ROYAL BANK OF CANADA FIRST QUARTER RESULTS CONFERENCE CALL THURSDAY, FEBRUARY 27, 2025

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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 acquisition of HSBC Canada 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, risks associated with escalating trade tensions, including protectionist trade policies such as the imposition of tariffs, and other risks discussed in the risk sections of our annual report for the fiscal year ended October 31, 2024 (2024 Annual Report) and the Risk management section of our Q1 2025 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, 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 and the Risk management section of our Q1 2025 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 headings in our 2024 Annual Report, as updated by the Economic, market and regulatory review and outlook section of our Q1 2025 Report to Shareholders. Such sections may be updated by subsequent quarterly reports. Assumptions about expected cost 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 and the Risk management section of our Q1 2025 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, 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

Good morning everyone, and thank you for joining us. Before we begin, I want to mention our thoughts are with the families that have been impacted by the devastating wildfires in Southern California. RBC together with City National Bank has donated $3 million to support victims in the impacted areas.

Today, we reported first quarter earnings of $5.1 billion, a record result that reflects RBC's financial and strategic strength amidst an evolving operating environment to start the fiscal year. Adjusted earnings of $5.3 billion were up 29 percent year-over-year, or up 23 percent excluding adjusted earnings of $267 million from the acquisition of HSBC Bank Canada. We reported a return on equity of 16.8 percent on the foundation of a strong Common Equity Tier 1 ratio of 13.2 percent. Our premium ROE continues to create value for our shareholders, with gross internal capital generation of 76 basis points (bps), underpinning robust book value growth of 13 percent year-over-year. Strong revenue growth was driven by our well-diversified base, comprised of a balanced mix of net interest income and fee-based revenue. Net interest income was up 26 percent this quarter. Results benefited from strong deposit growth in Personal Banking, strong loan growth in Commercial Banking, and higher spreads. We also saw robust fee-based revenue growth, with strong results across Wealth Management, Global Markets, and Investment Banking as we benefited from constructive markets and strong client activity.

This quarter, we generated operating leverage of 13 percent, or 8 percent on adjusted basis, as we saw the benefits of our scale and the realization of cost synergies related to the acquisition of HSBC Canada. We remain well-positioned to achieve the full cost synergies of $740 million by early 2026, having achieved annualized run-rate savings of over $500 million or approximately 70 percent of our stated target. We expect to drive further efficiencies as our clients benefit from the investments we continue to make in our digital capabilities: Earlier this year, we made the mortgage renewal process easier and faster for clients through a streamlined option in the RBC Mobile app, which has nearly 8 million active users. Clients who choose to renew through this option will be able to secure mortgage terms and virtual sign documents in a matter of minutes. And RBC Direct Investing is now the only bank-owned brokerage in Canada to offer self-directed investors online International Trading through leading global exchanges. While our PCL on impaired loans increased this quarter, they were largely within expectations given the point of the economic cycle. Going forward, we are maintaining our PCL guidance for the year, which Graeme will speak to shortly.

Turning to the macro environment. We started the year operating amidst a backdrop of constructive markets and a firming of Canadian economic data, including moderating headline inflation levels and improving employment trends. Furthermore, we expect the Bank of Canada to continue to take a more dovish stance, which should help consumer sentiment and growth. The widening gap between U.S. and Canadian interest rates has resulted in a weaker Canadian dollar, which could partly buffer any tariff shock for American users of Canadian goods and services. As Canada's largest financial institution, we have an important role to play in delivering advice, insights, and value to our clients amidst the uncertainty, while also supporting our communities. Many of our clients continue to come to us for deeper advice in navigating the evolving environment, which has contributed to strong deposit inflows and increased transactional activity in our market-related businesses. Having said that, rising uncertainty around trade policy and geopolitics combined with immigration restrictions may already be moderating client activity in certain parts of the Canadian economy. We are seeing signs of lower business confidence, with some of our Commercial Banking clients opting to delay certain investment decisions. Furthermore, Canadian housing activity remains modest despite tailwinds from lower interest rates and changing mortgage rules. Moving forward, while we hope this uncertainty is short-term in nature, we are focused on preparedness as opposed to the predictions. We have run several scenarios with respect to the depth, breadth, and duration of potential tariffs. We believe we are in a strong position to navigate the uncertainty given the strength of our capital, our diversified funding, our brand, and our diversified business and geographic model.

