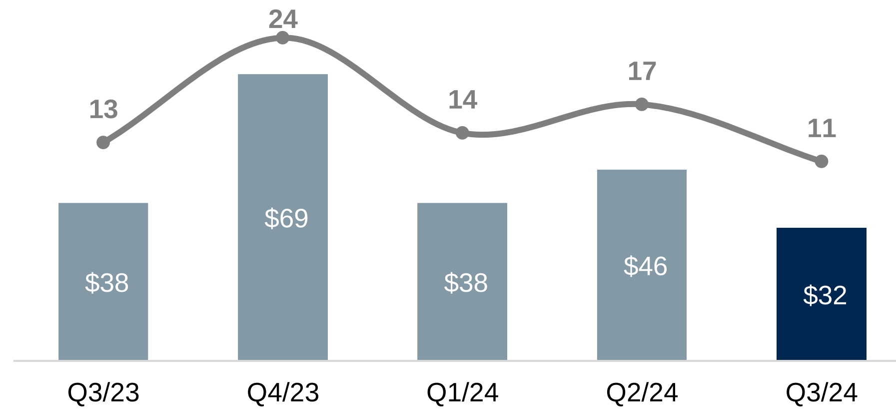
## Total RBC ($ millions, bps)

**Average historical loss rate[1]:** 30 bps



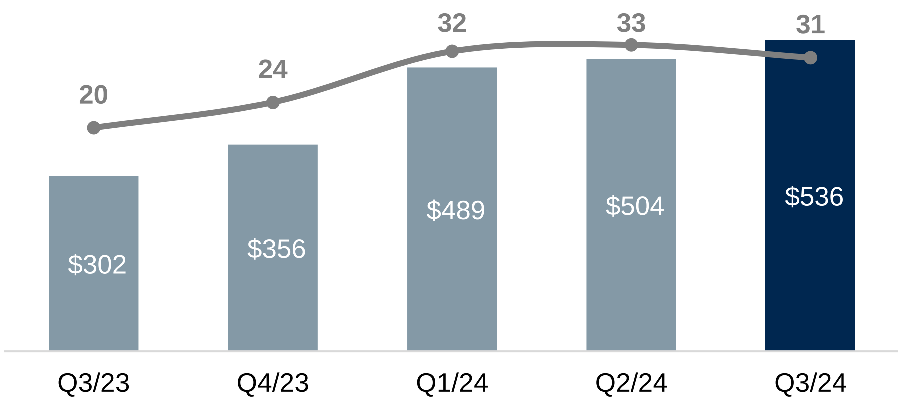

- Provisions were down $49MM QoQ due to lower provisions in Capital Markets and Wealth Management, partially offset by higher provisions in Canadian Banking

## Wealth Management ($ millions, bps)



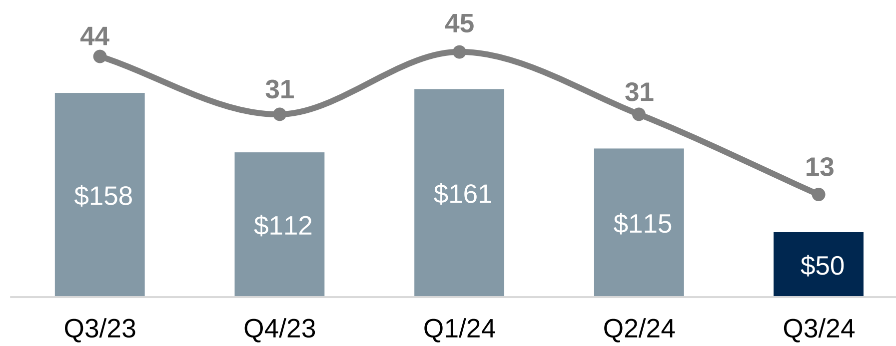

- Provisions were down $14MM QoQ, due primarily to lower provisions across a few sectors, led by Consumer Staples, partially offset by higher provisions in the Real Estate and Related sector

## Canadian Banking ($ millions, bps)




- **Retail:** Provisions of $400MM were up $11MM QoQ, with higher provisions across most products
- **Commercial:** Provisions of $136MM were up $21MM QoQ. This quarter we took a large provision in each of the Real Estate and Related, Forest Products and Automotive sectors

## Capital Markets ($ millions, bps)

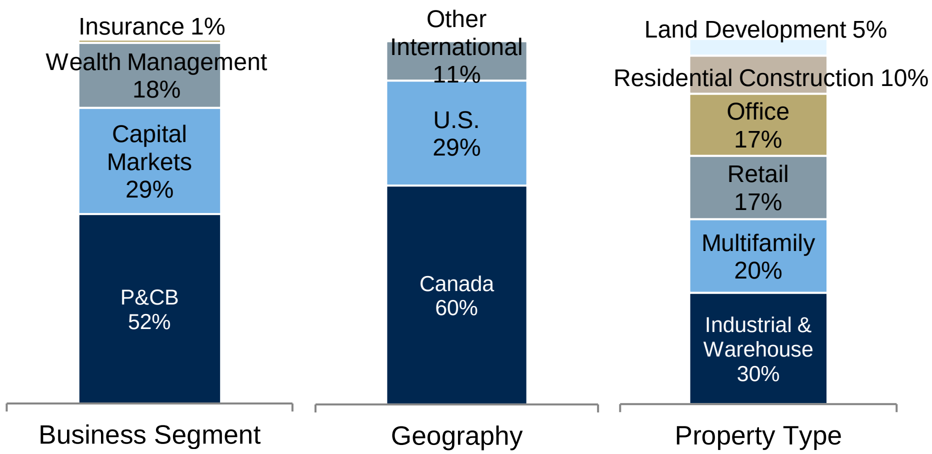



- Provisions were down $65MM QoQ, mainly due to a large provision taken last quarter in the Real Estate and Related sector
- This quarter, provisions were primarily taken in the Banking, Real Estate and Related and Consumer Discretionary sectors

*(1) Average annual actual loss rate from fiscal 2003 through to the most recent full year. The information is updated on an annual basis and is based on consolidated results.*

# **Commercial Real Estate (CRE):** Remains well-diversified post HBCA transaction

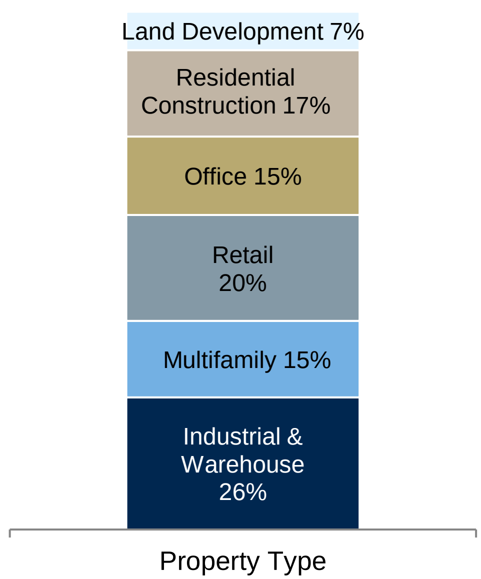
## Total CRE Exposure ($96.8 BN; 9.9% of total L&A)




- The portfolio was originated with sound lending standards, and remains well-diversified by geography, business and property type
- Impairments and losses are manageable
  - Since the start of the current rate-hiking cycle, majority of impairments and losses have been concentrated in the U.S.
  - Acquired HBCA CRE portfolio's loss experience generally aligns with RBC's experience through the current cycle
- The portfolio is well provisioned
  - The CRE ACL ratio is ~3x higher than pre-pandemic levels and ~4x higher in the U.S. than in Canada

## Spotlight on Canadian CRE Exposure ($58.3 BN or 6.0% of Total L&A)

- 85% of exposure is in Canadian Banking, with 14% in Capital Markets
- Exposure to developers (~33%) is managed by Canadian Banking
  - Clients are large, top-tier developers with proven ability to manage through the cycle
  - Exposure to development projects is supported by corporate guarantees
- Exposure to owners of income producing properties (67%) is primarily to fully stabilized assets, in stable or growing communities
  - Loans typically benefit from amortization and additional recourse outside of the asset (e.g., guarantees or other collateral)




### Canadian Office[(1)] Exposure (0.9% of total L&A)

- Portfolio is generally performing well
- 93% of exposure is to owners of income producing properties
- Canadian Banking exposure is primarily smaller suburban properties
  - HBCA portfolio added some downtown Class A exposure owned by larger corporate entities
- Capital Markets exposure is primarily Class A properties backed by strong financial sponsors
- Average loan size: P&CB ~$5MM; CM ~$20MM

*(1) Office exposure includes traditional office and life sciences buildings.*

# Appendices

# **Diversified business model:** Driving strong value creation through the cycle

## Premium growth in **leading Canadian franchises**

**#1 or #2** in key Canadian Banking product categories[(1)]

**Largest** retail mutual fund company based on AUM

**#1** HNW & UHNW[(2)] market share

**Largest** Capital Markets franchise

## Deepening **client relationships**

**18%** Canadian Banking clients with transaction accounts, investments, borrowing and credit card products[(3)]

**42%** Canadian HNW[(2)] retail client base has a relationship with both Canadian Banking and Canadian Wealth Management

## Reimagining **innovation**

BOREALIS AI™
RBCX™ Ventures
Aiden® From Artificial Intelligence to Trading Intelligence
RBC PayEdge™
NOMI®
payplan by RBC™

## **Diversified geographic** strategy

- **10th largest** investment bank by fees globally[(4)]
- **6th largest** U.S. full-service wealth advisory firm ranked by AUA[(5)]
- **City National**
- **RBC Brewin Dolphin**

## **Strong balance sheet** and disciplined risk management

**13.0%** CET1 ratio[(6)]

**63 bps** ACL to loans ratio

**126%** Liquidity Coverage Ratio[(6)]

**Aa1** Legacy senior long-term debt rating from Moody's‡

## **Premium ROE** and disciplined expense management

**16%+** Medium-term ROE objective

**40%** Canadian Banking efficiency ratio[(7)] over last 12 months

**9%** 3-Year BVPS CAGR

**40-50%** Medium-term dividend payout ratio objective

**Living our Purpose:** Helping clients thrive and communities prosper

*(1) Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA), and is as at May 2024 and March 2024. (2) HNW: High Net Worth and UHNW: Ultra High Net Worth. (3) Canadian Financial Monitor by Ipsos – approx. 18,000 Canadian individuals – data based on Financial Group results for the 12-month period ending July 31 2024. TFSA is considered an investment. This figure includes HBCA effective April 2024. (4) Dealogic based on global investment banking fees LTM Q3/24. (5) Source: U.S. wealth advisory firms quarterly earnings releases (10-Q). (6) The Liquidity Coverage Ratio is calculated using OSFI's LAR guideline. The CET1 ratio is calculated using OSFI's CAR guideline. (7) Refer to Glossary on slides 39-40 for explanation of composition of this measure.*

# **Net Interest Margin:** Average rates and balances

## Interest Income Yield[1]

| | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|
| Loans | 5.34% | 5.56% | 5.74% | 5.87% | 5.96% |
| Securities | 4.19% | 4.53% | 4.36% | 4.22% | 4.20% |
| Repo & securities lending[2] | 6.33% | 6.45% | 6.50% | 6.68% | 6.97% |
| Deposit and other | 1.70% | 1.63% | 1.62% | 1.77% | 1.79% |
| **Interest Income Yield (AA)** | **4.55%** | **4.77%** | **4.87%** | **4.99%** | **5.11%** |

## Average Assets ($ billions)

| | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|
| Loans | 834 | 847 | 851 | 897 | **964** |
| Securities | 355 | 401 | 415 | 405 | **425** |
| Repo & securities lending[2] | 380 | 396 | 442 | 427 | **379** |
| Deposits and Others | 421 | 396 | 384 | 369 | **343** |
| **Average Assets (AA)** | **1,990** | **2,039** | **2,092** | **2,098** | **2,111** |
| Average Earning Assets[4] (AEA) | 1,666 | 1,722 | 1,788 | 1,801 | 1,843 |
| AEA[4] (ex-Trading) | 1,134 | 1,147 | 1,150 | 1,202 | 1,295 |

## Interest Expense Rate[3]

| | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|
| Deposits | 3.23% | 3.40% | 3.62% | 3.64% | 3.63% |
| Other Liabilities | 3.92% | 4.16% | 4.28% | 4.43% | 4.63% |
| Repos | 6.43% | 6.40% | 6.42% | 6.66% | 6.92% |
| Subordinated Debentures | 6.07% | 6.50% | 6.47% | 6.33% | 6.13% |
| **Interest cost (Liabilities & Equity)** | **3.30%** | **3.49%** | **3.67%** | **3.71%** | **3.73%** |

## Average Liabilities ($ billions)

| | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|
| Deposits | 1,202 | 1,221 | 1,242 | 1,285 | **1,363** |
| Other Liabilities | 668 | 696 | 724 | 684 | **613** |
| Repos | 344 | 383 | 424 | 403 | 361 |
| Subordinated Debentures | 11 | 11 | 11 | 12 | **13** |
| **Liabilities** | **1,881** | **1,929** | **1,978** | **1,981** | **1,989** |

