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PRESENTATION

Operator

Good morning and welcome to RBC Investor Day. Please welcome Senior Vice President, Head of Investor Relations and Enterprise Performance Management, Asim Imran.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Good morning. On behalf of all our group executives, it is my great pleasure to welcome you to the Royal Bank of Canada's 2025 Investor Day.

We have a full agenda today, starting with Dave McKay, President and Chief Executive Officer, who will provide an overview of our vision and the enterprise strategy. We'll then walk you through how we are increasingly expanding our reach beyond Canada and into global fee pools.

The presenters for the first part of the Investor Day will include Derek Neldner, CEO and Group Head, RBC Capital Markets; Neil McLaughlin, Group Head, RBC Wealth Management; and Greg Carmichael, Executive Chair, RBC US and City National Bank.

After the first 30 minute Q&A session, we'll move on to the next part of the Investor Day where we'll expand on our strategy to extend our position as the undisputed leader in financial services in Canada. The presenters for this session will include Erica Nielsen, Group Head, RBC Personal Banking; and Sean Amato-Gauci, Group Head, RBC Commercial Banking.

Katherine Gibson, Chief Financial Officer, will then provide color on our financial roadmap over the medium term. We will then move on to our second Q&A session before ending with concluding remarks by Dave McKay.

Also joining us today on stage for both the Q&A sessions will be Graeme Hepworth, Chief Risk Officer; and Bruce Ross, Group Head, Technology and Operations. And joining us in the room will be Jennifer Publicover, Group Head, RBC Insurance; Kelly Bradley, Chief Human Resources Officer; and Maria Douvas, Chief Legal and Administrative Officer.

As today's presentation contains forward-looking statements, I refer you to the disclaimer regarding forward-looking statements which appears on the screen. Our forward-looking statements involve assumptions and have inherent risks and uncertainties, including the evolving macro environment which could cause actual results to differ materially from the expectations expressed.

Our assumptions are believed to be reasonable at this time, but may continue to evolve and should not be considered guarantees. I would also remind listeners that the bank assesses its performance on a reported and adjusted basis and considers both to be useful in assessing underlying business performance.

We would also request you to please silence your phones for the duration of the event.

And with that, we will start the day with a short video, after which our President and CEO, Dave McKay will kick off our 2025 Investor Day. Thank you.

(video playing)

Please welcome President and Chief Executive Officer, Dave McKay.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Well, good morning, everyone and welcome to RBC's 2025 Investor Day.

We have a full room here in Toronto and it's great to see so many familiar faces and actually some new ones, which is great. I see investors and analysts here who we've known for so long and I know we have many more of you watching globally on our webcast.

We truly appreciate that you are spending your valuable time with us today to hear more about where our company is headed next. So let me start by saying our management team is very excited to present the next chapter of RBC's growth story to you.

After a historic and highly successful year at RBC or for RBC, we believe that this is the right moment to share the significant growth opportunities that are in front of us in both Canada and globally. And of course, at the heart of everything you hear today is a relentless long term focus on our clients and the market-leading franchises that bring them value every day.

As you know, we are a purpose-driven company that exists to help clients thrive and communities prosper. This is our North Star and defines who we are. It guides our strategy and the people that come to work every day for Team RBC.

And it's what drives us to continue building one of the world's most trusted and successful financial institutions. Today is all about clearly articulating the path we're taking to compete and win across our biggest client opportunities.

Each business leader will lay out a medium-term strategic ambition with three year profitability targets. You'll hear about the current state of our businesses, the plans to deepen client relationships and deliver profitable growth through several strategic initiatives, and the key success factors and financial targets that you can hold us accountable to on our journey.

Our last Investor Day was more than six years ago. We highlighted RBC's bold ambition to grow our client franchises, particularly in Canada with the goal of adding 2.5 million net new clients. To do that, we laid out a plan to create more value for clients through partnerships, digital capabilities, and deeper data-backed insights.

We shared a vision for how we'd better leverage our operating scale by improving our efficiency ratios in Canadian banking and in wealth management. And I'm proud to say we exceeded all of our objectives. That bold ambition also helped us drive our business momentum and outperformance that you saw in 2024, a truly remarkable year where RBC was at the top of its game.

For the past year alone, we raised the bar and delivered in unprecedented ways. We integrated the once in a generation acquisition of HSBC Canada and launched our new transaction banking platform, RBC Clear, while never losing focus on our existing client franchises.

So what better time than now to show you how we're challenging ourselves to raise the bar again. Today, we'll speak to how we're going to continue staying ahead of our clients' expectations, how we're driving premium shareholder value, and how we're delivering on an even bolder growth ambition.

In short, we'll show you how we're accelerating our ambitions. You'll see this come to life across four strategic areas. One, increasing market share across our Canadian businesses. Even as a clear leader, we believe we're very well-positioned to acquire new clients, deepen relationships and wallets, and grow market share across all segments in Canada.

Two, using our two global platforms to expand our reach into the world's largest revenue pools. Beyond Canada, we're actively pursuing an ambition to become a leading global financial services partner. We're looking to further grow our businesses and capital markets and wealth management in the world's largest fee pools.

We have scaled three -- we have scaled these businesses. It still have relatively small market share. So there's an opportunity to grow more. We're also looking to unlock bold transaction bank opportunity to support our globally connected clients. Three, executing a seamless US operating model.

We have very strong standalone franchises in the United States across capital markets, wealth management, as well as both private banking and commercial banking. Our focus now is to maximize the value we bring to existing and new clients for a more seamless experience across our second home market.

We'll do this through an increasingly integrated technology platform, driving efficiencies across our businesses and by continuing to strengthen our governance model. Four, further leveraging our data, scale, and AI investments.

We have an ambition to deliver more value and personalized experience to clients that rival the best of the best and become more cost efficient while doing so. Taking our strong digital and AI capabilities to the next level is such an important part of how we'll continue to build the bank of the future and unlock our next phase of growth.

The bold ambition you may hear about today -- you will hear about today is made possible by a significant financial strategic strength and I will speak to both. We have a diversified business model across segments and geographies.

This gives us both earnings and risk diversification across cycles. In a volatile interest rate environment, it's important to note that fee-based revenue represents 50% of our total revenue. Earnings have been less volatile than peers because of our diversified model, and this is a reminder of the resilience of our franchise, particularly with such an uncertain operating environment we're navigating today.

It's also important to know that we are building on a strong strategic foundation, one that delivers sustained competitive differentiation. And I'll list a few of the things that set us apart. Our leading client-first franchises with scale in the markets we competed with cross-selling services that are best-in-class, a robust diversified balance sheet including a strong capital ratio and an ever increasing ability to self fund our growth, our scale, our data scale that powers everything from our risk models to our marketing engines and our critical digital data and AI capabilities, our operating and technology scale.

We spend over $5 billion in technology annually. These investments are giving us an ability to continue to build the bank of tomorrow while helping us navigate changes today, including regulatory pressures and competition from non-bank challengers.

There's our brand scale. We're the number one most valuable brand in Canada and one of the top brands globally. Our brand strength attracts and retains clients and talent, which is critical in a more disruptive world.

And lastly, it's our highly collaborative and seasoned management team, and I'm extremely excited for you to hear from them. They will speak to all of these strategic advantages throughout the day, and I hope that those in the room can spend some time with them during the breaks.

I also want to underscore that our strong strategic foundation drives a more efficient and profitable organization and generates a premium risk adjusted return on capital. It allows us to build deeper relationships with customers and lowers our risk profile.

It also accelerates the growth of book value per share, which in turn leads to accretive capital deployment and drives leading total shareholder return versus our peers. Our medium term objectives are the foundation for our business and client strategy.

Everything we're showcasing ladders up to these objectives, and we are reconfirming them today. We continue to strive towards a premium ROE of 16%-plus and EPS growth of 7%-plus. These in turn will drive strong capital generation which will allow us to maintain a dividend payout ratio of 40% to 50% and a strong CET1 capital ratio.

Later today, Katherine will take you through the path to 16%-plus ROE target by 2027 underpinned by a strong CET1 ratio of over 14%. We will also provide a path to an upside target of 17%-plus while still maintaining robust capital levels.

Our client segments, the geographies we target, and our risk strategy are all aligned to deliver on these medium term objectives through all economic cycles. That's our investor thesis and we'll continue to build a bank that delivers on that promise.

The point that I'll leave you with is this. We believe our track record of execution should give you confidence in our future success.

Next, I want to take a moment to speak to the rapidly changing environment for global financial institutions and the clients and communities we serve. RBC is in the business of managing risk and through periods of change, we are relied upon as trusted advisors to millions of clients we serve.

Today, there are several macro forces of change that we must adapt to. We are facing heightened regulatory scrutiny in all markets we operate in. Technology disruption is accelerating and it's evolving client preferences, which includes a shift to hyperpersonalization and an AI arms race that every business needs to keep up with.

We're seeing changing demographics across our client base, including shifting immigration trends. There are disruptive threats from private capital, big tech, and fintech. And all of this is playing out against the backdrop of deglobalization and the complexities that can come from the increasing implementation of global tariffs.

All banks are facing forces of change in a more complex environment, but we'll show you how we are the best positioned to manage through and capitalize on the opportunities that change can bring. As you saw from our very strong results in Q1 2025, we continued to build on last year's momentum and solve fundamentals across our businesses.

As I spoke to you about on our earnings call, we have started to see some softening in 2025 across some of our businesses. It's important to note that there are significant macro forces working against each other right now.

On one hand, you have lower interest rates in Canada to stimulate investments across asset classes. However, this is being offset to a degree by increasing uncertainty created by tariffs and the impact it's having on business and jobs.

Particular, commercial client sentiment is weakened as companies in some sectors are deferring investments until they have greater certainty on tariff impacts to their businesses. Capital markets, client dialogue remains robust even as clients take a pause to assess potential M&A and equity capital markets activity.

In contrast, the market volatility is resulting in increased volumes in parts of our global markets franchise, while investment grade debt capital markets activity remains resilient. While lower markets could impact wealth and asset management fee-based assets, we are seeing positive inflows into retail mutual funds with solid transactional activity.

So for the purpose of the targets provided today, our base case forecasts exclude assumptions of the short and long-term impact of tariffs. We have run several scenarios with respect to the depth, breadth and duration of potential tariffs, and later, Katherine will provide an illustrative example of the impact of ROE from deteriorating profitability including both lower revenue and weakening credit quality.

While we may very well see near term headwinds that drive lower than expected performance, our balance sheet strength and leading franchises position us well for a broad range of outcomes. Furthermore, our strong internal capital generation is a strong buffer against credit deterioration.

And we remain confident that we will continue to deepen our holistic relationships while adding new clients. What is not uncertain though is our belief in Canada and its potential in the medium and long term. Our home country has an unprecedented opportunity to build a better and more prosperous future and to get some big things done that we just couldn't do before.

The world wants what Canada can provide in great abundance. Canada can feed and fuel the growing world, be a leader in sectors like energy, agriculture, critical minerals, advanced manufacturing, and technology.

And to do this, Canada must build a more resilient economy that leverages its strengths. That means eliminating barriers to growth and productivity, getting energy and infrastructure projects approved faster, supporting homegrown talent and the incredible educational institutions in this country.

And unlocking more capital to scale our best engines of economic growth. I believe this is the moment to unite the country behind a long-term economic agenda that boosts competition and drives prosperity for all. In a rapidly changing world, let's take advantage of this moment in time.

Speaking of adapting and transforming in times of change, this is something that RBC has demonstrated it can do exceptionally well time and time again. Our bank and management team has a proven ability to anticipate, adapt, and take advantage of the challenges and opportunities in front of us.

We have the scale and expertise to deal with multiple challenges facing the industry and our business. As I've said before, the winning banks of the future will be the ones that not only manage the complexity of a rapidly changing world, but also find ways to deepen client relationships, create more value and capitalize on that change.

You saw this in action as we executed the largest acquisition in our history. It's amazing to look back at the way we successfully delivered on the transformational HSBC Canada acquisition while still outperforming in the core bank.

That's a credit to what this bank and our incredible people can do. We are proud of our past accomplishments, but I know we're here today to talk about the years ahead. Before I pass it off to the team, I want to take a few minutes to reiterate the key themes that you will hear today.

We'll cover how we're extending our leadership position in Canada while expanding in global fee pools. We will speak to our increasing investments in technology to create value for a leading data scale in AI. And we'll remind you about our continuing focus on disciplined and prudent growth while providing the whole of RBC to our clients.

I'll just touch on these areas briefly. The first theme is Canada as a growth market where we can extend our lead. We're number one in our home market across personal banking, commercial banking, wealth management, asset management, and capital markets.

However, there is still significant room for us to grow and continue to take market share. Derek and Sean will speak to how they're extending their market-leading positions with domestic firms while increasingly providing support to the global ambitions of Canadian clients.

Neil will speak to our sharp focus on delivering personalized holistic wealth and banking offerings to high net worth and ultra high net worth clients and wealth management. And Erica will discuss how we're providing increasingly personalized experience across personal banking.

You'll also continue to hear about how our HSBC Canada acquisition has positioned us to drive even more growth and financial returns. As a combined organization, we're well-positioned as the bank of choice for commercial clients with international needs and retail clients who need global capabilities.

While still early, we are encouraged by the client activity and opportunities for revenue synergies across the enterprise. We are expecting approximately $300 million of revenue synergies by 2027 in addition to the $740 million of cost synergies we are near completing.

The key initiatives driving our initial successes include cross-selling of RBC personal banking products and wealth products that clients acquired through the acquisition. We've also added increased trade and a cross-border payments capabilities to all our businesses, particularly in commercial banking.

Both Erica and Sean will speak to how we're maximizing synergies and differentiating how we provide more value to our retail and commercial banking clients. Theme two is about expanding in global fee pools. Beyond Canada, our ambition is greater than it's ever been.

We are both investing to grow in existing global fee pools and building entry into new fee pools such as transaction banking in the United States, institutional distribution channels, and asset management in the UK, wealth management.

Derek will speak to the increasing investments in talent and technology across investment banking and capital markets. Neil will then discuss his ambition to replicate the strong success we have seen in our Canadian management business across our global wealth franchises followed by Greg, who will speak to how we're growing our cross business revenue through unified product capabilities while enhancing the operational and risk framework.

We'll also take you through our transaction banking opportunity that will bring us North-South connectivity and access a total addressable global fee pool of $130 billion. It's a business where we have led with an innovative digital-first approach that further enhances the client experiences for key services including cash management.

And as we enhance our transaction banking offerings, it further deepens our relationship with our commercial banking corporate clients across commercial banking, capital markets in both Canada and the US.

It also adds yet another source of stickier operational deposits to help fund our growth going forward. Sean and Derek will share how we're differentiating on transaction banking through trade and payment capabilities with international connectivity.

Theme three is about leveraging technology. Looking ahead, we have a bold ambition to tap into our data, digital, and AI capabilities to drive client and shareholder value. With over $5 billion in technology spend, we believe data and operating scale will continue to be a competitive advantage for us.

We look at our technology strategy across four pillars. The first is operational excellence. Our spend provides a highly reliable banking core that delivers a secure environment. We have an integrated global security platform connecting fraud, AML, cyber and physical network to protect RBC.

The second pillar is business agility and scale. The scale of our operations allows us to manage multiple complex projects simultaneously and shows the power of our tech investments. An example of this is that we implemented our US cash management offering and a new US offering model, and we did both of these things while successfully executing on the largest and most complex acquisition in our history with HSBC Canada.

Third is our digital and AI capabilities and our talent. As we prepare for a future where client interactions are increasingly digital, our competitive edge is the scale of our data assets and the talent we have built across our business.

We started to invest in AI talent almost a decade ago with our Borealis Research Institute, and we have more than 100 PhD scientists and over 850 world-class AI developers and data engineers.

The fourth pillar is data scale. We have unrivaled access to more than 370 petabytes of data. This includes more than 1 billion business events across the bank. We use a combination of industry-leading and proprietary AI models to deliver better insights and outcomes such as ATOM, our patented large transaction model trained in over 65 billion client financial transactions.

These strengths are setting us apart from our peers. And for the second year in a row, we are proud that RBC ranked in the top three for AI maturity among 50 global financial institutions in the Evident AI Index.

So looking ahead, we're increasing the number of AI-driven use cases. You'll hear examples from our leaders here today. You'll also be able to interact with these use cases after the event. Everything we share on this theme is connected to how we can achieve in a bold ambition of $700 million to $1 billion in enterprise value generated from AI-driven benefits.

