



ROYAL BANK OF CANADA FIRST QUARTER RESULTS CONFERENCE CALL THURSDAY, FEBRUARY 26, 2026

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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 (U.S.) 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 U.S. Securities and Exchange Commission, 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, increased fiscal stimulus and the diversification of new trading relationships, economic growth and client activity over the near-to-medium term, our low-to-mid single digit mortgage growth guidance for the year, commercial loan growth, our M&A and origination pipeline and the macro and regulatory environment, dividend increases, retail mutual funds net sales, ROE, net income interest growth (excluding trading), non-interest income, reduced Personal Banking fees, all-bank expense growth, all-bank operating leverage, adjusted non-TEB effective tax rate, Corporate Support segment losses, CET1 ratio, the Canadian economic outlook and provisions on impaired loans. 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

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We caution readers not to place undue reliance on our forward-looking statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include, but are not limited to: 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 and the Risk management section of our Q1 2026 Report to Shareholders, 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 and the Risk management section of our Q1 2026 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 2025 Annual Report, as updated by the Economic, market and regulatory review and outlook section of our Q1 2026 Report to Shareholders. Such sections may be updated by subsequent quarterly reports. 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.

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, 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

Thanks, Asim. Good morning everyone, and thank you for joining us.

Starting with slide 4. Today, we reported record earnings of \$5.8 billion and adjusted earnings of \$5.9 billion. Pre-provision, pre-tax earnings were nearly \$8.5 billion and were up 14 percent from last year. These strong results were underpinned by record revenue of nearly \$18 billion and 5 percent operating leverage. Both Wealth Management and Capital Markets reported record revenue and pre-provision, pre-tax earnings, benefiting from a constructive environment for our market related businesses. Personal Banking and Commercial Banking reported record results underpinned by growth in money-in balances, higher margins and strong operating leverage as well. This was achieved even as housing conditions

and uncertainty around trade policies continued to temper loan growth in Canada. Our return on assets increased to nearly 90 basis points and we bought back over 4 million shares this quarter for approximately \$1 billion. Our performance delivered a return on equity of 17.6 percent on a foundation of a robust 13.7 percent Common Equity Tier 1 ratio. This powerful combination drove 9 percent growth in retained earnings.

Before covering client activity and business results, I'll briefly discuss the macro environment shaping our revenue drivers. The Canadian economy remained resilient through the elevated uncertainty from persistent and evolving geopolitical and trade tensions. GDP and job growth continued despite lower immigration levels, and household balance sheets are improving. That said, the impact from tariffs on the economy varies depending on the clients or sectors. We are seeing strong profitability and improving productivity for many of our corporate clients, while commercial clients in tariff-impacted sectors and geographies are facing headwinds. And the impact of the K-shaped economy continues to bifurcate Canadians. Going forward, we expect increased fiscal stimulus and the diversification of new trading relationships to create a multiplier effect of supporting economic growth and client activity over the near-to-medium term.

With this context, I will now speak briefly to key trends we are seeing across our businesses as seen on slide 5. In Personal Banking, mortgage growth remained modest as housing demand remained soft in key regions. This was due to affordability challenges, economic uncertainty, and a pull back in immigration levels. Looking forward, given weaker demand, we reiterate our low-to-mid single digit mortgage growth guidance for the year. This growth will be supported by our proprietary mortgage specialist sales force, capturing switch opportunities and driving strong retention through increased investments in channel capacity. Further, our recently announced strategic partnership with REALTOR.ca will create new top of funnel opportunities. The strength of our money-in franchise was on display again this quarter. We saw growth across demand deposits and mutual funds as many of our clients sought higher returns amidst term-deposit renewals. The aggregate flows to personal & savings accounts, GICs and mutual funds increased almost 50 percent from last quarter, driving strong revenue growth.

