ROYAL BANK OF CANADA FOURTH QUARTER RESULTS CONFERENCE CALL WEDNESDAY, DECEMBER 04, 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, priorities, vision and strategic goals, anticipated economic conditions and their anticipated impacts on our business, interest rates, return on equity (ROE), buybacks, the expected expense synergies related to the HSBC Bank Canada (HSBC Canada) acquisition, net interest income, expense growth, operating leverage, tax rates, unemployment rates and credit losses. 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, 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 and systemic risks and other risks discussed in the risk sections of our 2024 Annual Report, 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, 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 2024 Annual Report, 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 headings in our 2024 Annual Report, as 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. Any forward-looking statements contained in this document represent the views of management only as of the date hereof, and 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 2024 Annual Report, 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, Chief Financial Officer, and Graeme Hepworth, Chief Risk Officer. Also joining us today for your questions: Erica Nielsen, Group Head, Personal Banking, Sean Amato-Gauci, Group Head, Commercial Banking, Neil McLaughlin, Group Head, Wealth Management, Derek Neldner, Group Head, Capital Markets and Jennifer Publicover, Group Head, Insurance. 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

Thank you, Asim. Good morning, everyone, and thank you for joining us. Today, we reported fourth quarter earnings of $4.2 billion, including $265 million of earnings from the acquisition of HSBC Bank Canada. Adjusted earnings of $4.4 billion were up 18 percent year-over-year, or 9 percent excluding adjusted earnings of $318 million from HSBC Canada. This quarter, we benefited from market appreciation and strong client activity across our largest segments. Importantly, we generated all-bank operating leverage of 7 percent, or 4 percent on an adjusted basis. Provisions for credit loss on impaired loans remained largely stable quarter-over-quarter at 26 basis points.

Looking back at our 2024 fiscal year, RBC delivered earnings of $16.2 billion or adjusted earnings of over $17 billion. We ended the year with a Common Equity Tier 1 ratio of 13.2 percent, resulting in $5 billion of excess capital above a 12.5 percent level. We continued to expand our funding capacity and profile this year, including through strong client-driven deposit growth. We added over 600 thousand clients in the combined Canadian Banking business this year as we benefited from our leading distribution, strategic partnerships, and differentiated products, services, and innovative client value propositions. This included RBC becoming the Official Financial Services and Ticket Access Partner of Taylor Swift, The Eras Tour in Canada. Furthermore, we are proud that RBC ranked the highest in the 2024 J.D. Power Canada Retail Banking Satisfaction Study – the 4th time in 5 years.

In the U.S., we are seeing increasing client interest in RBC Clear, our Cash Management business, with rising inflows of deposits and a robust pipeline. Client feedback has been positive as we look to build the next phase of our holistic, multi-year initiative. And City National's 83 percent loan-to-deposit ratio is largely underpinned by a base of core deposits. We maintained our prudent risk appetite. ACL on loans and acceptances increased to 64 basis points. We had no days of trading losses this year, and the operational risk multiplier remained flat at a ratio of 0.8. We ended fiscal 2024 with a strong ROE of 14.4 percent, or an adjusted ROE of 15.5 percent during a year in which we closed our largest-ever acquisition. Our premium ROE drove internal capital generation of over 280 basis points this year, excluding specified items. This in turn, drove strong book value growth of 9 percent.

I will now provide my perspective on the macro environment. In Canada, inflation has declined towards targeted levels amidst weaker consumer spending in a K-shaped economy, subdued business conditions and rising unemployment, which is up 80 basis points from last year. Further headwinds include a more constrained immigration policy and the threat of rising protectionism. Partly offsetting these risks are rising consumer income levels, solid savings rates, and 125 basis points of Bank of Canada interest rate cuts. These factors, in combination, could begin to firm up demand and moderate increases in credit losses in a rate-sensitive Canadian economy. In contrast, the economic backdrop in the U.S. has been far more resilient where consumer spending and business expectations are rising. While the potential of an expansive U.S. fiscal policy could create uncertainty around the size and timing of monetary policy actions, we expect rate cuts by the Federal Reserve to support constructive client appetite and activity levels across senior markets.

