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ROYAL BANK OF CANADA THIRD QUARTER RESULTS CONFERENCE CALL WEDNESDAY, AUGUST 28, 2024

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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 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 their anticipated impacts on our business, the expected synergies related to the HSBC Bank Canada (HSBC Canada) acquisition, net interest margin (NIM), expense growth, tax rates, buybacks, interest rates, provisions on impaired loans and the regulatory environment in which we operate. 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.

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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 the 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.

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ASIM IMRAN, VICE PRESIDENT, HEAD OF INVESTOR RELATIONS

Thank you, and good morning, everyone.

Speaking today will be Dave McKay, President and Chief Executive Officer, Katherine Gibson, Interim Chief Financial Officer, and Graeme Hepworth, Chief Risk Officer. Also joining us today for your questions: Neil McLaughlin, Group Head, Personal & Commercial Banking, Doug Guzman, Group Head, Wealth Management and Insurance and Derek Neldner, Group Head, Capital Markets. As noted on slide 1, our comments may contain forward-looking statements, which involve assumptions, and have inherent risks and uncertainties. Actual results could differ materially. I would also remind listeners that the bank assesses its performance on a reported and adjusted basis and considers both to be useful in assessing underlying business performance. To give everyone a chance to ask questions, we ask that you limit your questions and then re-queue. With that, I'll turn it over to Dave.

DAVE MCKAY, PRESIDENT & CHIEF EXECUTIVE OFFICER

Good morning everyone, and thank you for joining us. Today, we reported third quarter earnings of $4.5 billion, or adjusted earnings of $4.7 billion, underpinned by strength across our largest businesses.

Canadian Banking net interest income was up 26 percent year-over-year, or 11 percent excluding the impact of HSBC Bank Canada, which I will speak to shortly. These results were driven by higher interest rates and strong volume growth. Asset management and wealth management revenue growth was

underpinned by over 15 percent growth in fee-based assets over the prior year, as well as higher transactional revenue. Capital Markets reported revenue of $3 billion while generating pre-tax, pre-provision earnings of $1.2 billion as we continued to win market share in key products amidst rising fee pools.

Our continued focus on improving productivity drove all-bank operating leverage of 2 percent. Pre-provision, pre-tax earnings growth was 16 percent year-over-year, or 8 percent excluding HSBC Canada and adjusting for specified items.

Credit quality remained strong. We reported a return on equity of 15.5 percent, or adjusted ROE of 16.4 percent, on the foundation of a Common Equity Tier 1 ratio of 13 percent. Strong earnings generated a significant 70 basis points of capital this quarter, or 26 basis points, net of dividends and RWA growth. This is more than what was earned in the first half of the year, underscoring the capital generating power of our diversified business model. Our premium ROE positions us to continue deploying our growing capital base towards client-driven RWA growth and returning capital to shareholders, while maintaining appropriate capital buffers. As always, we look at the intrinsic value of our business when determining the level of buybacks. As we remain well-positioned to compound growth in book value per share – which was up 11 percent year-over-year – we expect an increasing level of buybacks over the coming quarters to continue providing long-term value to our shareholders.

I will now provide an update on the recent acquisition of HSBC Canada, which contributed earnings of $239 million or adjusted earnings of $292 million, excluding specified items. Results this quarter benefited from the accretion of purchase accounting marks, $90 million of cost synergies and $156 million of underlying earnings, including higher than expected stage 3 PCL. Having realized annualized run-rate savings to date of approximately 50 percent of our stated target, we are confident we will achieve our expense synergy goal of $740 million. We also remain impressed by HSBC Canada’s fundamentals, including the strength of the franchise and the balance sheet we acquired. Employee and client engagement is high, and our combined sales force continues to rebuild lending origination pipelines, which had narrowed ahead of an extended close. While still early, we see encouraging client activity and opportunities for revenue synergies across the enterprise. HSBC Canada retail clients are being referred to our Canadian Wealth Management business and are now benefiting from our deep investment management and planning capabilities. Existing RBC retail clients are also benefiting from new product and service capabilities, including foreign currency accounts. Our combined commercial banking clients are poised to benefit from the upcoming expansion of our Trade Finance and Global Cash Management offerings.