Some of the bigger opportunities include personalized experiences that meet our clients and prospects in the right channel at the right action at the right time. Our Advisor Assist technology is expected to make 80% of our staff as effective as the top 10% by automating and streamlining routine tasks and upskilling journalists into specialists.

And driving operational excellence to deliver improvements in safety and soundness through risk reduction, operational transformation and productivity gains. Theme four is about building the bank for long term success through strong governance and prudent risk management.

Our diversification and through the cycle focus is at the heart of our prudent approach to managing risk and protecting clients. Our stated targets can be achieved within our risk appetite. They do not require us to take a different posture or risk approach.

This theme underpins the presentations you will hear today as you see an organization with a strong risk management culture deeply embedded into its DNA. Across every business and function, we have a large dedicated workforce focused on building and managing the bank the right way.

Graeme will be joining us on stage during the Q&A sessions to answer any of your questions. The fifth and final theme is our commitment to OneRBC. As trade relationships evolve, sectors adjust and client needs change, how our client franchises connect together must adapt as well.

Every leader will speak to how we're thinking about tapping into the full strength of RBC to deepen how we serve our clients. For example, capturing money in motion between core accounts, savings and investments, or cross selling banking service to wealth clients in the United States, or supporting lifecycle and business ownership from a personal and small business client right up to commercial or capital markets relationship.

And now it's time to hear from our management team who will unpack our client focused growth strategy. Let me remind you of what you will hear about today. A $700 million to $1 billion target for enterprise value from AI by 2027, our $300 million target for revenue centers related to the acquisition of HSBC Canada, new productivity and efficiency targets for each business, market share gains and organic revenue growth and an ambition for the transaction banking business and other opportunities.

Again, everything that we're doing comes back to our medium term objectives, including our premium 16%-plus ROE and 7%-plus EPS growth. I started with clients and I will end my comments on clients. For RBC to continue to be one of the most trusted and successful finance institutions, we must stay ahead of where our clients are going.

This is core to our culture and something that we strive for everyday. We are listening to the clients who put their trust in us and building products and services to meet their needs and creating meaningful value for them today and tomorrow.

I truly believe there is no other large bank in the world that can deliver the differentiated client value and experiences that we do at scale.

Thank you, again for being here today. I'll be back on stage during Q&As to close the day. And now please join me in welcoming Derek Neldner to the stage.

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

Thanks, Dave. Good morning, everyone.

This year, I'm going to be celebrating my 30 year anniversary with RBC, and I'm now just over 5 years in my role as CEO and Group Head of RBC Capital Markets. And so I'm very excited to have the opportunity today to share with you the RBC Capital Market story and our vision to be the most trusted investment bank and a leading global partner to our clients.

We're incredibly proud of the client franchises we built, our long track record of stable and sustained performance, and the strong results driven in recent years as a significant contributor to RBC's overall performance and as a key element of the bank's global growth strategy.

But we're even more excited about the opportunity ahead as we build off our strong core franchise and drive further upside through a number of strategic initiatives across all of our businesses, all of which give us confidence in our ability to drive accelerated growth and an attractive ROE while maintaining our prudent and disciplined approach to risk management.

Today, we're a leading global capital markets firm, delivering full service, global expertise and solutions to our clients. We have a well diversified business across our three global segments supporting over 22,500 clients through an exceptional and highly dedicated team of 7,400 colleagues working across 58 offices and 16 countries.

Our international footprint and broad capabilities provide us with the scale to be relevant with the largest and most sophisticated clients and positions us with a very strong foundation for the future. We serve a broad range of corporate and institutional clients and are focused on large fee pools across developed markets, starting with our whole market of Canada where we have a clear leading market position.

We have a top 10 presence in the US and very strong momentum in our second home market and our largest opportunity for growth. We're building scale in the UK and target markets across Europe, including large markets such as France, Germany, and Spain.

And we're growing target areas in Asia Pacific, including a presence in Japan and Singapore, and a very strong franchise in Australia, all aligned with our global capabilities. Our clients are the center of everything we do, and we meet their needs through a broad range of full service capabilities.

We deliver these in a highly integrated and interconnected way across each of our global business segments, leveraging a flat organizational structure and strong culture of collaboration to deliver a seamless client experience and execution excellence in all that we do.

Now I often get asked why do clients and employees choose RBC? And what I hear from them directly is they truly see our approach and platform and culture as differentiated. And this starts with our unwavering focus on always putting our clients first to build trusted long term relationships.

They value the strength and stability of RBC as one of the largest financial institutions in the world and with one of the highest credit ratings. And they increasingly require the full service capabilities that we can provide, including not only balance sheet financing, but also advisory, execution and solutions delivered holistically as OneRBC.

And most importantly, they value our unique culture focused on accountability and commitment to excellence, collaboration, diversity of perspectives to drive innovation and ideas and integrity in all that we do.

Now this differentiated value proposition comes through in our industry rankings and various industry recognitions, but the most powerful metric is the voice of our clients who consistently tell us that they value our partnership and they want to find even more ways to grow our relationships.

We see this come to life in our successful track record of client focused growth, anchored in trust and integrity. Our long term focus and consistency of strategy has driven sustainable growth through a variety of market and business cycles.

Over the past 25 years, we've grown revenue almost 5x from $2.6 billion to over $12 billion last year to become a leading global capital markets firm. And a key element of that growth has been the success of our global expansion, in particular, the increased contribution from the United States, which today represents over 50% of our revenue.

More recently, we successfully accelerated our growth while also increasing returns. This has been driven through an evolution of our strategy, a reorganization of our structure and investments in several growth initiatives, and we're very proud of these results.

Our revenue and pre-provision pre-tax earnings are up 6%, and our NIAT is up 9% annually since 2019, while at the same time improving our efficiency ratio by 70 basis points and increasing our ROE by 230 basis points to 14.2% last year.

And today, the scale of our business is significantly differentiated from our Canadian peers with pre-provision, pre-tax earnings over 2x larger than our next closest competitor. In addition to our financial performance, we've strengthened our client franchises, solidified our leadership position in Canada, and continued to grow in the US and internationally.

And most importantly, we've achieved all those results without a change or increase in our risk appetite. To that point, we maintained a very intentional and diversified business model that we believe provides stability during a variety of market conditions as well as options for investment and capital allocation to drive future growth.

Our business today is evenly balanced between corporate and investment banking and global markets. And over the last five years, we've increased our fee-based revenue from 29% to 33%, which has been a key factor in driving our improvement in ROE.

We've increased our geographic diversification and our global scale with our businesses outside of Canada now representing over 70% of our revenue. Our disciplined risk culture is central to our strategy and has been key to our long-term success.

We maintain prudent management of credit and market risk, which is further mitigated by our diversified business model. This approach and our business mix has delivered consistent results with lower earnings volatility relative to our peers.

We also remain proactive and vigilant in managing non-financial risks through comprehensive risk assessment processes and controls, all underpinned by our strong risk culture and mindset. And we are committed to ensuring that robust risk management continues to be the cornerstone of our strategy.

And while we're very pleased with our recent performance, more importantly, it provides me with the confidence in our ability to capitalize on the significant opportunity we see ahead as we look to accelerate our ambition.

Now as Dave mentioned, the current environment is one of uncertainty and change. However, we see a number of longer term trends that will drive increased client activity for our businesses. Macro volatility remains elevated.

Deglobalization, infrastructure requirements, and energy transition all support meaningful capital investment. Private capital dry powder remains substantial while at the same time, existing portfolio company monetizations are expected to increase.

And generative AI is driving exciting opportunities not only for our clients but in our own business. Each of these trends provide us with the opportunity to engage with and further support our clients with advice, financing, and solutions as they look to navigate this changing environment.

We have a bold ambition for growth anchored in our vision to be the most trusted investment bank as we continue to build our franchise as a leading global partner to our clients. We'll do this by emphasizing long term holistic client relationships, leading with advice and solutions supported by our formidable balance sheet strength.

We're executing across five strategic priorities, which I'll speak to shortly, with the net result of strengthening our diversified client franchises, driving market share gains, and delivering growth and a premium ROE. Importantly, I want to flag, these are not new for today.

These are embedded in our business. They serve to engage and inspire our talent, and they anchor our team's prioritization and execution each and every day. So starting with our first strategic priority. I'm a firm believer that our strategy has to start with our clients.

Today, we have leading client franchises with the opportunity to increase our share of wallet across each of these segments. Starting with corporate clients. We're driving growth through the addition of new clients and increased multi-product relationships by deepening our sector capabilities and driving even closer alignment across our businesses.

In private capital, which is a significant area of growth and a key area of strength for us today, we're leveraging that to further grow in advisory, financing, and across our global markets product suite. With asset and wealth managers, we perform very well today against this large fee pool, but we're broadening our sales coverage to expand these core relationships across additional asset classes.

With hedge funds where we're currently underweight, we're selectively growing our relationships aligned with our strategy and our capabilities. With global and regional banks which represent a significant fee wallet, we're well-positioned to capture greater share given RBC's global stature, scale, and strong credit ratings.

And while smaller fee pools, we're growing with insurance and pension clients, particularly in financing and risk solutions, and we're leveraging our strong public sector franchise in each of our core geographies to support continued government financing activities.

Across each of these segments, we're executing a dual prong strategy of both adding new clients and deepening existing relationships. Over the last five years, we've grown the number of new client relationships by 5% annually, enabled by growth in our front office relationship managers, anchoring new lending relationships and growth of our research coverage universe.

At the same time, we've also deepened relationships with our existing clients, driving 7% annual growth in average revenue amongst our top 500 clients enabled by focused and prioritized coverage efforts and expanding our relationships across products.

Our success in strengthening these top relationships has resulted in more products per client and a revenue multiplier of 2.5x that of our average client. Driving further expansion of products per client, in particular emphasizing fee-based revenue not only supports our growth and ROE goals, but it fuels our ability to invest further, creating a powerful and reinforcing flywheel effect to build on our success.

Moving to our second priority. To further support deepening of our relationships, we see a number of opportunities to strengthen and expand our capabilities across each of our business segments, starting with global markets.

Global markets includes our sales, trading, and financing businesses across equities and FICC which we further segment between macro and spread. In recent years, we've refreshed our strategy, reorganized the business with a dedicated global sales team and dedicated digital team. And we've invested to expand our offering as we evolve our mix and drive a more client-centric approach.

Last year, global markets generated $5.9 billion in revenue, up 4% annually since 2019, and well diversified by product, client segment, and region. Our global market share last year was 2.1%, which has remained largely flat over the last five years, adjusting for certain legislative impacts, most notably changes to the dividend received deduction in Canada.

We've sustained our number one ranking in Canada. We're number eight in the Americas, and we're in the top 15 globally. And we're very confident looking ahead in our ability to leverage our recent initiatives and investments to accelerate our growth.

The overall global markets fee pool is very large at approximately $230 billion last year. Our 2.1% global share varies by product with very strong franchises in both spread as well as macro and an opportunity to improve our market share across equities.

We're strategically focused on areas representing sizable fee pools, attractive margins and ROEs, and where we believe we have a strong right to compete. To do this, we're continuing to invest in talent and technology and driving growth through an integrated cross asset sales model in combination with broadened client capabilities.

In our global sales teams, we have focused coverage strategies by client segment, including leaning in with private capital where we're strong already. We're aligning our financing in support of multi-product client relationships and we're driving stronger coordination with corporate investment banking, in particular with our corporate and sponsor our clients.

Our product teams have specific strategies aligned with the focus areas for market share growth. In macro, where we have a very strong business today, we're leveraging our sizable repo financing balance sheet and rates intermediation capabilities to drive further share gains.

In foreign exchange, we're expanding in spot and our options currency offering and driving better connectivity across the full enterprise. And we're broadening our commodities offering where we're currently strong in energy to expand in metals, carbon, and other commodity markets.

In spread, we're building off our top ranked franchise to broaden our credit trading in such areas as technology, media, telecom, and healthcare. We're growing private credit activities as well as securitization, and we're continuing to invest to grow our electronic trading offerings.

And in equities, we're building on the strong share we have in cash equities and our highly ranked research franchise by advancing our equity financing offering and investing in sales coverage and equity derivatives while driving a much more integrated approach overall across cash, derivatives, financing and origination to serve our clients more holistically.

With these and other initiatives, we're confident in driving an increase in our market share to 2.5%-plus over the medium term, a 40 basis point increase from current and representing a large incremental revenue opportunity based on the current fee pool of $230 billion that I mentioned.

Shifting to investment banking where recently, we've invested in talent to broaden our coverage, we've reorganized our business under a global structure to better align with our clients, and we're focused on growing our advisory capabilities.

Last year, investment banking generated $2.7 billion in revenue, up 8% annually over the last five years. Our business is diversified across 10 sectors by client segment and by region, with the US representing over 70% of our revenue last year.

Our global market share of 2.3% is up 25 basis points, reflecting strong momentum with our strategy and initiatives. And importantly, our M&A advisory share is up 70 basis points since 2019, a key metric demonstrating the progress we've made in building trusted relationships to support our clients with their most strategic priorities, ranked number one in Canada, number nine in the Americas, and top 10 globally.

We also have a very strong US municipal finance business that last year ranked second in negotiated transaction origination. We're confident in our momentum and believe we're well-positioned to capitalize on the anticipated increased global activity, particularly across the thematics that I discussed.

Our 2.3% share across the global investment banking fee pool of approximately $85 billion reflects very strong share in debt capital markets and syndicated finance and improving share in M&A and ECM as we invest in capabilities and expand our corporate and private capital relationships.

Across sectors, we're well-positioned to capitalize on favorable trends in energy, mining, power and utilities, and infrastructure more broadly across asset classes while investing to capture the opportunity to grow our franchises in other key large sectors.

We're doing this by leveraging our new global structure along with continued investments in senior talent to grow our relationship and coverage footprint. Amongst our global sector coverage teams, we're deepening capabilities across all sectors, consistent with our diversified business model, but in particular, in key sub verticals within industrials, financial services, and we're investing in growth sectors of technology and healthcare.

We're also leveraging our existing strengths in infrastructure and energy transition as well as private capital, all areas that we believe will continue to drive strong growth. Across our products, we're building on our momentum in M&A through increased strategic dialogue and cross border coverage to drive larger transactions and increase sell side mandates while capitalizing on our portfolio of private company LBO lending relationships.

In ECM, we're strengthening our coverage alignment, leveraging our sponsor relationships to grow our IPO franchise, and growing our pre-IPO private placement capabilities. And in DCM and syndicated finance, we're building on these two areas of strength through increased lending relationships to drive flow financing activity, capitalizing on increased M&A share to drive further acquisition financing activity, and we're expanding our leading North American project finance business.

Through these initiatives, we're confident in increasing our market share to 2.75% or higher over the medium term, a 45-basis point increase from current and representing a substantial high ROE incremental revenue opportunity based on the $85 billion global fee pool which we anticipate will continue to grow.

Corporate banking, which comprises our lending businesses as well as transaction banking, historically reflecting Canadian correspondent banking and our Canadian dollar clearing business, but will also include US transaction banking as it scales going forward.

Corporate banking is a key area of competitive advantage for us given our AA rated credit rating, our relative funding cost advantage, and our reputation and brand for strength and stability. And it's strategically a very important starting point as it anchors many of our relationships as we look to drive increased fee-based income.

In recent years, we've progressed our strategy of moderate loan book growth, focused on strategic alignment with investment banking and global markets in support of firm wide relationships. In addition, our corporate banking relationship managers partnered very successfully over the last year in the launch of our US transaction banking offering.

In 2024, the business delivered $3.5 billion of revenue as well as growth at 8% annually over the last five years. And our authorized loan portfolio is well diversified to balance and manage our risk. Expanding on that point, we have a strong focus on prudent risk management driven by a comprehensive risk appetite framework.

68% of our authorized loan portfolio is investment grade, a mix we're very comfortable with, particularly when you factor in the average commitment per client by risk rating, where we maintain smaller holds in lower rated credits.

This is further illustrated by our adjusted leverage exposure which represents less than 10% of our overall loan book with an average hold size under $50 million per single name. Our strategy remains focused on moderate growth while optimizing and improving our returns.

Over the last five years, we've grown our authorized loans by 6% annually, focused on originating new relationships and up tiering in existing syndicates to support multi-product fee-based opportunities. We've also proactively managed our portfolio to optimize risk adjusted returns through what we refer to as our quadrant model, which looks at revenue and ROE per client single name.