## NIM and Other Selected Yields and Costs

| | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|
| NIM (total average assets) | 1.25% | 1.27% | 1.20% | 1.28% | **1.38%** |
| NIM (AEA[2]) | 1.50% | 1.51% | 1.41% | 1.50% | **1.58%** |
| NIM (AEA[2] ex trading) | 2.02% | 2.14% | 2.07% | 2.10% | **2.11%** |
| **Deposit costs[3]** | | | | | |
| Personal Chequing & Saving | 1.22% | 1.37% | 1.43% | 1.47% | **1.48%** |
| Other Chequing & Saving | 3.10% | 3.25% | 3.34% | 3.46% | **3.45%** |
| Personal Term | 3.53% | 3.42% | 4.18% | 4.11% | **4.34%** |
| **Total revenue yield** | | | | | |
| Repo yield | 0.17% | 0.17% | 0.20% | 0.15% | **0.19%** |

## Net Interest Income ($ billions)

| | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|
| Net Interest Income | 6.29 | 6.54 | 6.33 | 6.62 | **7.33** |
| Net Interest Income (ex-Trading) | 5.78 | 6.20 | 5.99 | 6.22 | **6.85** |

- Repo gains in non-interest income are partly offset in interest expense
- The cost of funding of certain transactions is recorded in interest expense, while related gains are recorded in Other revenue in non-interest income

*(1) See note 14 on slide 42. (2) Repos are assets purchased under reverse repurchase agreements and securities borrowed. (3) See note 15 on slide 42. (4) Refer to Glossary on slides 39-40 for explanation of composition of this measure.*

# **Net Interest Income:** Interest rate sensitivity

**All-Bank: Impact of 100 bps change across the curve[1]**

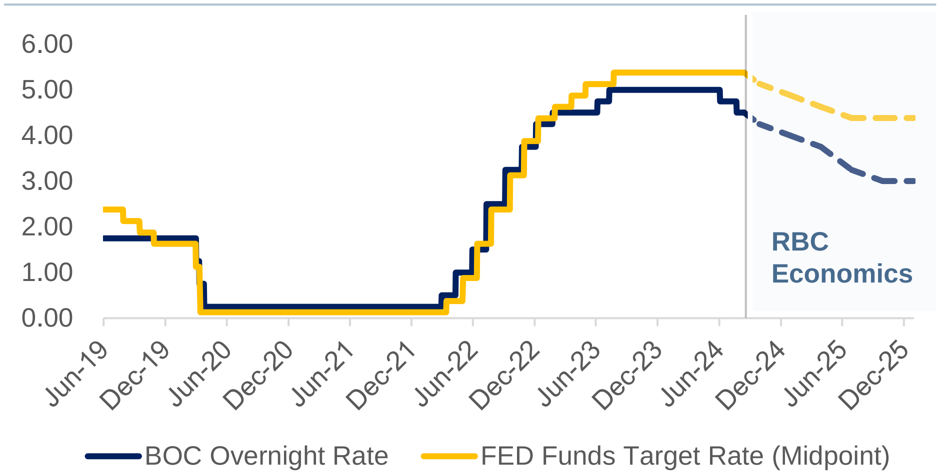
| Net interest income ($MM) | Increase | Decrease |
|---|---|---|
| Canadian Dollar Impact | $206 | $(248) |
| U.S. Dollar Impact | $119 | $(177) |
| **Total** | **$325** | **$(425)** |

**Impact of 25 bps decrease[2]**

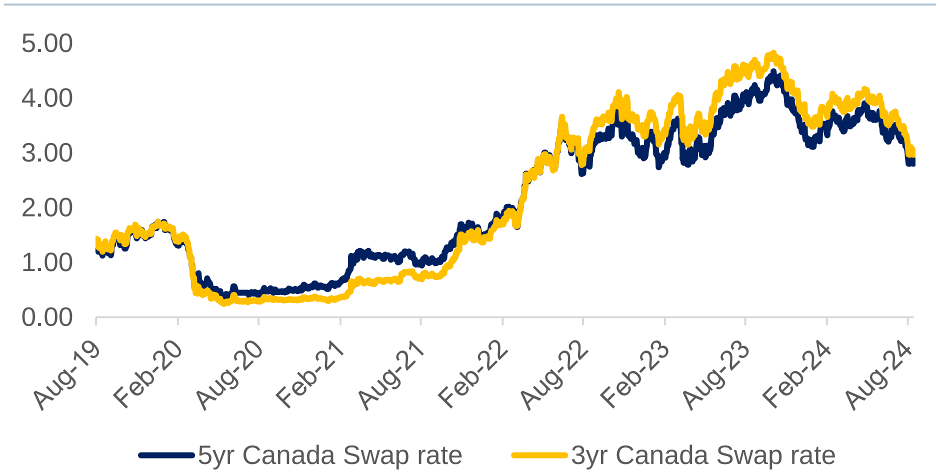
| Revenue ($MM) | Short-term rates[2] | | Across the curve[2] | |
|---|---|---|---|---|
| | Q2/24 | **Q3/24** | Q2/24 | **Q3/24** |
| Canadian Banking | $(25) | **$(25)** | $(90) | **$(105)** |
| U.S. Wealth Management (incl. CNB) | ~US$(30) | **~US$(35)** | ~US$(35) | **~US$(40)** |

- Sensitivity for Canada includes segments other than Canadian Banking
- Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions

## Canada and US Central Bank Rates (%)[3]



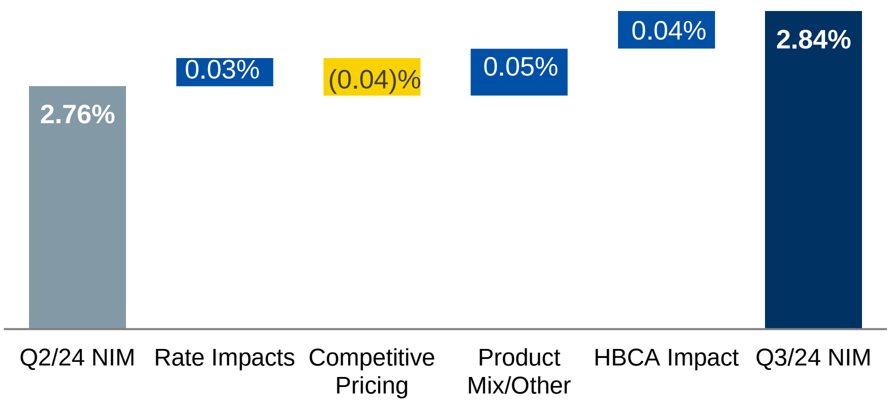

## Canada Swap Rates (%)[3]



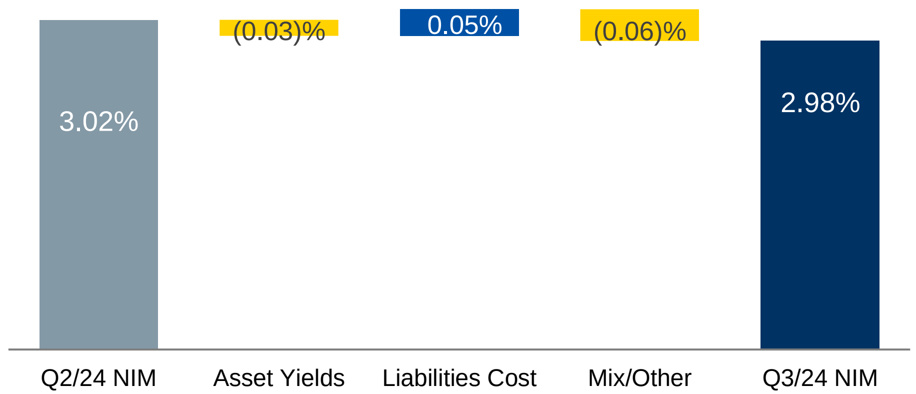

*(1) Represents the 12-month revenue exposure (before-tax) to a 100 bps immediate and sustained shift in interest rates. (2) Represents the 12-month revenue exposure (before-tax) to a 25 bps immediate and sustained shift in interest rates. (3) Source: Bloomberg and RBC Economics estimates.*

# **Net Interest Margin:** Canadian Banking and City National

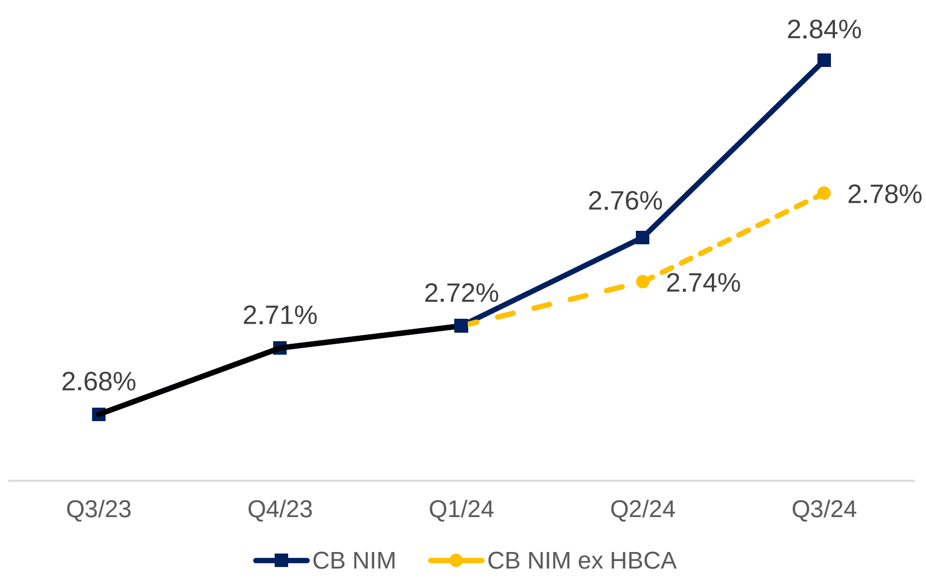
## Canadian Banking NIM(1) QoQ Waterfall



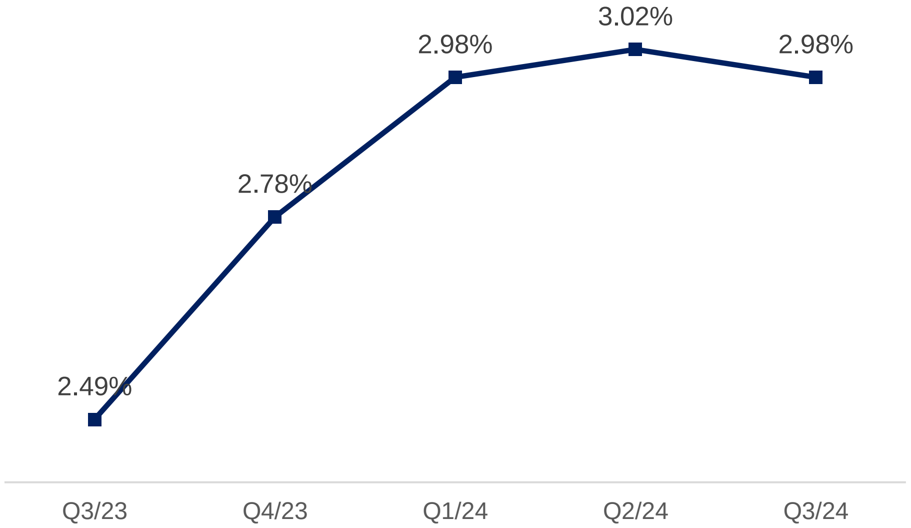

## CNB NIM QoQ Waterfall




## Historical Canadian Banking NIM(1)



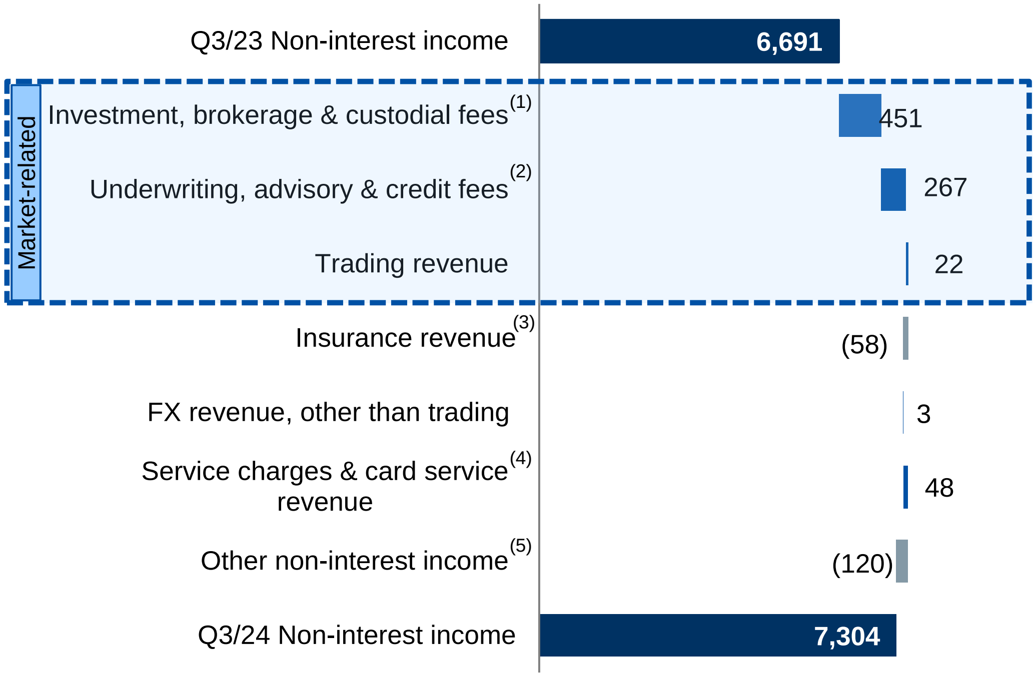

## Historical CNB NIM(1)




*(1) Refer to Glossary on slides 39-40 for explanation of composition of this measure.*