Before discussing our business results in greater detail, I will provide my perspective on the macro environment where the U.S. has outperformed a softening Canadian macro backdrop. In Canada, higher interest rates and rising unemployment are impacting consumer spending and business investment. This in turn has led to moderating non-shelter inflation and lower GDP per capita. In contrast, U.S. inflation remains above the targeted range. However, there are signs that the restrictive interest rate policy is stabilizing super-core inflation measures. While the U.S. labour market remains resilient, declining job openings and rates of attrition point to some weakening. The short-term divergence of monetary policy between the Bank of Canada and the U.S. Federal Reserve is expected to narrow ahead of expected and accelerating U.S. interest rate cuts, with positive implications for yield curves.

While there is a higher degree of geopolitical uncertainty and volatility, our diversified businesses are well-positioned for the macro driven shifts in the operating environment. We expect to see the benefits of lower short-term interest rates in capital markets activity, constructive equity markets, the availability of credit, improved debt serviceability, and the flow of money from deposits into investments as we continue to provide our clients with valued advice and solutions amidst a complex backdrop. We are also delivering on our strategic priorities across our largest businesses and geographies, including expanding our funding and transaction banking capabilities.

Starting with Canadian Banking, where core deposit growth remains central to our client acquisition strategy. While one quarter doesn’t make a trend, total banking account deposits grew faster than GICs on a sequential basis. Furthermore, we are beginning to see retail clients augment their portfolios with

diversified investments, such as mutual funds. We remain well-positioned to retain and capture this money-in-motion following the ongoing shift in the interest rate outlook and client sentiment.

Within Personal Banking, total personal deposits were up 21 percent from last year, or up 8 percent excluding HSBC Canada. We are having our strongest year-to-date acquisition volume with new-to-bank chequing acquisition up over 20 percent year-over-year, driven by value propositions, such as *RBC Vantage*, strong client acquisition in the Newcomer segment, and partnership referrals. Our leading digital channels continue to deliver award-winning experiences to our clients – a key indicator of client satisfaction – which in turn is important to the health of the franchise. We're proud that RBC ranked number one in customer satisfaction in both the *J.D. Power 2024 Canada Banking Mobile App Satisfaction Study* and the *Canada Online Banking Satisfaction Study*. Our proprietary loyalty program also won multiple awards this quarter at the *Loyalty360 Awards*, including the platinum award for *"Brand-to-Brand Partnerships"*, a foundational element of *Avion Rewards*.

Credit card balances were up 13 percent year-over-year, or 11 percent excluding HSBC Canada. While Canadians are spending less, our total client spend was up 7 percent from last year, including higher airline spend. Mortgage growth was up 12 percent, or a modest 3 percent excluding HSBC Canada. We remain disciplined in our approach as we look to strike a balance between consistent, through-the-cycle growth and spreads amidst intense competition. *Houseful*, an *RBCx Venture*, provides a differentiated growth channel as we look to move up the client acquisition funnel in our clients' home buying journey. In our leading commercial banking franchise, deposits were up 25 percent year-over-year, or 12 percent excluding HSBC Canada.

Business loans were up 43 percent from last year, or 14 percent excluding HSBC Canada, largely from increased activity from our existing clients. We are seeing gains in market share across all segments and priority industries as our clients benefit from recent investments in our front-line capabilities and coverage teams.

Turning to Capital Markets, where we reported pre-provision, pre-tax earnings of $1.2 billion this quarter or $4 billion year-to-date, above our annualized guidance of $1.1 billion per quarter. We generated $3 billion in revenue this quarter, with half of this coming from the U.S., our second home market and an important element of our growth strategy. Investment Banking revenue was up 36 percent from last year, benefiting from a recovery in global fee pools and a more than 40 basis points gain in market share, notably in M&A. We are also seeing early signs of success and client wins in our recently launched U.S. cash management platform where we will look to add further capabilities. *RBC Clear* was awarded the *Best Overall Bank for Cash Management - United States* from the *Global Finance Magazine 2024 Awards*.

Global Markets reported $1.4 billion in revenue this quarter, down 1 percent from last year as our Equities business was impacted by legislative changes to the Dividend Received Deduction under Canadian Federal measures. Looking forward, we have a robust M&A pipeline as our continued investments in people, product capabilities and client coverage combined with an increasingly constructive environment is driving more active client dialogue amidst secular trends. However, market volatility could slow the velocity for moving deals from announcement to close. In contrast, this market volatility can continue to act as constructive tailwinds for our sales & trading businesses, a demonstration of the strength of our diversified platform.