Commercial Banking loans were up 4 percent, with strength in Healthcare and Agriculture. Growth was moderated by a tariff-related slowdown in Supply-chain sectors and demand-driven headwinds in Commercial Real Estate, which represents approximately 40 percent of the portfolio. On a provincial level, Ontario continues to experience tariff-related headwinds, while we are seeing resilience in the Prairies. Even though larger clients are cautiously returning to growth mode, we expect commercial loan growth to stay closer to the lower-end of our mid-to-high single digit range for the year the longer we go without clarity on CUSMA trade negotiations. Deposit growth was stronger, up 5 percent year-over-year, reflecting broad-based expansion across nearly all sectors, amidst a competitive landscape. To build on this momentum, we continue to invest across our salesforce capacity, and enhance digital and AI-driven underwriting capabilities, while elevating our Transaction Banking offerings.

Our Wealth Management segment had a very strong quarter, generating over \$6 billion in revenue, \$1.7 billion in pre-provision, pre-tax earnings and \$1.3 billion in net income. Growth in fee-based assets benefited from market appreciation as North American equity markets rose double-digits year-over-year and bond indices also moved higher. In addition, we recorded strong net new assets over the last 12 months benefiting from clients moving back into the markets as well as continued advisor recruitment. Assets Under Administration were up 13 percent year-over-year in Canadian Wealth Management, surpassing \$1 trillion for the first time. US Wealth Management AUA was up 12 percent to US\$777 billion. RBC GAM Assets Under Management were up 11 percent to \$796 billion. Furthermore, City National's earnings continue to grow with both pre-provision, pre-tax earnings and net income more than doubling year-over-year. This quarter, Wealth Management announced the expansion of RBC Echelon, our premier platform for our growing base of ultra high-net-worth U.S. clients. We are also addressing the needs of new and aspiring self-directed investors by launching GoSmart, an intuitive mobile-first platform integrated within the RBC Mobile app.

Capital Markets also had a record quarter, with revenue of \$4 billion, pre-provision, pre-tax earnings of \$1.9 billion and net income of \$1.5 billion. Global Markets generated record revenue of \$2.2 billion with robust client activity amidst a constructive environment. We benefited from notable performance in

equities, where we have made strategic investments to bolster our equity derivatives and financing capabilities. Corporate & Investment Banking benefited from higher debt and equity origination activity, higher M&A activity, and higher North American lending revenue, with average loans up 8 percent from last year. We continue to have a healthy M&A and origination pipeline, as the macro and regulatory environment is expected to support growing fee pools.

I now want to talk about our focus on compounding long-term shareholder value. Our philosophy has remained consistent. As noted last quarter, we constantly evaluate opportunities to optimize shareholder value, not just maximize ROE. We concurrently want to enhance client-driven, profitable growth while upholding our disciplined risk appetite. And we have done both. This requires both the deployment of capital as well as leveraging our structural advantages in funding and non-interest expenses, along with our leading franchises, distribution and technology. On dividends, we look to progressive increases underpinned by sustainable earnings growth as we strive towards the mid-point of our 40-to-50 percent medium-term objective. When it comes to the level of share buybacks during times of uncertainty and volatility, we are aware of our book value multiples and intend to maintain capital levels nearer the higher end of our targeted range. Similarly, we have a high bar when it comes to acquisitions, and we will continue to be patient for the right opportunities to accelerate growth, instead of solving capability gaps. Our priority continues to be investing to organically grow our businesses.

The top left of slide 6 highlights the organic RWA deployed to support our clients' financing needs and growth aspirations discussed earlier. We have increased the level of client-driven growth given an expanding suite of opportunities. Organic RWA growth this quarter was greater than the quarterly average of each of the last 3 years. Our diversified business model allows us to strategically grow RWA through a changing macro environment. We took advantage of constructive opportunities to utilize our resources to grow across our Capital Markets businesses over the past year as reduced client demand lowered growth in Commercial Banking.

