

ROYAL BANK OF CANADA
Global Systemically Important Banks (G-SIBs)
Disclosure
2017





What is a G-SIB?

In November 2011, the Financial Stability Board (FSB) published an integrated set of policy measures with the goal of enhancing the transparency of the relative scale of banks' in a global context, as well as to address the systemic risk and moral hazard associated with systemically important financial institutions. These policy measures have become known as the Global Systemically Important Bank (G-SIB) Framework, and include an assessment methodology for determining importance of international banks to the global financial industry. A G-SIB is a financial institution whose failure could have significant impact to the wider financial system and economic activity. G-SIBs are subject to additional capital buffers relative to their G-SIB score, as well as increased supervisory scrutiny.

The 2018 CAR Guideline clarifies that if, and when, a Canadian bank is designated a G-SIB, the higher of the Domestic Systemically Important Bank (D-SIB) and G-SIB buffers will apply.

RBC was identified as a G-SIB by the FSB in November 2017 using data for the year ended 31 October 2016 and a methodology published by the Basel Committee on Banking Supervision (BCBS).

The list includes 29 other international banks and is updated annually, in November.

How are G-SIBs identified?

Identification of G-SIBs is prescribed by the FSB using a methodology developed by the BCBS. The methodology is based on 12 indicators grouped in the following five categories:

- Size
- Interconnectedness
- Substitutability/financial institution infrastructure
- Complexity
- Cross-jurisdictional activity

A score is assigned to each of the five categories and is calculated based on the individual score and weights of the indicators within that category; with the Bank's overall score calculated as the sum of all category scores. The assessment methodology is reviewed and revised annually by the BCBS for items deemed for addition to, or removal from the 12 indicators.

The information disclosed in this report is a detailed version of the G-SIB indicators included in our first quarter Report to Shareholders. The indicator values are calculated based on the instructions outlined by the BCBS. The information presented is not directly comparable with other disclosures.

What are G-SIBs subject to?

G-SIBs are required to hold an additional buffer of Common Equity Tier 1 ('CET1') capital between 1% and 3.5%, depending on the score from the assessment methodology. The buffers ensure that G-SIBs maintain additional capital to absorb potential future losses. RBC 2017 capital ratios exceed the regulatory minimum, inclusive of the required G-SIB buffer of 1%. In addition, G-SIBs are subject to higher Total Loss-absorbing Capacity (TLAC) requirements to ensure the sufficiency of loss absorbing capacity in a resolution situation.

Though we are the only Canadian Bank to be identified as a G-SIB, in 2013 OSFI named Canada's six largest banks D-SIBs, including RBC. D-SIBs are subject to enhanced supervision as well as increased capital, resolution and disclosure requirements. The current recovery and resolution requirements for G-SIBs have been adopted in OSFI's D-SIB Regulatory Oversight Framework.

End-2017 G-SIB Assessment Exercise



General Bank Data

Section 1 - General Information	GSIB	Response
a. General information provided by the relevant supervisory authority:		
(1) Country code	1001	CA
(2) Bank name	1002	RBC
(3) Reporting date (yyyy-mm-dd)	1003	2017-10-31
(4) Reporting currency	1004	CAD
(5) Euro conversion rate	1005	0.664937828
(6) Submission date (yyyy-mm-dd)	1006	
b. General Information provided by the reporting institution:		
(1) Reporting unit	1007	1,000
(2) Accounting standard	1008	IFRS
(3) Date of public disclosure (yyyy-mm-dd)	1009	2018-02-23
(4) Language of public disclosure	1010	English
(5) Web address of public disclosure	1011	http://www.rbc.com/investorrelations/quarterly-financial-statements.html

Size Indicator

Section 2 - Total Exposures	GSIB	Amount in thousand CAD
a. Derivatives		
(1) Counterparty exposure of derivatives contracts	1012	17,413,610
(2) Capped notional amount of credit derivatives	1201	638,050
(3) Potential future exposure of derivative contracts	1018	56,598,798
b. Securities financing transactions (SFTs)		
(1) Adjusted gross value of SFTs	1013	217,684,286
(2) Counterparty exposure of SFTs	1014	8,131,526
c. Other assets		
d. Gross notional amount of off-balance sheet items		
(1) Items subject to a 0% credit conversion factor (CCF)	1019	239,590,379
(2) Items subject to a 20% CCF	1022	15,137,070
(3) Items subject to a 50% CCF	1023	214,457,884
(4) Items subject to a 100% CCF	1024	27,983,879
e. Regulatory adjustments	1031	16,102,052
f. Total exposures indicator (Total exposures prior to regulatory adjustments) (sum of items 2.a.(1) thorough 2.c, 0.1 times 2.d.(1), 0.2 times 2.d.(2), 0.5 times 2.d.(3), and 2.d.(4))	1103	1,331,641,463