Moving to our Wealth Management segment. Assets Under Administration in Canadian Wealth Management were up 20 percent or nearly $110 billion from last year, increasing to a record level of over $650 billion. RBC Dominion Securities, part of Canadian Wealth Management, was named the highest ranked bank-owned investment brokerage in Canada in the *2024 Investment Executive Brokerage Report Card*. This is the 18th year in a row that RBC has won this prestigious honour. Assets Under Administration in our U.S. Wealth Management platform also reached a record, up nearly $74 billion USD or 13 percent year-over-year to record AUA of nearly $650 billion USD. Furthermore, loans and deposits in our U.S. wealth management franchises reported strong year-over-year growth this quarter. Our U.S. wealth management advisory business are the 2nd largest contributor to U.S. dollar results.

RBC Global Asset Management's assets under management increased $100 billion or 18 percent from last year to an all-time high as well, benefiting from robust equity markets and increasing inflows to higher yielding fixed income funds as interest rates begin to decline. RBC GAM also gained market share in retail mutual funds as it generated positive net sales in a quarter where it appears the industry is tracking to net redemptions.

In conclusion, we continue to execute against our stated strategies to generate premium ROE and growth. As part of the journey, we recently announced a few key executive appointments. First of all, I would like to thank Doug Guzman for his leadership and for the pivotal role he has played leading RBC Wealth Management and Insurance over the years. In addition, we look forward to welcoming Erica Nielsen, Jennifer Publicover and Sean Amato-Gauci to the next quarterly call as Group Heads of Personal Banking, RBC Insurance and Commercial Banking, respectively. We will also continue to invest to drive diversified growth across client segments and sources of funding while maintaining our focus on efficient capital allocation, prudent risk management and improved productivity. Furthermore, as it relates to our broader U.S. footprint, we are focused on improving the connectivity across our three platforms. Katherine, over to you.

KATHERINE GIBSON, INTERIM CHIEF FINANCIAL OFFICER

Thanks Dave, and good morning everyone.

Starting on slide 8, we reported diluted Earnings Per Share of $3.09 this quarter. Adjusted diluted EPS was a record $3.26, up 15 percent from last year. These adjusted results included net earnings from HSBC Canada of $292 million.

Turning to capital on slide 9. Our CET1 ratio was strong at 13.0 percent, up 20 basis points from last quarter, mainly reflecting internal capital generation, net of dividends. This was partly offset by net credit migration in wholesale portfolios and strong loan growth across our Canadian Banking and Capital Markets portfolios. We also initiated share repurchases this quarter, buying approximately 480,000 shares for $73 million dollars.

Moving to slide 10. All-bank net interest income was up 17 percent year-over-year, or up 19 percent excluding trading revenue. These results were largely driven by the addition of HSBC Canada as well as higher spreads and average volume growth in Canadian Banking. All-bank NIM, excluding trading revenue, was up 1 basis point from last quarter, mainly driven by tailwinds in Canadian Banking. This was partly offset by changes in asset mix in Capital Markets non-trading portfolios as well as lower earnings on residual capital reflecting the close of the HSBC Canada acquisition.

Canadian Banking NIM was up 8 basis points from last quarter. HSBC Canada drove 4 basis points in NIM expansion this quarter, mainly reflecting the full quarter benefit from the accretion of purchase accounting fair value adjustments. Core Canadian Banking NIM was up 4 basis points sequentially. NIM benefitted from improvements in product mix, including strong growth in core deposits. This quarter also included a favourable benefit from treasury-related activities. In addition, the benefits from our tractored core personal banking deposit portfolio continued to flow through, however, these benefits were partly offset by intense competition for deposits and mortgages as well as the dilutive impact of the BA-CORRA migration. Looking forward, we expect fourth quarter Canadian Banking NIM to be down a couple of basis points sequentially, reflecting the continuation of headwinds noted this quarter. This is in line with our prior guidance for higher NIM in the second half of the year.

Moving to slide 11. Non-interest expenses were up 11 percent from last year. Excluding HSBC Canada integration costs, and the impact of amortization of intangibles, adjusted expense growth was 9 percent. Further, excluding HSBC Canada run-rate expenses and other macro-driven factors such as FX and share-based compensation, core expense growth decelerated to 5 percent year-over-year. The bulk of core expense growth was driven by higher variable compensation, reflecting strong results in Capital Markets and Wealth Management. Looking forward, we continue to expect all-bank core expense growth,

in addition to HSBC Canada run-rate expenses, to be at the top of the mid-single digit range for the fiscal year, with volatility within the range largely driven by movements in variable compensation.

