

ROYAL BANK OF CANADA
Global Systemically Important Banks (G-SIBs)
Disclosure
2018





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 surcharge dependent on their G-SIB score, as well as increased supervisory scrutiny.

The OSFI 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 surcharges will apply.

RBC was designated a G-SIB by the FSB in November 2017 based on the bank's financial position as at year ended 31 October 2016 and methodology published by the Basel Committee on Banking Supervision (BCBS).

The list includes 28 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 provided 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 additional Common Equity Tier 1 ('CET1') capital surcharge between 1% and 3.5%, depending on the score from the G-SIB assessment methodology. The G-SIB capital surcharge ensures that G-SIBs maintain additional capital to absorb potential future losses. RBC Q1 2019 capital ratios exceed the regulatory minimum, inclusive of the required G-SIB surcharge 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 designated 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-2018 Working File 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	2018-10-31
(4) Reporting currency	1004	CAD
(5) Euro conversion rate	1005	0.64082025
(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	2019-02-22
(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	17,835,922
(2) Capped notional amount of credit derivatives	1201	1,042,382
(3) Potential future exposure of derivative contracts	1018	57,904,153
b. Securities financing transactions (SFTs)		
(1) Adjusted gross value of SFTs	1013	279,475,734
(2) Counterparty exposure of SFTs	1014	9,229,022
c. Other assets	1015	918,423,381
d. Gross notional amount of off-balance sheet items		
(1) Items subject to a 0% credit conversion factor (CCF)	1019	246,427,937
(2) Items subject to a 20% CCF	1022	16,124,419
(3) Items subject to a 50% CCF	1023	255,660,192
(4) Items subject to a 100% CCF	1024	27,830,058
e. Regulatory adjustments	1031	16,669,114
f. Total exposures indicator (Total exposures prior to regulatory adjustments) (sum of items 2.a.(1) through 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	1,467,438,426

Interconnectedness Indicators

Section 3 - Intra-Financial System Assets	GSIB	Amount in thousand CAD
a. Funds deposited with or lent to other financial institutions	1033	23,025,585
(1) Certificates of deposit	1034	0
b. Unused portion of committed lines extended to other financial institutions	1035	28,222,950
c. Holdings of securities issued by other financial institutions:		
(1) Secured debt securities	1036	18,141,879
(2) Senior unsecured debt securities	1037	5,929,045
(3) Subordinated debt securities	1038	535,779
(4) Commercial paper	1039	1,495,451
(5) Equity securities	1040	14,636,790
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	1041	3,553,166
d. Net positive current exposure of securities financing transactions with other financial institutions	1213	10,854,481
e. Over-the-counter derivatives with other financial institutions that have a net positive fair value:		
(1) Net positive fair value	1043	7,469,932
(2) Potential future exposure	1044	19,353,613
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	126,112,341

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	34,947,451
(2) Deposits due to non-depository financial institutions	1047	72,752,092
(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	14,395,998
d. Over-the-counter derivatives with other financial institutions that have a net negative fair value:		
(1) Net negative fair value	1050	2,531,109
(2) Potential future exposure	1051	16,352,695
e. Intra-financial system liabilities indicator (sum of items 4.a.(1) through 4.d.(2))	1052	140,979,145

Section 5 - Securities Outstanding	GSIB	Amount in thousand CAD
a. Secured debt securities	1053	43,938,109
b. Senior unsecured debt securities	1054	107,155,189
c. Subordinated debt securities	1055	9,397,000
d. Commercial paper	1056	7,496,234
e. Certificates of deposit	1057	41,410,494
f. Common equity	1058	138,009,120
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	1059	6,184,856
h. Securities outstanding indicator (sum of items 5.a through 5.g)	1060	353,591,002

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	302,511,234
b. Brazilian real (BRL)	1062	5,274
c. Canadian dollars (CAD)	1063	16,040,999,380
d. Swiss francs (CHF)	1064	290,563,658
e. Chinese yuan (CNY)	1065	88,904,051
f. Euros (EUR)	1066	4,439,737,701
g. British pounds (GBP)	1067	1,949,985,858
h. Hong Kong dollars (HKD)	1068	163,143,368
i. Indian rupee (INR)	1069	152,437
j. Japanese yen (JPY)	1070	412,776,352
k. Mexican pesos (MXN)	1108	64,460,624
l. Swedish krona (SEK)	1071	102,902,986
m. United States dollars (USD)	1072	19,061,437,700
n. Payments activity indicator (sum of items 6.a through 6.m)	1073	42,917,580,623

Section 7 - Assets Under Custody	GSIB	Amount in thousand CAD
a. Assets under custody indicator	1074	4,262,294,090

Section 8 - Underwritten Transactions in Debt and Equity Markets	GSIB	Amount in thousand CAD
a. Equity underwriting activity	1075	11,710,922
b. Debt underwriting activity	1076	234,281,205
c. Underwriting activity indicator (sum of items 8.a and 8.b)	1077	245,992,127

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	12,288,702,874
b. OTC derivatives settled bilaterally	1079	5,179,220,361
c. OTC derivatives indicator (sum of items 9.a and 9.b)	1080	17,467,923,235

Section 10 - Trading and Available-for-Sale Securities	GSIB	Amount in thousand CAD
a. Held-for-trading securities (HFT)	1081	120,162,255
b. Available-for-sale securities (AFS)	1082	46,445,672
c. Trading and AFS securities that meet the definition of Level 1 assets	1083	67,846,362
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1084	42,907,047
e. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of 10.c and 10.d)	1085	55,854,519

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	2,548,929

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	612,292,236

Section 13 - Cross-Jurisdictional Liabilities	GSIB	Amount in thousand CAD
a. Foreign liabilities (excluding derivatives and local liabilities in local currency)	1088	201,821,850
(1) Any foreign liabilities to related offices included in item 13.a.	1089	0
b. Local liabilities in local currency (excluding derivatives activity)	1090	239,864,529
c. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus 13.a.(1))	1091	441,686,379