

ROYAL BANK OF CANADA
Global Systemically Important Banks (G-SIBs)
Disclosure
2020





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 2021 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-2020 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 | 2020-10-31 |
| (4) Reporting currency | 1004 | CAD |
| (5) Euro conversion rate | 1005 | 0.639672488 |
| (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 | 2021-02-24 |
| (4) Language of public disclosure | 1010 | English |
| (5) Web address of public disclosure | 1011 | https://www.rbc.com/investor-relations/financial-information.html |

Size Indicator

| Section 2 - Total Exposures | GSIB | Amount in thousand CAD |
|--|------|------------------------|
| a. Derivatives | | |
| (1) Counterparty exposure of derivatives contracts | 1012 | 28,185,776 |
| (2) Capped notional amount of credit derivatives | 1201 | 1,224,601 |
| (3) Potential future exposure of derivative contracts | 1018 | 53,235,795 |
| b. Securities financing transactions (SFTs) | | |
| (1) Adjusted gross value of SFTs | 1013 | 314,187,296 |
| (2) Counterparty exposure of SFTs | 1014 | 12,123,474 |
| c. Other assets | 1015 | 1,157,796,280 |
| d. Gross notional amount of off-balance sheet items | | |
| (1) Items subject to a 0% credit conversion factor (CCF) | 1019 | 285,506,813 |
| (2) Items subject to a 20% CCF | 1022 | 19,328,474 |
| (3) Items subject to a 50% CCF | 1023 | 227,090,314 |
| (4) Items subject to a 100% CCF | 1024 | 62,230,808 |
| e. Regulatory adjustments | 1031 | 14,409,930 |
| 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 | 1,774,945,562 |

Interconnectedness Indicators

| Section 3 - Intra-Financial System Assets | GSIB | Amount in thousand CAD |
|--|------|------------------------|
| a. Funds deposited with or lent to other financial institutions | 1033 | 56,544,907 |
| (1) Certificates of deposit | 1034 | 110,260 |
| b. Unused portion of committed lines extended to other financial institutions | 1035 | 64,037,806 |
| c. Holdings of securities issued by other financial institutions: | | |
| (1) Secured debt securities | 1036 | 18,199,142 |
| (2) Senior unsecured debt securities | 1037 | 4,659,525 |
| (3) Subordinated debt securities | 1038 | 367,826 |
| (4) Commercial paper | 1039 | 536,838 |
| (5) Equity securities | 1040 | 15,355,410 |
| (6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5) | 1041 | 1,630,206 |
| d. Net positive current exposure of securities financing transactions with other financial institutions | 1213 | 7,615,130 |
| e. Over-the-counter derivatives with other financial institutions that have a net positive fair value: | | |
| (1) Net positive fair value | 1043 | 6,889,796 |
| (2) Potential future exposure | 1044 | 14,463,230 |
| 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 | 187,039,404 |

| 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 | 50,813,916 |
| (2) Deposits due to non-depository financial institutions | 1047 | 85,958,407 |
| (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 | 10,232,531 |
| d. Over-the-counter derivatives with other financial institutions that have a net negative fair value: | | |
| (1) Net negative fair value | 1050 | 6,172,854 |
| (2) Potential future exposure | 1051 | 10,526,844 |
| e. Intra-financial system liabilities indicator (sum of items 4.a.(1) through 4.d.(2)) | 1052 | 163,704,553 |

| Section 5 - Securities Outstanding | GSIB | Amount in thousand CAD |
|---|-------------|-------------------------------|
| a. Secured debt securities | 1053 | 47,317,810 |
| b. Senior unsecured debt securities | 1054 | 96,437,750 |
| c. Subordinated debt securities | 1055 | 9,574,000 |
| d. Commercial paper | 1056 | 17,370,761 |
| e. Certificates of deposit | 1057 | 26,958,010 |
| f. Common equity | 1058 | 132,517,585 |
| g. Preferred shares and any other forms of subordinated funding not captured in item 5.c. | 1059 | 5,464,298 |
| h. Securities outstanding indicator (sum of items 5.a through 5.g) | 1060 | 335,640,213 |

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 | 333,012,666 |
| b. Brazilian real (BRL) | 1062 | 1,404 |
| c. Canadian dollars (CAD) | 1063 | 20,247,424,210 |
| d. Swiss francs (CHF) | 1064 | 382,958,016 |
| e. Chinese yuan (CNY) | 1065 | 175,945,817 |
| f. Euros (EUR) | 1066 | 3,930,349,655 |
| g. British pounds (GBP) | 1067 | 2,796,931,735 |
| h. Hong Kong dollars (HKD) | 1068 | 208,099,742 |
| i. Indian rupee (INR) | 1069 | 352,398 |
| j. Japanese yen (JPY) | 1070 | 487,149,067 |
| k. Mexican pesos (MXN) | 1108 | 79,137,969 |
| l. Swedish krona (SEK) | 1071 | 109,509,528 |
| m. United States dollars (USD) | 1072 | 20,242,571,109 |
| n. Payments activity indicator (sum of items 6.a through 6.m) | 1073 | 48,993,443,314 |

| Section 7 - Assets Under Custody | GSIB | Amount in thousand CAD |
|---|-------------|-------------------------------|
| a. Assets under custody indicator | 1074 | 4,473,236,570 |

| Section 8 - Underwritten Transactions in Debt and Equity Markets | GSIB | Amount in thousand CAD |
|---|-------------|-------------------------------|
| a. Equity underwriting activity | 1075 | 14,122,606 |
| b. Debt underwriting activity | 1076 | 360,796,007 |
| c. Underwriting activity indicator (sum of items 8.a and 8.b) | 1077 | 374,918,613 |

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 | 14,617,033,423 |
| b. OTC derivatives settled bilaterally | 1079 | 8,096,329,090 |
| c. OTC derivatives indicator (sum of items 9.a and 9.b) | 1080 | 22,713,362,513 |

| Section 10 - Trading and Available-for-Sale Securities | GSIB | Amount in thousand CAD |
|---|-------------|-------------------------------|
| a. Held-for-trading securities (HFT) | 1081 | 124,884,404 |
| b. Available-for-sale securities (AFS) | 1082 | 79,087,854 |
| c. Trading and AFS securities that meet the definition of Level 1 assets | 1083 | 92,438,139 |
| d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts | 1084 | 51,870,002 |
| e. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of 10.c and 10.d) | 1085 | 59,664,117 |

| 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 | 2,856,863 |

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 | 723,906,182 |

| Section 13 - Cross-Jurisdictional Liabilities | GSIB | Amount in thousand CAD |
|---|-------------|-------------------------------|
| a. Foreign liabilities (excluding derivatives and local liabilities in local currency) | 1088 | 262,867,695 |
| (1) Any foreign liabilities to related offices included in item 13.a. | 1089 | 0 |
| b. Local liabilities in local currency (excluding derivatives activity) | 1090 | 307,443,598 |
| c. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus 13.a.(1)) | 1091 | 570,311,293 |