Given the uncertain macro environment, we remain vigilant in controlling costs and running the bank efficiently. Turning to taxes. The non-TEB effective tax rate was 16.5 percent this quarter or an adjusted tax rate of 20.0 percent on a taxable equivalent basis. Going forward we expect next quarter's adjusted tax rate to be at the higher end of our full year guidance of 19 to 21 percent on a taxable equivalent basis. Broadly, our guidance for Fiscal 2025 effective tax rate is similar to that of the fourth quarter as Pillar Two income taxes may arise in relation to jurisdictions where our operations have an effective tax rate below 15 percent.

Turning now to our Q3 segment results beginning on slide 12. Personal & Commercial Banking reported earnings of $2.5 billion. Canadian Banking net income was up 17 percent year-over-year. My following comments will now exclude any impact to Canadian Banking from HSBC Canada. Canadian Banking earnings were up a strong 8 percent year-over-year. Net interest income was up 11 percent from last year, reflecting higher spreads and robust volume growth. Non-interest income was up 5 percent year-over-year, reflecting the benefits of market appreciation and increased client activity which together drove higher mutual fund distribution fees as well as higher service revenue and FX revenue, respectively. Year-over year growth was also impacted by the prior year's $66 million retrospective HST on payment card clearing services. Expenses were up 5 percent from last year, helping to drive 4.9 percent operating leverage and underpinning a leading 39 percent efficiency ratio.

Turning to slide 13. Wealth Management earnings were up 30 percent from last year as market appreciation and net sales continued to drive strong performance in our wealth management advisory and asset management businesses. These factors were partly offset by higher variable compensation.

In light of emerging industry developments around pricing dynamics for advisory sweep deposits, we note our total US Wealth Management cash sweeps is approximately $30 billion USD of which the majority is in non-advisory accounts. Since the beginning of the rate hiking cycle, our pricing has been well above industry averages, particularly as it pertains to our largest wealth management relationships. As such, we do not anticipate making any material changes to our pricing of advisory sweep deposits. City National generated $77 million USD in adjusted earnings this quarter, or $115 million USD excluding the impact of losses on non-core investments. The non-core losses taken this quarter are consistent with our efforts to re-align CNB's path forward.

Turning to our Capital Markets results on slide 14. Pre-provision, pre-tax earnings of $1.2 billion increased 18 percent from last year. Corporate and Investment Banking revenue was up 23 percent from last year, reflecting strong municipal banking activity, as well as continued market share gains across most major products amidst a recovering fee pool, and the impact of FX translation. Global Markets revenue was down 1 percent from last year, as headwinds in credit trading and equity derivatives trading were partially offset by higher debt underwriting, and stronger results for Rates, Foreign Exchange, and Commodities trading, as well as the impact of FX translation. While business momentum remains strong, we note that the second half of the year, and in particular the fourth quarter tends to be a seasonally slower period for Capital Markets.

Turning to slide 15. Insurance net income of $170 million was down 21 percent from last year, driven by lower insurance investment result. It is important to note that the results in the prior year period are not fully comparable as we were not managing our asset and liability portfolios under IFRS 17. Importantly, our core business performance was strong, reflecting improved claims experience and business growth across the majority of our products.

To conclude, our strong business performance drove a 16.4 percent adjusted ROE this quarter. Looking forward, we expect to maintain our medium-term objectives, including an ROE of 16 percent + and diluted EPS growth of 7 percent + while maintaining strong capital ratios.

With that, I'll turn it over to Graeme.

GRAEME HEPWORTH, CHIEF RISK OFFICER

Thank you, Katherine, and good morning, everyone.

Starting on slide 17, I will discuss our allowances in the context of the macroeconomic environment. During the quarter, the economies of Canada and the US both softened. In Canada, relatively weaker consumer demand, higher unemployment rates, and the impact of elevated interest rates are continuing to weigh on consumers and businesses. In response to a softening economic backdrop, and with the expectation that inflation rates will continue to edge lower, the Bank of Canada cut the overnight rate for two consecutive months this quarter. This marks the first set of reductions in rates since the current rate hiking cycle began in early 2022. In the US, slowing inflation, and an uptick in the unemployment rate means the risk of interest rates remaining at current levels is also beginning to ease. Across these two economies, macroeconomic uncertainty has overall reduced.