# **Non-interest income:** Strong markets and client activity driving robust growth

## Non-Interest Income ($ millions)

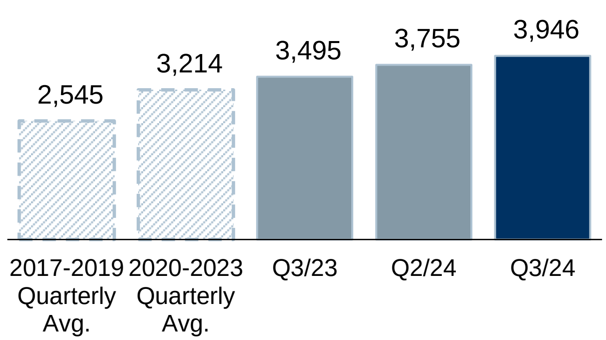



## Q3/2024 Highlights

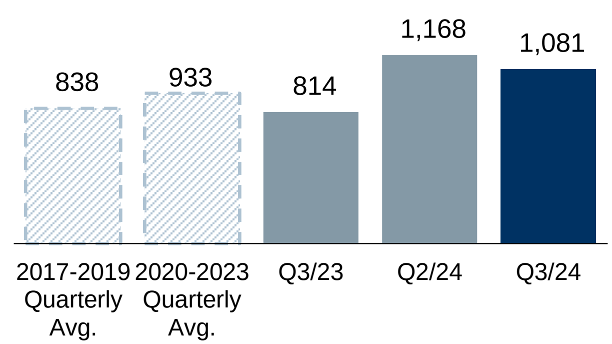
- **Reported non-interest income was up 9% YoY**;
  - + HBCA added ~2% to overall adjusted non-interest income
  - + Higher investment management & custodial fees and securities brokerage commissions driven by higher fee-based client assets reflecting market appreciation and net sales and increased client activity
  - + Robust deal flow in investment banking underpinned by market share gains amidst a recovering fee pool, as well as strong municipal debt origination
  - – Lower insurance revenue reflecting lower favourable investment related experience
  - + Higher service charges reflecting acquisition of HBCA and increased client activity in Canadian Banking
  - – Other non-interest income including:
    - – U.S. Wealth Management (incl. CNB) losses on non-core investments
    - – Prior year included the gain on the sale of RBC Investor Services operations

## Market-related revenue

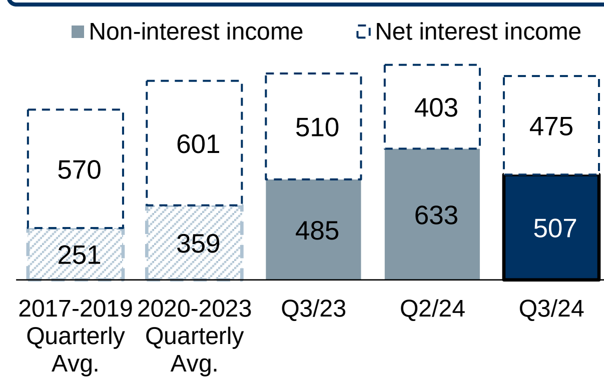
**Investment, brokerage & custodial fees (1)**




**Underwriting, advisory & credit fees (2)**



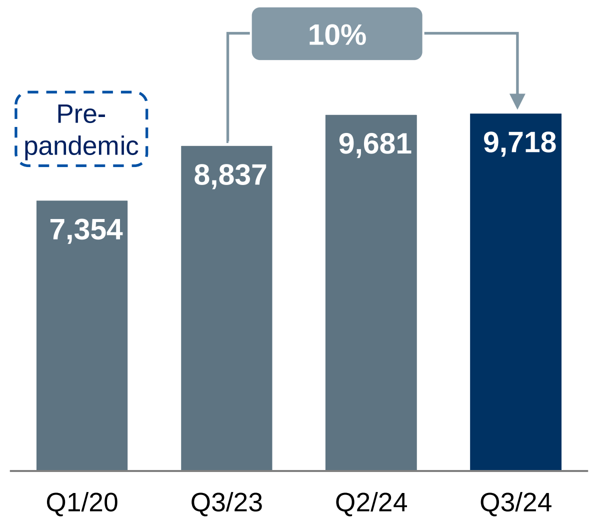

**Trading revenue**



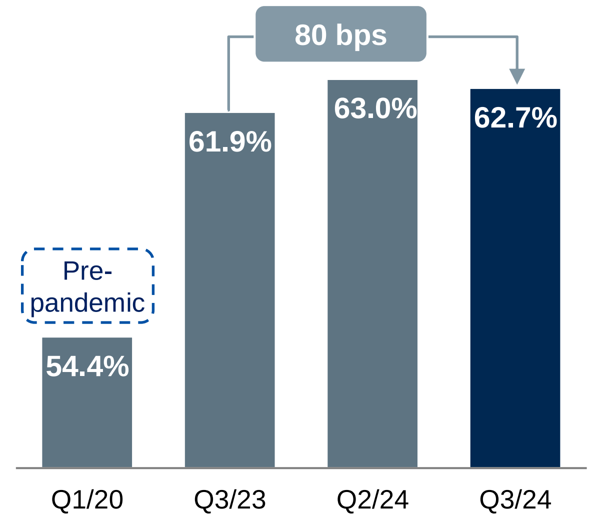

*(1) Comprised of Investment management & custodial fees, Securities brokerage commissions and Mutual fund revenue. (2) Comprised of Underwriting and other advisory fees and Credit fees. (3) Comprised of Insurance Service Result and Insurance investment result. (4) Comprised of Service charges and Card service revenue. (5) See note 16 on slide 42.*

# **Canadian Banking:** Our ~16MM clients continue to adopt our digital channels

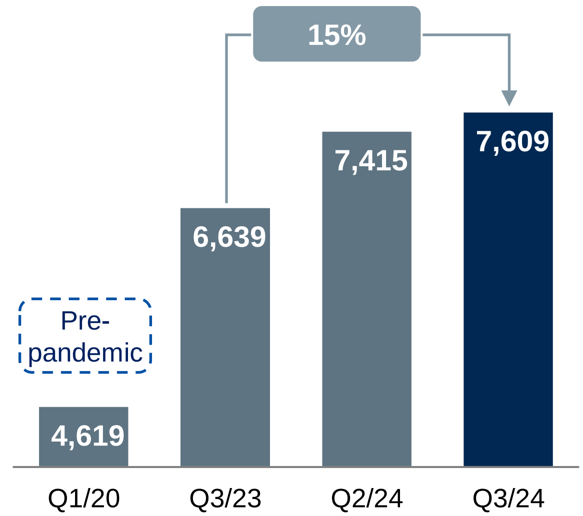
## Active Digital Users (000s)[(1)]



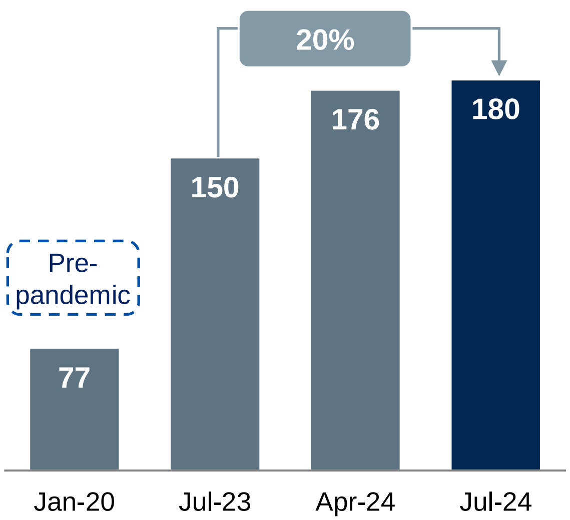

## Digital Personal Adoption Rate[(2)]



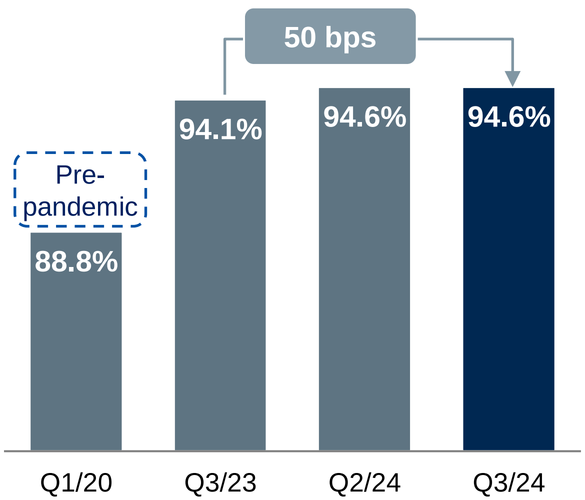

## Active Mobile Users (000s)[(1)]



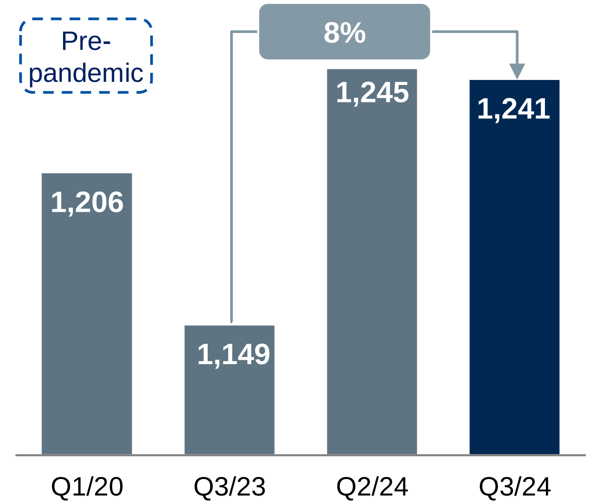

## Mobile Sessions (millions)[(3)]




## Self-Serve Transactions[(4)]




## Branches




*(1) These figures (in 000s) represent the 90-Day Active customers in Canadian Banking only and are spot values. (2) Digital Personal Adoption rate calculated using 90-day digital active personal clients. (3) These figures represent the total number of application logins using a mobile device. (4) Financial transactions only.*

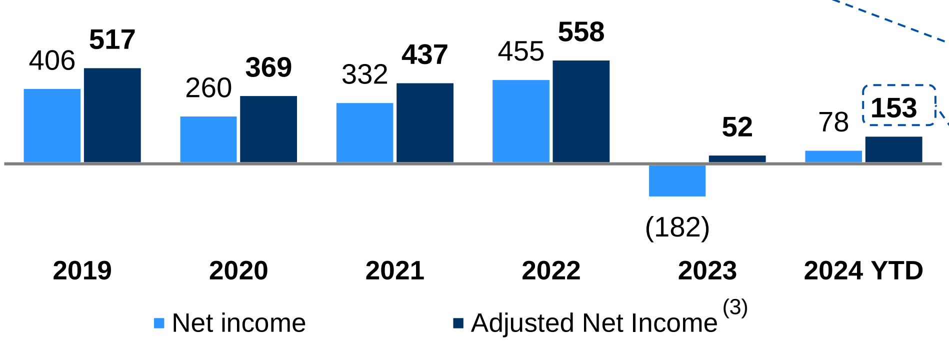
# U.S. WM (incl. CNB): Market tailwinds, net sales, higher spreads and lower PCL

## Key Metrics (US$ millions)

| US$ millions (unless otherwise stated)[1] | Q3/2024 | YoY | QoQ |
|---|---|---|---|
| **Revenue** | **1,610** | **9%** | **(1)%** |
| Expenses | 1,423 | 5% | 1% |
| **Pre-Provision, Pre-Tax Earnings**[2] | **187** | **52%** | **(13)%** |
| Adj. PPPT Earnings[2][3] | 222 | 41% | (11)% |
| Provision For Credit Losses | 11 | $(64) | $(9) |
| **Net Income** | **164** | **n.m.** | **(7)%** |
| Adj. Net Income[3] | 189 | n.m. | (6)% |
| Assets Under Administration (AUA) $BN | 648 | 13% | 6% |
| Assets Under Management (AUM) $BN | 214 | 15% | 7% |
| Efficiency Ratio | 88.4% | (3.3) pts | 1.6 pts |