Through significant rigor, we've seen great success in this model with a 27% reduction in lower quadrant RWA since 2020. And as we look forward, we're continuing to target mid single digit authorized loan growth underpinned by continued capital optimization and strong risk management.

Given our strategic focus on deepening our US client franchise, we identify transaction banking as a highly attractive new area for us to partner with and deliver value to our clients. This is a large and growing market amongst corporate clients of over $100 billion in revenue globally, representing almost 30% of the overall corporate and investment banking fee wallet.

Last year, the US market represented approximately $24 billion in revenue amongst corporate clients. And based on our corporate and investment banking market share today, as well as our bold ambition to grow that further, this represents a very significant opportunity for us over time.

In addition, this is a business that has very strong and attractive fundamentals. It's capital-light and a high ROE. It further diversifies our revenue streams and it provides organic, stable US dollar funding to enable our growth strategies across our other businesses.

A few years ago, we saw an opportunity to address key client needs, leveraging RBC strengths and relationships with over 1,800 lending clients globally, including close to 1,100 in the US. We designed RBC Clear in collaboration with over 30 of our clients to address existing industry pain points and establish a differentiated capability.

And we're very excited to formally launch RBC Clear last April, providing simple and fast digital onboarding, and easy to use platform with embedded analytics, real-time traceability and transparency, and embedded process controls.

And we're very pleased to have received positive client feedback and a number of industry recognitions for our digital capabilities that we built to date. Our Phase 1 capability is focused on digital onboarding and self-service, bringing in deposits as well as high value payments, and we're seeing really encouraging momentum since our launch with over 100 clients on boarded and approximately $9 billion of client deposits.

Simultaneously, we're building additional capabilities that we'll deliver over the next 24 months to provide full working capital and strategic treasury management solutions. This will allow us to address our clients' full suite of domestic and cross-border payment needs to capture not only net interest income from deposits but also fee income from payments.

And as we mentioned, the funding benefits from the operational deposits will further enable our asset growth strategies in corporate investment banking and global markets. This is a tremendous opportunity for us to capture share in a large and attractive market.

And we've set ambitious targets to on board over 350 clients and attract over $50 billion of deposits over the medium term. So to date, I've discussed how we're building and deepening client relationships and expanding our product capabilities to position for our next phase of growth, but another very important aspect is our third priority, which is connecting to deliver complete solutions as OneRBC.

As Dave noted, you'll hear from each of my colleagues on how we're working together to deliver the full capabilities of RBC to provide our clients with differentiated advice and solutions. And I wanted to touch on just a few examples of how we're bringing that to life in capital markets, starting with transaction banking where Sean and I are working together to connect the innovative platform and digital capabilities of RBC Clear with commercial banking and RBC Edge, which Sean will speak to later.

And similarly, we're working with Greg and the City National Bank team to leverage RBC Clear to provide integrated solutions for clients across the US. Second is FX. FX is a component of banking and payments across virtually all of RBC's businesses.

And we're partnering with Sean and Erica across commercial banking and personal banking to further coordinate our capabilities and our investments to drive growth in enterprise-wide FX. And third, we're collaborating with Neil and our colleagues in wealth management to look to capitalize on our combined origination and distribution strengths to provide greater choice, opportunities and solution sets to our clients.

Importantly, in addition to strengthening our offering by delivering the best of RBC to our clients, each of these initiatives provide attractive returns and efficient revenue growth by leveraging our existing capabilities and resources.

Now our client strategies are fundamentally enabled by our investments in talent and technology, and with that in mind, I just wanted to touch on our fourth priority and how we're transforming our business to compete in a digital world leveraging data and AI.

Over the last five years, we've strategically increased our technology investments and leveraged the power of our enterprise capabilities with 7% to 8% growth balanced across three key areas, ensuring safety and soundness of our infrastructure, improving our operational excellence, and investing in innovation in digital and data.

As we've invested to ensure our strong core business infrastructure remains intact, which will always be our top priority, we've been able to increasingly allocate a greater portion of our capital spend to client focused initiatives, including RBC Clear.

Last year, over 40% of our annual tech capital was focused on key areas to add value to our business and clients including improving client insights and on boarding, advancing trading automation, modernization of our product platforms, and adding new capabilities, again, all supporting our client and business growth strategies.

Looking forward, we're increasingly leveraging AI to add client value and unlock the productivity of our teams. We've been scaling and leveraging Aiden, our proprietary GenAI solution developed in partnership with Borealis across a variety of use cases, including electronic trading, customized GenAI solutions to enable our talent, automation of front to back operations and data-driven research and insights.

And while some of these applications are still early days, others are more mature. I'll give you just a few examples that we're quite excited by. We're seeing positive momentum in electronic trading where our Aiden and algo activity has grown 28% annually.

And we've seen a 52% year over year increase in client readership of RBC Elements, our data-driven research platform. And more recently, as we look to scale our AI implementation across various areas of the firm, we've seen a 60% improvement at the speed at which our research analysts can generate company earnings insights, illustrating both client value and productivity benefits of AI.

As we look to scale Aiden further, we're very energized by the opportunities both within our business, but also to leverage the exceptional capabilities across the enterprise, in particular with our colleagues in the commercial bank, across our combined wholesale business.

I invite all of you to please drop by our Aiden showcase later today to learn more. And our final priority, but an important one, is I want to touch on our disciplined approach to investments and resource allocation, which has been critical to our success in elevating our ROE.

Starting with talent. Our people are the foundation of our business. We have a consistent and sustained investment in our talent both by developing and promoting within as well as by hiring externally. Over the last five years, we've grown our front office senior leaders by 3% annually while at the same time, increasing their productivity with revenue per senior leader increasing over 16%.

Our exciting growth story and our unique culture continue to give me confidence in our ability to attract and retain top talent as we look to compete with the best in the world. And based on the success of our talent strategy, we'll look to accelerate our talent investments, targeting mid single digit growth in senior leaders over the medium term.

Our annual technology capital investment has grown 3% per annum, excluding our RBC Clear build, while at the same time improving our annual revenue per dollar of tech capital investment by 15%. We will continue to sustain our technology investments to ensure the safety and soundness of our operations, add new capabilities and value to our clients, and further enable productivity and efficiency amongst our teams, targeting mid single digit growth over the medium term.

And from a financial resource perspective, we've continued to strategically grow our balance sheet in support of client opportunities at a rate of 7% per annum while also improving our revenue per dollar of RWA by 125 basis points over this period.

We will continue to drive disciplined growth and allocation of our financial resources while also improving returns, targeting a 40 basis point increase in revenue per dollar of RWA over the medium term.

Now I want to pause here because there's a common theme that you've heard across talent, technology, and financial resources, and that's the combination of increased investments and improved productivity on those investments and that will continue to be the North Star of our investment and capital allocation approach.

This disciplined approach to investments is critical as we look to drive growth in pre-provision pre-tax earnings, as well as improving returns across all of our businesses, which will serve to offset expected increased costs of doing business as well as higher capital attribution, enabling us to continue to deliver an attractive ROE of 14%-plus.

So in closing, a few key messages I'd like to leave you with. We're very proud of our business and we're very excited about the future. We have an established track record of delivering consistent, sustainable and growing earnings with attractive returns.

Our core business is well-positioned given our strong client franchises, growing scale across large markets, full suite of products and capabilities and our ability to attract best in class talent through our differentiated culture.

We see very exciting opportunities ahead across all of our businesses. And we have a defined strategy to capitalize on each of those by broadening and deepening our client relationships, expanding our capabilities, and delivering as OneRBC, all supported by strategic investments and disciplined resource allocation.

As a result, we're confident in driving high single digit growth in pre-provision pre-tax earnings, an attractive ROE of 14%-plus or higher while continuing to build leading client franchises based on trusted long-term relationships.

Thank you very much. It's now my pleasure to welcome my colleague, Neil McLaughlin to the stage.

Neil McLaughlin - *Royal Bank of Canada - Group Head, RBC Wealth Management*

Thanks Derek and good morning everybody. It's great to see so many familiar faces here this morning as Dave mentioned. Like Derek, I joined the bank over 25 years ago, but I only took over wealth management last fall, and that was after 7 years of leading the personal and commercial bank. Over the next 30 minutes, I'm going to take you through how we plan to leverage the core elements of the global wealth and asset management businesses to drive our growth over the medium term.

What you're going to hear about is our sizable leadership in Canada, how we plan to extend that leadership in our home market, and how we plan to replicate our winning strategy in the US as well as Europe.

Our success today in the years ahead is grounded in our relentless focus on our clients and ensuring that we continue to deepen those relationships as you heard Dave talk about that we adapt to meeting our client's evolving needs and that we're leveraging our technology to make sure we're improving the experiences we have with our with our clients every single day.

I'm going to start with a short overview of where we are just to kick off our journey. RBC is the best in class global wealth and asset manager. We run large-scale competitive businesses in three of the world's largest asset pools, in in Canada, the US, and in Europe.

We have $2 trillion in assets under administration and $680 billion in assets under management. Now we have a commanding lead in Canada.

And that's across the full spectrum of wealth and asset management, including Dominion Securities, PH&N Investment Council, Royal Trust, direct investing, and Global Asset Management.

Let me give you just a few data points to underscore the size of that lead. And RBCDS where we benefit from the referrals of RBC's retail bank and the private bank, we are larger than the number 2 and number 3 players if you put them together. In RBC Global Asset Management or GAM as we call it, we're a leader in Canada with, and we are more than 50% larger than our next largest competitor.

We generate scale from that tight partnership with the retail bank and wealth management, and you can see evidence of that by the fact that 52% of GAM AUM is coming from those affiliated channels.

But over the years we've also built a meaningful and growing presence outside of Canada. We're the sixth largest full service advisory firm in the US and our acquisition of Brewin Dolphin, we've become the fifth largest wealth manager in the UK. And in GAM, we have teams across the UK and Europe, and we have a growing presence in the US.

Across these businesses, we continue to extend our lead by tapping into the structural advantages we have. Those are including our scale and a tight collaboration and referrals that we get from across RBC, but also through many years of consistent and disciplined execution.

You can say it's a virtuous cycle. Our success and scale allow us to reinvest and power our growth. Good example is here in Canada with Dominion Securities and PH&N. We've consistently reinforced an entrepreneurial culture and invested in tools and technologies that attract more advisors, and in turn that grows our already substantial lead in our home market.

And then it's those learnings that allow us to extend that same playbook to our US and UK advisory businesses. You can apply the same principle of the virtual cycle to GAM.

We continue we continue to leverage the substantial scale we have here in Canada, our leading investment performance, the culture of innovation, as well as that ability to collaborate across the organization, and that drives continued growth here in our home market, but it also sets us up to scale to other markets.

We're going to look at the results in Canada as well as globally. AUA and AUM grew about 12% since 2019, with GAM AUM growing at 8%. Now revenue growth was impacted by a combination of factors, including the divestiture of our investor service business outside of Canada and more modest transactional and NII growth.

Fee-based revenue, however, grew in line with client assets. And over time we expect that revenue growth will follow asset growth quite closely.

Our business model is what we would say is client focused and advice led, and it shows resilience through different market conditions. You can see evidence of that in the reliable and stable net new asset flows that we've delivered across Wealth Canada, Wealth US and GAM.

And this demonstrates the distinct trust that our clients place in us throughout the cycle. And as I'll show you later, GAM has outperformed peers through the ups and downs of the cycle as well.

The stability in our net flows in our disciplined execution has led to strong pre-tax margins in Canadian wealth management and global asset management. This has also given us opportunities to increase our margins in the US and our European businesses. We will look to replicate the success we've had in Canada.

In the US, our margins were weighed by headwinds related to the re-platforming of CNB. If we exclude CNB, we've delivered strong margins in the high teens-range. In international wealth, our acquisition ofBrewin Dolphin is helping drive improved margins, and I'll speak to that a little bit later.

Our wealth and asset management business will continue to be under underpinned by the same strong asset growth and that client centricity that's always been our foundation.

And based on the strength of these individual businesses, we've delivered strong pre-tax margins and mid-teens ROEs supported by solid net income growth. The growth in our net income over the last five years, it was impacted by CNB as well as the other factors I just touched on. And as David highlighted in his opening, wealth management will be a very important part of driving the strength of RBC's overall ROE given our strong margins and low capital intensity.

Now with all that said, we're at a pivotal point in our journey. We look at these businesses and we'd say we're ready to accelerate from here. But like Derek, when we think about our future, we always start with the client, something I think you will hear time and time again today.

The reality is, in wealth management, clients' needs are changing. Our clients are living longer, they are retiring later and they are looking for guidance on how that impacts the retirement and how they're going to transfer that wealth to the next generation.

Another important shift that we see is that investors are increasingly moving to passive strategies, and private capital is becoming more and more of a focus. Now we believe that the winning firms will be those equipped to meet the evolving needs and the shifting market dynamics head on, and I can tell you the team in wealth management is ready to do exactly that.

Now with that context, let me walk you through the building blocks of our winning formula, focusing on five strategic priorities. I'll start with our growth plans for our North American advisory businesses.

Now top advisors are drawn to RBC thanks to our strong reputation and our unique value proposition. We offer the resources of a global firm, but we also offer the entrepreneurial culture and the flexibility of a boutique. I can tell you that's easy to say, but it's exceptionally hard to replicate. We offer an open architecture product self and a full suite of wealth management products and the support to meet client needs.

We provide advisors with the technology tools to support their practice and help them grow. And underpinning all of that is the strength and stability of the RBC brand. Your Dave touched on this. RBC has been recognized as Canada's number one most valuable brand since 2019.

In the US, we're increasing our brand awareness with marquee sponsorships like the RBC Heritage that's coming up in a few weeks that I'm sure you'll all turn in to watch. As well as with the sponsorship of Major League Soccer, an exciting opportunity to connect with the next generation as that sport grows in popularity.

Now this approach has driven exceptional adviser satisfaction and retention rates over the long term. You can see it here in Canada we've been the highest ranked bank owned brokerage for 18 years.

And in the US. More and more top advisors who could frankly choose to go anywhere, they're choosing to come to RBC. Great example. I spoke with an advisor from New York a couple of weeks ago. He will join us in April of this year, and he will bring his $7 billion portfolio business with him, and I can tell you the reasons he made that choice were the exact ones I just walked you through.

The success of our North American business, particularly our Canadian business, is underpinned by our highly productive advisors. Over the last five years in Canada, we've had an 11% growth in fee-based assets per advisor. In the US we'd say a very similar story. It echoes our success in driving adviser productivity.

An important part of that productivity is the success that we've had with high net worth and ultra high net worth clients. This is a really important story. You may hear other banks talk about it, but I can tell you we're winning with it. We're moving up market and we're winning of these clients by building up more solutions that are tailored to meet their unique needs.

As of today, high net worth and ultra high net worth clients represent more than 85% of our total assets, and this is up significantly in less than 75% it was in 2016. Now over the medium term, we're targeting that 90% of assets will come from the high net worth and the ultra high net worth segment. In the US, we expect to drive a 2.5x increase in ultra high net worth households.

And one important lever to win with these clients is alternative investments. We're targeting to double the proportion of wealth management AUA being allocated to ALTS in the medium term. To support that growth, we'll equip our advisors in a couple of ways.

The first way is we're partnering with leading alternative asset managers including RBC GA, but obviously others to offer a full suite of all strategies, and we're going to pair that with a strong focus on education and making sure that our clients and our advisors understand how to incorporate ALTS into their portfolios.

Now the question can be how does the best get better? How do we take these powerful engines that we've built in our North American advisory businesses and fire them up to deliver even more momentum than what I just spoke about.

And the answer there is our ambitious growth plan. We have a combined 4,500 advisors in North America, and they're catering to the needs of clients frankly across the wealth continuum. In Canada, I like to say we've built a powerhouse franchise. Were we have double the advisors of the next largest bank. And this team consistently attracts top advisors and maintains our reputation as the unrivaled destination of choice.

We look back to 2014, we've captured a 3 point market share gain in the investment advisor pool. A little over a year ago we attracted a $7 billion team from a Canadian boutique firm thanks to the strength of the franchise. I can tell you firsthand from sitting down with this team that they really appreciate the full service model of DS. And when they really got to understand, the business and the culture, they were entirely sure they made the right decision to join.

In the US we focused our recruiting on larger highly skilled teams. Over the last four years we've added $120 million annually in recruited revenues. And more than 50% of recruited revenues are coming from advisors with more than $2 million in revenues, and they are largely working with high net worth clients.