Similarly, Canada also has a strong foundation. We have the natural and human resources that the world is looking for, and we have the capability to improve our access to major markets. The existing CUSMA trade agreement is a solid foundation. While it can always be improved, we encourage the ongoing dialogue and believe there is a path forward that can drive prosperity for all across these economies. Importantly, this is the chance for Canada to make structural improvements to the country's economic productivity and competitiveness, including removing inter-provincial trade barriers and approving high-impact energy and infrastructure products. These can drive future growth opportunities, with significant benefits for Canadians. Amidst this uncertainty, ensuring we continue to operate with sufficient buffers takes on increased importance. Our stress testing suggests that even under a more severe scenario of lower revenue and higher credit losses, our capital levels would remain above regulatory minimums. We are deeply committed to supporting our clients' growing financing needs through our award-winning advice and value propositions. We have also been repurchasing our stock this quarter and continue to see buybacks as a tactical lever to generate shareholder value.

With this context, I will now speak to our key growth drivers, starting with our acquisition of HSBC Canada. Since the close-and-convert acquisition almost a year ago, we have generated cumulative adjusted pre-provision, pre-tax earnings of over $950 million on a standalone basis, excluding the benefits of the cost synergies – highlighting the earnings generating power of this acquisition.

Moving to Personal Banking, where we continue to leverage our client value proposition and foundational distribution advantage across our physical and digital channels. This quarter, we saw outsized growth in our core banking accounts, which underpinned 18 percent deposit growth, or 8 percent excluding the acquisition of HSBC. The acquisition of core deposits remains a focus as they provide us with data insights that allow us to better understand client needs while also improving our risk management capabilities. Furthermore, they are an important source of lower-cost funding to support our clients' financing needs. As client needs shift amidst an uncertain environment, we expect flows to shift between RBC's savings and investments offerings. Mortgage growth remained modest as we maintained our pricing discipline with respect to originations while remaining focused on retaining client relationships as mortgages renew over the coming quarters. In contrast, credit card balances grew due to increased purchase volumes and seasonally higher revolve rates following the holidays.

Turning to our Commercial Banking franchise, where we have leading market positions across small business and commercial clients. Loans & acceptances were up 35 percent year-over-year, or up 10 percent excluding HSBC Canada. The majority of our growth has been with clients we have long relationships. Deposit growth also remained strong, up 19 percent year-over-year or 8 percent, excluding HSBC Canada. In the near-term, Commercial Banking loan growth may moderate as clients hold back plans and investments amidst the tariff-driven uncertainty. However, absent more severe and sustained tariffs, we expect loan growth in the high single-digit range through this year, including the benefits from our expanded client and specialist coverage related to the HSBC Canada acquisition.

Turning to Capital Markets, which reported very strong results this quarter, generating record pre-provision, pre-tax earnings of $1.7 billion. Global Markets reported over $2 billion in revenue this quarter driven by strong performance in both Equities and Foreign Exchange trading revenue, benefiting from increased client activity amidst an uncertain macroeconomic environment. Corporate & Investment Banking was up 24 percent from last year, with our Investment Banking business benefiting from constructive market conditions and expanded scale across client and product verticals, and supported by solid growth in Corporate Banking. Going forward, the uncertainty around trade policy could impact deal activity in the near-term. However, the resulting levels of volatility could be beneficial to our sales & trading businesses. Furthermore, we have robust client dialogue and strong client engagement, and remain well-positioned to support our clients and take advantage of market opportunities as policy uncertainty moderates.

Moving to our Wealth Management segment where we look to leverage our growing advisor base, holistic advisory and banking solutions, and technology investments to serve client needs and enhance advisor productivity. Wealth Management revenue surpassed $5.5 billion for the first time while generating nearly $1 billion in net income for the quarter. Assets Under Administration in U.S. Wealth Management, including City National, increased to nearly US$700 billion. U.S. Net New Assets represented an annualized 3 percent of opening AUA, excluding the reinvestment of interest and dividend income. In addition to the uptick in client assets, we saw an increase in sweep deposits and securities-based lending as we look to enhance our offerings for U.S. clients. In Canadian Wealth Management, where we have sector leading advisor productivity, Assets Under Administration increased 22 percent from last year, benefiting from higher markets and net new assets. RBC Global Asset Management's Assets Under Management increased 23 percent from last year, surpassing $700 billion for the first time. RBC GAM generated net sales of $11 billion this quarter, including nearly $4 billion of Canadian retail net sales, as our clients continue to choose us as their trusted advisor amidst a volatile environment.

To close, we have had a strong start to fiscal 2025 amidst an evolving operating environment. While change is constant, so is our commitment to our clients and communities. Our strategies also continue to deliver leading risk-adjusted returns and long-term value to our shareholders. We look forward to our upcoming Investor Day on March 27th where we will discuss key strategic initiatives designed to Accelerate our Ambitions across our businesses and core geographies. With that, Katherine, over to you.