The bottom left charts on page 6 illustrate growth by ROE bands across our segments and sub-lines of business. When it comes to allocating capital to drive client growth, we don't just allocate capital to grow the highest ROE businesses. We also look to strengthen market share, invest in new technologies, and lay the foundation for new growth verticals to enhance future value and diversification across OneRBC. These create a flywheel-multiplier effect for driving durable ancillary revenue streams. An important point to make is that some of our largest businesses are inherently capital-light and do not need a lot of capital to grow. These are mostly funded by non-interest expenses. Growth in less-capital-intensive, higher-ROE businesses is a key driver of our revenue mix and growth. Our relatively equal weighting between capital-light fee-based revenue and more-capital-intensive net interest income provides us with an attractive business mix, as well as a lower credit risk profile. While some of our capital-intensive businesses generated returns below our expectations in fiscal 2025, this was partly due to several headwinds, which we expect to reverse over time. These include elevated PCL on performing loans, higher wholesale PCL, elevated spend in the U.S., and lower mortgage spreads due to increased competition. Furthermore, we look to offset any dilution from growing businesses with a lower standalone ROE by deepening client relationships to drive improved revenue productivity, while also becoming more efficient. We also won't grow for the sake of growth as evidenced by our discipline on mortgage growth and pricing amidst intense competition. We target profitable revenue growth that drives future value. Looking forward, we see momentum and significant opportunities to organically deploy capital across our diversified business model to accelerate profitable revenue growth. We are growing Capital Markets corporate loans, which would initially generate a lower standalone ROE. However, this growth creates opportunities to add on higher-ROE revenue, such as transaction banking and investment banking fees. Additionally, we will continue to support client activities by deploying RWA into our financing businesses, which can further monetize sales and trading intermediation activities. The combination of growth and deepening relationships drives a higher segment and client relationship ROE. Another strategic initiative is to align transaction banking with our growing City National Bank commercial loan book as we build out teams, while launching U.S. mortgage and credit card products to increase penetration within the high-net-worth client segment in U.S. Wealth Management. We also expect meaningful opportunities in Commercial Banking when we have certainty around CUSMA and when we start seeing the execution of large-scale infrastructure projects highlighted in the Canadian federal budget. The segment's ROE of over 16 percent this quarter highlights the power of the franchise when PCLs normalize. We are applying similar approaches across our strategic initiatives, some of which are listed on the right-hand side of slide 6.

We're not trying to just acquire loans. We are building relationships. And there are lots of opportunities to grow without diluting our ROE.

To close, we are focused on creating sustainable shareholder value by Accelerating our Ambitions to drive both profitable growth and a premium ROE, underpinned by our Investor Day targets, including improving revenue productivity and cost efficiencies. We also remain committed to using our strong internal capital generation to return capital to shareholders through both dividends and buybacks. Our future success will include opportunities to turn our highest potential AI use cases into solutions that bring value to clients. To do that, we recently announced that our Group Head, Technology & Operations Bruce Ross will lead our newly created AI Group to accelerate our AI ambitions. Moving into the Group Head, Technology & Operations role is Naim Kazmi, a transformational leader who has held multiple leadership roles, and was most recently the technology lead for the successful close-and-convert integration of HSBC Bank Canada. We look forward to their continued success.

And with that, Katherine, over to you.

KATHERINE GIBSON, CHIEF FINANCIAL OFFICER

Thanks Dave, and good morning, everyone.

Starting with slide 8. This quarter, we reported strong results, with diluted Earnings Per Share of \$4.03. Adjusted diluted EPS of \$4.08 was up 13% from last year, reflecting solid revenue growth and adjusted all-bank operating leverage of 4.3%.