## CNB

| US$ millions (unless otherwise stated)[1] | Q3/2024 | YoY | QoQ |
|---|---|---|---|
| **Net Interest Income** | **661** | **12%** | **(0.5)%** |
| NIM | 2.98% | 49 bps | (4) bps |
| Average Wholesale Loans ($BN) | 40.3 | (6)% | - |
| Average Retail Loans ($BN) | 23.3 | (3)% | (1)% |
| Average Deposits ($BN) | 74.5 | - | (0.4)% |
| **Net Income** | **52** | **n.m.** | **8%** |
| Adj. Net Income[3] | 77 | n.m. | 5% |




## Q3/2024 Highlights

- **Net income up $102 million YoY**
  - \+ CNB net income was up $90 million YoY
  - – Recorded US$38MM after-tax of losses on non-core investments
- **Revenue up 9% YoY**
  - \+ Higher fee-based client assets reflecting market appreciation and net sales
  - \+ Higher net interest income primarily driven by higher spreads
    - \+ CNB net interest income up 12% YoY
      - \+ CNB NIM up 49 bps YoY; down 4 bps QoQ (see slide 25)
      - ○ CNB deposits flat YoY; down modestly QoQ
      - – CNB loans down 4% YoY; flat QoQ
- **Expenses up 5% YoY**
  - – Higher variable compensation commensurate with increased commissionable revenue
- **Lower PCL YoY** (see slides 17 and 19)

Excluding specified items as well as losses on non-core investments[3], CNB's net income was US$115 million this quarter (up $127 million YoY)

Excluding specified items as well as cost of the FDIC Special Assessment and losses on non-core investments[3], CNB's net income was US$289 million for the nine months ended Q3/24 (up $147 million YoY)

*(1) All balance sheet figures (except for AUA and AUM) represent average balances. (2) This is a non-GAAP measure. See note 4 on slide 41 for more information. (3) This is a non-GAAP measure. See note 17 on slide 42 for more information.*

# Corporate Support

## Financial performance ($ millions)[1]

| Reported | Q3/2024 | Q2/2024 | Q3/2023 |
|---|---|---|---|
| **Revenue (TEB[2])** | **(148)** | **94** | **(3)** |
| U.S. WAP gains/(losses) | 166 | 64 | 129 |
| **Non-Interest Expense** | **223** | **376** | **141** |
| U.S. WAP (gains)/losses | 157 | 60 | 118 |
| **Pre-Provision, Pre-Tax Earnings[3]** | **(528)** | **(342)** | **(262)** |
| Provision for Credit Losses | (3) | 2 | - |
| **Net Income** | **(208)** | **(309)** | **(101)** |

| Specified items (before-tax) | Q3/2024 | Q2/2024 | Q3/2023 |
|---|---|---|---|
| HBCA transaction & integration cost | 160 | 358 | 110 |
| Management of closing capital volatility related to HBCA transaction | - | (155) | - |

| Adjusted | Q3/2024 | Q2/2024 | Q3/2023 |
|---|---|---|---|
| **Revenue (TEB[2])[4]** | **(148)** | **(61)** | **(3)** |
| Ex. U.S. WAP gains/(losses)[4] (Slide 30) | (314) | (125) | (132) |
| **Non-Interest Expense[4]** | **63** | **18** | **31** |
| U.S. WAP (gains)/losses | 157 | 60 | 118 |
| **Pre-Provision, Pre-Tax Earnings[3][4]** | **(368)** | **(139)** | **(152)** |
| **Net Income[4]** | **(83)** | **(139)** | **(17)** |

## Q3/2024 Highlights

- **Net income of $(208)MM**
  - HBCA transaction and integration costs ($125MM after-tax)
- **Adjusted net income[4] was $(83)MM, down from $(17)MM a year ago, reflecting:**
  - Impact of intracompany transactions in NII
  - Lower earnings on residual capital reflecting the close of HBCA transaction
- **Reported results for Corporate Support mainly reflect enterprise level activities which are not allocated to business segments**
  - **Corporate Support represents (LTM Q3/24):**
    - 5% of all-bank net interest income
    - 3% of all-bank non-interest expenses
    - 3% all-bank average assets

*(1) Due to the nature of activities and consolidation adjustments reported in this segment, we believe that a comparative period analysis is not relevant. (2) Refer to Glossary on slides 39-40 for explanation of composition of this measure. (3) This is a non-GAAP measure. See note 4 on slide 41. (4) This is a non-GAAP measure. See note 18 on slide 42.*

# **Non-Interest Expense:** Market volatility leads to swings in share-based compensation

SBC (incl. U.S. WM WAP) had a $(8)MM impact on YoY expense growth

| $ millions (unless otherwise stated) | Q1/22 | Q2/22 | Q3/22 | Q4/22 | Q1/23 | Q2/23 | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Share-based compensation | 47 | 17 | 68 | 3 | 270 | 132 | 243 | (17) | 397 | 179 | 235 |
| U.S. WM WAP expense (gains)/losses | (71) | (122) | (15) | (81) | 100 | 19 | 118 | (128) | 206 | 60 | 157 |
| **Net share-based compensation** | **118** | **139** | **83** | **84** | **170** | **113** | **125** | **111** | **191** | **119** | **78** |

Includes Q1 impact of eligible to retire expense

| | Q1/22 | Q2/22 | Q3/22 | Q4/22 | Q1/23 | Q2/23 | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. WM WAP revenue gains/(losses) | (89) | (154) | (22) | (98) | 121 | 11 | 129 | (150) | 222 | 64 | 166 |
| U.S. WM WAP expense (gains)/losses | (71) | (122) | (15) | (81) | 100 | 19 | 118 | (128) | 206 | 60 | 157 |
| **Pre-Provision, Pre-Tax Earnings Impact** (1) | **(18)** | **(32)** | **(7)** | **(17)** | **21** | **(8)** | **11** | **(22)** | **16** | **4** | **9** |

U.S. WM WAP revenue drove a $37MM impact on YoY revenue growth, and a $39MM impact on expense growth

**Associated market indicators driving gains (losses) value of economic hedges:**

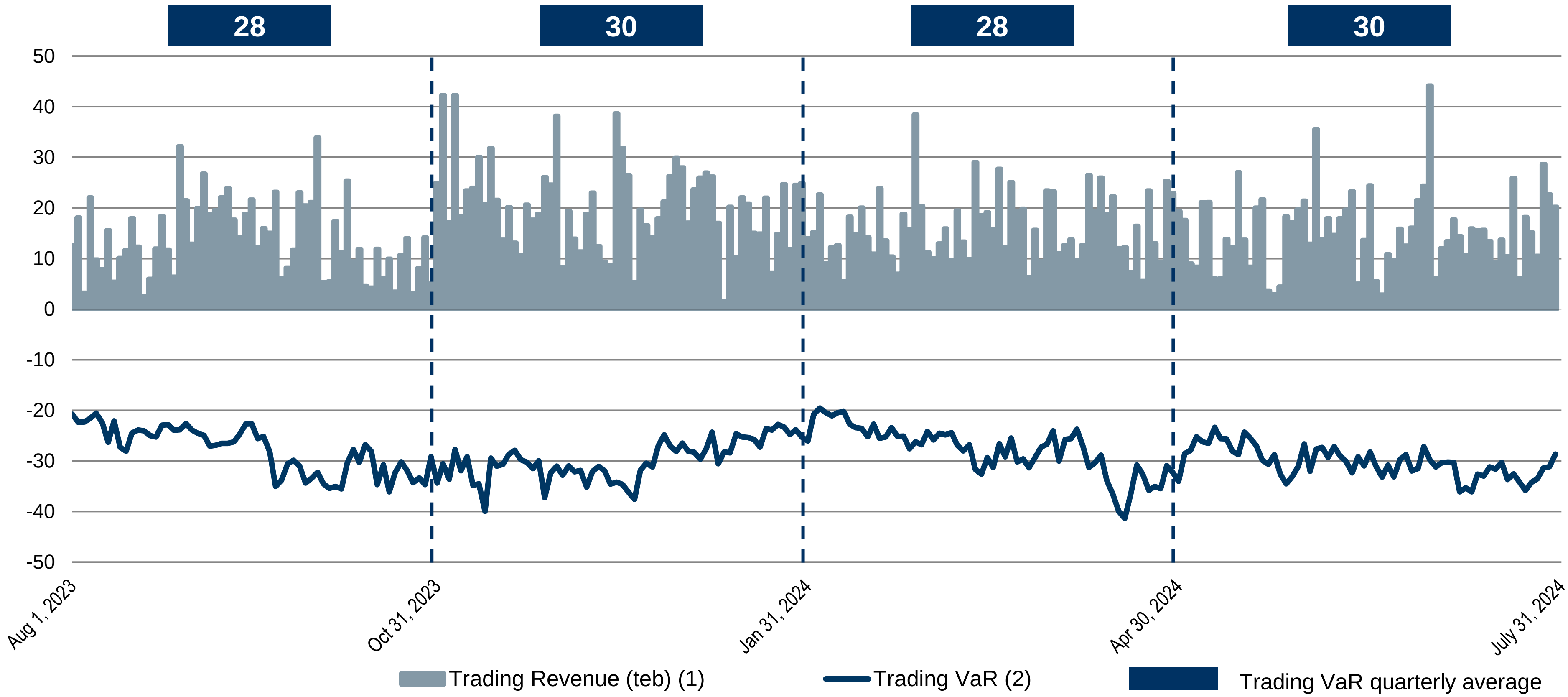
| **QoQ Price Change** | Q1/22 | Q2/22 | Q3/22 | Q4/22 | Q1/23 | Q2/23 | Q3/23 | Q4/23 | Q1/24 | Q2/24 | Q3/24 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| RY Shares (TSE) | 12.5% | (10.5)% | (3.8)% | 1.0% | 8.0% | (1.2)% | (2.8)% | (15.3)% | 18.5% | 1.5% | 15.8% |
| RY Shares (NYSE) | 9.6% | (11.4)% | (3.5)% | (5.2)% | 10.7% | (3.0)% | (0.2)% | (19.4)% | 22.2% | (0.8)% | 15.4% |
| S&P 500 Index | (2.0)% | (8.5)% | - % | (6.3)% | 5.3% | 2.3% | 10.1% | (8.6)% | 15.5% | 3.9% | 9.7% |

- **Share-based compensation includes** compensation cost attributable to stock options and cash-settled share-based compensation awards, including the Wealth Accumulation Plans, granted to employees during the year
- **Wealth Accumulation Plan (WAP) revenue** includes gains (losses) on economic hedges of our U.S. Wealth Management (including CNB) share-based compensation plans
- **Wealth Accumulation Plan (WAP) expense** is a share-based compensation expense that includes related variability driven by changes in the fair value of liabilities relating to these plans

*(1) This is a non-GAAP measure. See note 4 on slide 41 for more information.*

# Market Risk Trading Revenue and Trading VaR

*(C$ millions)*




- During Q3/24, there were no days with net trading losses.
- Average Trading VaR of C$30 million remained relatively stable from last quarter.