KATHERINE GIBSON, CHIEF FINANCIAL OFFICER

Thanks Dave, and good morning everyone.

Starting on slide 8, we reported record results this quarter, with diluted Earnings Per Share coming in at $3.54. Adjusted diluted EPS was $3.62, up 27 percent from last year, benefiting in part from the acquisition of HSBC Canada and FX translation impacts. Our record results were underpinned by double-digit revenue and earnings growth across each of our segments and reflected robust adjusted all-bank operating leverage of 7.7 percent.

Turning to capital on slide 9. Our CET1 ratio remained strong at 13.2 percent, stable to last quarter. The solid growth in internal capital generation, net of dividends was mostly deployed into organic businesses, particularly in Capital Markets and Personal Banking, and easily allowed the bank to earn through the net credit migration in the quarter. As part of our capital deployment strategy, we also repurchased approximately 1.9 million shares this quarter for $338 million.

Despite the macro uncertainty, our strategy of prioritizing capital allocation towards client driven, organic growth and increasing dividends in line with earnings remains unchanged. We will also continue to be opportunistic in our use of buybacks while operating with a strong CET1 ratio above 12.5 percent. Should downside scenarios associated with rising trade tensions materialize, our experience during the pandemic serves as a good reminder of the benefit of our strong, recurring and diversified earnings streams which will continue to act as the primary absorber of any deterioration. Furthermore, our capital buffer, which sits well above the regulatory minimum, provides a strong second line of defense.

Moving to slide 10. All-bank net interest income was up 26 percent year-over-year, or up 27 percent excluding trading revenue. These results benefitted from the addition of HSBC Canada, solid volume growth in both Personal Banking and Commercial Banking, as well as higher spreads in Personal Banking and the impact of foreign exchange translation. All-bank net interest margin, excluding trading revenue, was down 1 bp from last quarter, as the impact of higher securities balances in Capital Markets was mostly offset by favourable product mix in Personal Banking and Commercial Banking.

Canadian Banking NIM was up 7 bps from last quarter, mainly driven by strong growth in non-maturity deposits which were up approximately 3 percent quarter-over-quarter. Underpinning this strong growth has been positive flows from GICs and external sources into non-maturity deposits. NIM also continued to benefit from our tractored deposit strategy. These benefits were partly offset by ongoing competition for term deposits, which we expect to persist throughout the year.

Looking forward, we are increasing our 2025 all-bank net interest income growth guidance. We expect high single-digit to low double-digit net interest income, ex-trading revenue growth in 2025, up from the mid-to-high single digit range guidance provided last quarter. The increase in our guidance reflects stronger-than-expected growth in non-maturity deposits this quarter, as well as better than expected spreads on both mortgages and GICs. While our guidance has increased, the wide range reflects the evolving operating environment.

Moving to slide 11. Reported non-interest expenses were up 11 percent from last year. Core expense growth, as guided to last quarter, was elevated, coming in at 13 percent year-over-year, impacted in part by the contribution of run-rate expenses associated with the acquisition of HSBC Canada. The main driver of growth, however, was higher variable compensation, which was commensurate with strong results in Wealth Management and Capital Markets. Other staff-related costs associated with increased FTE and severance also contributed to the increase.

Looking ahead, we will remain diligent in managing our cost-base. We expect all-bank core expense growth, which is off a base of reported 2024 expenses, to be at the upper end of our mid-single digit guidance range for 2025. We continue to expect positive operating leverage for the year. The move to the upper end of our core expense growth guidance reflects higher than expected variable compensation in the quarter.

As indicated last quarter, we expect a faster pace of core expense growth in the first half of the year, reflecting the inclusion of HSBC Canada results and to a lesser extent investments for our next phase of growth. As a reminder, core expense growth includes run rate costs associated with the HSBC Canada acquisition, but excludes the impact of FX and share-based compensation.

Turning to taxes. The adjusted non-TEB effective tax rate was 20.4 percent this quarter, up from 19.5 percent last quarter. The increase reflects the impact of Pillar II Tax legislation, which was embedded in our guidance provided last quarter, as well as changes in earnings mix.

Turning to our Q1 segment results that begin on slide 12. Personal Banking reported earnings of $1.7 billion. Focusing on Personal Banking - Canada, net income was up 26 percent year-over-year. Excluding $91 million of NIAT from HSBC Canada, Personal Banking - Canada net income rose a strong 19 percent year-over-year benefitting from close to 4 percent operating leverage. Organic net interest income was up 15 percent from last year, reflecting higher spreads and a robust 8 percent growth in deposits. Organic non-interest income was up 7 percent year-over-year, underpinned by higher mutual fund distribution fees, mainly from capital appreciation and the benefit of branch net sales.