Turning to Capital on slide 9. The CET1 ratio of 13.7% was up 20 basis points from last quarter, reflecting strong internal capital generation of 79 basis points, underpinned by our 17.6% ROE. A modest benefit from changes in regulatory updates and market-driven OCI gains also contributed to the increase. This was partly offset by higher dividends as announced last quarter and higher RWA from the strong client driven business growth that Dave just spoke to. Share buybacks of 4.2 million shares for approximately \$1 billion, largely in-line with last quarter's pace, also had an impact.

Moving to slide 10. All-bank net interest income was up 8% from last year, or up 7% excluding trading revenue, reflecting strong growth in Personal Banking and solid results in Commercial Banking and Capital Markets. All-bank net interest margin was down 7 basis points from last quarter, largely due to seasonally higher financing activities in Capital Markets. All-bank NIM, excluding trading revenue was up 1 basis point from last quarter, largely due to higher net interest income on certain transactions in Capital Markets, which were offset in non-interest income. Canadian Banking NIM was flat relative to last quarter, largely reflecting favourable product mix, driven by growth in non-maturity deposits. Continued benefits from our structural tractor hedging strategy also contributed due to a combination of beneficial 5-year swap spread roll-off, roll-on trends and continued growth in notional balances. This was offset by pricing competition and lower purchase price accounting accretion benefits related to the acquisition of HSBC Bank Canada, which we guided to last quarter. Excluding the PPA accretion roll-off impact, Canadian Banking NIM would have been up 2 basis points.

Moving to slide 11. Reported non-interest expense was up 2% and adjusted non-interest expense was up 3% from last year. Adjusted expense growth was largely driven by higher variable compensation, consistent with higher revenues in Wealth Management and Capital Markets. Higher salaries and pension and benefits-related costs also contributed to the increase, largely driven by a net increase in headcount. This was offset by the impact of FX translation and lower share-based compensation, which was driven by changes in equity markets and our own share price. Our expense growth also reflected the realization of cost synergies from the acquisition of HSBC Bank Canada and higher severance last year. Excluding these impacts, our expense growth would have been in the mid-single digit range.

On taxes, the adjusted non-TEB effective tax rate of 21.9% was up approximately 1.5 percentage points from last quarter, reflecting changes in earnings mix.

I'll now turn to our Q1 segment results beginning on slide 12.

Personal Banking reported record results of approximately \$2 billion this quarter. Focusing on Personal Banking – Canada, net income was up 18% from last year and the segment generated operating leverage of 9%. Revenue growth was 9%, with net interest income up 10%, reflecting higher margins and volume growth. Non-interest income was up 8% from last year, largely reflecting higher mutual fund revenue. Loan growth of 4% was driven by growth across all portfolios. Deposit growth was flat, as growth in lower-cost demand deposits was offset by a decline in term deposits concurrent with lower interest rates. However, this quarter we generated over \$2 billion in retail mutual fund net sales, compared to the \$5 billion we generated in all of fiscal 2025, reflecting the strength of our money-in franchise. We expect the momentum to continue next quarter, including benefits from the seasonally active retirement contribution period.

Turning to slide 13. Commercial Banking reported record net income of \$863 million, up 11% from last year. Pre-provision, pre-tax earnings were up 5% from last year, driven by revenue growth from higher volumes and well-managed expenses. Deposits increased 5% from last year, or 2% sequentially, driven by growth in non-maturity deposits, partly offset by a decline in term deposits. Loan growth continued to moderate to 4% year-over-year, or 1% sequentially, with tariff-related uncertainties impacting demand in key sectors and geographies.

Turning to Wealth Management on slide 14. Net income of \$1.3 billion was up 32% from last year, reflecting record revenue. Non-interest income was up 11%, reflecting higher fee-based client assets driven by market appreciation, as well as net new assets. Strong retail mutual fund net sales over the last 12 months, including this quarter were partly offset by outflows in short-term institutional mandates, which can be lumpy in nature. Transactional revenue driven by client activity in U.S. Wealth Management, also contributed. Net interest income was up 4% from last year, driven by higher deposit growth in Canadian Wealth Management, as well as higher spreads and loan growth in U.S. Wealth Management, including City National Bank. City National's net income increased to US\$143 million. Record revenue this quarter was partly offset by higher expenses, including higher variable compensation and staff costs, including advisor recruitment.

