



ROYAL BANK OF CANADA FOURTH QUARTER RESULTS CONFERENCE CALL WEDNESDAY, DECEMBER 03, 2025

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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, ROE (including the increase of our ROE medium-term objective), the operating environment in light of heightened geopolitical and economic uncertainty, revising our methodology for allocating capital to Insurance, operating leverage, net income interest growth (excluding trading), the expected benefit of lower spread mortgages rolling into higher spread mortgages, volume growth across our businesses, mortgage growth, commercial loan growth, the expected run-off of benefits from the purchase price accounting accretion of fair value adjustments from the acquisition of HSBC Bank Canada, and the expected associated impact on all-bank net interest income growth, non-interest income, expense growth, seasonally higher costs related to pension and eligible-to-retire benefits, adjusted non-TEB effective tax rate, client-driven organic growth and dividend increases, more active use of buybacks while maintaining strong capital levels, expected retail losses, the expected gradual strengthening of Canadian GDP, the expected gradual decrease of Canadian unemployment rates, the expectation for relatively modest economic growth and lagged impacts from fiscal stimulus, the forecasted range for PCL on impaired loans, target synergies related to the acquisition of HSBC Bank Canada (including cost and revenue synergies), our target for enterprise value from AI, the expected impact of net income, net of dividends and core RWA growth on our CET1 ratio annually, deploying excess capital towards accelerated buybacks, our dividend payout ratio target, our Investor Day targets for PPPT growth and pre-tax margin, the anticipated launch of enhanced credit card and mortgage capabilities, technology integration efforts related to the Brewin Dolphin acquisition, Brewin Dolphin profitability targets, our Investor Day efficiency ratio target and the Insurance ROE target. 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: 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 (E&S) risk, digital disruption and innovation, privacy and data related risks, regulatory changes, culture and conduct risks, credit, market, liquidity and funding, insurance, operational, compliance, reputation and strategic risks, other risks discussed in the risk sections of our 2025 Annual Report, including legal and regulatory environment risk, the effects of changes in government fiscal, monetary and other policies and tax risk and transparency, risks associated with escalating trade tensions, including protectionist trade policies such as the imposition of tariffs, risks associated with the adoption of emerging technologies, such as cloud computing, artificial intelligence (AI), including generative AI (GenAI), and robotics, fraud risk 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 2025 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 2025 Annual Report. Such sections may be updated by subsequent quarterly reports. Assumptions about expected synergies related to the acquisition of HSBC Bank Canada (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 2025 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 2 of the quarterly slides and the strategic update, 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 record fourth quarter earnings of \$5.4 billion and adjusted earnings of over \$5.5 billion, closing out a record year in which we meaningfully drove our strategy forward. Our results speak to the strength of our diversified business model.

This includes benefits from our leading deposit franchises in Personal Banking and Commercial Banking. Capital Markets reported record fourth quarter results. Our Wealth Management segment also reported record revenue, reflecting strong markets and client flows. These outstanding results underpinned a strong return on equity of 16.8 percent for the quarter, supported by a CET1 ratio of 13.5 percent. This morning, we also increased our dividend by 10 cents or 6 percent. We further returned capital to shareholders through \$1 billion of share buybacks of nearly 5 million common shares this quarter. Through an annual review of our medium-term objectives, we are increasing our Return on Equity MTO from 16 percent plus to 17 percent plus. I will speak more to this after Graeme's remarks by providing an update on our Investor Day financial targets while sharing a Strategic Update on how we are driving long-term shareholder value.

Before passing to Katherine for her views on the quarter and the outlook for fiscal 2026, I want to briefly address the operating environment in light of the heightened geopolitical and economic uncertainty. Fiscal and monetary policy has limited the impact of persistent sectoral and regional trade tensions, while other parts of the economy remain resilient. As Canada's effective tariff rate remains low, and as Canadian exports to the U.S. remain solid – down 2 to 3 percent using the latest available data – the Canadian economy should maintain its demonstrated resilience as Canada negotiates a longer-term renewal of CUSMA. Furthermore, the ongoing shift towards a service-oriented economy should also offset some of the trade-related headwinds. North American consumers remain resilient, and we are confident in the overall resilience of our own retail portfolios. However, the impact of a K-shaped economy is increasingly polarizing, with more affluent consumers investing disposable income in growing markets, while less affluent consumers struggle with affordability.