With this backdrop, we saw credit quality continue to weaken this quarter, with net credit downgrades, and elevated watchlist and delinquency rates. These outcomes are in-line with our expectations for where we are in the credit cycle. Consistent with last quarter, we added reserves on performing loans, reflecting weaker credit quality and portfolio growth partially offset by more favorable scenario weights, as we gain more confidence in our base case scenario. Across our portfolios, we took a total of $42 million of provisions on performing loans this quarter. This marks the 9th consecutive quarter where we added reserves on performing loans, resulting in a total ACL of $6.1 billion.

Moving to slide 18, gross impaired loans were up $353 million or 3 basis points this quarter, primarily due to increases in Canadian Banking Commercial new formations[1] were driven by relatively large impairments in each of the Real Estate and Related and Forest Products sectors. In Capital Markets, a decrease of $354 million this quarter is mainly due to lower impaired loans in the real estate and related sector. The reduction reflects $442 million in foreclosed properties related to Real Estate loans that are now accounted for as investments.

Despite higher formations of gross impaired loans this quarter, turning to slide 19, you can see provisions on impaired loans were down $49 million relative to last quarter. Higher provisions in Canadian Banking were more than offset by lower provisions in Capital Markets and Wealth Management, with Capital Markets provisions down $65 million compared to last quarter. In our Canadian Banking portfolio, provisions were up $32 million, driven by higher provisions in Commercial Banking, Residential Mortgages, and Other Personal Lending. All quoted figures thus far have included the HSBC Canada portfolio. On its own, the portfolio contributed $81 million to provisions on impaired loans, mostly due to the two larger commercial formations noted earlier. Despite the elevated impairments and PCL this quarter, we remain confident in the overall credit quality of the loans we acquired from HSBC Canada. The HSBC Canada portfolio reflects credit characteristics that are in line with or better than the associated RBC portfolios and drives scale and diversification benefits.

On slide 20, we provided some additional details on our overall CRE exposure. The sector has generally been performing well, but pockets of weakness have surfaced based on property type, with office-properties being more sensitive to post-pandemic impacts. With respect to the larger Commercial Real Estate impairment referenced earlier, our borrower owned interests in and operated a number of properties in the office property sector. This is the first meaningful office-related default in our Canadian portfolio, with a more elevated exposure that arose from the combination of HSBC's and RBC's portfolios last quarter. Overall our exposure to Canadian Office commercial real estate loans represents less than 1 percent of our total loans and acceptances. Most of our loans typically benefit from amortization and additional recourse outside of the properties held as collateral. As I noted in prior quarters, impairments and losses have been consistent with our expectations and are well within our risk appetite. We continue to be prudently provisioned for our exposure to the sector, with our downside provisioning scenarios reflecting a reduction in Commercial Real Estate prices of 25 to 40 percent.

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[1]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.

To conclude, while we are pleased with the lower provisions on impaired loans this quarter, we still expect provisions to remain elevated and continue to increase going into and throughout 2025. We continued to prudently build reserves on performing loans, reflecting the credit outcomes of the softer macroeconomic environment we are currently experiencing. Moving forward, credit outcomes will continue to be dependent on: the magnitude of change in unemployment rates; the direction and magnitude of changes in interest rates; and residential and commercial real estate prices. As always, we continue to proactively manage risk through the cycle, and we remain well capitalized to withstand plausible, yet more severe macroeconomic outcomes. With that, operator, let's open the lines for Q&A.

Note to users:

We measure and evaluate the performance of our consolidated operations and each of our segments based on a variety of financial measures, such as net income, ROE and non-GAAP measures, including pre-provision, pre-tax earnings, adjusted basis measures and measures excluding various items. Certain financial metrics, including ROE and pre-provision, pre-tax earnings do not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. We believe that certain non-GAAP measures are more reflective of our ongoing operating results and provide readers with a better understanding of management's perspective on our performance.

Additional information about our key performance measures 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.

Definitions can be found under the "Glossary" sections in our Q3 2024 Supplementary Financial Information and our 2023 Annual Report.