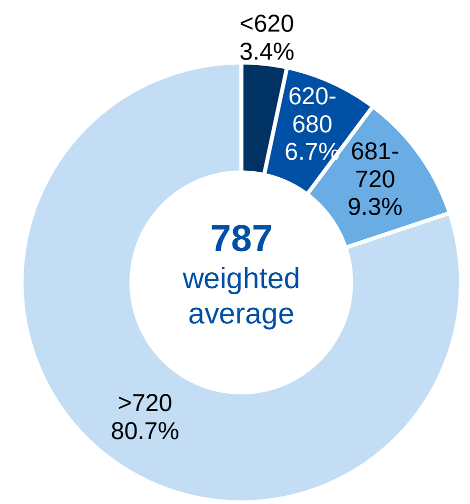
*(1) Trading Revenue (teb) in the chart above excludes the impact of loan underwriting commitments. (2) In Q4 2023, VaR amounts in the chart above were revised from those previously presented to reflect Trading VaR corresponding to our trading portfolios.*

# **Canadian Banking:** Credit outcomes impacted by higher rates, as anticipated

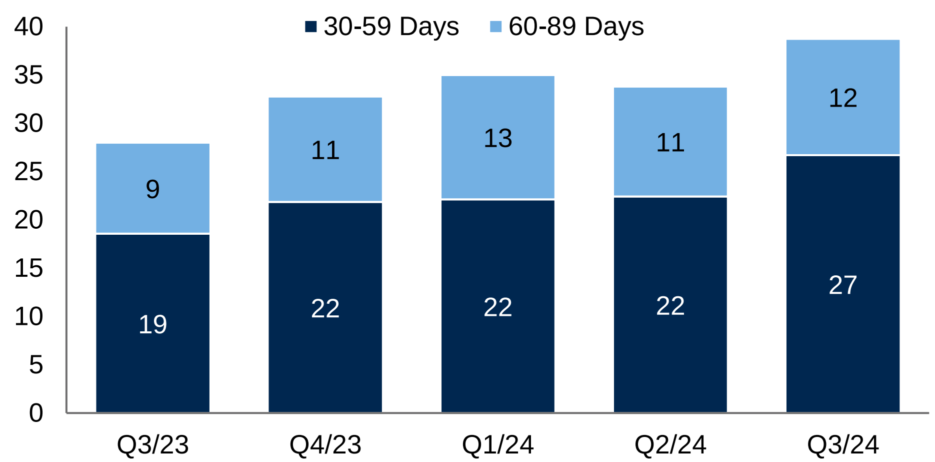
## Canadian Banking (CB) PCL on Impaired Loans and Gross Impaired Loans

| | Q3/24 Avg Loan Balances ($BN) | PCL on Impaired Loans (bps) (1) | | | Gross Impaired Loans (bps) | | | Avg FICO Score (Q3/24) |
|---|---|---|---|---|---|---|---|---|
| | | Q3/23 | Q2/24 | Q3/24 | Q3/23 | Q2/24 | Q3/24 | |
| Residential Mortgages (2) | **415.1** | 2 | 2 | **4** | 11 | 18 | 21 | **792** |
| Personal Lending(3) | **81.7** | 57 | 76 | **78** | 29 (4) | 40 (4) | 44 | **775** |
| Credit Cards | **23.9** | 212 | 324 | **252** | 66 (5) | 106 (5) | 88(5) | **738** |
| Small Business | **14.9** | 70 | 94 | **111** | 175 | 197 | 192 | **n.a.** |
| Commercial | **154.6** | 14 | 37 | **36** | 48 (4) | 79 (4) | 117 | **n.a.** |
| **Total** | **690.2** | **20** | **33** | **31** | **23** | **38** | **48** | **787 (6)** |

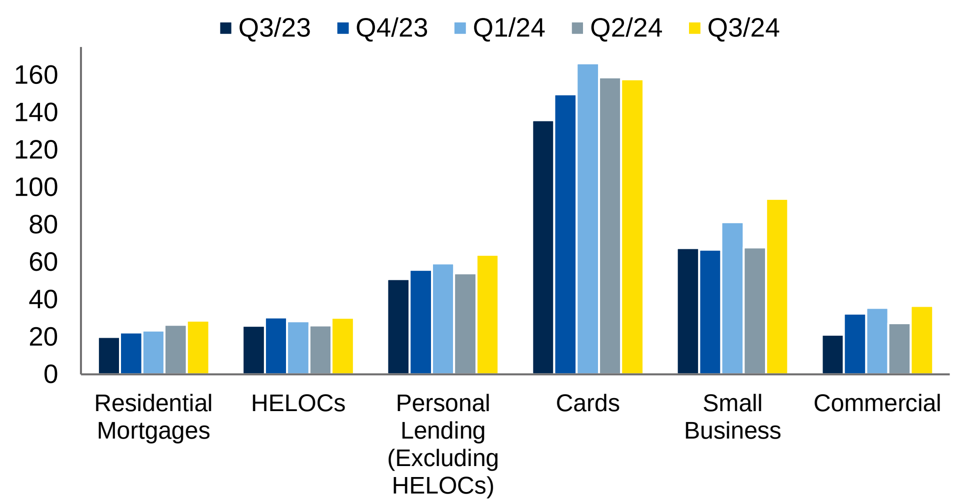
## CB Retail FICO Score Distribution(6) (Q3/24)




## CB Delinquencies by Days Past Due (bps) (7)



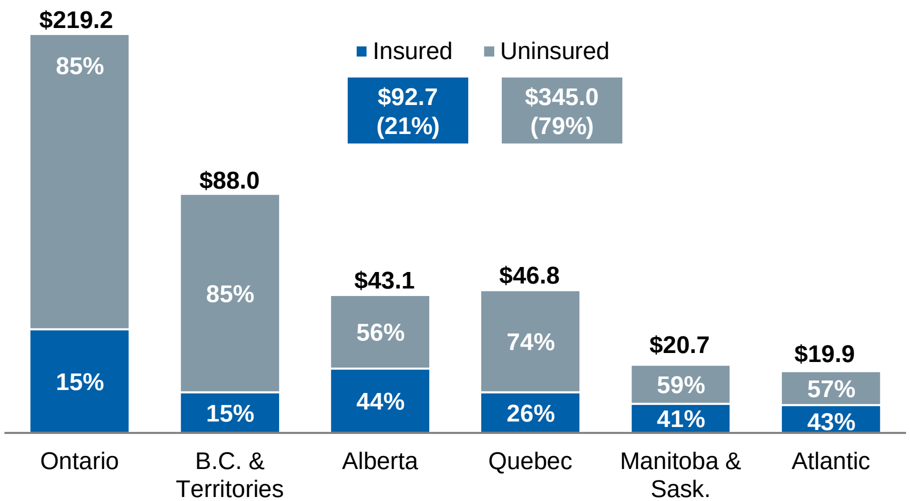

## CB 30-89 Day Delinquencies by Product (bps) (4) (7)




*(1) See note 19 on Slide 42. (2) Includes $12.0BN of mortgages on multi-unit residential buildings originated in P&CB Business Banking. (3) Personal Lending includes Indirect Lending, Overdraft, Personal Loans and HELOC. (4) Personal Lending and Commercial comparative amounts for past periods have been revised from those previously presented. (5) Represents 90+ Days Past Due, as there are no GIL balances for Credit Cards. (6) Average FICO is balance weighted for all retail products. (7) See note 20 on Slide 42.*

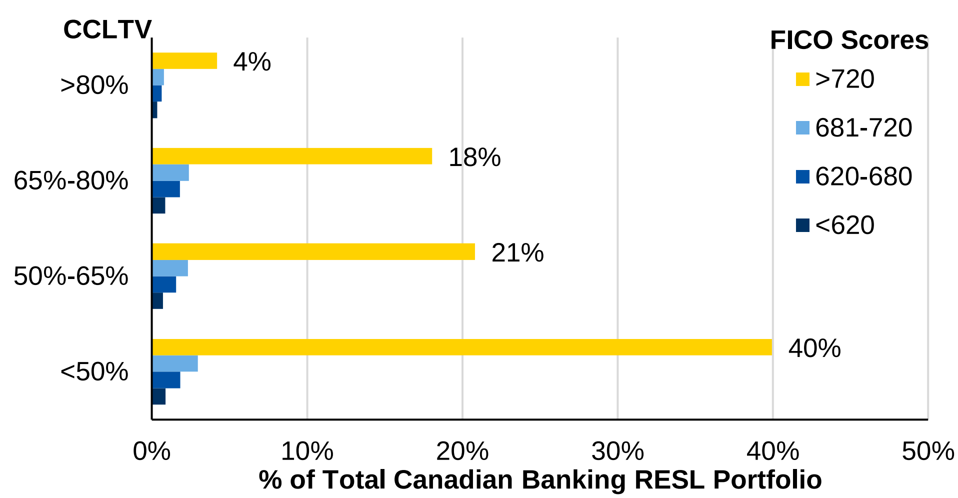
# Canadian residential portfolio: Strong underlying credit quality overall

## Canadian Residential Mortgage Portfolio[1] ($ billions)




| CCLTV – Canadian Banking Residential Lending Portfolio only[2] | | | | | |
|---|---|---|---|---|---|
| 50% | 46% | 53% | 51% | 54% | 52% |

## Canadian Banking RESL Portfolio[2]




## Canadian Banking RESL Portfolio[2]

| | Total $442BN | Uninsured $377BN |
|---|---|---|
| **Mortgage Balance** | **$405BN** | **$340BN** |
| HELOC Balance | $37BN | $37BN |
| **LTV at Origination** | **70%** | **68%** |
| **CCLTV** | **50%** | **49%** |
| GVA | 45% | 45% |
| GTA | 50% | 50% |
| **Average FICO Score** | **808** | **811** |
| FICO > 800 | 52% | 53% |
| CCLTV > 80% & FICO < 680 | 0.97% | 0.29% |
| **90+ Days Past Due[3]** | **24 bps** | **23 bps** |
| GVA | 20 bps | 20 bps |
| GTA | 27 bps | 27 bps |
| **Average Duration** | | |
| Remaining Mortgage Amortization[4] | **21 years** | **22 years** |
| Original Term[5] | 40 months | 38 months |
| Remaining Term | 23 months | 23 months |
| **Portfolio Mix** | | |
| Variable Rate Mortgage | 28% | 30% |
| Fixed Rate Mortgage | 72% | 70% |
| Owner Occupied | 86% | 83% |
| Non-Owner Occupied | 14% | 17% |
| Detached | 71% | 72% |
| Condo | 13% | 13% |

*(1) See note 21 on Slide 42. (2) Real estate secured lending includes residential mortgages and HELOCs. See note 22 on Slide 42. (3) The 90+ day past due rate includes all accounts that are either 90 days or more past due or are in impaired status. (4) Excluding interest only mortgages. (5) Original term for booking during the quarter.*

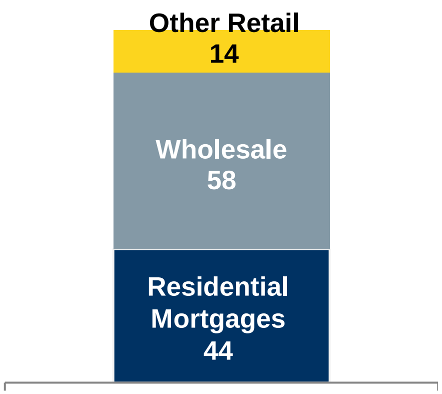
# **Allowance for Credit Losses:** Prudently reserved

## Allocation of ACL by Product as a % of Loans & Acceptances

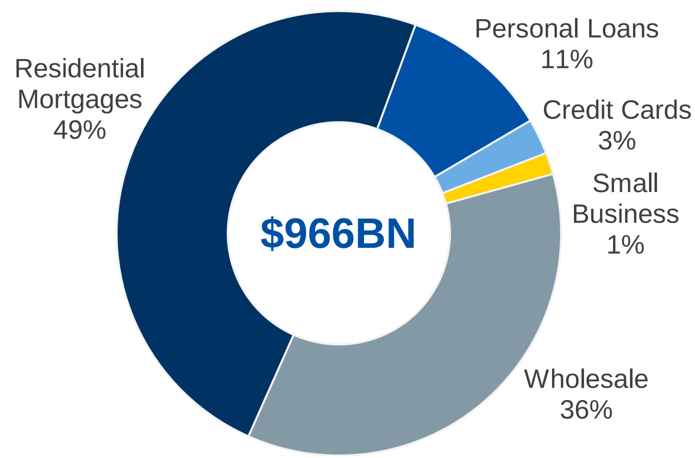
| | Q3/23 | | | Q2/24 [3] | | Q3/24 [3] | |
|---|---|---|---|---|---|---|---|
| **Product** | **Stage 1 & 2** | **Stage 3** | **Total** | **Stage 1 & 2** | **Total** | **Stage 1 & 2** | **Total** |
| **Residential mortgages** [1] | **0.07%** | **23.6%** | **0.11%** | **0.08%** | **0.12%** | **0.08%** | **0.13%** |
| **Other Retail** | **1.68%** | **42.6%** | **1.82%** | **1.73%** | **1.91%** | **1.73%** | **1.92%** |
| Personal | 1.07% | 50.6% | 1.20% | 1.14% | 1.32% | 1.14% | 1.32% |
| Credit cards | 4.56% | - | 4.56% | 4.67% | 4.67% | 4.62% | 4.62% |
| Small business | 1.20% | 34.1% | 1.77% | 1.05% | 1.56% | 1.05% | 1.62% |
| **Retail** | **0.45%** | **31.8%** | **0.51%** | **0.46%** | **0.54%** | **0.47%** | **0.55%** |
| **Wholesale** [1] | **0.50%** | **29.8%** | **0.72%** | **0.52%** | **0.82%** | **0.51%** | **0.79%** |
| **Total ACL** | **0.47%** | **30.5%** | **0.58%** | **0.48%** | **0.62%** | **0.48%** | **0.63%** |