Over the medium-term, the Federal Government's infrastructure and defense spend should stimulate growth and jobs in Canada and attract foreign investment. The challenge is the country's ability to get these projects approved by all stakeholders in a timely and efficient way. While the operating environment remains fluid and complex, and there is a lot of hard work yet to be done by governments and the private sector, I am cautiously optimistic on the outlook for Canada. As Canada's largest financial services company by market capitalization, we recognize the important role we will continue to play in driving economic growth for Canada. In the U.S., our businesses are engaged in constructive dialogue with clients as lower U.S. interest rates and pro-growth deregulation are providing more confidence in corporate boardrooms, leading to increasing market activity across sectors, from banking and technology, to manufacturing.

With that, Katherine, over to you.

KATHERINE GIBSON, CHIEF FINANCIAL OFFICER

Thanks Dave, and good morning everyone.

Starting with slide 7. This quarter, we reported record results, with diluted Earnings Per Share of \$3.76. Adjusted diluted EPS of \$3.85 was up 25 percent from last year, reflecting continued momentum across most of our businesses and strong adjusted all-bank operating leverage of 8.5 percent. Pre-provision, pre-tax earnings were up \$1.8 billion year-over-year, more than offsetting the \$167 million increase in provisions for credit losses, which Graeme will speak to shortly.

Turning to Capital on slide 8. CET1 ratio of 13.5 percent was up 30 basis points from last quarter, largely reflecting strong internal capital generation, net of dividends. This was partly offset by higher risk-weighted assets as we continued to deploy capital to drive organic growth, and partly offset by a reclassification of certain RWA due to a methodology change. Returning capital to our shareholders through share buybacks and dividends remains a key part of our strategy. This quarter, we repurchased 4.8 million shares for approximately \$1 billion, resulting in a total payout ratio of 59 percent for the quarter.

Moving to slide 9. All-bank net interest income was up 13 percent from last year, or up 11 percent excluding trading revenue. Net interest income growth, excluding trading was up 17 percent for the year. All-bank net interest margin, excluding trading revenue, was up 3 basis points from last quarter, mainly reflecting higher margins in Personal Banking and Commercial Banking. Canadian Banking NIM was up 5 basis points from last quarter, largely benefitting from a favourable shift in product mix and the continued benefits of long-term interest rates.

Moving to slide 10. Reported non-interest expense was up 4 percent and core non-interest expense was up 5 percent from last year. Core expense growth was driven by higher variable compensation, commensurate with higher revenues. Higher volume-driven costs and investments in technology also contributed to the growth. This was partly offset by continued expense discipline and cost synergies related to the acquisition of HSBC Bank Canada.

On taxes, the adjusted non-TEB effective tax rate was 20.4 percent this quarter, down approximately 1 percentage point relative to last quarter, largely reflecting a favourable tax adjustment in the U.S. Turning to our Q4 segment results beginning on slide 11.

Personal Banking reported earnings of \$1.9 billion this quarter. Focusing on Personal Banking – Canada, net income was up 20 percent from last year. Strong operating leverage of 9 percent underpinned an improvement in the efficiency ratio to 38.4 percent. This was partly offset by higher provisions for credit losses. Net interest income was up 13 percent from last year. Loans grew 3 percent year-over-year, reflecting growth in mortgages and cards. Deposits grew 1 percent from last year driven by demand deposit growth of 8 percent, partly offset by a 4 percent decline in GICs. Non-interest income was up 7 percent from last year largely reflecting the strength of our leading money-in franchise, with approximately \$5 billion in mutual fund sales, half of which was in the fourth quarter.

Turning to slide 12. Commercial Banking net income of \$810 million was up 5 percent from last year. Pre-provision, pre-tax earnings were up 9 percent from last year, reflecting record revenue and well-managed expenses. Loans were up 5 percent and deposits were up 3 percent last year. Loan growth benefited from our diversified portfolio led by resilient sectors, including Agriculture, Healthcare and Public Sector, partly offset by slower growth in tariff-impacted sectors including manufacturing and logistics. Commercial Real Estate continues to face cyclical headwinds.