In this environment, we are maintaining our medium-term objectives, including delivering on an ROE of over 16 percent, which we expect will be underpinned by earnings growth and accretive capital deployment. We consider many factors when allocating capital. Disciplined client driven RWA growth is always a priority, and we expect to take advantage of increased opportunities to support our Commercial Banking and Capital Markets' clients financing needs. As it relates to returning capital to our shareholders; this morning, we announced a 6 cent or 4 percent increase in our quarterly dividend. We had been cautious in buying back our stock this quarter given the higher degree of volatility around election outcomes and monetary policy. Going forward, we will look to use buybacks as a lever to deploy capital and will tactically increase the cadence when opportunities arise.

With this context, I will now provide an update on our multi-pronged client-focused growth strategy, starting with our acquisition of HSBC Canada, which positions RBC as the bank of choice for newcomers and commercial clients with international needs. HSBC Canada's adjusted earnings included realized run-rate savings of over $400 million or approximately 55 percent of the stated target on an annualized basis. We remain confident that we will achieve our expense synergy goal of $740 million – the majority captured in Personal Banking. We will look to disclose the anticipated financial benefits of revenue synergies in the coming quarters. The key initiatives driving our initial successes include cross-selling of RBC Personal Banking products to clients acquired through the acquisition of HSBC Canada, as well as our investments in new capabilities, such as Foreign Currency Accounts. The acquisition has added increased scale to all our businesses, particularly Commercial Banking. We also expect revenue synergies from Trade Finance and Global Cash Management capabilities.

Moving to Personal Banking, where we remain focused on client acquisition, deepening client relationships and improving productivity. The following comments relate to Personal Banking – Canada. We reported strong deposit growth of 19 percent, or 8 percent excluding HSBC Canada. These deposits are a core relationship product. This quarter, we saw growth in all three of core banking, term deposits and investment accounts as we continue to capture the money-in-motion shift given the evolving interest rate and market outlook. Our OneRBC client-first approach is also reflected in the multiple awards and record Net Promotor Scores achieved by our Private Bank. Turning to mortgages, where we plan to maintain our disciplined growth strategy amidst intense competition. As part of this strategy, we have invested in technology to improve our end-to-end digital renewal process ahead of upcoming mortgage renewals. Furthermore, we are leveraging investments in technology and artificial intelligence to create client value while improving productivity. For the 3rd year in a row, RBC ranked in the top 3 global financial institutions for artificial intelligence maturity in the Evident AI Index.

Turning to our leading Commercial Banking franchise, where we remain focused on prudent growth and leveraging our strong Canadian cash management and transaction banking offerings. Loans and deposits in Q4 were up 37 percent and 19 percent year-over-year, respectively. Excluding HSBC Canada, loans and deposits were up 12 percent and 8 percent respectively, largely with our existing clients. We've significantly invested in front-line capabilities and coverage teams over the past few years, and more recently further expanded our coverage and bench strength with talent joining from the HSBC Canada acquisition. We expect growth to remain solid across a diversified set of sectors.

Turning to Capital Markets – a business where we aspire to move even further up the league tables across key categories. Inclusive of record 4th quarter revenue, pre-provision, pre-tax earnings were $5 billion for the year, above our guidance of $1.1 billion per quarter. Lending and Other revenue was up 14 percent from last year, benefiting from higher lending volumes and spreads. In Investment Banking, we gained 20 basis points of market share over the last 12 months, notably in equity origination and M&A advisory, which are key areas of focus. We have a robust pipeline that continued to build as we progressed through 2024 with active dialogue across client segments. There are also signs that private equity activity is picking up as sponsors look to deploy their significant levels of uninvested funds. We will continue to work towards increasing banker productivity, including a focus on winning multi-product mandates, as well as strategic senior hiring in key industry verticals. Global Markets reported $1.3 billion in revenue this quarter, reflecting a constructive backdrop in Fixed Income products. We plan to continue investing in talent and technology to gain market share in this business.

Moving to our Wealth Management segment where we look to leverage our diversified product shelf and holistic solutions, improve our technology, and grow our advisor base and distribution channels. This quarter, revenue was up 20 percent year-over-year benefiting from higher markets, asset gathering and client-driven transactional revenue. RBC's Global Asset Management's Assets Under Management increased $139 billion or 26 percent from last year. GAM generated Canadian retail mutual fund net sales of $3 billion in 2024 compared to industry flows that were in a net redemption state. In this volatile environment, our clients chose us as a trusted advisor, in part due to our performance and expertise. Nearly 80 percent of AUM outperformed the benchmark on a 1-3-and-5-year blended basis. This was a milestone quarter for our global wealth advisory businesses, which reached $2 trillion of Assets Under Administration for the first time. Canadian Wealth Management Assets Under Administration increased 26 percent or nearly $180 billion from last year. AUA in U.S. Wealth Management, including CNB, was up 23 percent or US$125 billion. We recruited over 100 advisors this year. Furthermore, loans and deposits in our U.S. wealth advisory business reported strong growth this quarter as we add banking products to support client needs.