## Loans & Acceptances by Product[2]

**Loan Growth**
(Q3/23 to Q3/24, $BN)




**Q3/24 Loan Mix**

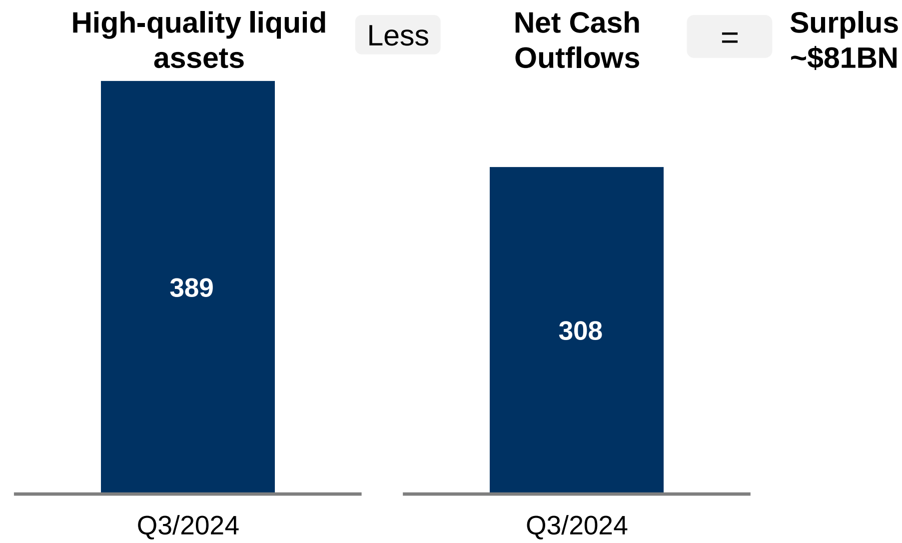



*(1) See note 23 on slide 42. (2) Excludes loans not subject to impairment (loans held at FVTPL). (3) Impacted by HBCA transaction. Mix of Stage 1&2 ACL expected to normalize over time given all performing loans were recognized initially as Stage 1.*

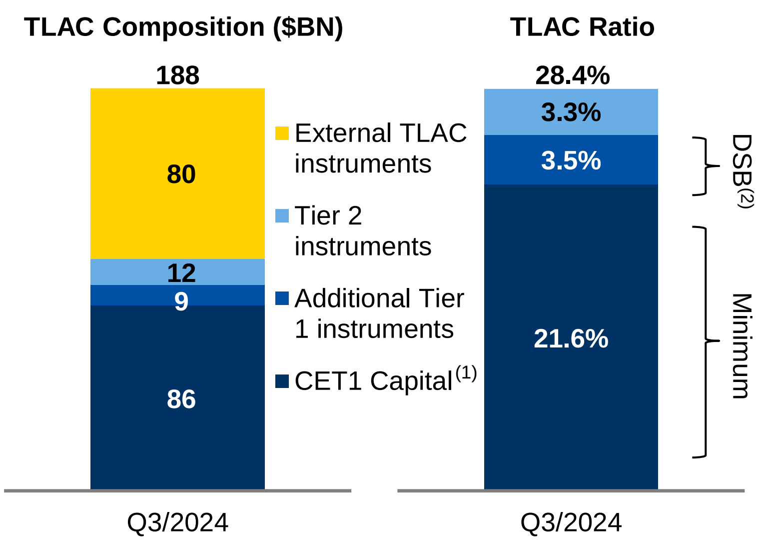
# **Funding:** Well-diversified

- As at July 31, 2024, relationship-based deposits, which are the primary source of funding for retail and commercial lending, were **$957 billion or 56% of our total funding** (including short-term repo funding)
- **Short and long-term wholesale funding comprises 32% of the total liabilities & capital** in both unsecured and secured formats
- Wholesale funding generally supports Capital Markets activity
- Wholesale funding is well-diversified across products, currencies, investor segments and geographic regions

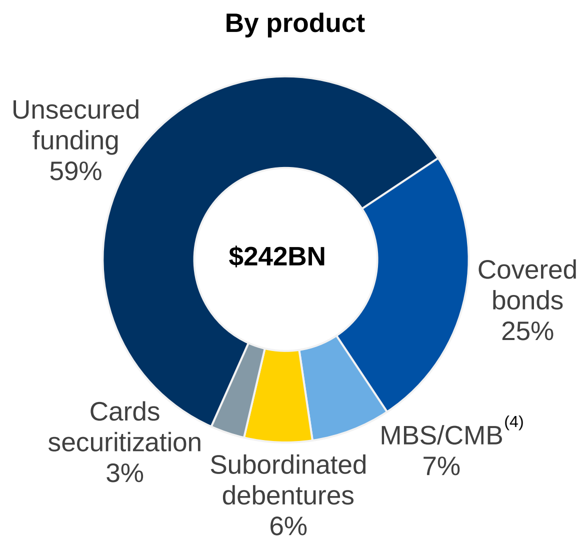
## LCR[1] (total adjusted value, $BN)

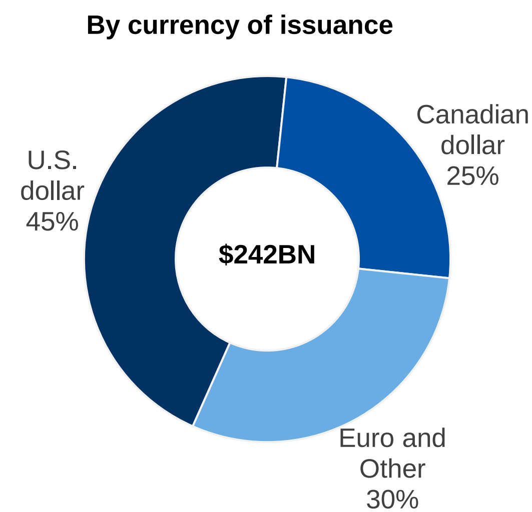



## Total Loss Absorbing Capacity[1]




## Long-term debt [3] – funding mix




*(1) The CET1 Capital is calculated using OSFI's CAR guideline. The Liquidity Coverage Ratio is calculated using OSFI's LAR guideline. The TLAC Ratios are calculated using OSFI's TLAC guideline. (2) Domestic Stability Buffer (DSB). OSFI's DSB can range from 0% to 4% of total RWA and is currently set at 3.5%. (3) Includes unsecured and secured long-term funding and subordinated debentures with an original term to maturity greater than 1 year. (4) Mortgage-backed securities (MBS) and Canada Mortgage Bonds (CMB).*

# Items impacting results (1/2)

| 2024 ($ millions, except for EPS) | Adjusting Item | Segments | Line Item | Before-Tax | After-Tax | Diluted EPS |
|---|---|---|---|---|---|---|
| **Q3/2024** | | | | | | |
| Losses on non-core investments | No | Wealth Management | Non-Interest Income | $(72) / US$(53) | $(53)/ US$(38) | $(0.04) |
| Purchase accounting accretion of fair value adjustments from HSBC Canada transaction | No | Personal & Commercial Banking | Net Interest Income | $136 | $98 | $0.07 |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(154) | $(116) | $(0.08) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(160) | $(125) | $(0.09) |
| **Q2/2024** | | | | | | |
| Initial PCL on purchased performing financial assets in the HSBC Canada transaction (Day 1 impact) | No | Personal & Commercial Banking<br>Capital Markets | PCL | $(181)<br>$(19) | $(131)<br>$(14) | $(0.10) |
| Purchase accounting accretion of fair value adjustments from HSBC Canada transaction | No | Personal & Commercial Banking | Net Interest Income | $45 | $33 | $0.02 |
| Cost of the FDIC special assessment | No | Wealth Management | Expenses | $(23) / US$(17) | $(17)/ US$(13) | $(0.01) |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(106) | $(78) | $(0.06) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(358) | $(282) | $(0.20) |
| Management of closing capital volatility related to the HSBC Canada transaction | **Yes** | Corporate Support | Non-interest income<br>Net interest Income | $116<br>$39 | $112 | $0.08 |
| **Q1/2024** | | | | | | |
| Cost of the FDIC special assessment | No | Wealth Management | Expenses | $(159) / US$(117) | $(115)/ US$(85) | $(0.08) |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(80) | $(59) | $(0.04) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(265) | $(218) | $(0.15) |
| Management of closing capital volatility related to the HSBC Canada transaction | **Yes** | Corporate Support | Non-interest income<br>Net Interest Income | $(338)<br>$52 | $(207) | $(0.15) |

# Items impacting results (2/2)

| 2023 ($ millions, except for EPS) | Adjusting Item | Segments | Line Item | Before-Tax | After-Tax | Diluted EPS |
|---|---|---|---|---|---|---|
| **Q4/2023** | | | | | | |
| Legal provisions | No | Wealth Management | Expenses | $(166) | $(166) | $(0.12) |
| Impairment of other intangibles | No | Wealth Management | Expenses | $(52) | $(38) | $(0.03) |
| Higher severance due to cost reduction strategy | No | Multiple Segments [1] | Expenses | $(157) | $(114) | $(0.08) |
| Impairment of associated corporation | **Yes** | Wealth Management | Non-Interest Income | $(242) | $(177) | $(0.13) |
| Certain deferred tax adjustments | **Yes** | Corporate Support | Taxes | - | $578 | $0.41 |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(92) | $(68) | $(0.05) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(203) | $(167) | $(0.12) |
| **Q3/2023** | | | | | | |
| Retrospective impact of HST on payment card clearing services, which were announced in the Government of Canada's 2023 budget | No | Personal & Commercial Banking | Non-Interest Income | $(66) | $(62) | $(0.04) |
| Gain on the partial sale of RBC Investor Services operations | No | Wealth Management | Non-Interest Income | $69 | $77 | $0.06 |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(81) | $(61) | $(0.04) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(110) | $(84) | $(0.06) |
| **Q2/2023** | | | | | | |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(82) | $(66) | $(0.05) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(56) | $(43) | $(0.03) |
| **Q1/2023** | | | | | | |
| Canada Recovery Dividend (CRD) and the permanent increase in the corporate income tax rate applicable to fiscal 2022 net of deferred tax adjustments | **Yes** | Corporate Support | Taxes | - | $(1,050) | $(0.76) |
| Amortization of acquisition-related intangibles | **Yes** | Multiple Segments | Expenses | $(86) | $(71) | $(0.05) |
| HSBC Canada transaction and integration costs | **Yes** | Corporate Support | Expenses | $(11) | $(8) | $(0.01) |

*(1) Personal & Commercial Banking: $48MM before-tax ($35MM after-tax); Wealth Management: $37MM before-tax ($27MM after-tax); Capital Markets: $37MM before-tax ($27MM after-tax); Insurance: $6MM before-tax ($4MM after-tax); and Corporate Support: $30MM before-tax ($22MM after-tax).*

# Impact of foreign currency translation

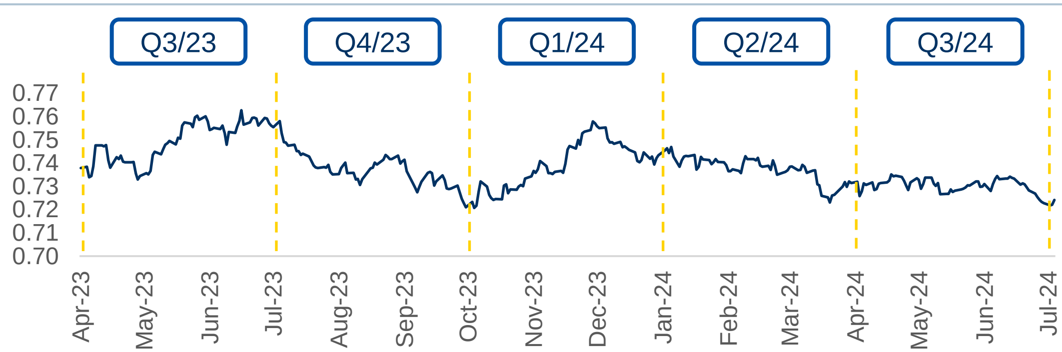
## Estimated impact of foreign currency translation on key income statement items

| *($ millions, except per share amounts)* | For the three months ended | |
|---|---|---|
| | Q3/24 vs. Q3/23 | Q3/24 vs. Q2/24 |
| ***Increase (decrease):*** | | |
| Total revenue | 182 | 49 |
| Non-interest expense | 114 | 33 |
| **PPPT Earnings** [1] | **68** | **16** |
| PCL | (1) | 0 |
| **Net income Before Tax** | **69** | **16** |
| Income taxes | (1) | (2) |
| **Net income** | **70** | **18** |
| **Impact on EPS** | | |
| Basic | 0.05 | 0.01 |
| Diluted | 0.05 | 0.01 |

## Relevant average exchange rates that impact our business

| *(Average foreign currency equivalent of C$1.00)* [2] | For the three months ended | | | | |
|---|---|---|---|---|---|
| | Q3/23 | Q2/24 | Q3/24 | YoY | QoQ |
| U.S. dollar | 0.750 | 0.734 | 0.730 | (2.7)% | (0.5)% |
| British pound | 0.592 | 0.583 | 0.572 | (3.4)% | (1.9)% |
| Euro | 0.690 | 0.682 | 0.676 | (2.0)% | (0.9)% |

## Foreign exchange rate (U.S. dollar equivalent of C$1.00) [3]




*(1) This is a non-GAAP measure. See note 4 on slide 41. (2) Average amounts are calculated using month-end spot rates for the period. (3) Source: Bloomberg.*

# Glossary (1/2)

**Assets under administration (AUA):**

- Assets administered by us, which are beneficially owned by clients, unless otherwise noted. Services provided in respect of assets under administration are of an administrative nature, including safekeeping, collecting investment income, settling purchase and sale transactions, and record keeping.

**Assets under management (AUM):**

- Assets managed by us, which are beneficially owned by clients, unless otherwise noted. Services provided in respect of assets under management include the selection of investments and the provision of investment advice. We have assets under management that are also administered by us and included in assets under administration.