Turning to Wealth Management on slide 13. Net income of \$1.3 billion rose 33 percent from last year, underpinned by record revenue. Non-interest income was up 14 percent from last year. Assets Under Management in RBC Global Asset Management increased by 17 percent to \$794 billion year-over-year, reflecting market appreciation and net sales into long-term Canadian retail and institutional money-market mandates. We continued to see momentum in Canadian retail mutual fund net sales as our clients moved back into markets across fixed income, balanced and equity mandates. Assets Under Administration were up 17 percent in Canadian Wealth Management and 14 percent in U.S. Wealth Management from last year. Net interest income was up 13 percent from last year, including higher results in Canadian Wealth Management driven by average volume growth in deposits and higher spreads. Higher revenue this quarter was partly offset by higher variable compensation, in line with increased compensable revenues. City National Bank generated \$163 million USD in adjusted earnings, including a release in performing provisions, up 79 percent from last year and 17 percent from last quarter.

Turning to our Capital Markets results on slide 14. Net income of \$1.4 billion increased 45 percent from last year, underpinned by a record fourth quarter revenue of \$3.6 billion. On a pre-provision, pre-tax basis, results were up 62 percent from last year to \$1.6 billion. Global Markets revenue was up 30 percent from last year, reflecting higher fixed income trading across all regions, particularly in rates,

municipal bonds and higher volumes and spreads in repo products. Higher equity derivatives trading also contributed to the increase. Corporate and Investment Banking revenue was up 18 percent from last year. Investment Banking revenue was up 26 percent year-over-year reflecting higher M&A activity. Lending and Transaction Banking revenue was up 12 percent, driven by higher volumes. These factors were partly offset by higher compensation on increased results and continued investments in technology.

Lastly, turning to slide 15. Insurance net income of \$98 million was down 40 percent from last year, primarily reflecting the impact of unfavourable annual actuarial assumption updates and an adjustment related to a previously recognized reinsurance recapture gain. Effective Q1 / 2026, we are revising our methodology for allocating capital to Insurance to more closely align with legal entity capital requirements. This increases attributed capital for Insurance, impacting the ROE effective fiscal 2026. This change in the segment allocation methodology has no impact at the all-bank level.

I will now spend a few minutes on our outlook for 2026. We expect positive all-bank operating leverage for the year, including 1 to 2 percent operating leverage for Canadian Banking. We expect annual all-bank net interest income growth (ex-trading) to be in the mid-single-digit range. I will spend some time unpacking the drivers given there are a few moving parts. As a reminder, 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. Our guidance reflects improving product mix, including higher growth in demand deposits relative to GICs and benefits from our structural hedging tractor strategy. Furthermore, lower spread mortgages rolling into higher spread mortgages in the second half of 2026 are also expected to be a benefit, contingent on the competitive environment. Solid volume growth across our businesses is also expected to contribute. We expect mortgage growth in the low-to-mid-single digit range reflecting continued stabilization in the Canadian housing market. Commercial loan growth is expected to trend in the mid-to-high single digit range, contingent on improving macro conditions and client sentiment. The \$117 million this quarter in benefits this quarter related to the purchase price accounting accretion of fair value adjustments from the HSBC Canada acquisition will decrease to approximately \$80 million next quarter and largely run-off by Q2 / 2026. This is expected to impact all-bank net interest income growth by approximately 1 percent. Also, as a reminder, the second quarter has fewer days than the other quarters, which generally results in a decrease in net interest income. Turning to non-interest income, non-interest income is expected to benefit from a continued shift in client flows towards investments, partly offset by reduced fees in the second half of the year, in line with regulations set out in last year's Federal Budget. In Capital Markets, we continue to maintain a high level of engagement with our clients in what we deem a constructive environment as deal pipelines continue to remain robust. We expect all-bank expense growth to be in the mid-single-digit range, reflecting higher variable compensation. For Q1 / 2026, we expect to incur seasonally higher costs related to pension and eligible-to-retire benefits. We will continue upholding a disciplined approach to cost management, while investing in our strategic growth initiatives as well as continued investments in our broader safety and soundness framework. As noted at our Investor Day, we expect the adjusted non-TEB effective tax rate to be in the 21 to 23 percent range, reflecting changes in earnings mix. As we look to 2026, we will continue to prioritize client-driven organic growth, dividend increases and be more active in our use of buybacks while maintaining strong capital levels. Dave will speak to this further in the strategic update.