Another example in the last 24 months is that we've recruited a large number of these teams, including two just from the Atlanta area with $8 billion in assets combined.

Over the next five years, we'll continue to build on that track record of advisory recruitment with plans to double down on our efforts in the US and add 600 new advisors. Next, we're also expanding our holistic planning solutions across our across our North American team to deepen the points of connectivity that we have with clients, but also to attract new clients.

Now this is a model you may see from other firms and you can ask what differentiates RBC. Well, the first thing we would point to is we got a head start. We've been executing on it since the early 2000s and we've built our lead through that consistent and disciplined execution you heard me talk about.

Today we have 300 experts working with advisors and their clients to deliver on these complex planning needs, whether it's financial planning, to tax and estate planning, business succession, philanthropy, and a lot more.

And new advisors who join our team, they tell us that the breadth and depth of these solutions or the family office sort of offering that we would talk about is a material step up from their prior firm. I'd say in a phrase, it has been a real draw as we think about that advisory recruiting. Now we will continue to invest in these services because they allow us to deepen our client relationships and they're moving us to deliver on a much larger need for our clients.

We're going away, we're going way beyond investment management. We're playing a role as a trusted advisor for some of the client's most complex needs. And I can't overemphasize the importance of this because we know that clients with a financial plan are more satisfied with RBC and they use more of RBCs solutions and services.

In Canada, clients who have a financial plan and a state plan and a banking relationship, they drive 45% more asset growth, and they represent 75% higher revenues.

In the US, the story is basically the same. We see double the fees and almost 5x higher net new assets for clients with a financial plan. You can imagine with all that said, we're quite proud of our track record of how we're supporting clients with their financial plans, but the reality is we expect to drive an even stronger adoption over the medium term and we set bold targets in the years ahead.

We target having 70% of Canadian clients with a financial plan in the medium term. We plan to grow to have 60% of US clients with a financial plan in the medium term, and that is a 30 point increase if we look back to 2019. Part of our winning formula in Canada has been that our advisors have had every solution they need to compete for the full wallet of our investment clients.

In the US, not quite the same story, but I'd say your advisors have done an impressive job of building the business even without that full suite of solutions. But therein lies the opportunity. As we expand and enhance our banking products, whether it's mortgages or credit cards, savings accounts, we will fill in the competitive gaps in the US and we'll strengthen relationships we'll go back and we'll support that adviser recruiting and combine that'll drive to increase profitability.

We're targeting to double the number of high net worth and ultra high net worth households with a banking relationship in the US. We'll also take advantage of referrals across our US businesses. You heard Derek talk about this. We'll do it with his team, but we'll also do it with CNB and we'll also do it with GAM US to make sure that we're supporting all of our clients' needs.

Now another area of opportunity moving forward is strengthening our leading advisor technology platforms. To do this, we're harnessing the power of RBC Borealis, which is our internal AI team to continue to integrate big data and GAII capabilities into our advisor desktop. We're improving client onboarding, we're enhancing ongoing engagement and planning. We're automating the administrative tasks that allow us to free up advisors to spend much more meaningful time with their clients.

Good examples our advisors in the US are now prepping for client meetings in less than five minutes rather than 45 minutes it used to take. These advisors are using simple plain language queries, and the AI scans the client's emails, our CRM, as well as the advisor's notes to create meeting prep summaries.

We see a number of benefits we see a number of benefits from this, and for the most part they're linked back to liberating the time of our advisors. The benefits include things like a higher level of client service, higher client satisfaction, obviously greater adviser productivity, and the opportunity to turn these insights into opportunities and support accelerated asset growth.

Now the reality is it is early, but in the US we've seen strong results including a 65% adviser adoption rate, and we're seeing a strong response to the leads to consolidate external assets. And these are the results that are giving us the confidence that we're absolutely on the right path.

And this is I think a really great example of how wealth management is benefiting from RBC scale, the data scale that Dave spoke about the AI talent and our proven track record of building leading adviser tools. If you have a few minutes, I'd encourage you to drop by and see our AI demo over the lunch break.

Now I'm going to move to Wealth Management Europe. Where we're focused on improving profitability over the medium term by executing our playbook. RBC Wealth Management Europe has a strong position as the fifth largest wealth manager by AUA in the UK market.

The market is growing at about a 5% CAGR, and we view this as an attractive and a consolidating market, and we believe we are well positioned to capitalize on our profitability ambitions there. We'll be aided by a number of what I'd say is key demographic tailwinds. First, there's an increasing number of affluent to high net worth investors who are open to receiving advice, and the reality is they're just not getting it. And you can see that evidence here by a GBP2 trillion advice GAAP.

And second, 40% of wealth sit within the mass affluent group, and this is the segment we are positioned to win in. That brings us to Brewin Dolphin. We acquired Brewin Dolph in 2022. This acquisition repositioned our European business from a smaller legacy business focused on private wealth, custody, and trust to a larger footprint business that also serves high net worth and mass affluent clients for discretionary investment management.

Now today we are a full service advisory firm and we're offering the breadth and depth of solutions and an expanded advisory and distribution footprint all supported by the leading technology you heard me talk about. Just as important, we've improved our revenue mix to be more fee-based. It's 75% today versus only 50% in 2019.

We acquired Brewin Dolphin because we needed to scale in a fast growing market segment. We look back, however, there was challenging macroeconomic conditions that have delayed the timing of our initial profitability ambitions. Having said that said that, we remain steadfast in achieving our profitability target over the medium term. We spent the last two years integrating these two businesses and modernizing our tech stack, and I can tell you based on my experience on the integration of HSBC getting this right is paramount.

Across our UK business, we're now laser focused on growth and we have every expectation we will outpace the market looking forward. And we're pleased with the momentum we're seeing. We have very strong engagement from our advisors. We have keen interest in the product roadmap we've laid out. We're building strong client pipelines. We take all of that, we'd say we've laid the foundation to drive a couple of things. The first one being a mid-20% adjusted pre-tax margin. And the second is the $500 million in adjusted profits before taxes over the next five years.

Looking ahead, we're using our playbook to grow profitability, and we're doing it by leveraging local expertise. We'll continue to implement an advice led model with financial planning at its core. We'll deepen client relationships by building a new scalable banking and lending platform. And we'll continue to add more advisors. And we'll invest in digital capabilities to enhance our client and adviser experience again leveraging the technology scale of RBC.

Let me pivot back to Canada. Talk a little bit about direct investing. That I like to think of as a mature digital investing platform, but one that is poised for its next phase of growth. We're the number two player among the big six in Canada, and we have 1.2 million clients across early stage investors, mass affluent clients all the way up to high volume traders. We offer a wide range of products including a multi-currency account and US and international trading. And we are the only platform in Canada that can say that.

Importantly, we have a very low cost of acquisition. We have more than 90% of our clients who are originating from RBC personal banking. And with the acquisition of HSBC, We added 70,000 clients to direct investing. And a reminder this is a highly profitable growing and completely scalable business. Now we set our sights on delivering ambitious targets with direct investing.

By 2029, we plan to double our market share of early stage investors, which I think we can all agree is a hotly contested client segment right now. We'll acquire 400,000 new clients and we will double the share of clients that are shared between DI and either DS or PH&N.

How do we plan to do this? Well we're going to win early stage investors by refining our low cost acquisition funnel, and we're going to be launching new products and features in the fall of this year targeted at early stage investors. For mass affluent clients, we're stepping up our technology investments and we'll evolve the core of the business where active traders generate the majority of our earnings.

And for high net worth clients, we will streamline the graduation process to take them into a DS or PH&M relationship at the same time maintaining a digital investing platform because the reality is we're seeing a whole lot of clients who just want to use both.

Next, I'm going to move on and I'll take you through how we plan to extend our lead in global asset management. GAM has built a broad set of investment capabilities, serving retail and institutional clients globally. I like to say we are the leading provider of investment solutions in Canada and by a wide margin. We're growing our assets and our distribution networks in the US, in Europe, as well as Asia.

Our scale and investment management capabilities underpin the track record of delivering strong investment performance relative to our peers, and it's this combination of investment performance, our advisor support, and the breadth of the product choice that results in a unique value proposition not just for retail clients but also for institutional clients.

And our 17 investment teams deliver. With almost 90% of the assets they manage outperforming industry benchmarks over the last five years.

And GAM has sustained this level of performance with remarkable consistency. In Canada, we're the largest mutual fund manager and again by a wide margin, we continue to gain market share through our strong partnership with the retail bank as well as Dominion Securities and PH&N.

And throughout volatile market cycles we've maintained strong net sales momentum in the long-term mutual fund space. And we continue to focus on extending that leadership again in partnership with our affiliated distribution channels. Now up front, you heard me reference ETFs in the forces of change, and we've built a commanding lead in the Canadian ETF market to the RBC iShares alliance with BlackRock. This partnership was established in 2019 and today RBCIShares is Canada's largest and most comprehensive ETF offering and again we continue to expand that lineup.

In a growing ETF market, we are advisors, but also investors' first choice for ETFs. We've led the ETF industry in inflows and we've doubled our capture rate of net flows over the last five years.

GAM is also a business with unique structural advantages. We leverage our top tier investment talent and our reputation for investment excellence to deliver a strong track record of investment performance. This helps us attract new investors, including institutional clients.

Our decades of experience servicing these complex needs of large institutional investors. It fuels our commitment to ongoing innovation, and it's this innovation that allows us to bring new solutions to market. This innovation ultimately also benefits our retail investors and that helps further attract the next generation of investment talent again, a virtuous cycle. So if you think about growth, let's move tots.

I think we can all agree there's zero doubt about the significant demand for ALTS from investors, and we're building our ALTS platform to meet that demand. We have over a 20 year track record of managing fixed income, alternative strategies with our RBC Blue Bay investment team. This team manages approximately $17 billion in AUM in hedge funds, CLOs and other investment strategies for global clients. Since 2019 We successfully built a private markets investment team right here in Canada and that team's launched three new internally managed private market solutions.

And we're stepping up our efforts on distribution and on education. We're growing our presence and our market share by strategically extending the capabilities of these existing teams. And with that we aim to grow Alts by 2.5x by 2029. And we're targeting to have 25% of total net sales coming from Alts by 2029. With the current AUM of $680 billion we do see significant growth opportunities ahead.

I'm going to start with our affiliated distribution channels. Part of the structural advantage that I mentioned is the close relationship between GAM and our wealth management advisory businesses and RBC's very sizable Canadian banking franchise. Today we have 16% of banking clients that are investing in GAM mutual funds and we have 90% of Canadian wealth advisors that hold one or more GAM product.

In the US, to be frank, we see a greater opportunity to drive growth. Today we have more than 30% of our wealth advisors that hold one or more GAM product. But the fact is we see a clear opportunity in both these geographies to further entrench our products not only with our clients but also with our advisors.

Next, our external distribution channel. Third party intermediaries and institutions now make up nearly half of our AUM. And this will be a large growth driver, especially outside of Canada. In Canada, GAM is the largest diversified active institutional manager. In EMEA and APAC, we have scale distribution teams across the UK, Europe, and we have a very long history in Japan.

And in GAM US we have a growing presence. But in the coming years we plan to extend the distribution primarily with financial institutions and intermediaries. Similar to the advisory businesses I covered earlier, we plan to draw on the proven playbook to further expand both retail and institutional distribution in global markets and help build out that scale. And we'll do it by hiring quality distribution teams, leveraging our data. Leaning into the technology capabilities I'd mentioned. Investing in education and build our presence and grow contribution from distribution outside of Canada.

Now before I wrap up, I want to touch on leveraging one RBC connectivity to make sure that we're providing holistic service to our clients. You may have heard me say in the past that we are well positioned to facilitate money in motion regardless of any type of market conditions. If we look back from 2022 to 2024, we saw retail investors move to the sidelines and for the most part, they're moving into GICs.

Today we've seen rates ease significantly and we have a large portion of these GICs that are now maturing and we're seeing mass affluent retail customers, they're looking for returns and they're looking to get back into the market. We're already seeing positive momentum and capturing that money in motion. With our distribution and our full product shelf, we're well positioned to continue capturing that share.

And Derek will speak more about this in her remarks. But just like previous cycles, we'll make sure we put the client at the center. And when we do that ensures that when money is in motion, it stays with RBC. We have a long history of surveying clients in Canada through strong collaboration across the organization. As we look ahead, I see a number of opportunities to expand these relationships.

In direct investing, there's an opportunity to cross sell in the consumer bank but also into Wealth Management Canada and you heard me speak to each of those. We'll also continue to leverage capital markets for the unique client solutions including structured products that will refer to ultra high net worth clients to make sure that capital markets is there to be able to meet their broader needs.

We're going to work closely with CNB to provide those banking relationships in the United States, and we'll deepen the GAM partnership in in the US as well as Europe and we'll make sure we're doing it in the same way we've done it here in Canada.

As you heard today, we're committed to growing our wealth management advisory businesses in North America and Europe. We're committed to scaling our direct investing business and expanding distribution in GAM. Our targets reflect bold ambition and we're setting the stage for our next leg of growth.

Where we will grow AUA to between $3.2 trillion and $3.4 billion trillion dollars. And GAM AUA to more than $1.1 trillion. Reflecting a mid single digit net new asset growth. As a result of this increased scale and growth, we expect to drive a leading 29% pre-tax margin with CNB or 30% if we exclude CNB. We're targeting a 20% ROE with CMB or 33% ROE we exclude CMB.

And we'll do this by tapping into the connectivity across the organization to again make sure we're meeting the full spectrum of our clients' needs. I can tell you we're confident in the direction we're taking these businesses, and I am very confident that we have the teams to meet those targets. And with that, please welcome Greg Carmichael to the stage to speak about the US strategy.

Thank you.

Greg Carmichael - *Royal Bank of Canada - Executive Chair, RBC U.S. Holdings, LLC, and City National Bank*

Good morning and thank you for being here today. I'm Greg Carmichael. I'm excited to talk about the opportunity before us in the US, but before I do, let me briefly share a little bit about my background and how I came to RBC.

I spent many years as Fifth Third Bank's President, Chairman and CEO before retiring as executive chair in 2023. Over the course of my tenure we elevated the superregional US Bank from the bottom quartile to the top quartile across virtually every profitability metric. I'm also proud of the work we did to move Fifth Third Bank to OCC heightened standards during my tenure. Prior to becoming the CEO, I spent my career in technology and operation roles. So with leadership positions at G and Emerson Electric before becoming Fifth Third CIO in 2003.

For my retirement from Fifth-Third. As many of you might recall, March Madness unfolded in 2023 in the US banking industry, resulting in several bank failures. To have all time, I was called a service by the FDIC to become the CEO of Signature Bridge Bank to help manage the failed bank assets and operations.

Following that stint I was preparing for a leisure retirement and I received a call from Dave McKay. As a prior bank CEO, I had deep respect for Dave and RBC, so I took the call. Dave shared with me the challenges at City National Bank and asked for my help to formulate an approach to win on a larger scale in the US. A challenge I got really excited about as I stand here today, the opportunity is much greater than I anticipated.

So let's talk about that opportunity US. We're growing from a strong position today. We operate top 10 capital markets franchise. A top 25 commercial bank with the industry's leading entertainment franchise and the sixth largest full service wealth advisor. For the past five years, our US business has grown significantly. Roughly $442 billion in assets, a strong deposit franchise, and a growing loan portfolio. Our performance in the US has been strong, but we can do much more. The US is RBC's largest growth opportunity.

We're starting with three very strong stand-alone franchises. You heard Derek and Neil speak to the tremendous growth opportunities in their businesses. The same exists as City National, which I'll touch on at the end of my presentation. Our focus going forward is to break down these barriers.

Operate as one RBC deliver our products and services more quickly and more efficiently to our clients regardless of which business channel they enter. This is consistent with how other large banks in the US operate and how RBC operates in Canada.

Wealth and capital markets clients need banking products. Core middle market clients need strong cash management and capital market services. Our entertainment clients need access to stronger wealth advisory services. We have all the products and services, but we need to do what we need to do is offer them consistently and holistically to our clients.

So how we're going to achieve this? To accelerate this transformation we're bolstering our US operational infrastructure and streamlining our US operating model. We're breaking down complexity and simplifying how we think about our businesses. We've assembled an experienced US leadership team across both functions and businesses. We're integrating our platforms at the functional level with one single US head having dedicated responsibility and accountability. We're developing and building an IT infrastructure that allow us to operate as one RBC business. We plan to start the process of migrating to one brand in the US.