**Average balances (assets, loans and acceptances, deposits, risk capital etc.):**

- Calculated using methods intended to approximate the average of the daily balances for the period, as applicable.

**Average earning assets (AEA), net:**

- Average earning assets include interest-bearing deposits with other banks, securities, net of applicable allowance, assets purchased under reverse repurchase agreements and securities borrowed, loans, net of allowance, cash collateral and margin deposits. Insurance assets, and all other assets not specified are excluded. The averages are based on the daily balances for the period.

**Book value per share (BVPS):**

- Calculated as common equity divided by the number of common shares outstanding at the end of the period.

**Common equity tier 1 (CET1) ratio:**

- A regulatory Basel III capital measure comprised mainly of common shareholders' equity less regulatory deductions and adjustments for goodwill and intangibles, defined benefit pension fund assets, shortfall in allowances and other specified items. The CET1 ratio is calculated in accordance with OSFI's Capital Adequacy Requirements (CAR) guideline.

**Core deposit intangibles:**

- Acquisition-related intangible assets representing the value of core deposit accounts providing a low-cost source of funding.

**Client relationship intangibles:**

- Acquisition-related intangible assets representing the value of the asset management and brokerage client relationships and mutual fund management contracts.

**Efficiency ratio:**

- Non-interest expense divided by total revenue.

**Fair value adjustment on loans and deposits:**

- The difference between the estimated fair value of the loans and deposits and the contractual or par value of the loans and deposits.

**Leverage ratio:**

- A Basel III regulatory measure, the ratio divides Tier 1 capital by the sum of total assets plus specified off-balance sheet items. Tier 1 capital comprises predominantly of CET1 capital, with additional Tier 1 items such as preferred shares, limited recourse capital notes and non-controlling interests in subsidiaries Tier 1 instruments. The leverage ratio is a non-risk based measure and is calculated in accordance with OSFI's Leverage Requirements (LR) guideline.

# Glossary (2/2)

**Liquidity coverage ratio (LCR):**
- The Liquidity Coverage Ratio is a Basel III standard that aims to ensure that an institution has an adequate stock of unencumbered high-quality liquidity assets that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30 calendar day liquidity stress scenario. The LCR is calculated in accordance with OSFI's Liquidity Adequacy Requirements (LAR) guideline.

**Loan-to-Deposit Ratio:**
- Average Canadian Banking loans as a percentage of average Canadian Banking deposits.

**Net interest margin (NIM) on average earning assets, net:**
- Calculated as net interest income divided by average earning assets, net.

**Net yield:**
- Net yield is calculated as total repo revenue as a percentage of average reverse repo balances.

**Operating leverage:**
- The difference between our revenue growth rate and non-interest expense growth rate.

**Reported diluted earnings per share (EPS):**
- Calculated as net income available to common shareholders divided by the average number of shares outstanding adjusted for the dilutive effects of stock options and other convertible securities.

**Return on common equity (ROE):**
- Net income available to common shareholders, expressed as a percentage of average common equity.

**Risk-weighted assets (RWA):**
- Assets adjusted by a regulatory risk-weight factor to reflect the riskiness of on and off balance sheet exposures. Certain assets are not risk-weighted, but deducted from capital. The calculation is defined by OSFI's CAR guideline.

**Taxable equivalent basis (teb):**
- Income from certain specified tax advantaged sources (U.S. tax credit investment business as well as eligible Canadian taxable corporate dividends received on or before December 31, 2023) is increased to a level that would make it comparable to income from taxable sources. There is an offsetting adjustment in the tax provision, thereby generating the same after-tax net income.

**Total loss absorbing capacity (TLAC); TLAC ratio:**
- The aggregate of Tier 1 capital, Tier 2 capital, and external TLAC instruments, which allow conversion in whole or in part into common shares under the Canada Deposit Insurance Corporation Act and meet all of the eligibility criteria under the guideline. The risk-based TLAC ratio is defined as TLAC divided by total risk-weighted assets. The TLAC ratio is calculated in accordance with OSFI's TLAC guideline.

**Total payout ratio:**
- Total shareholder distributions (common dividends + share repurchases) as a percentage of net income available to common shareholders.

**Trading net interest income (Trading NII):**
- Trading net interest income reflects net interest income arising from trading-related positions, including assets and liabilities that are classified or designated at fair value through profit or loss (FVTPL).

# Additional Notes (slides 4 to 18)

**Slide 4**

1. Net Income and diluted EPS are adjusted for (i) after-tax effect of amortization of acquisition-related intangibles, (ii) HSBC Canada transaction and integration costs. Adjusted pre-provision, pre-tax earnings adjusts for (i) pre-tax effect of amortization of acquisition-related intangibles, (ii) HSBC Canada transaction and integration costs, (iii) management of closing capital volatility related to the HSBC Canada transaction. Adjusted net income (ex-HBCA) and adjusted pre-provision, pre-tax earnings (ex-HBCA) exclude adjusted HSBC Canada results; adjusted HSBC Canada net income as well as pre-provision, pre-tax earnings adjusts for amortization of acquisition-related intangibles. Adjusted operating leverage adjusts for pre-tax effect of (i) amortization of acquisition-related intangibles, (ii) HSBC Canada transaction and integration costs. Adjusted ROE is calculated as adjusted net income available to common shareholders divided by average common equity. Adjusted payout ratio calculated as total shareholder distributions divided by adjusted net income available to common shareholders. These are non-GAAP measures. For reconciliation, see slides 43-47. For more information, see slide 48.
2. Non-interest expense YoY growth excluding the impact of HSBC Canada integration costs, FX and Share Based Compensation. This is a non-GAAP measure. For reconciliation, see slides 43-47. For more information, see slide 48.

**Slide 5**

3. Dealogic market share for Equity Capital Markets, Debt Capital Markets, loan syndications, and Advisory. Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on a single name basis. Excludes mortgage investments, securitized mortgages and other non-core items.

**Slide 8**

4. Pre-provision, pre-tax earnings is calculated as income before income taxes and PCL. Pre-provision, pre-tax earnings (ex-HBCA) exclude HSBC Canada results. These are non-GAAP measures. For reconciliation, see slides 43-47. For more information, see slide 48.
5. Net interest income (ex-trading) is calculated as net interest income less trading net interest income.
6. Non-interest expense YoY growth excluding impact of HSBC Canada transaction and integration costs and amortization of acquisition-related intangibles. This is a non-GAAP measure. For reconciliation, see slides 43-47. For more information, see slide 48.
7. PCL on loans ratio is calculated using PCL on loans as a percentage of average net loans and acceptances.
8. Effective tax rate adjusted for TEB. This is a non-GAAP measure. For reconciliation, see slides 43-47. For more information, see slide 48.

**Slide 10**

9. NIM (ex-Trading Assets, Trading net interest income and Insurance Assets) on total average earning assets is calculated as net interest income ex trading divided by total average assets less trading assets and insurance assets.

**Slide 11**

10. Other non-interest expenses include YoY change in non-interest expense from the following line items: Telecommunications, Postage and courier, Stationery and printing, Business and capital taxes, Donations, Outsourced item processing, Impairment of other intangibles, Impairment of investments in joint ventures and associates and Other.

**Slide 12**

11. Personal & Commercial Banking net income adjusts for following specified item: amortization of acquisition-related intangibles. This is a non-GAAP measure. For reconciliation, see slides 43-47. For more information, see slide 48.

**Slide 13**

12. Wealth Management net income adjusts for following specified item: amortization of acquisition-related intangibles. This is a non-GAAP measure. For reconciliation, see slides 43-47. For more information, see slide 48.

**Slide 18**

13. New formations for collectively assessed portfolios in Canadian Banking and Caribbean Banking are net of amounts returned to performing, repayments, sales, FX, and other movements, as amounts are not reasonably determinable.

# Additional Notes (slides 23 to 34)

**Slide 23**

14. Loan yield is calculated as interest income on loans as a percentage of average total net loans. Securities yield is calculated as interest and dividend income on securities as a percentage of average securities, net of applicable allowance. Repo & securities lending yield is calculated as interest and dividend income on repo & securities lending as a percentage of average repo & securities lending balances. Deposit and other yield is calculated as interest and dividend income on deposits and others as a percentage of deposits and other average assets. Total interest income yield is calculated as interest income on assets as a percentage of average total assets. These metrics do not have a standardized meaning and may not be comparable to similar measures disclosed by other financial institutions.
15. Total deposit costs is calculated as interest expense on Deposits and Others as a percentage of Average Deposits. Other liabilities cost is calculated as interest expense on other liabilities as a percentage of average other liabilities. Interest cost on repos is calculated as interest expense on repos as a percentage of average repo liabilities. Total subordinated debentures costs is calculated as interest expense on subordinated debentures as a percentage of average subordinated debentures. Total interest cost is calculated as total interest expense as a percentage of average total liabilities and equities. Personal chequing & savings deposit costs is calculated as interest expense on personal chequing & savings deposits as a percentage of average personal chequing & savings deposits. Other chequing & savings deposit costs is calculated as interest expense on other chequing & savings deposits as a percentage of average other chequing & savings deposits. Personal term-deposit costs is calculated as interest expense on personal term-deposits as a percentage of average personal term-deposits. These metrics do not have a standardized meaning and may not be comparable to similar measures disclosed by other financial institutions.

**Slide 26**

16. Comprised of Net gain on investment securities, Share of profit (loss) in joint ventures and associates and Other, including U.S. WM WAP gains/(losses).

**Slide 28**

17. Adjusted net income and adjusted pre-provision, pre-tax earnings excludes CNB’s amortization of intangibles and other specified items (impairment losses on our interest in an associated company in Q4/23). Adjusted net income excl. other items excludes CNB’s amortization of intangibles, cost of the FDIC special assessment as well as losses on non-core investments. These are non-GAAP measures. For reconciliation, see slides 43-47. For more information, see slide 48.

**Slide 29**

18. Corporate Support revenues, expenses, net income and pre-provision, pre-tax earnings adjusted for (i) HSBC Canada transaction and integration costs, (ii) management of closing capital volatility related to the HSBC Canada transaction. These are non-GAAP measures. For reconciliation, see slides 43-47. For more information, see slide 48.

**Slide 32**

19. Calculated using average loans and acceptances, net of allowance.
20. Includes restrained accounts, where loans 30-59 days past due resulting from administrative processes, such as mortgage loans, where payments have been restricted pending payout due to sale or refinancing.

**Slide 33**

21. Canadian residential mortgage portfolio of $438BN comprised of $405BN of residential mortgages in Canadian Banking, $3BN in other Canadian business platforms, $12BN of mortgages with commercial clients ($9BN insured) and $18BN of residential mortgages in Capital Markets held for securitization purposes (all insured).
22. Based on $405BN in residential mortgages with non-commercial clients and $37BN in HELOC in Canadian Banking. Based on spot balances. Weighted by mortgage balances and adjusted for property values based on the Teranet-National Bank National *House Price Index*‡.

**Slide 34**

23. Excludes any loans held at FVTPL, which are not subject to impairment: Residential mortgages (Q3/24: $638; Q2/24: $598MM; Q3/23: $472MM; Q1/20: $534MM); Wholesale (Q3/24: $11.2BN; Q2/24: $27.4BN; Q3/23: $8.9BN; Q1/20: $10.7BN).