To conclude, we generated record results this quarter, underpinning an adjusted ROE of 17.2 percent. Our results highlight our efficient use of resources including our robust capital, diversified sources of funding and liquidity, and prudent cost management.

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 ongoing trade uncertainty. Despite persistent economic headwinds, the Canadian economy has demonstrated resilience over the past year, with household spending remaining strong. As we head into 2026, we expect to see continued stabilization in the Canadian economy, supported by recent rate cuts,

government fiscal support and federal budget actions. However, U.S. and Canada trade issues remain largely unresolved. Consequently, we have maintained a prudent approach with our allowances, retaining elevated weightings to our downside scenarios, consistent with the last two quarters.

Turning to slide 17, we took a total of \$14 million or 1 bp of provisions on performing loans this quarter. This mainly reflects changes in credit quality and portfolio growth, partially offset by favourable changes in our macroeconomic forecast. As a result, we observed a small increase in allowances on our performing loans in Personal Banking and Commercial Banking, offset by releases in Wealth Management from the City National portfolio. It's important to note that economic impacts have not been felt uniformly across our portfolio. Rising unemployment in Ontario and the Greater Toronto Area, coupled with higher payments at mortgage renewal, have contributed to rising consumer impairments in these regions. Additionally, softness in these regions, and uncertainty from U.S. sectoral tariffs, have had a greater relative impact on economically sensitive sectors in the Commercial Banking portfolio. In response, we have continued to build reserves against our Canadian portfolios. Overall, we continue to maintain strong reserves, and we will continue to prudently manage our allowances given the backdrop of ongoing uncertainty as we move into 2026.

Moving to slide 18, gross impaired loans of \$8.7 billion were down by \$69 million or 2 basis points from last quarter, primarily driven by accounts returning to performing status and higher write-offs, as total new formations¹ were flat quarter over quarter. While overall gross impaired loans remain elevated, we are seeing a more stable trend in the pace of new Wholesale formations and Watchlist exposures since the beginning of the year. In Capital Markets, new formations increased by \$160 million over Q3. This was offset by an increase in borrowers returning to performing status and higher write-offs. Impairments this quarter were mainly driven by accounts in the Consumer Discretionary, Real Estate & Related, and Financial Services sectors. In Commercial Banking, new formations decreased \$215 million quarter-over-quarter. New formations were primarily driven by accounts in the Real Estate & Related, Consumer Discretionary, and Transportation sectors.

Turning to slide 19, PCL on impaired loans of 38 basis points was up 2 basis points or \$71 million quarter-over-quarter, in line with our expectations, with higher provisions across most segments. For the full year, PCL on impaired loans of 37 basis points was consistent with our full year guidance, despite the impairment from one large Capital Markets borrower in the Other Services sector. This reflects the diversification and scale benefits of our loan portfolio and overall business model. Losses in the Retail portfolios were \$74 million higher this quarter, in line with our expectations. Our unsecured portfolios continue to be the main driver of losses for the quarter. Mortgage provisions are increasing as expected, due to regional factors previously highlighted. We expect Retail losses to remain elevated in 2026, as we work through the lagged effects of higher unemployment, consumer insolvencies and ongoing payment shocks from mortgage renewals in Canada. We continue to monitor the performance of the Condo segment; however, the Condo portfolio continues to perform better than the overall mortgage portfolio, pointing to our strong underwriting standards and portfolio quality. In the Commercial portfolio, provisions were up \$50 million this quarter. We took additional provisions on a previously impaired Commercial Real Estate exposure tied to the insolvency of a large Canadian retailer and a new provision in the Consumer Discretionary sector. Further, our annual update of our model parameters resulted in a small additional provision for the quarter. The cyclical Supply Chain and Consumer Discretionary sectors accounted for a majority of our Commercial losses over the last 12 months, given softer economic conditions and the impacts from the higher rate environment earlier in the year. In Capital Markets, provisions were down \$73 million quarter-over-quarter, as provisions were taken on two large accounts in the previous quarter.