When you think about our brand in the US, you should think RBC. And above all we're enhancing our risk and controls framework across businesses and functional support areas. Our financial targets over the next three years reflect the confidence we have in our strategy.

Our current plan is projected to get us to an ROE of 12%. Up from 9% in 2024 and the efficiency ratio in the low-70's down from 83% in 2024. This is primary driven by revenue growth in capital markets, CMB and wealth management, discipline expense management, and responsible balance sheet growth.

If we're successful, and we plan to be, we expect the US to contribute over 20% to total bank earnings, demonstrating the strength of our second home market. In addition to our baseline aspirations, we believe there's material upside across our businesses that includes improved funding strategies and additional expense takeouts.

If we execute the opportunities in front of us. We believe we can achieve over the next three years a 40% ROE to a variety of actions. Let me walk you through just a few of those actions.

First, we'll grow revenue across our businesses through more unified product offerings. In our wealth business, City National offers a holistic advice led private banking offering, whereas RBC Wealth Management offers differentiated wealth products through an advisor led platform. There are meaningful ways we can bring our collective capabilities together to better serve our high net worth clients.

We plan to grow the upper end of our middle market businesses, clients with $500 million to $2 billion in revenues by playing to our strengths in capital markets and cash management. By doing so, we'll be better positioned to serve our clients and increase opportunities to be the primary lead bank driving more fee and deposit opportunities.

Mortgage is another example. We're setting up a mortgage business that will enable us to originate for sale. The originate to sell model will help us maintain a fundable balance sheet and grow fee revenue through salable loans, removing volatility from our business and improving the bank's fee to total revenue ratio.

We're working on setting up this business over the last 18 months. We're preparing to launch it this year. Second, we'll continue to optimize our funding and capital structure in the US. We can fund more of our large US loans by utilizing our low cost deposits from our US wealth business. And third, as I mentioned earlier, with our new US operating model, we'll drive efficiencies across all US operations, ensuring we're generating value from every dollar we spend to serve our clients.

So savings opportunities include consolidating technology platforms, eliminating redundant support functions, and developing an enterprise location strategy.

And finally, City National Bank is a critical part of our US ambitions in the leading entertainment bank in the US. It's a terrific franchise. It has a great client base. It's a high touch service model.

After being acquired by RBC in 2015, City National grew very fast. It tripled in assets over a short period of time, and underlying that rapid growth was an organization that was unnecessarily complex and not structured to handle that growth, so we had to reset.

When I joined as executive chair of CMB in late 2023, we simplified the operating model, brought in a new management team, stabilized the balance sheet, all to build a relationship bank with strong performance through the cycle.

We exited a variety of non-core businesses that we're not creating value for the company. Today the bank is focused on responsible growth, generating improved returns through the cycle, diversifying its client base and investing in core businesses, all while prioritizing the enhancements of its risk and compliance framework. The bank is allocating capital to high growth high return verticals that align with his expertise and client's demands.

The bank's sports vertical is capitalizing on the explosive growth in the economics of professional and collegiate sports as City National we have long standing relationships in sports.

And the same is true at RBC globally. We will collectively leverage our capabilities to grow this attractive vertical. Additionally, the bank's middle market commercial banking franchise remains a key driver for long term profitability. We will continue to invest in talent and strategic markets to grow this business.

In short, across our US franchises, we're well positioned to bring together one RBC platform that will provide RBC's full capabilities to its US customers regardless of how they enter the bank.

We're excited for the future of RBC in the US. I'd now like to welcome to the stage my group executive colleagues for the Q&A portion of our presentation, and we look forward to taking your questions.

Thank you.

QUESTIONS AND ANSWERS

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

So as our group executives settle in for the Q&A session, I will quickly note how we're going to run these sessions. (Event Instructions)

Okay, we're going to start with number four over there.

Lamar Persaud - *Cormark Securities Inc. - Analyst*

Yeah, thanks, Lamar Prasad from Cormark Securities. One of the slides I went to immediately was this ROE waterfall and I see that Katherine's up on stage there. So you unpack that tax PCL and other cause it looks like there's a significant negative drag that I'm trying to kind of square up in my head.

Katherine Gibson - *Royal Bank of Canada - Chief Financial Officer*

Good morning. Thank you for the question and I'll have to steal a little bit from my comments, so bear with me if I repeat when I get back up here on stage. But in that waterfall we are showing the headwinds from PCL tax and other the largest, I'll break them down, so PCL and our assumption is that we are normalizing over the three years, so there's a little bit of a headwind there largely due to the expected growth of the book over that time horizon.

The other headwind is tax and you'll hear me in my comments we we're giving you guidance on an effective tax rate in the range over the three year of 21% to 23% and that's largely due to the implementation of the global minimum tax. The other component of that is just where we're seeing growth is also going to shift our tax to create a little bit of a higher rate from that earnings mix.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Right in the front row, number one.

Ebrahim Poonawala - *BofA Securities - Analyst*

Ebrahim Poonawala, Bank of America, I guess maybe question for you, Dave, as we think about the ROE target top of the house that you laid out 16% to 17%. What is surprising was it's underpinned by a 14%-plus CET1 just frame that for us maybe Dave or Katherine in terms of. How do we think the arc of sort of the capital targets evolves from here to get to that 16% to 17%? And is that excess capital rainy day funds like the risk is, does it become trapped capital and like how do we eventually get to the 12.5% that you've talked about in the recent past?

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Yeah, so maybe I'll start and then Katherine can go so. Now, we underpinned the anchor of our medium-term objectives at 16% with that 14%. So we have to start somewhere so for us it just demonstrates the strength of the franchise when we can generate our medium term targets with a 14%-plus capital ratio, it does not mean in any shape or form that we intend to run the bank 14% given that we've always talked about 12.5% being kind of our threshold where we see everything above that surplus capital. So you'll see scenarios from Katherine.

Unfortunately Katherine hasn't a chance to go through her presentation yet. You've all jumped ahead of her in in the slide deck. But we'll show you scenarios then as we walk that back we're closer to the 13% we are today, and then that's where you see your 17% and beyond that if you take it down to 12.5%, so it was the anchor to say we can meet our medium term objectives with a 14% CET1 ratio, which is the power of the organization.

Ebrahim Poonawala - *BofA Securities - Analyst*

And if I can follow up just. What's the path of that 14% plus good position to be in, don't get me wrong, but it feels hard to go from 14%-plus to 12.5%. With organic growth alone or buybacks alone, so maybe address where within the franchise M&A makes more sense. Is it Derek's business, Neil's business, Greg's business? Where does it make more sense? Where is it most complimentary to deploy some of that capital?

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Yeah, great question, and I don't think our themes around where M&A, helps us create scale in the markets where we see growth. We have a very high bar for M&A as we talk about it's got to be a creative.

To you as shareholders, so it's very important to look at cultural accretion ability to execute against that similar to what we do with HSBC and City National and others. So for us then, where do we think about the key areas you know Neil talked about kind of UK and European wealth management, highly fragmented business.

Once we get that infrastructure kind of complete and that that platform is there, it's easier to roll on. Some of the smaller players similar to what we see in the United States as we build out that wealth platform and the foundation to a strong global wealth platform and a strong, in country wealth management platform is having that holistic not only advisory capability but increasingly you need the banking capability.

The core account capability you need the mortgage capability, credit card, other ancillary products wrapped together so as we build that out in the United States, how do you roll into that then, as a platform that both takes out cost which gives you the ability to pay a premium but also leads to a growth.

So to be successful in M&A, you have to take out cost and get your premium there and then go growth. It's very hard and challenging. We've done that, before, but you'd prefer to take out cost and get a revenue kicker on top of that way we the same way we did with HSBC, right? We made the deal on cost benefit you see with the $300 billion-plus upside in revenue. Is it makes it hugely accretive.

So US wealth, Canadian wealth and then the third one I would say is as Greg builds out this commercial banking cash management, mid corporate bank, how do you bring scale to that? As well, so that hasn't changed. The conditions haven't changed, and to your point, we have significant capital accretion to give us the flexibility to return capital to shareholders yet still pursue organic with outline and inorganic capabilities. It's great to be in that position to do that. At our target ROEs.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Paul, number one

Paul Holden - *CIBC - Analyst*

Yeah, thanks Paul Holden, CBC, so we'll continue on the ROE theme, but maybe a question for Derek. So 14% ROE last year in cap markets. Target is still 14%, so below sort of the group average. I'm sure you looked at this very closely. Like why isn't there opportunity to drive more capital efficiencies and capital markets, or maybe they are, maybe it's just a latent opportunities you invest in sort of sort of those scale opportunities you talked about driving fee-based business. Where, where's like the longer term are we target for this business?

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

Sure, thank you, for the question. If I break it down and you and you look at the history as I talked about in our slides, we're very pleased that how we've been able to continue to drive the business in a way that both supports growth but also improves the ROE.

So we've taken the ROE from, slightly below 12% five years ago up to 14.2% last year. As we look ahead over the next three years, we do have two key headwinds in the capital markets business. One is a change in our capital attribution rate, so that doesn't impact the bank ROE overall, but it does impact the segment ROE. And given the size of the capital that we deploy in the CM business, that does have a meaningful impact on us. That's approximately 100 basis points roughly.

In addition, given the global mix of our business. Some of the items Katherine referred to in terms of global minimum tax and where we anticipate a shift in business mix, a number of those tax headwinds are also in our business. So if you look at capital markets, we do have some headwinds in the near term. We have a strategic plan that we're very confident we can build through those, doing exactly what we've done in the last five years in terms of emphasizing fee-based income as well as with, the scaling over time of RBC clear.

That give us conviction and continuing to deliver above 14%, as we look beyond the next three year horizon, you can be assured we're going to continue to focus on, delivering that premium ROE, but I think we're just trying to be, realistic and straightforward that there are some headwinds that we see impacting the business over the short term.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

I think the last time we checked gendering a 14% ROE in in a in a global capital markets business was pretty good benchmark globally. Not every bank discloses their ROEs by segment the way we do, but would be pretty strong and versus peers.

Paul Holden - *CIBC - Analyst*

Second question also for Derek, you laid out sort of market share objectives. If I think about maybe the scale, the increased importance of scale, I think in this business, right, more dependent on technology, etc.

Where should I think about the market share gains coming from? Is that going to really come at the cost of the smaller players, or can you actually grab market share from existing bulge bracket?

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

A great question thank you. I think at the end of the day it, it's a bit of a combination of both, and so certainly to your point I would agree we see scale as an increasing advantage. You see that through technology investments that are needed, hiring investments, but also the global scale and how do you connect your business for clients through a very broad and comprehensive product suite.

We're fortunate. We feel we've got significant scale as a top 10 player now that we can compete, but equally a strong growth opportunity had to continue to gain shares. So where do we get that from? Certainly we think there's an opportunity that share will continue to consolidate from some of the smaller players. Equally there are larger players than us where we feel we have just a strong competitive advantage over time given the scale of the bank, our brand, the investments we've made where we can continue to capture share there.

And it's interesting, in addition to scale, there's also a theme we hear from clients though that on one hand.

Scale is critical and they're shortening the tail of a long set of relationship banks but in some cases they also feel over concentrated with let's say they are top 5 and they're looking to disperse more amongst you know the next 5 to 10 and we're very fortunate that we're in that position so we think we can get, both the benefit of scale that we bring relative to some but also capture that client trend of wanting to make sure they've got breadth of partners they can rely on.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

So number 4.

Sohrab Movahedi - *BMO Capital Markets - Analyst*

Thank you, Sohrab Movahedi, BMO Capital Markets. Derek, just staying with you quickly, that 14% ROE which Dave proudly highlights for you. Can you talk a little bit about what sort of volatility we should expect as you.

Think about the next three years on that ROE.

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

Another great question, thank you. If you come back, we did highlight very purposely in the discussion that we take a lot of pride in the lower earnings volatility we've been able to deliver quite consistently over a number of years and so overall our business mix our approach to the business, we do try to keep, the volatility to, a lower amount and certainly lower than our peers.

Now at the end of the day we are in a cyclical business in capital markets so we see we'll see that sort of trend up and down as you tie that into ROE. Some of the headwinds that we, spoke to did impact us this year. I mean, the capital attribution change was effective this year, notwithstanding that, we delivered over a 14% ROE in the first quarter, but certainly it, there'll be volatility along the way, but some of those headwinds hit us this year and as we earn through that you'll see it continue to trend higher.

Sohrab Movahedi - *BMO Capital Markets - Analyst*

Okay, and then maybe for Neil and Greg. Also, Derek has a top 500 client list that he had. How many of those clients do you guys deal with your segments?

Neil McLaughlin - *Royal Bank of Canada - Group Head, RBC Wealth Management*

Not enough, I would say. So we do have in in our US wealth management business we have one leader that's actually lives right in right with Derek's team so that we have somebody embedded in that team who has the relationships with the with the New York team and can execute transactions on behalf of our of our US wealth management, team, but we've talked a lot about, the executives from these, whether it's the sponsors or the clients as being a potential target for US wealth management so I wouldn't have an exact number for you, Sohrab, but I would say that. We see flow coming from there now and the relationships are there, but we do look at this as an opportunity where we could and should be doing a lot more.

Greg Carmichael - *Royal Bank of Canada - Executive Chair, RBC U.S. Holdings, LLC, and City National Bank*

I think on the, city national side on core middle market banking there's a tremendous opportunity. We do have relationships that go back and forth we do bring in. Derek's team in capital markets when we have the right opportunities and so forth, it's just in a fluent, very fluid process on the significant upside.

The investments are making it clear and those capabilities are going to transly benefit a lot of our upper core middle market clients, so I think it's a great area for us to continue to focus on evolve in that partnership, but you know there's clients that go back and forth that we share, but there's great opportunities going forward.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Okay, Rob in the second row.

Rob Poole - *Picton Mahoney Asset Management - Analyst*

Hi, thanks, Rob Poole from Picton. This one's for Derek. It just, when I look at that market share slide of sort of where the largest fee pools are that you're looking at, focusing on and gaining share, see equity finance, equity derivatives, but not much mention of prime brokerage. So just wanted to understand. Think RBC is generally undersized in US prime brokerage is that.

Selective that you haven't highlighted like do these businesses work hand in hand and is it kind of targeted that you don't need to build out a bigger prime brokerage in the US and just focus on equity finance or equity derivatives or you think it all kind of seamlessly needs to be built together?

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

Yeah thanks Rob. Great question. If you look broadly at the fee pools as we've laid out which are from coalition, equity finance would include elements of prime, so sort of a broader category we're looking at, as I mentioned, equity finance and equity rise are both areas where we're below our average share today. We do think we have a strong right to compete and so they are areas of focus for growth.

When we look at equity finance in particular we see earlier stage opportunities before going to full stage prime. So as you, correctly highlighted, we have prime capabilities in Canada today. We don't have prime, as a full package outside of Canada, but there are elements of it we do provide and in particular if you look at the financing piece of it.

There are near term areas where we feel we can provide, we can improve our equity finance offering that adds a lot of value to our clients will strengthen those relationships and then enable us to do more with them across other products. There's things we need to build out internally to do that which we're well in flight on, with it being a key focus area as we do that and as we scale that we do think that we'll create an opportunity to look at broader elements of prime.

Again, sometimes Prime gets talked about a little bit binary, are you in it or you're not in it? There's lots of elements to that value chain we provide a significant amount of them today. There is a GAAP and more we can provide, particularly on the financing side and as we do that, we'll then evaluate, are there additional steps that we want to go into, but some of it can also be very operationally intensive, which, may not be as attractive.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Are we going back to Sourabh? Yes.

Sourabh and then Ibrahim, after that.

Sohrab Movahedi - *BMO Capital Markets - Analyst*

Okay, thank you. I just wanted to go to Graham. Lots of talk about normalization in the PCL, but also kind of embarking on an environment that we probably don't know how dark it may get and how long we may be in there. For us guys looking historically at different product categories and loss experiences and trying to apply that. Is it safe to use historical loss rates or do you think we should be exercising some degree of conservatism? In those modeling assumptions.

Graeme Hepworth - *Royal Bank of Canada - Chief Risk Officer*

Yeah, I think maybe break that down into two parts or sore up I think you're. If we set aside the current kind of uncertainty we have around tariffs and you know how we think about the franchise and the risk profile going forward, I do think the kind of long term averages that that we performed that you know are a good indicator of how we would see our PCL performance kind of play out, through time.