Interconnectedness Indicators

Section 3 - Intra-Financial System Assets	GSIB	Amount in thousand CAD
a. Funds deposited with or lent to other financial institutions	1033	17,548,354
(1) Certificates of deposit	1034	0
b. Unused portion of committed lines extended to other financial institutions	1035	30,153,836
c. Holdings of securities issued by other financial institutions:		
(1) Secured debt securities	1036	38,239,352
(2) Senior unsecured debt securities	1037	12,009,693
(3) Subordinated debt securities	1038	708,709
(4) Commercial paper	1039	2,300,551
(5) Equity securities	1040	15,158,562
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	1041	3,009,876
d. Net positive current exposure of securities financing transactions with other financial institutions	1213	7,443,468
e. Over-the-counter derivatives with other financial institutions that have a net positive fair value:		
(1) Net positive fair value	1043	5,225,532
(2) Potential future exposure	1044	18,909,451
f. Intra-financial system assets indicator (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6))	1045	144,687,632

Section 4 - Intra-Financial System Liabilities	GSIB	Amount in thousand CAD
a. Funds deposited by or borrowed from other financial institutions:		
(1) Deposits due to depository institutions	1046	24,316,324
(2) Deposits due to non-depository financial institutions	1047	71,747,407
(3) Loans obtained from other financial institutions	1105	0
b. Unused portion of committed lines obtained from other financial institutions	1048	0
c. Net negative current exposure of securities financing transactions with other financial institutions	1214	16,235,272
d. Over-the-counter derivatives with other financial institutions that have a net negative fair value:		
(1) Net negative fair value	1050	2,799,814
(2) Potential future exposure	1051	15,625,381
e. Intra-financial system liabilities indicator (sum of items 4.a.(1) through 4.d.(2))	1052	130,724,198

Section 5 - Securities Outstanding	GSIB	Amount in thousand CAD
a. Secured debt securities	1053	42,208,221
b. Senior unsecured debt securities	1054	108,006,097
c. Subordinated debt securities	1055	9,362,000
d. Commercial paper	1056	1,061,025
e. Certificates of deposit	1057	38,115,709
f. Common equity	1058	146,553,780
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	1059	6,474,389
h. Securities outstanding indicator (sum of items 5.a through 5.g)	1060	351,781,221

Substitutability/Financial Institution Infrastructure Indicators

Section 6 - Payments made in the reporting year (excluding intragroup payments)	GSIB	Amount in thousand CAD
a. Australian dollars (AUD)	1061	259,277,290
b. Brazilian real (BRL)	1062	10,000
c. Canadian dollars (CAD)	1063	15,627,580,562
d. Swiss francs (CHF)	1064	254,910,268
e. Chinese yuan (CNY)	1065	54,334,245
f. Euros (EUR)	1066	4,138,113,970
g. British pounds (GBP)	1067	1,730,396,777
h. Hong Kong dollars (HKD)	1068	101,235,707
i. Indian rupee (INR)	1069	190,288
j. Japanese yen (JPY)	1070	297,522,827
k. Mexican pesos (MXN)	1108	68,655,092
l. Swedish krona (SEK)	1071	56,135,792
m. United States dollars (USD)	1072	15,376,383,588
n. Payments activity indicator (sum of items 6.a through 6.m)	1073	37,964,746,405

Section 7 - Assets Under Custody	GSIB	Amount in thousand CAD
a. Assets under custody indicator	1074	4,061,111,006

Section 8 - Underwritten Transactions in Debt and Equity Markets	GSIB	Amount in thousand CAD
a. Equity underwriting activity	1075	23,700,000
b. Debt underwriting activity	1076	211,731,000
c. Underwriting activity indicator (sum of items 8.a and 8.b)	1077	235,431,000

Complexity indicators

Section 9 - Notional Amount of Over-the-Counter (OTC) Derivatives	GSIB	Amount in thousand CAD
a. OTC derivatives cleared through a central counterparty	1078	7,897,491,586
b. OTC derivatives settled bilaterally	1079	5,039,912,374
c. OTC derivatives indicator (sum of items 9.a and 9.b)	1080	12,937,403,960

Section 10 - Trading and Available-for-Sale Securities	GSIB	Amount in thousand CAD
a. Held-for-trading securities (HFT)	1081	119,951,070
b. Available-for-sale securities (AFS)	1082	59,086,015
c. Trading and AFS securities that meet the definition of Level 1 assets	1083	83,033,076
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1084	57,086,356
e. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of 10.c and 10.d)	1085	38,917,652

Section 11 - Level 3 Assets	GSIB	Amount in thousand CAD
a. Level 3 assets indicator (Assets valued for accounting purposes using Level 3 measurement inputs)	1086	3,574,275

Cross-Jurisdictional Activity Indicators

Section 12 - Cross-Jurisdictional Claims	GSIB	Amount in thousand CAD
a. Cross-jurisdictional claims indicator (Total foreign claims on an ultimate risk basis)	1087	507,554,010

Section 13 - Cross-Jurisdictional Liabilities	GSIB	Amount in thousand CAD
a. Foreign liabilities (excluding derivatives and local liabilities in local currency)	1088	148,300,959
(1) Any foreign liabilities to related offices included in item 13.a.	1089	0
b. Local liabilities in local currency (excluding derivatives activity)	1090	188,851,958
c. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus 13.a.(1))	1091	337,152,916