Turning to our Capital Markets results on slide 15. Net income of \$1.5 billion increased 3% from last year. Record pre-provision, pre-tax earnings of \$1.9 billion were up 11% from last year, partly offset by higher variable compensation. Global Markets revenue was up 7% from last year, reflecting record equity trading, as well as strength in repo products, partly offset by softer credit trading results. Corporate and Investment Banking revenue was flat year-over-year. Investment banking revenue was down 6% from last year, offsetting lending and transaction banking revenue that was up 6%.

Turning to slide 16. Insurance net income of \$213 million was down 22% from last year, reflecting a \$65 million reinsurance recapture gain in the prior year. Return on equity for the business was 24.9%, reflecting the increase in attributed capital for Insurance, as guided to in our fourth quarter call. We continue to target a mid to high 20% medium-term ROE. The US region net income of \$716 million was up 2% from last year, driven by a pickup in client activity in both Capital Markets and Wealth Management, including City National, as well as the benefits of strong markets and improved operational efficiency. This was partly offset by higher PCL.

The U.S. region net income of \$716 million USD was up 2% from last year driven by a pickup in client activity in both Capital Markets and Wealth Management, including City National, as well as the benefits of strong markets and improved operational efficiency. This was partly offset by higher PCL.

I will now spend a few minutes updating our outlook for 2026.

Consistent with last quarter, we expect annual all-bank net interest income growth (ex-trading) to be in the mid-single-digit range. This includes the majority of the remaining \$80 million PPA accretion rolling off next quarter, which translates to approximately a 4 basis point impact to Canadian Banking NIM. Non-interest income is expected to benefit from robust client activity in market-related businesses. That said, Capital Markets is seasonally stronger in the first quarter, particularly in certain trading businesses consistent with increased client activity. As a reminder, starting next quarter we will also begin to see the modest impact of reduced fees in Personal Banking, in-line with regulations set out in last year's Federal Budget. Also recall, the second quarter has fewer days than the other quarters. We continue to expect

all-bank expense growth to be in the mid-single-digit range for the year due to the realization of previously committed costs and ongoing investments. This includes the growth initiatives Dave spoke to earlier. Investments in technology and safety and soundness framework of the bank continue to be a priority given emerging opportunities and risk, where we spend approximately \$1 billion annually. Nonetheless, we continue to expect positive all-bank operating leverage for the year, including 1 to 2% for Canadian Banking, as we continue to focus on efficiencies across the bank, including AI-related benefits. We expect the adjusted non-TEB effective tax rate to move towards the higher end of our 21 to 23% previously guided range over the next 12 months. In contrast, we expect Corporate Support segment losses to now trend closer to the lower end of the \$100 to \$150 million range per quarter. On capital, we expect a modest 10 basis point negative impact to our CET1 ratio next quarter reflecting changes to retail capital parameters.

To conclude, we remain focused on continuing to drive sustainable shareholder value through capital allocation, centered on client-driven organic growth within our risk appetite along with returning capital to shareholders.

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

GRAEME HEPWORTH, CHIEF RISK OFFICER

Thank you, Katherine, and good morning everyone.

