

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

Disclosure

2019





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 the 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 Office of the Superintendent of Financial Institutions (OSFI) Capital Adequacy Requirements (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.

We were first 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 30 international banks and is updated annually, in November. This year, we are one of only two Canadian Banks identified as G-SIBs.

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. Our Q1 2020 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.

In 2013 OSFI designated Canada's six largest banks D-SIBs. 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, of which we are included.

End-2019 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	2019-10-31
(4) Reporting currency	1004	CAD
(5) Euro conversion rate	1005	0.685025346
(6) Submission date (yyyy-mm-dd)	1006	2020-02-21
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	2020-02-21
(4) Language of public disclosure	1010	English
(5) Web address of public disclosure	1011	http://www.rbc.com/investorrelation

Size Indicator

Section 2 - Total Exposures	GSIB	Amount in thousand CAD
a. Derivatives		
(1) Counterparty exposure of derivatives contracts	1012	28,056,917
(2) Capped notional amount of credit derivatives	1201	448,766
(3) Potential future exposure of derivative contracts	1018	52,663,169
b. Securities financing transactions (SFTs)		
(1) Adjusted gross value of SFTs	1013	307,775,590
(2) Counterparty exposure of SFTs	1014	13,232,746
c. Other assets	1015	982,633,510
d. Gross notional amount of off-balance sheet items		
(1) Items subject to a 0% credit conversion factor (CCF)	1019	269,929,862
(2) Items subject to a 20% CCF	1022	10,355,371
(3) Items subject to a 50% CCF	1023	229,695,723
(4) Items subject to a 100% CCF	1024	57,401,889
e. Regulatory adjustments	1031	15,664,101
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	1,586,124,509

Interconnectedness Indicators

Section 3 - Intra-Financial System Assets	GSIB	Amount in thousand CAD
a. Funds deposited with or lent to other financial institutions	1033	25,250,484
(1) Certificates of deposit	1034	1,070,246
b. Unused portion of committed lines extended to other financial institutions	1035	29,318,112
c. Holdings of securities issued by other financial institutions:		
(1) Secured debt securities	1036	20,537,981
(2) Senior unsecured debt securities	1037	5,823,983
(3) Subordinated debt securities	1038	643,468
(4) Commercial paper	1039	1,603,523
(5) Equity securities	1040	14,153,627
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	1041	4,127,706
d. Net positive current exposure of securities financing transactions with other financial institutions	1213	12,758,277
e. Over-the-counter derivatives with other financial institutions that have a net positive fair value:		
(1) Net positive fair value	1043	7,161,680
(2) Potential future exposure	1044	10,986,802
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	124,110,232

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	29,828,714
(2) Deposits due to non-depository financial institutions	1047	77,812,495
(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	9,387,131
d. Over-the-counter derivatives with other financial institutions that have a net negative fair value:		
(1) Net negative fair value	1050	2,993,645
(2) Potential future exposure	1051	10,214,235
e. Intra-financial system liabilities indicator (sum of items 4.a.(1) through 4.d.(2))	1052	130,236,220

Section 5 - Securities Outstanding	GSIB	Amount in thousand CAD
a. Secured debt securities	1053	47,269,663
b. Senior unsecured debt securities	1054	106,807,724
c. Subordinated debt securities	1055	9,788,000
d. Commercial paper	1056	35,564,516
e. Certificates of deposit	1057	18,949,835
f. Common equity	1058	151,933,399
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	1059	5,078,410
h. Securities outstanding indicator (sum of items 5.a through 5.g)	1060	375,391,546

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	308,945,040
b. Brazilian real (BRL)	1062	8,157
c. Canadian dollars (CAD)	1063	17,734,241,250
d. Swiss francs (CHF)	1064	441,034,836
e. Chinese yuan (CNY)	1065	156,051,687
f. Euros (EUR)	1066	3,894,644,419
g. British pounds (GBP)	1067	2,204,635,299
h. Hong Kong dollars (HKD)	1068	188,786,684
i. Indian rupee (INR)	1069	245,800
j. Japanese yen (JPY)	1070	435,621,361
k. Mexican pesos (MXN)	1108	75,464,822
l. Swedish krona (SEK)	1071	128,808,979
m. United States dollars (USD)	1072	19,539,169,177
n. Payments activity indicator (sum of items 6.a through 6.m)	1073	45,107,657,511

Section 7 - Assets Under Custody	GSIB	Amount in thousand CAD
a. Assets under custody indicator	1074	4,387,931,483

Section 8 - Underwritten Transactions in Debt and Equity Markets	GSIB	Amount in thousand CAD
a. Equity underwriting activity	1075	10,978,786
b. Debt underwriting activity	1076	282,459,438
c. Underwriting activity indicator (sum of items 8.a and 8.b)	1077	293,438,224

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	11,948,921,367
b. OTC derivatives settled bilaterally	1079	7,540,993,348
c. OTC derivatives indicator (sum of items 9.a and 9.b)	1080	19,489,914,715

Section 10 - Trading and Available-for-Sale Securities	GSIB	Amount in thousand CAD
a. Held-for-trading securities (HFT)	1081	136,609,219
b. Available-for-sale securities (AFS)	1082	55,244,242
c. Trading and AFS securities that meet the definition of Level 1 assets	1083	76,254,532
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1084	52,289,897
e. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of 10.c and 10.d)	1085	63,309,032

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	2,568,294

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	701,482,756

Section 13 - Cross-Jurisdictional Liabilities	GSIB	Amount in thousand CAD
a. Foreign liabilities (excluding derivatives and local liabilities in local currency)	1088	241,033,195
(1) Any foreign liabilities to related offices included in item 13.a.	1089	0
b. Local liabilities in local currency (excluding derivatives activity)	1090	260,952,719
c. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus 13.a.(1))	1091	501,985,914