I think Dave highlighted his remarks earlier. I think everything you've heard from my colleagues up here in terms of their ambitions to achieve their goals. This is not risk led, right? We really believe we can do this within our risk appetite, maintain the same kind of risk management discipline and posture that we that we've deployed for many years at this institution.

So I think that's the right kind of framing to start with on that and then we can kind of bring in the uncertainty of the current macro environment and the tariff situation that we're facing. What that means in the near term and quite frankly there's just a lot of uncertainty.

I think what's most critical in that we have certainly looked at a wide range of scenarios and kind of what that uncertainty could mean. For more targeted situations, tariff situations that will probably have a limited impact on kind of our PCL profile through kind of those worst case, tariff scenarios that could have much more kind of recession like consequences to the organization.

All of those I would say are well within the range of scenarios we constantly look at in this organization. They're within the range of scenarios we embed in our current provisioning. They're within the range of scenarios we consider when we look at broader financial resilience, for this organization and so we're in a very -- great position of strength going into this uncertainty. We have incredibly strong capital ratios. We've been building reserves for nearly three years.

And so again I think that just puts us in a really good position of strength and confidence that we can continue to support clients, go after these goals and objectives that we've laid out and feel very comfortable about how we can deliver on those.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Back to Ibrahim in the first row and then we'll go to the first row on the left after that.

Ebrahim Poonawala - *BofA Securities - Analyst*

I had three questions, but I'm not going to ask.

Yelling at me. I guess one question first maybe for Greg. City National was a certain type of bank. You worked at Fifth Third for multiple decades. You've come in, I would say rewired the bank a little bit over the last year or so.

Just define what this franchise looks at when we look at the US banking landscape, there's a renewed sort of appreciation for high quality deposit franchises. And maybe retail banking branches. I'm not sure if that's where you want to go, but just talk to us about what this may look like over the next 3 to 5 years.

Greg Carmichael - *Royal Bank of Canada - Executive Chair, RBC U.S. Holdings, LLC, and City National Bank*

I mean, listen, it's been, it's a great franchise, as I said before, we're mainly focused on the entertainment sector. It's got a small retail franchise. Retail is not going to be our focus in the US. It's really going to be in the ultra high net worth clients and core middle market.

You heard Dave talk about the strength and cash management and deposits in that that space. So when you think about say Nashville, the investments we're going to make is really expand that core middle market relationship banking bringing in the talent that knows how to do that, partnering with capital markets for cash management. Cash, corporate banking capabilities and so forth, but it's really going into the right geographies with the right type of bankers, growing that franchise, expanding our important verticals you heard me talk about sports a little bit.

There's other verticals that are very important once again leveraging the full strength and breadth of RBC, not just CMB, those partnerships. If we break down those silos, I think there's tremendous opportunity, but a much stronger, larger, commercial bank going more upscale or upsize on the core middle market. Because the products and services we have stronger deposit gathering capabilities, better funding mix, so that's the core of what we're going to be.

Ebrahim Poonawala - *BofA Securities - Analyst*

Doing. Still branch light.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Very branch light. Can I jump in on that because Greg's brought a philosophy that he's executed so well at Fifth Third that we didn't really have a number of the capabilities that made, Greg successful at Fifth Third. He mentioned in his speech this mortgage origination to sell capability. We didn't have that. We were originating mortgages and putting on our balance sheet. Right, and then took obviously the interest rate risk that that came with that, and that limited how much we could take.

Well, Greg's now built and implemented and we'll cross sell into Neil's business and cross sell into US high net worth and ultra high net worth clients. This mortgage jumbo mortgage capability we've never had that generates a whole new, vertical of fee-based income. Greg's leading us into the cash management, partnership with Derek around, RBC Clear and taking that into mid corporate and into commercial capabilities we didn't have again fees and deposits.

So to talk about where did the sticky deposits come from our strategy is to stay with our core customer franchise and source those deposits through, the commercial franchise and high net worth franchise so. Very consistent and he brought a completely different approach, deeper relationships, more products per relationship. We were a strong single service bank that we bought and we grew it as a single service lending foot forward without the cross sell and Greg's looked at the entire client base and said.

Can't cross sell. We'll cross sell these ones and we're going to originate customers that have multi-product relationships so he's really has pivoted the focus on all those dimensions and that's why I'm so excited about what you brought to the organization and why Greg's so excited. This is a completely new territory and a big driver of the numbers that you're seeing around the accretion in our presentation.

Ebrahim Poonawala - *BofA Securities - Analyst*

And I guess maybe one for Neil just talk to us about the direct investing business one, are there any learnings or risks from the likes of Robin Hood in terms of what they're doing towards younger clients trying to sort of capture that journey for as these clients graduate into more wealth. So is there a learning and then. Is that platform not leverageable in the US, in Europe like I would think, but you've not seen ETrade that Morgan Stanley owns. It's still very US am I missing are the hurdles too high to kind of take that beyond Canada?

Neil McLaughlin - *Royal Bank of Canada - Group Head, RBC Wealth Management*

Yeah, thanks for the question, so. In terms of where you're going around the early stage investor and just the you know the price lever and we're seeing in Canada I mentioned in my comments that is a it is a hotly contested battleground. A ton of a ton of media being bought up by the by the challengers and they're leading into this fee as a, or sort of price as a weapon to get noticed. They don't have that low cost of acquisition that we have to be able to provide a really solid platform into a client because we have a relationship and they have a need. So they're paying up to acquire these clients. You also have to look at and right now we'd say you know we would have a one size fits all value proposition in terms of the technology platform.

Really what we're looking at is to say there is a segment of clients that we would we've labeled the early stage investor that is important to us not just right now but it's important to us for the long term for the wealth franchise but also long term to graduate into DS but also for Erica and making sure that we're.

Really containing that wallet of products for the relationship so we will have a differentiated value proposition to go head to head with those attackers make sure that it's not and if you look at some of these value propositions they're quite thin and I've mentioned a couple of the capabilities we have. There's a lot more in terms of research and the more complex trading options, so we'll have different value propositions at different price points for different segments, and that'll be the core of, what the pivot you'll see in Canada.

In terms of, what does it take, I think, it takes technology investment to sort of move up and build the platform that I just spoke of, it also takes, I think something around really understanding there's different economics to different segments.

The segment that we're really talking about here which is the Robin Hood or early stage investor, the fees actually are not a really large part of the P&L of that segment because they just don't trade that much. So you're seeing sort of the value of the lazy cash is sitting there while they're thinking about what to invest in or you're thinking about FX and those types of those types of revenue drivers, so we've really kind of peeled that back we've built a very segment focused strategy and you'll see us, execute that here in Canada.

To your point, on the US or just taking a direct investing platform outside the country, we think it's, it is there's a potential there, we think there's a lot of that technology that could be repurposed and one of our focuses across each of those three regions is that is to take that technology scale right now we're really focused to be completely frank is on the adviser and the client for the advisory business on the advisor desktop and on the client experience.

But I think in terms of as a, is it a medium term opportunity to unpack to take a direct investing platform into the US or further expand we have a very small capability in the UK and to invest there further I think it's an opportunity but it's not something that you'll see us, really pull a lever on in the short term.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Right, so we have three sets of questions. So number 4 first, then John, then Gabe.

Ratul Kapur - *Scheer, Rowlett & Associates - Analyst*

Ratul Kapur, Scheer, Rowlett, North-south connectivity. A lot of effort has been put into that over the last many years. Many of your peers have done that. How should we think about it from a structural perspective going forward? I think a more important question for me would be.

How should we think about Canada versus ex-US connectivity, versus the peers, do you guys have an advantage given your capital markets, business and connectivity there? Is that going to be more of a focus for you or the rest of the peers, so any comments there would be helpful. I know the situation's fluid, but any anything there would be helpful.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

So before I hand it to Derek, Sean will get up next after the break and talk about that. So great question, but to the context of the flexibility of taking RBC clearer and then Sean's built, RBC Edge in Canada and connecting those two modernized platforms together is where the opportunity lies, so maybe you can.

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

I'll make a couple comments and Bruce has been very involved as well as we look at how do we take edge and clear and connect them so Bruce may want to chime in, but. I mean, if I step back beyond just the transaction banking business, capital markets were running a global business. Neil's bringing a global approach to wealth, and then in each of our geographies we're better connecting the dots there and then obviously you've heard Greg talk about how we're trying to bring that all together in the US.

So I think there's a strong muscle that's building, there in many places, but building in some of these new opportunities where, we're really trying to connect all products around the client. On transaction banking in particular, I think we're coming from a strong starting point where RBC Clear was a de novo built.

From scratch and so we're not encumbered by legacy technology or other challenges similar in Sean's business which he'll speak to more, there's a lot of investment that went into RBC Edge on the back of the HSBC transaction.

So both of these platforms are starting from a very strong position which, there's still challenges and Bruce can speak to it, but our ability to connect it initially first from just a client lens client user interface perspective. Is quite achievable and you know our clients think globally and it's not just, as you point out, it's not just North South it is globally it's with the UK, and we've got to continue to structure ourselves to address those needs which I think we're well positioned to do, but.

Sean Amato-Gauci - *Royal Bank of Canada - Group Head, RBC Commercial Banking*

Yeah, just to add what Derek said, the, first of all, we look at global money movement, global commerce is a really huge opportunity for us when we talk about the names of two platforms, one being edge and one being clear.

I want to assure you that underneath the covers there is a huge amount of shared integrated techno technology, so what we're doing is we're building a global, money movement platform, global cash management platform that not only be used north south but east west and given, based on the long term strength we've had in the commercial portfolio that, Sean's going to talk about, in a bit that benefits so whether it's virtual accounts, liquidity management, global money movement, etc. We've been able to take that and then leverage that, down into the US platform.

So we're really excited about the growth opportunities that we have here and it's, and while it was a de-novo build as Derek said there there's a, there's certainly a great exchange of this capability and we and the platform build that we have. And I think that platform build that we have been doing over years and the rest of the platform was one of the key ingredients that allowed us to do a close and convert on HSBC over a single weekend so that, as I said to Dave, now you'll find out whether you got your money's worth.

John Aiken - *Jefferies - Analyst*

John Aiken with Jeffreys, Derek, we're going to carry on with you. The thesis heading into 2025 for capital markets was basically unbridled enthusiasm and unfortunately the world has changed. Want to find out, from your standpoint, how far down do we think that thesis gets pushed? What does it take to have the rug pulled out from underneath it completely for 2025, but more importantly, what are the discussions that you're having with your US clients?

I think I've got a pretty good gauge in terms of where Canadian sentiment is, but I don't really know what the thinking is for US commercial corporates in terms of the outlook for how the how the economy is going to unfold.

Derek Neldner - *Royal Bank of Canada - Group Head and Chief Executive Officer - RBC Capital Markets*

Sure, thanks John. Obviously we're in a, highly volatile and uncertain environment right now as you mentioned, coming into the year and certainly when we were sitting here in October, November, it did look like, things were just going to be, on fire in terms of transaction activity for 2025.

We saw very good activity obviously in our first fiscal quarter and that came through in the results. I think Dave characterized it well in his comments that right now it's really a bit of a pause and so with our clients, particularly on the corporate and private capital side still lots of strategic dialogue, lots of transactions that are being worked on, but it is a pause where people are saying.

We just need to make sure we understand before we make significant strategic or capital decisions, where is the world going on some of these key economic topics. As you've seen Windows come back, I mean, even this week, with stronger markets we've seen some good BCM activity, DCM activity, and so that pause can quickly come back into activity as people start regaining confidence in the outlook.

The way our team's looking at it, a few different perspectives, one, tail risks have gone up and so, you ask about how far could it go before sort of the rug gets fully pulled out that's very hard to define because it's changing so real time, but we're managing the business that, tail risks are higher and we need to make sure we're being thoughtful on how we're allocating capital, how we're taking risk and where we're focusing our resources against that backdrop.

It could just as easily, sort of. Things clear up and we start seeing a lot of activity in the back half of the year so we're trying to take long term decisions and not, get overly swayed by what's going on, week to week, and I think that's the same theme we're hearing from our clients, I think a lot of them are not trying to overreact they're obviously thinking about this how this affects their strategy that may drive more activity as they strategically reposition.

In the US it's probably not as pervasive obviously as what we see in Canada, but there still is some uncertainty it depends on the nature of the business if it's a purely domestic business we're still seeing, activity progressing if there's things that are more impacted by cross border trade or otherwise.

Again you're sort of in this pause mode, but you know I would say we still, if we step back and we look at some of the longer term trends, some of which I touched on. We feel optimistic about where over the next few years activity goes for our business. Now, short term again it's been paused, that'll ebb and flow, but I think the core secular drivers will continue to support a good fee pool outlook for us.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

I think that's why you're seeing markets react so strong to any positive news because they sense the opportunity there is right in front of us and we're delayed in in seizing it and therefore the negative news cause you to pause, but the positive news gets you encouraged again and you move fast.

So to Derek's point, this thing could come back with confidence quickly because the opportunities set around investing in in AI and AI capabilities, transforming your business, building out a growth platform, capitalizing. On so many opportunities out there people are poised to do that and they're on pause but any good news. Leads to the confidence to move forward.

Do we have more?

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

I think that's all that we have, so no further questions, we will take on a 25 minute coffee break. Thank you to the panelists and we'll see you around in 20-25 minutes. Thank you.

PRESENTATION

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Welcome back. Please welcome Group Head RBC Personal Banking, Erica Nielsen.

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

Good morning everyone and thanks again for joining us. I've been with RBC for just over a decade. During this time, I've led the consumer lending businesses in Canada and I've also led the deposits, payments, savings and investments businesses. Over the next 30 minutes, I'm going to speak to our personal banking strategy. And how we plan to further extend our position in Canada as the undisputed leader and Bank of choice for Canadians. I'll spend time talking about the strength of our franchise and the strategies that have sustained our leadership in the Canadian market.

And then we'll look to the future and I'll walk to the some of the exciting strategic initiatives that we have underway to help us advance our near- and medium-term growth to improve our operating efficiency and profitability and to enable us to extend our leadership position.

In the personal bank we have so much to be proud of. We have experienced strong momentum across both sides of our balance sheet, and we continue to be the leading personal bank in Canada with number one market share across key product categories and a very close second in core deposits. This is a gap our team is focused on closing.

When you look across our clients' total deposits and investments we are by far the leading money and franchise in Canada. And this gives us a unique scale advantage beyond personal banking. We act as the front door to the rest of RBC and an engine for growth for Sean's commercial banking business and Neil's wealth management business. Together we work to extend the products, services and advice offerings to our clients in a way that is hard for others to replicate.

Heading into 2025 and beyond, we are at the top of our game. Our proven market leadership position is driven by our playbook of providing unparalleled access and exceptional value. It starts with differentiated assets and it's underpinned with our award-winning service culture and trusted brand. This has allowed us to better meet the needs of our clients and be more efficient than our peers.

Our scale advantage and distribution helps drive convenience for clients across multiple channels, and our experienced sales force is there to advise clients in their channels of choice. Our award winning advice and product suite delivers superior client acquisition for us, and this is all underpinned by our data scale. It helps fuel personalization and drives client insights and it leads to increased sales and deeper relationships.

And our industry leading efficiency ratio reflects demonstrated scale and the significant cost synergies associated with the HSBC Canada acquisition. When you bring all these extraordinary assets and investments together, underpinned by the best talent in industry, it's a formula for why we've driven premium growth. And it's how we're thinking about the personal bank going forward.

The client bases that we serve today is very diverse. You can see that we serve Canadians across generations, socioeconomic backgrounds and segments, and while we serve all Canadians, a significant portion of our deposits and our revenues come from mass affluent and high net worth customers. We serve these clients through market leading products and services as well as to the expert advice in our award-winning private bank.

The strong credit quality of our book is reflected in a superior average credit bureau score of just under 800. And in our real estate secured lending business, this rises to 820. This reflects our strong and disciplined approach to credit through the cycle. And we continue to earn significant industry acknowledgements. We've consistently been ranked the highest in customer satisfaction from the Ipsos Financial Service Excellence Awards.

And RBC has been ranked the most valuable brand in Canada for six consecutive years. This is particularly important in the personal bank and as a key enabler. Advice is central to what we do in the personal bank. We have an exceptionally strong sales force of capable advisors that serve our clients across our distribution network. And as Canadians change how they interact with us, we've been investing to stay ahead of their evolving needs and making sure our channels are equipped to meet those needs.