Starting on slide 17, I will discuss our allowances in the context of the macroeconomic environment and ongoing trade uncertainty. We remain cautiously optimistic on the outlook for the Canadian economy. We expect to see mild growth and continued stabilization in the economy, supported by prior rate cuts, ongoing trade diversification initiatives, and targeted fiscal measures. Looking ahead, while we believe the Canadian economy has demonstrated resilience, factors such as U.S. trade policy, the upcoming CUSMA joint review, and geopolitical tensions, add ongoing uncertainty to our outlook. Against this backdrop, we have maintained a prudent approach with our allowances. While our base outlook assumes that current CUSMA exemptions and tariffs are maintained going forward, to reflect the uncertainty of outcomes, we have retained elevated weightings to our downside scenarios, consistent with the last three quarters. As a reminder, in the second quarter of 2025 we introduced a Trade Disruption Scenario into our IFRS-9 framework. This scenario captures the risk of Canada facing significantly higher tariffs across all exports, but also reflects the potential for a severe North American recession driven by escalating global trade wars. While uncertain trade conditions have widened the range of possible outcomes, we feel the potential downside risk of a CUSMA withdrawal has been appropriately captured in our allowances, supporting our financial resilience through the cycle.

Turning to slide 18, we took a total of \$28 million or 1 basis point of provisions on performing loans this quarter, reflecting unfavourable changes in credit quality and portfolio growth, partially offset by a favourable impact from our macroeconomic forecasts.

Moving to slide 19, PCL on impaired loans of 40 bps was up 2 bps or \$84 million relative to last quarter, with higher provisions in Capital Markets and Personal Banking, partially offset by lower provisions in Commercial Banking. In Capital Markets, provisions on impaired loans were up \$130 million from the prior quarter. Most notably, we incurred a large provision related to a borrower in the Consumer Discretionary sector, as well as to a leveraged lending borrower in the Financial Services sector. We also continued to see provisions in the Commercial Real Estate sector, consistent with ongoing headwinds in that space. In our Commercial Banking portfolio, PCL on impaired loans was down \$73 million compared to last quarter, reflecting lower provisions on larger borrowers. While we saw better performance in Q1, we expect losses to remain elevated in the coming quarters given the ongoing soft economic conditions, particularly in cyclical industries. As a reminder, impairments and recognized losses in our Wholesale portfolios are inherently more difficult to predict and can be more episodic quarter to quarter. In Personal Banking, PCL on impaired loans increased by \$27 million, driven by higher provisions in Residential Mortgages and Credit Cards, partially offset by lower provisions in Personal Lending. We continued to see a more localized impact on our retail portfolios, with higher provisions driven by softness in Ontario and the Greater Toronto Region. Residential Mortgage provisions are increasing as expected, due to these regional factors and pressure from higher payments at mortgage renewal. We expect these

pressures to abate as we exit 2026, with average payment increases at renewal decreasing substantially in 2027. We remain confident in the quality of our Mortgage portfolio, underwriting and collateral.

Moving to slide 20, gross impaired loans of \$9.2 billion were up by \$485 million or 3 basis points from last quarter, largely driven by three segments. In Personal Banking, gross impaired loans increased by \$294 million quarter-over-quarter, largely driven by new formations¹ in the Canadian Residential Mortgages portfolio. In Wealth Management, gross impaired loans increased by \$90 million driven by CNB, with newly impaired loans in the CRE and Consumer Staples sectors. In Commercial Banking, gross impaired loans increased by \$88 million quarter-over-quarter. The largest new formations in the quarter relate to borrowers in the Transportation and Industrial Products sectors.

To conclude, despite higher episodic losses in Capital Markets this quarter, we remain confident in the overall quality, diversification and resilience of our portfolios. We still expect full-year 2026 provisions on impaired loans to remain within the guidance previously provided. Credit outcomes will continue to depend on the extent and duration of tariffs, the performance of labour markets, interest rates and real estate prices — factors we are actively monitoring as the trade and geopolitical landscape evolves. As always, we continue to proactively manage risk through the cycle and evaluate multiple scenarios across our credit and stress testing frameworks. We remain well provisioned and capitalized to withstand a wide range of macroeconomic and geopolitical outcomes.

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

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 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 Q1 2026 Report to Shareholders and the 2025 Annual Report.

Definitions can be found under the "Glossary" sections in our Q1 2026 Supplementary Financial Information and our 2025 Annual Report.

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