On a full-year basis, City National reported net income of US$144 million. Adjusting for specified items and other items impacting results, earnings were US$391 million as CNB continued to improve its earnings profile. While a relatively small contributor to all-bank earnings, CNB remains an important element of our growth strategy in the United States.

Turning to our Insurance segment, which continues to generate high-ROE earnings. We remain focused on harnessing the power of OneRBC to deepen client relationships and provide a comprehensive suite of advice and solutions to both individuals and businesses. The year-over-year increase in the Contractual Service Margin, which represents the future profit on our long-term products, was underpinned by growth in segregated funds, and individual life and health products – creating a foundation for future revenue growth.

In conclusion, we are well-positioned entering fiscal 2025. Our balance sheet provides a strong foundation to keep growing our client base across our diversified lines of business in a prudent and efficient manner. I want to thank our more than 98 thousand employees who live our Purpose and create value for our 18 million-plus retail, commercial and institutional clients every day. This commitment to excellence is reflected in the power of our brand. I'm proud that RBC maintained its #1 position in the Kantar BrandZ Most Valuable Canadian Brands 2024 ranking, outperforming financial peers in key areas, including consumer trust and corporate reputation. Katherine, over to you.

KATHERINE GIBSON, CHIEF FINANCIAL OFFICER

Thanks Dave, and good morning, everyone.

Starting on slide 11, we reported diluted Earnings Per Share of $2.91 this quarter. Adjusted diluted EPS was $3.07, up 16 percent from last year, benefiting from the acquisition of HSBC Canada. Each of our businesses exhibited strong, double-digit revenue growth this quarter, which underpinned robust adjusted all-bank operating leverage of 4.3 percent.

Turning to capital on slide 12. Our CET1 ratio improved to 13.2 percent, up 20 basis points from last quarter, mainly reflecting internal capital generation, net of dividends. This was partly offset by business growth and net credit migration, mainly in wholesale portfolios. We also repurchased approximately 408 thousand shares this quarter for $67 million. We will continue to prioritize capital allocation towards client-driven organic growth and dividend increases in line with earnings. In addition, we will be opportunistic in our use of buybacks.

Moving to slide 13. All-bank net interest income was up 17 percent year-over-year, or up 15 percent excluding trading revenue. These results were largely driven by the addition of HSBC Canada, as well as higher volumes and spreads in both Personal Banking and Commercial Banking. The all-bank net interest margin, excluding trading revenue, was up 6 basis points from last quarter, largely due to a favourable funding cost adjustment and improved lending spreads in Capital Markets. Favourable tailwinds in Canadian Banking also contributed to the increase. Canadian Banking NIM was up 2 basis points from last quarter benefitting from our tractored deposit strategy and changes in product mix. This was partly offset by ongoing competition for term deposits, which we expect to persist throughout the year, as well as the dilutive impact of the BA-CORRA migration, which we expect to moderate. We hedge a portion of our low-cost non-maturity deposits in a laddered strategy of 3- and 5-year durations. Going forward, with five-year swap rates up approximately 140 basis points from five years ago, our core deposit portfolio is well positioned to provide an offset to the impact of lower short term interest rates. In the past, we have highlighted that there are many variables that impact NIM, including changes in client and competitive behaviour and the forward curve, which are difficult to predict in the current dynamic environment. Looking forward to 2025, we are providing new guidance, with net interest income, ex-trading revenue, expected to grow in the mid-to-high single digit range.

Moving to slide 14. Non-interest expenses were up 12 percent from last year on both a reported and adjusted basis. The bulk of the year-over-year core expense growth was driven by higher variable compensation, commensurate with higher revenue. Higher volume-driven costs, investments in technology and discretionary costs also contributed to the growth. Looking forward, given the uncertain macro environment, we will continue upholding a disciplined approach to cost management. We expect all-bank core expense growth, including run-rate HSBC Canada costs, to be in the mid-single digit range for 2025 off a base of reported 2024 expenses.