To conclude, we remain confident in the overall quality, diversification and resilience of our portfolios, and we are pleased with their performance through a year marked with prolonged and heightened uncertainty. This year, we added a total of \$622 million in provisions on performing loans, positioning us favourably to navigate the risk landscape, whether it be uncertain outcomes from U.S. trade policy, geopolitical risks or surprises to our economic forecasts. Looking ahead to 2026, with early signs of stabilization in sector specific export and employment numbers, we expect Canadian GDP to gradually strengthen and

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

unemployment rates to gradually fall from an earlier peak of 7.1%. However, economic growth will remain relatively modest and lagged impacts from fiscal stimulus could leave certain sectors and regions under pressure. Based on this backdrop, we are forecasting PCL on impaired loans in 2026 to continue in a similar range as what we have experienced in 2025. While the timing and outcome of CUSMA negotiations creates ongoing uncertainty, we feel the potential downside risk has been appropriately captured in our allowances supporting our financial resilience through the cycle. Credit outcomes will continue to depend on the extent and duration of tariffs; the effectiveness of announced fiscal support and stimulus measures; and the performance of labour markets, interest rates and real estate prices. As always, we continue to proactively manage risk through the cycle, and we remain well-capitalized to withstand a broad range of macroeconomic and geopolitical outcomes.

And now back to Dave.

DAVE MCKAY, PRESIDENT & CHIEF EXECUTIVE OFFICER

Thank you, Graeme.

Before speaking to the progress made against the strategies we articulated at our Investor Day in March, I will share some highlights of our annual performance, starting with slide 3 of the Strategic Update deck. In fiscal 2025, we delivered an ROE of 16.3 percent underpinned by over \$66 billion in revenue and \$20.4 billion in net income with record results in Wealth Management, Personal Banking, Capital Markets and Commercial Banking. Revenues were driven by strong volume growth, constructive markets, and margin expansion across key products. Our earnings supported an increased return of capital to shareholders and a \$58 billion increase in risk-weighted assets from last year as we continued to support our clients' financial needs and growth aspirations. At the same time, we prudently built our allowance for credit loss ratio to 71 basis points, and saw common equity tier 1 growth of \$9.8 billion, with our CET1 ratio increasing to a robust 13.5%. Our funding strength is further underpinned by a 127 percent LCR, a 100 percent loan-to-deposit ratio across Canadian Banking, growing U.S. deposits across City National and transaction banking, and relatively narrow wholesale funding spreads. We grew book value per share by 9 percent this year, in line with our historical 10-year average, while returning over \$11 billion of capital to our common shareholders through dividends and share buybacks.

Slides 4 through 6 are a good reminder of the foundational strength of our business model, which is underpinned by being the leading financial services provider in Canada across most business and client categories. In addition, we have a strong presence in the United States and Europe in attractive client verticals in some of the world's largest fee pools. The success of our diversified business model is further strengthened by how our segments are working together as OneRBC to deepen client relationships and bring them the full strength of our bank. We are delivering more comprehensive FX, payments and transaction banking solutions to our wholesale clients across platforms and geographies, while looking to leverage the North-South connectivity of RBC Clear and RBC Edge. We are also providing complex solutions for our high-net-worth and ultra-high-net-worth clients, leveraging the collective expertise of our Capital Markets and Wealth Management businesses as we look to capitalize on our combined origination and distribution strengths. In short, our clients are at the centre of everything we do.

Turning to the ambitions we set out at Investor Day, we are already seeing outcomes unfolding from the significant growth opportunities we articulated in March. Starting with the integration of HSBC Bank Canada on slide 7. We expect to exceed our initial target of \$740 million in annualized cost synergies. With \$115 million of cross-sold revenue in 2025, we are on our way to achieving the \$300 million annual revenue synergies target by 2027. Going forward, we expect to drive further synergies with both our commercial and retail client franchises, including cross-selling Personal Banking and Wealth Management products, as well as higher payment volumes and fees from enhanced treasury management solutions, international trade capabilities, along with strength with internationally-connected clients.

