

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

2021





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 13 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 13 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-2021 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	2021-10-31
(4) Reporting currency	1004	CAD
(5) Euro conversion rate	1005	0.694782186
(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	2022-02-24
(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	29,321,663
(2) Capped notional amount of credit derivatives	1201	266,344
(3) Potential future exposure of derivative contracts	1018	61,187,830
b. Securities financing transactions (SFTs)		
(1) Adjusted gross value of SFTs	1013	310,978,221
(2) Counterparty exposure of SFTs	1014	13,906,602
c. Other assets	1015	1,266,282,056
d. Gross notional amount of off-balance sheet items		
(1) Items subject to a 0% credit conversion factor (CCF)	1019	331,414,630
(2) Items subject to a 20% CCF	1022	18,077,240
(3) Items subject to a 50% CCF	1023	249,662,789
(4) Items subject to a 100% CCF	1024	61,069,488
e. Regulatory adjustments	1031	17,088,389
f. 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	1,904,600,511
g. Exposures of insurance subsidiaries not included in 2.f net of intragroup:		
(1) On-balance sheet and off-balance sheet insurance assets	1701	22,447,059
(2) Potential future exposure of derivatives contracts for insurance subsidiaries	1205	0
(3) Investment value in consolidated entities	1208	5,240,947
h. Intragroup exposures with insurance subsidiaries reported in 2.g that are included in 2.f	2101	0
i. Total exposures indicator, including insurance subsidiaries (sum of items 2.f, 2.g.(1) through 2.g.(2) minus 2.g.(3) through 2.h)	1117	1,921,806,623

Interconnectedness Indicators

Section 3 - Intra-Financial System Assets	GSIB	Amount in thousand CAD
a. Funds deposited with or lent to other financial institutions	1216	70,665,438
(1) Certificates of deposit	2102	49,689
b. Unused portion of committed lines extended to other financial institutions	1217	65,740,257
c. Holdings of securities issued by other financial institutions		
(1) Secured debt securities	2103	13,246,875
(2) Senior unsecured debt securities	2104	7,526,775
(3) Subordinated debt securities	2105	1,012,990
(4) Commercial paper	2106	1,415,771
(5) Equity securities	2107	22,759,598
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	2108	1,062,642
d. Net positive current exposure of SFTs with other financial institutions	1219	9,868,988
e. OTC derivatives with other financial institutions that have a net positive fair value		
(1) Net positive fair value	2109	6,041,312
(2) Potential future exposure	2110	13,838,636
f. Intra-financial system assets indicator, including insurance subsidiaries (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6))	1215	211,053,999
Section 4 - Intra-Financial System Liabilities		
a. Funds deposited by or borrowed from other financial institutions		
(1) Deposits due to depository institutions	2111	46,619,935
(2) Deposits due to non-depository financial institutions	2112	93,391,518
(3) Loans obtained from other financial institutions	2113	0
b. Unused portion of committed lines obtained from other financial institutions	1223	0
c. Net negative current exposure of SFTs with other financial institutions	1224	13,847,635
d. OTC derivatives with other financial institutions that have a net negative fair value		
(1) Net negative fair value	2114	6,491,872
(2) Potential future exposure	2115	15,202,821
e. Intra-financial system liabilities indicator, including insurance subsidiaries (sum of items 4.a.(1) through 4.d.(2))	1221	175,553,781

Section 5 - Securities Outstanding	GSIB	Amount in thousand CAD
a. Secured debt securities	2116	43,946,465
b. Senior unsecured debt securities	2117	100,284,904
c. Subordinated debt securities	2118	9,620,000
d. Commercial paper	2119	45,621,373
e. Certificates of deposit	2120	25,525,587
f. Common equity	2121	183,507,311
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	2122	6,823,417
h. Securities outstanding indicator, including the securities issued by insurance subsidiaries (sum of items 5.a through 5.g)	1226	415,329,057

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	410,174,809
b. Canadian dollars (CAD)	1063	20,176,669,311
c. Swiss francs (CHF)	1064	405,372,355
d. Chinese yuan (CNY)	1065	259,015,550
e. Euros (EUR)	1066	3,802,523,345
f. British pounds (GBP)	1067	2,691,820,960
g. Hong Kong dollars (HKD)	1068	251,511,597
h. Indian rupee (INR)	1069	161,712
i. Japanese yen (JPY)	1070	445,716,642
j. New Zealand dollars (NZD)	1109	39,769,233
k. Swedish krona (SEK)	1071	86,537,959
l. United States dollars (USD)	1072	24,479,024,849
m. Payments activity indicator (sum of items 6.a through 6.l)	1073	53,048,298,323

Section 7 - Assets Under Custody	GSIB	Amount in thousand CAD
a. Assets under custody indicator	1074	4,909,993,512

Section 8 - Underwritten Transactions in Debt and Equity Markets	GSIB	Amount in thousand CAD
a. Equity underwriting activity	1075	16,165,543
b. Debt underwriting activity	1076	305,002,153
c. Underwriting activity indicator (sum of items 8.a and 8.b)	1077	321,167,696

Section 9 - Trading Volume	GSIB	Amount in thousand CAD
a. Trading volume of securities issued by other public sector entities, excluding intragroup transactions	2123	1,568,148,683
b. Trading volume of other fixed income securities, excluding intragroup transactions	2124	4,773,418,923
c. Trading volume fixed income sub-indicator (sum of items 9.a and 9.b)	2125	6,341,567,606
d. Trading volume of listed equities, excluding intragroup transactions	2126	3,988,192,766
e. Trading volume of all other securities, excluding intragroup transactions	2127	1,199,118,697
f. Trading volume equities and other securities sub-indicator (sum of items 9.d and 9.e)	2128	5,187,311,463

Complexity indicators

Section 10 - Notional Amount of Over-the-Counter (OTC) Derivatives	GSIB	Amount in thousand CAD
a. OTC derivatives cleared through a central counterparty	2129	14,156,193,387
b. OTC derivatives settled bilaterally	1905	8,115,229,733
c. Notional amount of over-the-counter (OTC) derivatives indicator, including insurance subsidiaries (sum of items 10.a and 10.b)	1227	22,271,423,120

Section 11 - Trading and Available-for-Sale Securities	GSIB	Amount in thousand CAD
a. Held-for-trading securities (HFT)	1081	127,258,673
b. Available-for-sale securities (AFS)	1082	75,461,926
c. Trading and AFS securities that meet the definition of Level 1 assets	1083	76,999,521
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1084	48,028,022
e. Trading and AFS securities indicator (sum of items 11.a and 11.b, minus the sum of 11.c and 11.d)	1085	77,693,056

Section 12 - Level 3 Assets	GSIB	Amount in thousand CAD
a. Level 3 assets indicator, including insurance subsidiaries	1229	3,593,768

Cross-Jurisdictional Activity Indicators

Section 13 - Cross-Jurisdictional Claims	GSIB	Amount in thousand CAD
a. Total foreign claims on an ultimate risk basis	1087	784,246,629
b. Foreign derivative claims on an ultimate risk basis	1146	80,333,216
c. Cross-jurisdictional claims indicator (sum of items 13.a and 13.b)	2130	864,579,845

Section 14 - Cross-Jurisdictional Liabilities	GSIB	Amount in thousand CAD
a. Foreign liabilities on an immediate risk basis, excluding derivatives and including local liabilities in local currency	2131	610,623,431
b. Foreign derivative liabilities on an immediate risk basis	1149	71,923,570
c. Cross-jurisdictional liabilities indicator (sum of items 14.a and 14.b)	1148	682,547,001