Core expense growth in the first half of the year is expected to be in the high-single digit range, reflecting the inclusion of HSBC Canada results and to a lesser extent investments for our next phase of growth. While we anticipate volatility within our guidance range to be largely driven by movements in variable compensation, we ultimately expect to drive positive operating leverage throughout the course of the year. As a reminder, core expense growth excludes the impact of FX and share-based compensation, which are largely driven by macro factors. Reflected in this guidance is the expectation of 1 to 2 percent operating leverage for the combined Canadian Banking business.

Turning to taxes. The non-TEB effective tax rate was 19 percent this quarter or 19.5 percent on an adjusted basis. As we look to 2025, we expect the adjusted non-TEB effective tax rate to be in the 20 to 22 percent range reflecting the impact of Pillar II income taxes which arise in jurisdictions where our operations have an effective tax rate below 15 percent.

Turning to our Q4 segment results beginning on slide 15. Personal Banking reported earnings of $1.6 billion. Focusing on Personal Banking - Canada, net income was up 17 percent year-over-year. Excluding $86 million of NIAT from HSBC Canada, Personal Banking - Canada net income rose a strong 10 percent year-over-year benefitting from 5 percent operating leverage. Organic net interest income was up 9 percent from last year, reflecting higher spreads and robust volume growth. Organic non-interest income was up 11 percent year-over-year, underpinned by higher mutual fund distribution fees, including positive branch net sales. Additionally, higher service fee revenue was driven by client acquisition and volume-related growth.

Turning to slide 16. Commercial Banking net income of $774 million rose 16 percent from a year ago, including $139 million from HSBC Canada. Pre-provision, pre-tax earnings were up 36 percent or 10 percent year-over-year excluding HSBC Canada, reflecting double-digit volume growth and higher spreads. Commercial Banking's efficiency ratio was 34 percent this year.

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.

Turning to Wealth Management on slide 17. NIAT was $969 million, with prior year results impacted by legal provisions and impairment losses with respect to our interest in an associated company. We added over $15 billion in net new assets across our North American wealth advisory and Global Asset Management businesses as momentum builds in long term retail mutual fund net sales driven by both fixed income and equity mandates. Higher revenue was partly offset by higher variable compensation. City National generated $91 million USD in adjusted earnings this quarter, or $102 million USD excluding the impact of lease exit costs. This quarter's lease exit costs, coupled with the non-core losses taken over the past 12 months, are consistent with our efforts to re-align City National's path forward and drive improved profitability of the business.

Turning to our Capital Markets results on slide 18. Pre-provision, pre-tax earnings of $1 billion increased 14 percent from last year, benefitting from record fourth quarter revenue in both Global Markets and Corporate & Investment Banking. This was partly offset by legal provisions of $93 million taken in the quarter. Corporate and Investment Banking revenue was up 9 percent from last year, reflecting higher debt origination across all regions and higher volumes in lending and securitization financing. Global Markets revenue was up 12 percent from last year driven by robust client activity in FX trading and debt origination, as well as more favourable spreads in repo financing. Our equities trading business continues to be impacted by legislative changes to the Dividends Received Deduction. Core results were driven by strong derivative trading and agency commission volumes.

Turning to slide 19. Insurance net income of $162 million was up 67 percent from last year, mainly due to higher insurance service results, primarily driven by business growth across the majority of our products. This was partially offset by less favourable claims experience. 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.

To conclude, we are pleased with the strong performance across our core businesses this year, which underpinned a full year adjusted ROE of 15.5 percent on a robust CET1 base of 13.2 percent. Looking forward, we expect this strong operating momentum to carry into 2025, driving continued improvements in profitability.

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

GRAEME HEPWORTH, CHIEF RISK OFFICER

Thank you, Katherine, and good morning, everyone.

Starting on slide 21, I will discuss our allowances in the context of the macroeconomic environment. Over the course of 2024, actions taken by central banks to curb inflation have largely been successful. However, the economic impacts of a higher interest rate environment have varied across the core geographies in which we operate. As Dave mentioned earlier, in Canada, the economy has been underperforming. We expect relatively slower growth and a weaker labour market to result in the Bank of Canada continuing to cut interest rates more aggressively than the U.S. Federal Reserve. In the U.S., GDP growth remains strong, but labour markets have started to show signs of softening, prompting the Federal Reserve to start cutting rates, with focus shifting from managing inflation to managing strength in the labour market.