Moving to our ambition of leveraging our market leading artificial intelligence capabilities where we continue to see the benefits of our long-term organic investments in data platforms and foundational models. In the past, you have heard us speak about Aiden, NOMI, PBC.AI and our leading ability to build

and implement machine and reinforcement learning models. We believe these capabilities have accelerated our ability to build and deploy generative AI models. We are partnering with leading edge firms like NVIDIA to accelerate our agentic AI strategy, enhancing our Aiden platform across Capital Markets. We are also implementing key initiatives across our businesses, including reimagining mortgages and workflow for our commercial, corporate and investment banking teams. We are also leveraging AI to build the technology platform of the future, showing early results in enhanced security to protect the bank and clients, technology operations, and AI-enabled developer productivity. This includes the development of over 5 million lines of code, over 55 thousand code reviews, and over 3 thousand test suites. RBC Assist, our internal AI tool, has been launched to over 30,000 employees across front-office and functional roles, enabling employees to be more productive in their day-to-day work. We are on track to meet our target of \$700 million to \$1 billion of enterprise value from artificial intelligence. Importantly, our target is net of investments, including building on investments already made in data storage, GPU clusters, proprietary LLMs, risk governance and in people.

We are also performing well against our enterprise-wide targets, as seen on slide 8. As Katherine noted earlier, we reported strong growth in net interest income this year as we leveraged the strength of our Canadian deposit franchises. In addition, strong fee-based growth in Wealth Management and Capital Markets revenue streams combined with an uptick in Transaction Banking revenue increased our revenue productivity, with the revenue-to-RWA ratio up over 40 basis points this year. At the same time, we are driving our efficiency ratio towards our 53 percent target while continuing to invest for future growth.

Moving to slide 9. Our goal continues to be to drive long-term shareholder value, which is reflected in our four medium-term objectives. As I noted earlier, we are increasing our through-the-cycle medium-term ROE objective to 17 percent plus due to improved cost efficiencies and increased revenue productivity, including strong client flows and funding synergies from deposit growth. We are constantly evaluating growth opportunities to drive shareholder value, with the goal of optimizing growth, returns and capital efficiency. We believe a 17 percent plus target allows us to do it all through a market cycle. We are always focused on achieving better outcomes for our shareholders than simply meeting our objectives and targets. Our premium ROE, robust capital generation and current CET1 ratio give us significant strategic optionality. Even after deploying capital to grow our franchises and pay dividends, we expect to build significant excess capital over the coming years. Net income, net of dividends and core RWA growth is estimated to add approximately 80 basis points to our CET1 ratio annually. We will continue to consider all dimensions of capital allocation, focusing on client driven organic growth within our risk appetite and maintaining higher capital buffers during more volatile times.

You have heard me say before that there is no half-life to capital. Returning capital to shareholders is an important part of our plan. This year we bought back 15 million or 1 percent of our common shares outstanding. Our total payout ratio was 57 percent this year. Unless we see changes in the Domestic Stability Buffer, we continue to view that we have surplus capital in excess of 12.5 percent. At this point, our strategy is to operate within a 12.5 to 13.5 range in the current environment. If there is a sustainable level of excess capital above a 13.5 percent CET1 ratio, beyond what is needed to support longer-term organic growth opportunities within our risk appetite, we would look to deploy it towards accelerated buybacks above our recent cadence. We will also continue to strive to consistently grow our dividends, which have increased at a 7 percent CAGR over the last 10 years. Given the strength of our performance, our fiscal 2025 dividend payout ratio was at the lower end of our 40-to-50 percent medium-term objective. Going forward, we will look to sustainably operate at the mid-point of this range. Today's outsized dividend increase reflects this intention.

I will now provide an update on how we are progressing on some of the key segment-specific strategies we highlighted at our Investor Day.