Turning to slide 13. Commercial Banking NIAT of $777 million rose 20 percent from a year ago, including $73 million from HSBC Canada. Net income growth was impacted in part by higher credit provisions across a few sectors, which Graeme will touch on shortly.

On a pre-provision, pre-tax basis, earnings were up 32 percent or 9 percent year-over-year, excluding HSBC Canada, driven by solid volume growth and higher service charges. Loan and deposit growth were solid at 10 percent and 8 percent year-over-year, respectively. Importantly, the loan book we acquired through the acquisition of HSBC Canada, is starting to show momentum and is up over recent months, in line with the growth of the Commercial Banking backbook. Commercial Banking's efficiency ratio improved to 33 percent, reflecting positive operating leverage of 1 percent.

Turning to Wealth Management on slide 14. NIAT of $980 million rose 48 percent from a year ago, reflecting strong growth in fee-based client assets across our businesses. We added over $20 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. Higher revenue was partly offset by higher variable compensation. City National generated US$60 million in adjusted earnings this quarter, impacted in part by US$31 million taken on performing loans related to the California wildfires. We are seeing good momentum in enhancing City National's profitability and we remain committed to these efforts.

Turning to Capital Markets results on slide 15. Record net income of $1.4 billion increased 24 percent from last year, benefitting from broad-based revenue growth and FX translation impacts. PPPT earnings surpassed $1.7 billion in the quarter, up 31 percent from last year. Corporate and Investment Banking revenue was up 24 percent from last year. Excluding the impact of loan underwriting markdowns in the prior year, revenue was up 18 percent, reflecting higher loan syndication revenue in North America, the impact of increased lending balances and spreads, as well as higher debt origination, primarily in the U.S. Global Markets revenue was also up 24 percent as robust client engagement and a constructive market backdrop drove higher equity trading across most regions and increased FX trading in Canada.

Q1 is Capital Markets' seasonally strongest quarter and while we expect business momentum to remain strong, we anticipate typical seasonal declines in PPPT earnings through the remainder of the year.

Turning to slide 16. Insurance net income of $272 million was up 24 percent from last year, mainly due to higher insurance service result driven by the $65 million impact of reinsurance contract recaptures and improved claims experience across the majority of our products. This was partially offset by lower insurance investment results, primarily reflecting higher favourable investment-related experience in the prior period on the transition to IFRS 17.

To conclude, we are very pleased with the strong momentum across our core businesses to start the year, which underpinned a robust adjusted ROE of 17.2 percent on a strong CET1 base of 13.2 percent.

Looking ahead, our financial and strategic strength, including our diversified businesses and revenue streams, position us well to navigate uncertainty in the macro-economic environment.

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

GRAEME HEPWORTH, CHIEF RISK OFFICER

Thank you, Katherine, and good morning, everyone.

I will now discuss our allowances in the context of the current macroeconomic environment and the path ahead as we navigate uncertainty from the evolving geopolitical risks that Dave noted earlier. The underlying performance of the U.S. and Canadian economies have been largely positive over the quarter, although the Canadian economy is still underperforming. We expect the Bank of Canada to continue gradually cutting rates into the middle of 2025, providing further relief for borrowers, while the U.S. Federal Reserve is now expected to hold rates steady throughout 2025.

Notwithstanding these factors, it remains highly uncertain how the prospect of tariffs will impact the broader economy. The impact will vary based on the extent and duration of tariffs, retaliatory measures, progress on removing barriers to domestic trade, and the availability of fiscal support measures.

To provide some context on how the tariff uncertainty is reflected in our provisions, recall that under IFRS9, our performing allowances reflect not only our baseline expectations, but the potential for weaker economic conditions reflected through a series of pessimistic scenarios. These scenarios have been highlighted on slide 36. While broad and sustained tariffs could create recessionary conditions, the range of outcomes are well within the pessimistic scenarios we currently consider. And despite the positive U.S. and Canadian economic signs noted earlier, we kept our downside risk weights at an elevated level this quarter to account for this new uncertainty. Going forward, as the tariff situation evolves, we will continue to reflect known outcomes through our baseline scenario and any ongoing uncertainty through potentially new or amended downside scenarios.