While interest rate cuts are certainly constructive for credit outcomes, it takes time for the benefits of rate cuts to flow through the economy, and interest rates remain elevated relative to the low rates following the pandemic. Our clients continue to feel the effects of the prolonged higher interest rate environment, and we continue to see net credit downgrades, moderate increases in delinquency rates and watchlist exposure, and drawdowns on savings and deposits for clients impacted by higher rates. These outcomes are in-line with our expectations for where we are in the credit cycle, and we continue to build allowances that provide strong coverage relative to current and anticipated PCL on impaired loans. For the quarter, we took a total of $208 million of provisions on performing loans across our portfolios, reflecting unfavourable changes to credit quality, including the downgrade of a large exposure to a previously investment-grade rated company in the Other Services sector. This was partially offset by a favourable change to our macroeconomic forecast driven by lower interest rates, better than expected house prices, and the continued strength of the U.S. economy. This marks the 10th consecutive quarter where we added reserves on performing loans, resulting in a total ACL of $6.4 billion.

Moving to slide 22, gross impaired loans of $5.9 billion were up $182 million or 1 basis point this quarter. Higher impaired loan balances in Commercial Banking and Personal Banking were partially offset by lower gross impaired loans in Capital Markets and Wealth Management. In Commercial Banking and Personal Banking new formations[1] remain elevated, reflecting the weaker economic conditions in Canada compared to the U.S., that I noted earlier.

Turning to slide 23 you can see provisions on impaired loans of 26 basis points were relatively stable, with higher provisions in our Canadian portfolios offset by lower provisions in Capital Markets. In Capital Markets, losses decreased for the third consecutive quarter, with the current quarter's provisions benefiting from recoveries on previously impaired loans. While this trend is encouraging, we don't expect losses to remain this low. In Personal Banking, we saw a modest increase in PCL, mainly in our unsecured portfolios. Our sound underwriting standards and rising personal incomes have helped mitigate losses in this segment. In our Commercial Banking portfolio, provisions were up $55 million this quarter, principally from borrowers in economically sensitive sectors. We took additional provisions on previously impaired loans in the Automotive and Forest Products sectors, and new provisions in the Consumer Discretionary and Industrial Products sectors.

Given the re-segmentation, we provided some additional details on our Commercial Banking portfolio on slide 24. This is a well secured and highly diversified portfolio that represents a wide spectrum of borrowers across Canada, ranging from small businesses through to large commercial real estate developers and public sector agencies. Over the last year, the portfolio has grown 36 percent, largely driven by the HSBC Canada acquisition, but also through a focused effort on the upper end of the Commercial market. After a prolonged period of low losses, this segment is now exhibiting some weakness with increased impairments that reflect the macro-economic challenges in Canada referenced earlier. As shown on the slide, Consumer Discretionary, the Office segment of Commercial Real Estate, Forest Products, and supply chain-related sectors such as Automotive, Transportation and Industrial Products have been the main drivers of loan losses in 2024. Overall, the portfolio continues to operate in-

[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.

line with our risk appetite. The addition of HSBC Canada has added to the quality and diversification of the portfolio that will further support strong, through-the-cycle performance.

To conclude, we are pleased with the ongoing performance of our portfolios. For the year, our PCL on impaired loans ratio of 28 basis points remained below our historical loss rate, and slightly outperformed the guidance I provided last fall of 30 to 35 basis points. Our strong credit performance reflects our diversified business model, our prudent underwriting practices, and the quality of our clients. We continue to see strong resilience in our retail mortgage and Commercial Real Estate portfolios, with some payment relief expected from anticipated interest rate cuts in Canada. This year, we added a total of $627 million of provisions on performing loans, leaving us well prepared for the risks on the horizon, whether they may be geopolitical risks, uncertain outcomes from the recent U.S. election, or surprises to our interest and inflation rate forecasts.

In 2025, we expect the Canadian economy to continue softening, with GDP and population growth slowing, and unemployment rates peaking in the first half of the year. The lagged impact from monetary policy decisions means that we expect unemployment rates to remain elevated through the middle of 2026. Therefore, in basis points, we are forecasting 2025 credit losses to be in the mid-30’s, with peak loss rates coming in the second half of the year. 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 commercial and residential 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 2024 Annual Report.

Definitions can be found under the “Glossary” sections in our Q4 2024 Supplementary Financial Information and our 2024 Annual Report.