On slides 10 and 11, Capital Markets generated record revenue of \$14.4 billion and earnings of \$5.4 billion this year as our major businesses were well positioned to take advantage of constructive markets. Importantly, we are on track to meet our investor day targets of PPPT growth and increased revenue productivity from our financial resources. We successfully grew our client franchises this year, leveraging the full breadth of our capabilities through our holistic global coverage model. Business growth was enabled by continued investments in talent, with accelerated hiring of senior coverage and relationship

managers in Global Markets and Investment Banking across the U.S. and Europe. Additionally, the cross-platform investments we made in AI and technology are amplifying the execution of our strategic priorities. In Global Markets, we delivered broad based market share gains, with notable growth in focus areas, including equity derivatives and financing, commodities, and G10 FX, where we are capturing benefits from our enhanced OneRBC approach. With the increased scale of this business, we believe we can sustainably deliver strong results over the cycle, and we are focused on increasing market share, guided by our prudent risk appetite. In Global Investment Banking, we are seeing the results of a strategic shift towards winning larger mandates, resulting in increased revenue productivity of senior bankers. Given the strength of our Technology, Data Center, Energy, Power, Utility & Infrastructure teams across both Investment Banking and Corporate Banking, we are well positioned to benefit from structural growth in artificial intelligence infrastructure and energy systems globally. Lastly, we are pleased with the progress of RBC Clear, our U.S. transaction banking platform. We have onboarded over 180 clients and US\$23 billion in deposits this year, and are well on our way to reaching our US\$50 billion medium-term target. The funding benefits from this strategy will not only reduce our reliance on wholesale funding; it will also enable our growth strategies.

Moving to Wealth Management on slides 12 and 13. We improved the pre-tax margin to 24.5 percent as we drive towards our Investor Day target of 29 percent by 2027. We are well positioned to benefit from secular trends across our key client segments with annual net new assets increasing \$33 billion or 4.9 percent in Canadian Wealth Management, excluding Direct Investing. U.S. Wealth Management net new assets increased by US\$28 billion or 4.3 percent, excluding CNB. Our total AUA across our Wealth Management advisory businesses has now reached \$2.3 trillion. We are looking to further extend our industry-leading position in our Canadian full-service private wealth business by enhancing product capabilities that are becoming increasingly important to our client base. We have doubled sales of private alts while having a record year for insurance sales to our Canadian clients. We are also increasing our investments in RBC Direct Investing, the second largest self-directed platform in Canada, to enhance the client value proposition for the next leg of growth. We introduced commission-free ETF trading to create more value and win with early-stage investors. We launched our Royal Distinction program that provides dedicated support and exclusive benefits to high-net-worth clients as they transition into full-service relationships. This year, we attracted over 90 experienced financial advisors to U.S. Wealth Management, with approximately 80 percent of these hires delivering over \$2 million of historical revenue production. We will continue hiring over the medium-term to meet our Investor Day commitments. An important part of our U.S. strategy is to expand our product shelf with proprietary banking offerings to our U.S. Wealth Management and Private Banking clients. By the end of fiscal 2026, we will be launching enhanced credit card and mortgage capabilities as we continue to grow securities-based and tailored lending. We continue to believe in the secular opportunity in UK Wealth Management given the country's structural retirement funding challenges. While foundational technology integration efforts related to the Brewin Dolphin acquisition are taking longer than anticipated, we believe this will be largely complete by the end of 2026. We remain steadfast in achieving our profitability targets over the medium-term. RBC Global Asset Management maintained its leadership position in Canada as we leveraged our leading affiliated retail distribution network, while enhancing our global distribution capabilities. We are expanding our investment capabilities with product innovation adding to our growing expertise across traditional active mandates. This is in addition to a growing platform of alternative asset classes. These factors contributed to strong net sales of over \$38 billion or 5.6 percent at RBC GAM, and growing AUM to \$794 billion.

Turning to slides 14 and 15, and looking at the U.S. as a region. We have made solid progress in enhancing profitability across our U.S. businesses. Net income was up 28 percent from last year driven by more active clients, strong markets and improved operational efficiency. City National's net income increased to US\$350 million or US\$450 million on an adjusted basis as it continues to execute well at the client level, while growing deposits. The U.S. region ROE increased by 1.4 percent to 10.7 percent with the efficiency ratio improving by 4 percent to 79 percent. This success has been underpinned by several factors, including leveraging enterprise-wide capabilities, centralizing shared services and eliminating duplicative processes, operations and functions. We've also seen improvement in both capital and funding efficiency through various financial resource optimization programs.