With our leading multi-channel distribution network of advisors, branches, advice center, and digital, we're better able to serve our clients' needs. And while we've optimized our branches, leveraging productivity improvements over the last five years, we continue to maintain our branch leadership in Canada. As simpler everyday transactions move to lower cost digital channels, our clients are visiting us for more complex advice-based needs.

We also have a market leading franchise in attracting clients. And we have done an exceptional job of accelerating the pace at which we are bringing new clients to this franchise. We grew our net client acquisition by 19% per year over the last five years, bringing cumulative net clients to the bank of 1.8 million. But this is more than just about acquisition, this is about acquiring and securing the everyday banking relationship. It starts with the core account and a credit card to ensure we have a client's everyday spend. And it extends into savings and investments to ensure we win that all important money in motion.

In 2024, 70% of new clients to the bank held a core deposit account. This is a key tenant to an anchored deep relationship. And it's through these relationships and the payment transactions that come with them that we're able to build robust data and client insights greater than our peers.

In addition, the core deposit account provides us with a key competitive advantage when it comes to funding our loan growth and it acts as a key enabler of our interest rate hedging strategy that Katherine will speak to in her remarks. Our long term focus on acquiring and building deep relationships has driven outsized results relative to our peers. We as an organization have had a long-term focus on client primacy.

As you can see, in 2024, clients with transaction accounts, investments, borrowing, and credit cards totaled 18% for RBC. This is a remarkable 5 percentage-points higher than the peer average. And this is particularly important because as clients have more products, they're stickier, and as we capture greater share of wallet, they become 6x less likely to a trite.

Putting this all together, our market leading acquisition, cross sell and retention underpins strong volume growth. Since 2019, our deposits have grown at double digit pace and assets under administration has grown at 6%. Combined we are the leading money in franchise in Canada and our strategy has enabled us to disproportionately capture higher share of the money in motion that we've seen in the market over the last few years.

In addition, we are the number one asset franchise in Canada and have seen high single digit growth over the last five years. Our strategy is underpinned by strong momentum and profitability with ROE of 25% in 2024. Our scale advantage has driven leading efficiency of 42% while our disciplined approach to risk management through the cycle has resulted in a well-contained 24 basis points of historical Stage 3 PCL.

So that's where we are today. We're a bank with a strong foundation that's ready to extend our position in Canada.

Now I'm going to talk about our bold ambitions for the future and how we're going to get there. We see the environment around us changing rapidly. This creates opportunities for companies of our scale. And opens up new areas of growth for us. Today we're really going to focus on four pillars that underpin the growth of our business. These are the pillars that will allow us to deliver premium financial results.

Let's start with the first pillar, channel optimization. Our branch network makes it possible for us to be lifelong partners to our clients. And it's also a critical channel for new client acquisition. We currently serve the market with just under 1,200 branches from coast to coast to coast, and on average 70% of Canadians live within four kilometers of an RBC branch.

The strength of our network is evidenced by the growth and deposits per branch, 13% per year over the last five years. While Canadians are engaging with us more digitally, our branch channel remains critical. Here's why, 70% of new clients joined us last year through our branches. And 75% of sales are captured in this network. This indicates that our branches are still playing a very important part of how Canadians want to bank with RBC.

That said, it's really critical that our branches and our footprint evolves and supports the way we want to go to market. We're always reviewing our network to ensure it's working for us and our clients. This means opening new branches, relocating or closing branches. We're actively growing our network in high density urban and suburban markets where there's a large population growth while maintaining strong community presence in our rural areas.

These efforts have contributed to relatively flat occupancy costs over the last five years, while profitability per square foot in our network increased 8%. With over 80% of our branch leases renewing in the next four years, we have room to further optimize our network, balancing our demand and need for client growth while ensuring we're cost efficient.

We see that our client needs are changing and the expectations of us to support them digitally is evolving. As a result, you can see that we are building new experiences to automate low complexity work. These digital innovations are increasing the capacity of our sales force to focus on more complex interactions that require deeper advice. We're shifting the mix of our generalists and specialists to better serve our clients. These efforts have resulted in improved adviser productivity and higher sales volume.

And we endeavor to make that transition from branch to digital as seamless as possible for clients. We offer a wide range of digital experiences from everyday banking and investments to loyalty offerings all designed to support clients. And we're seeing early success in the shift to mobile. We've seen about a 20% annual increase in mobile sessions with active mobile users growing at 12% per year over the last five years.

At RBC we now have more than 8 million active mobile clients. And this channel is increasingly important for us for client acquisition. And an important starting point for that deep client relationship. When we think of this going forward, we know that mobile is a key interaction point for us. As well as a channel that is lower cost to acquire and has lower cost to serve.

Across all of our channels we're focused on optimization. This means streamlining our branch network, improving advisor productivity, and shifting simpler transactions to lower cost channels including digital. Combined these actions will contribute to a significant improvement in our efficiency ratio going forward.

The second pillar that I'd like to speak to this morning is about value and reciprocity for clients. This really has been a catalyst for growth for us and will continue to underpin our leadership going forward. As clients move through various stages of their lives, we'll be there to support them with products and services that both meet their life and their financial goals.

We're also focused on reciprocity. It's a core value of the personal bank. Essentially as clients grow with us, they get more from us. This is a critical part of RBC Vantage, a key acquisition lever for us. With RBC Vantage as clients grow their relationship, they receive rebates and more value. This includes free banking, avion points and savings from key partners like Petro-Canada. And we know this has a material impact on our client base.

Since the launch of RBC Vantage in 2021, we've seen about 75% of new clients enroll. These clients have more products with us within the first 30 days, and at the 12-month mark are 2.5x less likely to a trite. This signals the start of a strong relationship. It's how in the personal bank we think about creating primacy with clients.

Going forward we're going to continue to evolve Vantage to provide even more avenues for rewarding clients for their loyalty. We realize that as the number one money and franchise, we are uniquely positioned to reward clients as they grow assets with us. In addition, we see opportunities to enhance pre-arrival strategies for newcomers and ensure that our students and young adults have the value propositions they need from us.

In our market leading credit cards business, we have a well-diversified suite of cards that meet the needs of all Canadians. And we view the credit cards business as foundational to both attracting new clients as well as building everyday engagement. While cards represent a small portion of our loan book, it's a high ROE business underpinned by a strong credit profile. We hold the leadership position in Canada with $24 billion in balances and $180 billion in purchase volumes.

In particular, the everyday rewards and premium travel categories drive about two thirds of our accounts and balances and attract a more affluent client base. In recent years we've launched the ION and ION+ cards. This has allowed us to accelerate growth in the mass retail segment and improve our market share by 4 points since launch.

But one of our most distinct competitive advantages is our proprietary Avion rewards program. This is Canada's largest bank-owned loyalty program and delivers exceptional value for our Avion members, our merchants, and RBC. And as a proprietary program, the economics give us an advantage, allowing us to manage value and cost.

We also create value for members across our Avion ecosystem as we grow our member base, we're attracting new leading partners, and this increases member interaction. This in turn fuels the data asset that we have as an organization, allowing us to leverage AI to better personalize offers for our clients. This drives further in client engagement and boosts our redemption volume.

The strength of Avion Rewards is enhanced by our flagship partners. Today we have more than 2000 partners in a proprietary network. In fact, this morning with very exciting news we announced that Canadian Tire is now part of our ecosystem. They're joining our strong network of strategic merchant partners. This collaboration will link millions of RBC clients to Triangle Rewards, enabling us to increase everyday value, rewards, and savings that we can provide to our shared clients.

And we'll continue to build these partnerships with top brands in areas that matter most to Canadians. Whether they're looking for everyday spending categories like retail, grocery, fuel, technology, and pharmacy, or they're thinking about more aspirational categories like travel and experiences, we have exciting things to offer.

Last year we had our incredibly successful music partnership with Taylor Swift that added more than 500,000 new relationships to RBC. We also offer the broadest travel redemption options for our clients in Canada through Avion Rewards. This includes more than 500 airlines and more than 900,000 hotel properties worldwide.

And we know that this matters. Our clients spend more than $19 billion in travel purchase volumes on their credit cards every year. We deliver meaningful earn and redeem opportunities for members while we've also been accelerating new client acquisition leveraging the strength of our partners. And our partners see lift in their market share as being when they're part of our ecosystem which acts as yet again a further catalyst to expand our partner base.

Going forward we're going to continue to drive leadership in our credit cards portfolio. We're leveraging AI to identify opportunities to grow new to credit card clients within our risk appetite. And we're accelerating growth in key card categories such as premium travel, everyday rewards, and cashback. In Avion we have bold ambitions. We want to continue to extend our program to all Canadians through our Avion Select membership tier, which brings the Avion value program to non-RBC customers.

This in turn allows us to grow our banking business, so we move up funnel with Avion Select and then bring these relationships into the bank. Our aspiration is to grow Avion by 40% to 14 million members over the next five years.

Moving to mortgages, this product continues to be a profitable and core anchor product for RBC and an important way that we strengthen relationships with our clients. About 80% of mortgage clients have a core deposit account with us, and the underlying credit quality of these clients is excellent. As a result, we see more than 2x the profitability of clients when they're anchored with a mortgage.

But it has been a particularly challenging time in the mortgage business. Like our peers, a sharp rise in cost of funds and a heightened level of competition has contributed to a 50% reduction in our portfolio spreads since 2019. As funding costs and competition continue to be volatile, we will persist with a disciplined and balanced approach to volume growth and returns.

As you can see over the last five years, we have consistently growing this business. We've seen some competitors move into the market and then out of the market but RBC has been steadfast. And we continue to see opportunities to profitably grow our mortgage business. Currently over a million RBC customers hold their mortgages outside of RBC.

And over the next three years, there are a large number of mortgages maturing in Canada. This creates a substantial switch opportunity for our business. The business is well positioned to capture these opportunities. Our proprietary mortgage specialist sales force is focused on driving growth for us. This is a team of highly qualified deep mortgage experts with connections throughout the industry coupled with the power of RBC Insights, leads and offers, we're well positioned to grow and compete for every mortgage in Canada.

For renewals, we've been invested heavily over the last year so we can continue to drive very strong retention. 87% of our mortgage volume is renewing by 2027. And renewals are more profitable for us than new originations, so it remains critical that we manage this well.

We've built a new remote team of retention specialists who deliver exceptional results and augment our branch sales force. We've launched a new mobile renewal tool, so customers can renew their mortgage from the comfort of the couch in the palm of their hand. And we've extended this tool to our branch advisors, reducing the time required for them to complete the renewal.

Finally, we're investing in the mortgage business to grow and digitize. As an example, we're automating our onboarding processes to improve efficiency and conversion rates, driving an expected 50% reduction in the time from lead to funding by 2029. And as you can see, we're continuing to evolve our digital assets to ensure that we have assets across the home ownership journey. We've invested in Houseful. A home ownership platform that can allow us to engage with Canadians early in their journey.

In summary, we believe the mortgage business is well positioned to drive disciplined and profitable growth over the next three years.

Moving to HSBC Canada. As Dave mentioned earlier, we successfully completed our acquisition almost one year ago today. For personal banking, this has helped us expand our client base and drive scale. We're well positioned to benefit from the cost synergies that we previously highlighted as part of the deal. The majority of the $740 million in cost synergies are driven through the personal bank, and we know that we've already unlocked more than 90% of these synergies.

On the revenue side, the acquisition has allowed us to build global capabilities that we're now selling across our wider RBC base. In addition, we're bringing the best of RBC's products to our HSBC Canada clients to deepen relationships and grow. The team is well under way to unlocking these synergies and early results give us confidence we'll meet our commitments.

So how are we bringing this all together? Our goal is to own the ecosystems that matter to our clients. Using our scale to bring existing and new clients the best of RBC and widen our acquisition funnel. This includes enhancing the value of clients, value to clients of all the products that we have and ensuring that we have a higher conversion of new prospects to the organization and a leading retention for our existing clients.

Over the next five years we expect to drive premium volume growth while delivering against a new net client acquisition target of 2.4 million.

The third pillar of growth for us is AI and hyper-personalization. We talked about how our market leadership creates primacy and deep relationships with clients. We have done this by leveraging our data assets and being relevant to clients in the moment. We see the advancements recently in AI as well as the growth in digital and mobile, allowing us to yet again transform how we're able to hyper personalize and cross sell.

Let's consider a client's potential homeownership journey. It begins with a client looking for their home on Houseful, considering neighborhoods, schools, walkability. From this, RBC is able to present in path information and tools that will help the client, affordability, pre-qualification, neighborhood considerations, a simple click to chat, perhaps a more meaningful book an appointment with our experts.

We know that as we do this, we can be meaningful and advance the client's journey. At the same time, we're able to bring value beyond banking to the client. This includes offers from key Avion partners to assist with moving, furnishing, and settling into their new home. We know that as we bring the best of RBC's assets together and create a more hyper personalized experience, we will win.

Like the mortgage journey, the opportunities for AI are presenting themselves across our business. We believe AI changes the way we interact with clients, creating seamlessness and ease. It simplifies the work done by our advisors, allowing for more focus on clients and driving sales opportunities, and it creates cost efficiencies for us across the platform.

AI paired with the strength of our differentiated assets including our large data scale, modeling sophistication through Borealis, diverse product shelf and executional excellence will enable us to capitalize on this opportunity.

Let me walk you through an example in our advice center where we believe there's an opportunity to unlock somewhere between 45% to 60% of productivity by scaling AI capabilities. Specifically, we'll automate processes and tasks allowing us to remove advisor workload. We'll make advisors faster and better with new tools that unlock both speed to proficiency and productivity.

These enhancements will result in time liberated for our advisors that can either be captured as cost takeout or directed to new sales. Our team will be in the room over the lunch hour to showcase the demos of many of these AI capabilities for the personal bank, so please take a moment to stop by.

Finally, the fourth pillar of our growth is the power of One RBC. As I mentioned at the start, the personal bank acts as the front door to RBC for Canadians, and we are an engine of growth for the rest of the organization. As clients bank with us, the products and advice that they're looking for evolve, and this leads to opportunities across the bank. It allows us to draw on the strength of our partners in commercial banking and wealth management.

Sean, Neil, and I have worked together for the better part of a decade. And it's really through this strong foundation that will shape the work we're going to do together. In personal banking, we partner with the private bank and with wealth management as the sophistication, complexity and wealth of our clients' needs evolve beyond the offerings that we have.

And as Sean will discuss, we partner with commercial banking across the entire client base, but in particular with small business where the vast majority of those clients begin their relationship with RBC in the personal bank.

So these are the four pillars that will allow us to extend our undisputed leadership in Canada. These strategies are underpinned by a robust ROE target of 25% which although flat compared to 2024, reflects that we're earning through the headwinds associated with higher capital attribution which Katherine will speak to. In summary, these initiatives will help us drive premium profitability within the personal bank and across RBC.

As part of our channel optimization strategies, we're looking to move simpler transactions to lower cost channels to improve branch profitability and lower our cost to acquire and serve. Our products will continue to provide clients with unrivaled value and reciprocity through RBC Vantage and Avion. Our data scale and AI capabilities will continue to be key differentiators, and personal banking is best positioned to unlock the tremendous value from generative AI as Dave alluded to earlier this morning.

Finally, the power of One RBC will accelerate the connectivity between the personal bank and our partners. It is through these initiatives that will drive premium growth relative to our peers and extend our leadership in Canada, including our ranking as the leading money in franchise. We're also expecting a 300 basis points improvement on our efficiency ratio to target sub-40%. A testament to the strength and the scale of the personal bank.

It is an exciting time in the personal bank as we accelerate our ambitions, and we build our leadership through enhanced value, access, and personalization. And continue to be the leading personal bank in Canada.

We'll now hear from the Head of the Commercial Bank, my colleague Sean Amato-Gauci.

Sean Amato-Gauci - *Royal Bank of Canada - Group Head, RBC Commercial Banking*

Thank you for the introduction, Erica, and good morning, everyone. As we announced commercial banking as a separate segment this past summer. And prior to those announcements I've led our retail banking and payments businesses across both the personal commercial bank, and I've also worked in finance and group risk management earlier in my career.

Today I'm excited to share the commercial banking story with you. I'll start by providing an overview of RBC's commercial bank, it's importance to the enterprise and the clients that we serve, our drivers of recent performance and our current market position. Followed by a review of our strategy that builds on an exceptionally strong foundation including by targeting key strategic segments to drive premium lending growth, by differentiating with large clients and globally connected clients, and by scaling recent investments to extend our lead in deposits and transaction banking.