# Reconciliation for non-GAAP financial measures (1/5)

| Calculation of Adjusted Net Income and Adjusted Diluted EPS<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **All-bank** | | | |
| Net income | 3,860 | 3,950 | 4,486 |
| Less: Non-controlling interests (NCI) | (2) | (2) | (3) |
| Less: Dividends on preferred shares and distributions on other equity instruments | (58) | (67) | (106) |
| Net income available to common shareholders | 3,800 | 3,881 | 4,377 |
| Adjusting items impacting net income (before tax) | | | |
| Amortization of acquisition-related intangibles (A) | 81 | 106 | 154 |
| HSBC Canada transaction and integration costs (B) | 110 | 358 | 160 |
| Management of closing capital volatility related to the acquisition of HSBC Canada (C) | - | (155) | - |
| Income taxes for adjusting items impacting net income | | | |
| Amortization of acquisition-related intangibles (D) | (20) | (28) | (38) |
| HSBC Canada transaction and integration costs (E) | (26) | (76) | (35) |
| Management of closing capital volatility related to the acquisition of HSBC Canada (F) | - | 43 | - |
| Adjusted net income | 4,005 | 4,198 | 4,727 |
| Adjusted net income available to common shareholders | 3,945 | 4,129 | 4,618 |
| Diluted EPS | $ 2.73 | $ 2.74 | $ 3.09 |
| Adjusted diluted EPS | $ 2.83 | $ 2.92 | $ 3.26 |
| Common shares outstanding (000s) - average (diluted) | 1,394,939 | 1,414,166 | 1,416,149 |
| **Personal & Commercial Banking** | | | |
| Net Income | 2,134 | 2,051 | 2,490 |
| Add: After-tax effect of amortization of acquisition-related intangibles | 4 | 22 | 58 |
| Net income excl. specified items/Adjusted net income | 2,138 | 2,073 | 2,548 |
| **Wealth Management** | | | |
| Net Income | 663 | 769 | 862 |
| Add: After-tax effect of amortization of acquisition-related intangibles | 56 | 56 | 56 |
| Net income excl. specified items/Adjusted net income | 719 | 825 | 918 |

| Calculation of Adjusted ROE<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **All-bank** | | | |
| Net income available to common shareholders | 3,800 | 3,881 | 4,377 |
| Adjusted net income available to common shareholders | 3,945 | 4,129 | 4,618 |
| | | | |
| Average common equity | 101,450 | 108,650 | 112,100 |
| ROE | 14.9% | 14.5% | 15.5% |
| Adjusted ROE | 15.4% | 15.5% | 16.4% |

# Reconciliation for non-GAAP financial measures (2/5)

| Calculation of Adjusted Effective Tax Rate (teb)<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **All-bank** | | | |
| Income taxes | | | |
| Income taxes | 736 | 976 | 887 |
| Income taxes for adjusting items impacting net income (noted above: D+E+F) | 46 | 61 | 73 |
| Adjusted income taxes | 782 | 1,037 | 960 |
| Income taxes (teb) | | | |
| Income taxes | 736 | 976 | 887 |
| Taxable equivalent basis (teb) adjustment | 113 | (4) | 231 |
| Income taxes (teb) | 849 | 972 | 1,118 |
| Income taxes for adjusting items impacting net income (noted above: D+E+F) | 46 | 61 | 73 |
| Adjusted income taxes (teb) | 895 | 1,033 | 1,191 |
| Net income before taxes (teb) | | | |
| Net income before taxes | 4,596 | 4,926 | 5,373 |
| Taxable equivalent basis (teb) adjustment | 113 | (4) | 231 |
| Net income before taxes (teb) | 4,709 | 4,922 | 5,604 |
| Adjusting items impacting net income (before tax) (noted above: A+B+C) | 191 | 309 | 314 |
| Adjusted net income before taxes | 4,787 | 5,235 | 5,687 |
| Adjusted net income before taxes (teb) | 4,900 | 5,231 | 5,918 |
| Effective tax rate | 16.0% | 19.8% | 16.5% |
| Adjusted effective tax rate | 16.3% | 19.8% | 16.9% |
| Effective tax rate (teb) | 18.0% | 19.7% | 20.0% |
| Adjusted effective tax rate (teb) | 18.3% | 19.7% | 20.1% |

| Calculation of Adjusted Total Payout Ratio<br>$ millions (unless otherwise stated) | Q3/24 |
|---|---|
| **All-bank** | |
| Common dividends | 2,009 |
| Common shares repurchased | 73 |
| Total payout | 2,082 |
| Net income available to common shareholders | 4,377 |
| Adjusted net income available to common shareholders | 4,618 |
| Total payout ratio | 48% |
| Adjusted total payout ratio | 45% |

# Reconciliation for non-GAAP financial measures (3/5)

| Calculation of PPPT<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **All-Bank** | | | |
| Net income | 3,860 | 3,950 | 4,486 |
| Income taxes | 736 | 976 | 887 |
| Provision for credit losses | 616 | 920 | 659 |
| PPPT | 5,212 | 5,846 | 6,032 |
| **Canadian Banking** | | | |
| Net income | 2,043 | 1,959 | 2,399 |
| Income taxes | 798 | 749 | 906 |
| Provision for credit losses | 308 | 752 | 607 |
| PPPT | 3,149 | 3,460 | 3,912 |
| **Wealth Management** | | | |
| Net income | 663 | 769 | 862 |
| Income taxes | 139 | 169 | 208 |
| Provision for credit losses | 102 | 27 | 16 |
| PPPT | 904 | 965 | 1,086 |
| **Insurance** | | | |
| Net income | 215 | 177 | 170 |
| Income taxes | 52 | 52 | 44 |
| Provision for credit losses | - | - | 1 |
| PPPT | 267 | 229 | 215 |
| **Capital Markets** | | | |
| Net income | 949 | 1,262 | 1,172 |
| Income taxes | (99) | 33 | 39 |
| Provision for credit losses | 209 | 137 | 38 |
| PPPT | 1,059 | 1,432 | 1,249 |
| **Corporate Support** | | | |
| Net income | (101) | (309) | (208) |
| Income taxes | (161) | (35) | (317) |
| Provision for credit losses | - | 2 | (3) |
| PPPT | (262) | (342) | (528) |

| Calculation of PPPT<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **U.S. Wealth Management (incl. City National) (US$)** | | | |
| Net income | 62 | 176 | 164 |
| Income taxes | (14) | 18 | 12 |
| Provision for credit losses | 75 | 20 | 11 |
| PPPT | 123 | 214 | 187 |

| Calculation of Adjusted PPPT<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **U.S. Wealth Management (incl. City National) (US$)** | | | |
| PPPT | 123 | 214 | 187 |
| Add: CNB's amortization of intangibles | 35 | 35 | 35 |
| PPPT excl. specified items/Adjusted PPPT | 158 | 249 | 222 |

| Calculation of Adjusted Net Income<br>$ millions (unless otherwise stated) | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **City National (US$)** | | | | | |
| Net Income | 406 | 260 | 332 | 455 | (182) |
| Add: CNB's amortization of intangibles | 111 | 109 | 105 | 103 | 107 |
| Add: Impairment losses on interest in an associated company (Q4/23) | | | | | 127 |
| Net income excl. specified items/Adjusted net income | 517 | 369 | 437 | 558 | 52 |

| Calculation of Adjusted PPPT<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **All-Bank** | | | |
| PPPT | 5,212 | 5,846 | 6,032 |
| Add: Amortization of acquisition-related intangibles | 81 | 106 | 154 |
| Add: HSBC Canada transaction and integration costs | 110 | 358 | 160 |
| Add: Management of closing capital volatility related to the HSBC Canada transaction | - | (155) | - |
| PPPT excl. specified items/Adjusted PPPT | 5,403 | 6,155 | 6,346 |

# Reconciliation for non-GAAP financial measures (4/5)

| Calculation of Adjusted Revenue, Expenses, PPPT, and Net Income<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 |
|---|---|---|---|
| **Corporate Support** | | | |
| Revenue | (3) | 94 | (148) |
| Add: Management of closing capital volatility related to the HSBC Canada transaction | - | (155) | - |
| Adjusted revenue | (3) | (61) | (148) |
| Less: U.S. WAP gains/losses | 129 | 64 | 166 |
| Adjusted revenue excl. WAP gains/losses | (132) | (125) | (314) |
| Non-interest expense | 141 | 376 | 223 |
| Less: HSBC Canada transaction and integration costs | 110 | 358 | 160 |
| Adjusted non-interest expense | 31 | 18 | 63 |
| PPPT | (262) | (342) | (528) |
| Add: Management of closing capital volatility related to the HSBC Canada transaction | - | (155) | - |
| Add: HSBC Canada transaction and integration costs | 110 | 358 | 160 |
| Adjusted PPPT | (152) | (139) | (368) |
| Net income | (101) | (309) | (208) |
| Add: Management of closing capital volatility related to the HSBC Canada transaction | - | (112) | - |
| Add: HSBC Canada transaction and integration costs | 84 | 282 | 125 |
| Adjusted net income | (17) | (139) | (83) |

| Calculation of Adjusted Net Income excl. Other Items<br>$ millions (unless otherwise stated) | Q3/23 | Q2/24 | Q3/24 | YTD 2023 | YTD 2024 |
|---|---|---|---|---|---|
| **U.S. Wealth Management (incl. City National) (US$)** | | | | | |
| Net income | 62 | 176 | 164 | | |
| Add: CNB's amortization of intangibles | 26 | 25 | 25 | | |
| Net income excl. specified items/Adjusted net income | 88 | 201 | 189 | | |
| **City National (US$)** | | | | | |
| Net Income | (38) | 48 | 52 | 64 | 78 |
| Add: CNB's amortization of intangibles | 26 | 25 | 25 | 78 | 75 |
| Net income excl. specified items/Adjusted net income | (12) | 73 | 77 | 142 | 153 |
| Add: Cost of the FDIC special assessment | - | 13 | - | - | 98 |
| Add: Losses on non-core investments | - | - | 38 | - | 38 |
| Adjusted net income excl. other items | (12) | 86 | 115 | 142 | 289 |

# Reconciliation for non-GAAP financial measures (5/5)

| Calculation of ex-HBCA amounts (Q3/24)<br>$ millions (unless otherwise stated) | All-bank | HBCA Impact | Excl. HBCA Impact |
|---|---|---|---|
| Net interest income | 7,327 | 569 | 6,758 |
| Non-interest income | 7,304 | 159 | 7,145 |
| Revenue | 14,631 | 728 | 13,903 |
| Non-interest expense | 8,599 | 316 | 8,283 |
| PPPT | 6,032 | 412 | 5,620 |
| PCL | 659 | 83 | 576 |
| Net Income | 4,486 | 239 | 4,247 |
| Adjusted PPPT | 6,346 | 485 | 5,861 |
| Adjusted net income | 4,727 | 292 | 4,435 |

| Calculation of ex-HBCA amounts (Q3/24)<br>$ millions (unless otherwise stated) | Canadian Banking | HBCA Impact | Excl. HBCA Impact |
|---|---|---|---|
| Net interest income | 4,817 | 549 | 4,268 |
| Non-interest income | 1,628 | 104 | 1,524 |
| Revenue | 6,445 | 653 | 5,792 |
| Non-interest expense | 2,533 | 292 | 2,241 |
| PPPT | 3,912 | 361 | 3,551 |
| PCL | 607 | 87 | 520 |
| Net income | 2,399 | 198 | 2,201 |

| HBCA: Calculation of Adj. Net Income, NIE and PPPT (Q3/24)<br>$ millions (unless otherwise stated) | |
|---|---|
| Non-interest expense | 316 |
| Less: Amortization of other intangibles | 73 |
| NIE ex-specified items/ Adjusted NIE | 243 |
| PPPT | 412 |
| Add: Amortization of other intangibles | 73 |
| PPPT ex-specified items/ Adjusted PPPT | 485 |
| Net income | 239 |
| Add: Amortization of other intangibles | 53 |
| Net Income ex-specified items/ Adjusted net income | 292 |

| Calculation of Core NIE Growth<br>$ millions (unless otherwise stated) | Q3/23 | Q3/24 | YoY Change |
|---|---|---|---|
| **All-bank** | | | |
| Expenses | 7,765 | 8,599 | 834 |
| Less: Amortization of acquisition-related intangibles | | | 73 |
| Less: HSBC Canada transaction and integration costs impact | | | 50 |
| Less: FX and SBC | | | 100 |
| Less: HBCA business expenses | | | 243 |
| Core expense growth | | | 368 |

| Calculation of Adjusted Operating Leverage<br>$ millions (unless otherwise stated) | Q3/23 | Q3/24 |
|---|---|---|
| **All-bank** | | |
| Revenue | 12,977 | 14,631 |
| Add/Less: Specified item(s) | - | - |
| Revenue excl. specified item/Adjusted Revenue | 12,977 | 14,631 |
| Expenses | 7,765 | 8,599 |
| Less: Amortization of acquisition-related intangibles | 81 | 154 |
| Less: HSBC Canada transaction and integration costs | 110 | 160 |
| Expenses excl. specified items/Adjusted expenses | 7,574 | 8,285 |
| Operating leverage | | 2.0% |
| Operating leverage excl. specified items/Adjusted operating leverage | | 3.3% |

# Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain key performance and non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations:

- Measures which exclude the amount of amortization of intangibles (excluding amortization of software), any goodwill impairment, and other significant items that may impact a given period enhance comparability as transaction specific intangible assets and/or goodwill can differ widely between organizations, and impairments and other significant items can give rise to volatility in a particular period.
- Measures which exclude U.S. WM WAP gains/losses, FX impact, HSBC Canada transaction and integration costs, share-based compensation and cost of the FDIC SA enhance comparability as these excluded items can lead to volatility that could obscure trends in underlying business performance and reduce comparability with prior periods.
- Pre-provision, pre-tax earnings is used to assess our ability to generate sustained earnings growth outside of credit losses, which are impacted by the cyclical nature of the credit cycle.
- TEB adjusted amounts are useful to illustrate the impact of tax-advantaged revenue sources in our Capital Markets business on our effective tax rate.

Readers are cautioned that key performance measures, such as ROE and non-GAAP measures, including adjusted net income, adjusted diluted earnings per share, pre-provision, pre-tax earnings, adjusted pre-provision and pre-tax earnings, adjusted and core non-interest expense growth, adjusted ROE, revenue and non-interest income net of U.S. WM WAP gains/losses, TEB adjusted measures, loan yields, total deposit costs, and revenue and non-interest income excluding various items, do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about key performance and non-GAAP measures can be found under the “Key performance and non-GAAP measures” section of our Q3 2024 Report to Shareholders and 2023 Annual Report.

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