Moving to slides 16 and 17. This was a great year for Personal Banking. In addition to record revenue, we are on track to meet our Investor Day target of a sub-40 percent efficiency ratio by 2027. We're proud that RBC was ranked highest in Customer Satisfaction among the Big Five retail banks in the J.D. Power Canada Retail Banking Satisfaction Study for the 2nd consecutive year. We added 400 thousand net

new clients to our premium client base this year. In addition, 40 percent of new clients acquired in year are now multi-product clients. We remain focused on capturing the shifting money-in-motion, benefiting from the combination of our award-winning client value proposition, interconnected distribution channels, and leading deposit and investments franchises. Reciprocity is also a core part of our client value proposition. We added strategic relationships with iconic Canadian partners such as Canadian Tire and the Pattison Food Group. This helped us grow our Avion member base by 700 thousand in 2025. Looking forward, we are excited about our partnership with Visa for the 2026 FIFA World Cup. With respect to channel optimization, our strategy to automate low complexity work, leverage artificial intelligence and increase the number of specialists in our sales force is helping meet our clients' evolving needs while also driving higher adviser productivity and workload digitization.

Turning to slides 18 and 19. Commercial Banking expanded on our largest business deposit and lending franchise in Canada. We exceeded our growth goals in 2025, with double-digit volume growth on both sides of the balance sheet driving record revenue. Ultimately, we did not meet our profitability expectations. Our ROE declined from fiscal 2024, largely due to higher PCL amidst an uncertain macro backdrop. Despite unfavourable business sentiment and heightened competition, average Commercial Banking deposits and loans were up 10 and 16 percent, respectively. Our diversification and leading product shelf, including our market-leading transaction banking solutions, helped offset the impact from the more challenged sectors while consolidating business with existing clients, and attracting new clients. Increased investments in dedicated service and integrated distribution teams along with realigned coverage positions us well to unlock further growth as business sentiment recovers. We are seeing strong momentum with transaction banking revenue up approximately \$80 million from last year as we saw increased client activity in both flows and account management activities. In addition, we are increasing our collaboration with Capital Markets and City National to support the North-South banking needs of our clients. Our investments and increasing scale give us confidence in our ability to continue driving down the efficiency ratio towards the 32 percent target while supporting our medium-term growth ambitions.

Moving to slide 20. RBC Insurance is an integral part of the OneRBC model, working with both our Canadian Wealth Management and Personal Banking businesses to provide both wealth and Insurance solutions, while growing our leading creditor insurance business. As Katherine noted earlier, effective Q1 / 2026, we are revising our methodology for allocating capital to Insurance. Going forward, the ROE target for insurance will now be in the mid-to-high twenties underpinned by mid-single digit earnings growth and execution against key strategies. We will continue enhancing our product suite to gain market share in key areas of focus, including in our group businesses. You will hear more about this over the coming quarters. We are leveraging the power of AI to improve our underwriting, claims management and advisor effectiveness. Investment management will also play a part as we increase our allocation towards higher-yielding alternative assets, including infrastructure.

To close, we are well positioned to succeed across economic cycles given our unwavering commitment to our clients and diversified revenue streams, at-scale leading franchises, and a strong balance sheet underpinned by robust capital ratios, broad sources of funding and a prudent risk appetite. We remain focused on delivering a premium, through-the-cycle ROE and strong EPS growth underpinned by client-driven market share gains, increasing revenue productivity, and improving cost efficiencies. Finally, we are committed to using our strong internal capital generation to return capital to shareholders through increasing dividends and a strategic cadence of buybacks.

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 and ratios, including pre-provision, pre-tax earnings, adjusted basis measures and measures excluding adjusting and 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 and ratios 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 and ratios can be found under the "Key performance and non-GAAP measures" section of our 2025 Annual Report.

Definitions can be found under the "Glossary" sections in our Q4 2025 Supplementary Financial Information and our 2025 Annual Report.