Turning to slide 18, we took a total of $68 million of provisions on performing loans this quarter, mainly reflecting unfavourable changes in portfolio composition, including a $45 million provision related to the California wildfires. This was partially offset by a favourable impact from our macroeconomic forecasts and the migration of one large Capital Markets account in the Other Services sector from performing to impaired. I will expand upon this in a moment.

Excluding the impacts of the wildfires and the transfer of this one Capital Markets account, provisions on performing loans is similar with recent history. Many of our CNB clients were directly impacted by the California wildfires. RBC's related credit exposure consists primarily of residential mortgages and loans in the fire zone that amounts to just under $1 billion. The affluent nature of the client base, low loan-to-value ratios and effective insurance coverage substantially mitigate the credit risk of this tragic event. Additionally, we have established a prudent allowance that provides coverage for residual uncertainty reflecting the potential for lengthy recovery efforts and possible depreciation in land values. This marks the 11th consecutive quarter where we added reserves on performing loans, resulting in a total ACL of

$6.9 billion. We remain confident these allowances provide strong coverage relative to current and anticipated PCL on impaired loans.

Moving to slide 19, gross impaired loans of $7.9 billion were up $2 billion or 19 bps this quarter, primarily driven by Capital Markets and Commercial Banking. As a reminder, last quarter we highlighted that our strong credit performance in our Capital Markets portfolio over the past 2 quarters was unlikely to continue. Outcomes this quarter are reflective of the ongoing challenges in the current credit environment and the uneven timing of losses that can occur within our wholesale portfolio. In Capital Markets, a $1.5 billion new formation[1] relates to the impairment of the previously mentioned account in the Other Services sector. This former investment-grade utility borrower was originated with a strong capital structure and has operated in a heavily-regulated environment. More recently, the borrower has been impacted by changes to regulatory and environmental expectations that requires significant investment to address. We have been provisioning for this outcome and, relative to the size of this exposure, losses are expected to be manageable. In Commercial Banking, new formations remain elevated driven by a few large impairments in the Real Estate and Related, Consumer Discretionary, and Agriculture sectors. Several of the largest new formations in the Real Estate and Related sector have recently returned to performing status.

Turning to slide 20, PCL on impaired loans of 39 bps was up 13 bps quarter-over-quarter or $345 million, with provisions higher across all segments. In Personal Banking, provisions were up $66 million, with our unsecured portfolios continuing to be the main drivers of losses. In our mortgage portfolio, impairments and provisions are increasing in line with our expectations. Clients are showing resilience as they face higher refinancing costs, supported by stable home prices and lower rates.

In our Commercial Banking portfolio, provisions came in higher this quarter. These outcomes are not unexpected given where we are in the economic cycle. Most notably this quarter, we took additional provisions on previously impaired loans in the Forest Products and Automotive sectors, and new provisions in the Consumer Discretionary and Industrial Products sectors. With respect to the performance of the Commercial Banking portfolio acquired from HSBC Canada, it is driving a disproportionate share of Commercial Banking PCL on impaired loans, predominately driven by a few larger accounts in economically sensitive sectors; an area where HSBC was more concentrated.

Given the HSBC portfolio also indexes to larger client sizes, provisions can be uneven. Since legal day 1, two HSBC names accounted for 54 percent of the cumulative HSBC PCL on impaired loans. Given the mix of the HSBC portfolio, we do expect PCL for this to remain elevated for the next few quarters though not at the levels we experienced in Q1. With nearly a full year of experience with the HSBC portfolio, we have conducted our standard credit reviews for the majority of HSBC borrowers, and on that basis, we remain confident in the overall credit quality of the loans we acquired and believe the combined portfolio will continue to benefit from greater diversification that will support strong, through-the-cycle performance. In Capital Markets, provisions were up $191 million, mainly due to the large account noted earlier in the Other Services sector.

To conclude, despite being impacted by several unique factors and areas of weakness this quarter, we are seeing offsetting strength in other segments of the portfolio. All of this reflects the breadth, scale and diversification of our combined franchise. We still expect full-year 2025 provisions on impaired loans to remain within the guidance previously provided, and we remained prudent in building reserves on performing loans as we navigate uncertainties across multiple fronts. Moving forward, while we remain confident in our stage 3 PCL guidance for 2025, the uncertainty in the policy environment, specifically related to tariffs, could impact the likelihood and timing of allowance releases and peak PCL.

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 and geopolitical outcomes. With that, operator, let's open the lines for Q&A.

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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.

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 Q1 2025 Report to Shareholders and 2024 Annual Report.

Definitions can be found under the “Glossary” sections in our Q1/2025 Supplementary Financial Information and our 2024 Annual Report.