I'll start by framing the portfolio from a client lens. At a high level, we have leading franchises across all three primary horizontal segments. Starting with small businesses, these are typically clients with $3 million or less in sales. Where we have long standing market leadership with a double digit share lead over the next largest competitor.

As Erica referenced, this is driven by our strong referral pipeline from the personal bank, the largest distribution network, and compelling core banking and payment value propositions. As businesses grow, we've consistently invested to support their expanding needs for relationship management, industry expertise, and lending and working capital solutions which have contributed to this $106 billion core commercial segment representing businesses with approximately $3 million to $50 million in sales.

Across the page in the upper end of the portfolio, typically Canada's largest privately held companies commonly referred to as mid corporates and which we brand as our corporate client group. We've invested consistently for over a decade to support the more complex and sophisticated credit and transaction banking needs of this segment. And as a result, we've closed the market share gap to industry leaders.

Now a core strength of the commercial bank is how we connect the organization on behalf of the client. Creating both a pipeline within our business as well as across the enterprise. As you heard from Erica, the significance of the personal bank's sizable client base and its powerful acquisition engine are important to this segment because approximately 80%, 85% of businesses choose their business banking relationship based on where they anchor their retail relationship.

And similarly, Our commercial portfolio of 1 million-plus clients. Those businesses employ millions of consumers who are referred to and incentivized via our Vantage Reciprocity program. To hold their personal accounts, their credit cards, their mortgages with the retail bank and their financial plans and investments with our wealth management business as Neil spoke to earlier.

Another driver of our current competitive advantage is our scale across multiple dimensions. We've had the investment capacity to develop a comprehensive suite of capabilities to serve all clients end to end. Including that large national network, the largest and most talented advisory and coverage teams, leading technology and digital platforms which I'll speak to you shortly, industry specialization in multiple verticals, structured banking expertise and capabilities with the most complete set and suite of transaction banking products.

And when coupled with RBC's balance sheet strength, our brand and our leading positions across the franchise from personal banking to capital markets and wealth management, these combined to deliver unmatched value for businesses, their executive team and their employee base.

As I mentioned, These broad strengths and distribution, talent, product, coverage and balance sheet drive the scale to compete in every region and in every sector of the Canadian economy leading to a well-balanced and well diversified portfolio. And through recent strategic initiatives that I'll cover in a few minutes, we've observed existing clients rewarding us with more of their wallet with 80% of recent loan growth emanating from our back book, leading to further improved portfolio diversification.

Now the outcome of the scale advantage, the strategic investments, and a broadly diversified portfolio is consistent outperformance on the balance sheet and the P&L. We have market leadership positions with a $300 billion deposit base and a $180 billion lending portfolio with double-digit growth on both sides of the balance sheet before the HSBC acquisition, where we now enjoy a greater than 500 basis points share lead over the next closest competitor.

As you see, we generate high quality earnings with double digit compounded annual growth and revenue, reaching $7.4 billion in 2024 and contributing approximately 21% of enterprise PPPT at approximately $5 billion. This is achieved through solid through the cycle credit performance, delivering strong ROEs and a highly productive franchise resulting in an enterprise best 34% efficiency ratio.

As I turn to discussing the investments and drivers of our future growth. As you've heard throughout the day, we are clearly operating in a volatile environment, resulting in uncertainty and its impact on near term business investment and capital flows. As Dave mentioned, these macro forces are taken into account as we develop and implement our strategies.

However, we are confident that the diversification of the portfolio and the resilience of the portfolio, driven by the resilience of Canada's entrepreneurs will drive, as they always tend to do, evolutions to business models, new innovations, and will ultimately support ongoing portfolio growth.

Our go forward strategies anchored on the combined effect of our foundational strengths and scale advantage to support Canadian businesses on maximizing the value of the HSBC acquisition with access to new segments and revenue pools and by investing to drive efficiency, lending and deposit volume growth, driving increased fee income growth, which will combine to contribute to earnings growth and enhanced shareholder returns.

And I'll take you through each of these four pillars individually. To begin, I'll speak to our digital and AI investments, which will primarily impact new client acquisition at the lower end of the portfolio and will support efficiency improvements in productivity in commercial and wholesale lending.

Starting with our small business segment. Whereas as I said, we have a long standing and a trenched leadership position with double digit share advantage over our next largest competitor, from this exceptionally strong base. More recently, we've accelerated growth with three consecutive years of record new client acquisition, driven by our efforts to advance digitization of the account open and business credit card experience. Resulting in an additional 50,000 new accounts opened annually over our previous strong run rate.

SMEs are a highly attractive client base. They are a pipeline to our commercial segment and to cross sell into personal banking. This is a very deposit rich segment with a 4.5 to 1 deposit to loan ratio. And with strong correlation, as you can see of new client acquisition to deposit growth as volumes have accelerated in line with client acquisition. And client primacy is also very strong in this segment with deep transactional relationships that power our data scale, our risk fraud and marketing modeling, and our burgeoning AI ambitions.

Another area of importance to business clients is access to our broad partnership value built over several years since our last Investor Day. We've invested consistently in numerous strategic assets to create both the top of funnel opportunities and deeper and stickier relationships for clients.

I'll share just a couple of examples in the interest of time. Owner, which is a venture that supports business registration, has become a very strong feeder pool of new SME clients now directly contributing 15% of the new client acquisition numbers I shared. And Dr Bill, which has a strong penetration of our target physician base with 22% of physicians in BC and Ontario now using this payment service, and we have plans to scale this to other markets.

Now we have a clear leadership across small and mid-sized segments, opportunity remains mainly around digitization and leveraging data and AI to further propel our client acquisition and efficiency objectives. Starting with what we believe will be a game changer.

Our ambition here is to transform the standard industry experience of digital account opening to on boarding a full client relationship. This is an important distinction because a client is defined by a more comprehensive relationship which includes everything from a business account and credit card to online tax filing to setting up all their payments and their payrolls all on our digital platform.

Essentially, they become a fully operational client through an integrated and intuitive end to end digital experience. And therefore, they are now an op active client, not just an account holder. Now today, our digital capabilities support approximately 80% of new account acquisitions. However, only 20% are onboarded end to end digitally.

For context, US leaders are approaching 30%. And our goal is to more than double our baseline to 45%, which would place us in line with best-in-class leaders in the EU.

As you heard from my colleagues, we see tremendous opportunities for AI to support our transformation ambitions. Derek referenced Aiden earlier and we in the commercial bank expect to benefit as this scales across the bank firstly by expanding from capital markets to our mid corporate and large commercial bankers.

In the commercial bank, we see material opportunity to transform the lending experience value chain from a high penetration of automated ad adjudication in small businesses right through to wholesale credit. Where we have an opportunity to automate and streamline an industry experience that is fraught with multiple handoffs, incomplete data and documentation requiring numerous interactions both with the client and across our internal teams. It's time consuming, it's highly resource intensive, and it doesn't scale efficiently.

In addition, this opportunity will apply to both new money deals as well as the large back book of annual renewals. Now while we're in the early stages, you'll see from the demos and the break that we're on an exciting journey to drive productivity gains, to improve efficiencies, and to better predict credit performance using early warning signals leveraging the power of AI and Generative AI. And as I said, this capability will extend across business and wholesale credit into capital markets as well.

Turning now to our second strategic pillar with a focus on targeting segments that will predominantly drive lending volume growth. I'll start with the largest contributor to volumes and earnings for the commercial bank, which is that $106 billion core commercial segment, where again we enjoy a wide share lead versus our peers.

These clients' needs have evolved to require the expertise of a relationship manager, working capital solutions and cash management products, industry specialization across multiple sectors, and a broader coverage team. We've consistently invested to build these leading capabilities across the horizontal segment and in key industry verticals of the Canadian economy.

And moving forward, we will continue to invest in building talented relationship teams and solutions to enhance our leadership positions and to drive diversified portfolio growth. Now our more recent lending portfolio growth that we've reported has been fueled by a concerted and well executed strategy to identify both horizontal and sector specific opportunities to organize around them to develop tailored solutions and value propositions, and ultimately to drive positive outcomes.

To bring this to light, historically, we were under indexed in the larger commercial space, just below the mid corporate space, where we lacked the expertise and the specialized coverage that is required by the sophisticated clients. Approximately three years ago, we established this as a strategic segment in the enterprise. We targeted key growth sectors, we aligned our best relationship managers, we created this dedicated and senior underwriting team and a coverage model approach similar to our mid corporate experience.

This strategy has been successful in creating momentum with a more balanced and improved portfolio diversification, achieving strong share gains all without an expansion of risk appetite. This proven formula is also applied in key industry verticals. For example, in the tech ecosystem, our gap here was an expertise with serving pre-profit tech firms and top tier VCs. And as you can imagine, credible expertise is of paramount importance in the segment, so we started by recruiting top talent from industry leaders who in turn built the best team, platform and product suite in the market, and the outcomes have been very powerful.

Today we are winning more mandates from VCs and tech firms. We're generating strong deposits. And we now bank 11 of Canada's 20 unicorn companies. This reinforces our strategy and ability to successfully pursue areas where we see opportunities for significant growth.

Now I'd be remiss if I didn't briefly cover our largest segment of commercial real estate. This is built on a long standing foundation of deep and long tenured relationships with top tier and reputable developers and owners with prudent underwriting principles and a strong risk discipline, diversification and tailored lending structures across asset classes and with recourse and enhanced portfolio monitoring and governance.

Now while recent challenges in the sector are driving lower levels of activity in certain asset classes such as condos and offices as we know, we are seeing some momentum in income producing properties in pre-development loans to select top tier developers and the shift to purpose built rentals and apartments. And we're confident that our strong relationship with these developers and the diversification of the portfolio allows us to capitalize on the expected recovery of the sector.

Now turning to our third key client segment. Our corporate client group with the mid corporate segment. As I mentioned, we've methodically executed on this strategy for over a decade. When we started, we had a very small team and we've made steady and consistent investments in the space. This team is now comprised of over 400 highly credible corporate bankers. A dedicated senior underwriting team and mid-market specialty finance and syndication experts and the appropriate products to serve their needs.

These combined to address the more complex needs of this segment. And we've executed on this strategy through the cycle with sound risk discipline to build the brand complex solutions credibility and reputation with clients and COIs. And we are increasingly winning more mandates from existing clients as they expand and invest in CapEx, and we're winning more lead positions in syndicates which is translating.

It's a sustained and market leading growth of 16% compounded annually over the last five years and notable share gains and again an important reminder this is without expanding risk appetite.

Now the HSBC portfolio is intentionally positioned in this part of the presentation because it is highly complementary to this strategy. With a disproportionate impact on large commercial and private corporate client segments, where we've experienced a 45% growth with our higher penetration in certain sectors where we lagged market leaders.

The acquired portfolio adds diversification, talent, expertise and products that drive important competitive edge relative to our peers. These include the sophisticated cash management and treasury solutions products, international payment and trade products, strength with internationally connected clients which are driving up our payment volumes and FX fees and client centric talented bankers with deep and long tenured relationships driving high portfolio retention rates and white space growth opportunities.

Which brings me to our ambition to combine our legacy strength and the leverage the value of the HSBC acquisition which will allow us to operate at scale in broader sectors and value pools and has propelled us now to a leading market share in this client segment. We will build on the combined strengths of both organizations across a number of vectors, including a deeper bench of banker and advisors, broad diversification with large clients. Specialized lending and structured products. And RBC's balance sheet brand and reputation which are increasingly a competitive advantage in this space in this part of the cycle.

Our modernized and integrated coverage model, which is bringing the best of both together to drive continuity of expertise with our clients. And expanded access to our leading capital markets franchise to the ex-HSBC clients to deliver broad solutions where they were under indexed in Canada, including advisory and origination or product.

Now these unmatched and combined assets will drive strong share gains with both clients and balances with a discipline through the cycle strategy within our current risk appetite across target segments and regions.

And picking up on Dave's overview of the revenue synergies earlier in the morning, this is one of our primary contributors to those revenue synergies. And with rebuilt pipelines starting to contribute to balanced growth, we are off to a good start. For example, since close we've booked over a $0.5 billion or approximately $0.5 billion from ex-HSBC top tier hotel developers, a sector that RBC was under indexed in historically.

Shifting now to our third pillar of the strategy. As you heard us say many times, we play the long game in our deposit strategy where we've consistently built a leading deposit base across personal and commercial banking. With commercial banking now contributing approximately $300 billion or 43% of the Canadian banking deposit base, supporting our funding advantage and creating the launchpad for this segment of the commercial strategy.

As I highlighted earlier, in addition to the strength in small business and commercial and our improving position with corporate client group clients, particularly as we've extended balance sheet and one more lead mandates has resulted in clients rewarding us with their operational deposits, cash management, and payments volumes driving these impressive and quality fee-based income growth.

And therefore, this brings me to the second area where HSBC acquisition amplifies our strategy. You start with the left side of the page. We're starting with a very powerful foundation, I referenced our $300 billion deposit base. We have an award-winning cash management and trade capabilities which translates to the leading share of fee income producing payment volumes.

Additionally, and building off of this compelling foundation, through the recently completed TSA period we've also launched a modern digital cash management platform which you heard earlier we called RBC Edge, which provides material improvements in integrated payments and treasury management experiences with real-time data that contribute to deeper client relationships.

Of feedback from CFOs and treasurers who are experiencing this new platform has been overwhelmingly positive, and we will scale it across our core commercial and corporate base by the end of the year. You add on top of that, we've also launched the sophisticated suite of treasury management, transaction banking, trade products, new global payment capabilities, expanded FX corridors, and complex liquidity management solutions.

Giving us access to new market segments and ever more attractive fees. We are already seeing some very encouraging green shoots and for context we've only rolled these out to the clients we've migrated to the CTSA, and we'll gradually begin to cross sell into our base. But just from that client base we've already processed for example $2 billion of operational deposits transactions in our virtual account management tools since mid Q4 of 2024.

But therefore, we now have an unparalleled and combined set of platforms and products. That will further incentivize liquidity consolidation, that will drive a higher concentration of operational deposits and that will serve the broadest market segments which will add incremental NII and sustainable other income and this cross sell opportunity will also be another primary contributor to the revenue synergies from the transaction.

Now building off of this enhanced transaction banking position, we are also uniquely positioned to support clients with international connectivity. These would include Canadian companies with international operations and distributions or Canadian subsidiaries of international corporations. We have enhanced our compete level with these clients by expanding on the international subsidiary banking coverage team and client base which we inherited from HSBC Canada and these clients are particularly attractive because they are, they have a 10 to 1 deposit to loan ratio.

We are now connecting them with local commercial bankers as well as providing access to our capital markets and CNB teams to deepen those relationships. We also are offering our superior personal banking, private banking, and wealth solutions to the employees of these firms. And we have a pipeline of future growth as we've established an exclusive referral partnership relationship with HSBC in this space.

As you heard from Derek, and Bruce in the Q&A. We are also very excited to work together to connect our cross-border cash management platforms into a seamless balanced transaction and money movement experience which again will further incentivize operational deposit consolidation this time across North America.

So combined with the efforts that I described from the previous page, our transaction banking ambitions will contribute deeper and stickier relationships that will generate strong and incremental sustainable revenue growth. Now a common theme that you've heard from all my colleagues on the stage today, this is One RBC approach which we believe is actually already a differentiator for us, however, we all believe we have compelling opportunities to deliver additional value.

I'll highlight a few, including the North-South cash management platform that I spoke to. The connectivity here will drive incremental effects and deposit referrals to capital markets. Our ever increasing presence with large commercial and midmarket clients including the HSBC base. These clients will drive increased referrals to wealth management, private banking, personal banking, and vice versa.

And for example, we mandate 100% of new large commercial clients to be referred to our leading private banking franchise. And finally, the powerful partnership between the commercial bank and the personal bank will continue to be an engine of growth and cross sell across our respective businesses.

So in closing, I'll summarize a few key messages. One, we have an exceptionally strong and market leading franchise. An unmatched scale with the capacity to invest in building top tier coverage teams to invest in digital and AI and to maximize the value of the HSBC transaction with expanded leadership in large commercial and mid corporate segments and by driving value from our now unparalleled transaction banking capabilities.

These will combine to drive market share gains, the efficiency improvements and earnings growth and enhance shareholder value that you see on the page.

And with that It's my pleasure now to introduce our CFO, Katherine Gibson. Thank you for your time.

Katherine Gibson - *Royal Bank of Canada - Chief Financial Officer*

Good morning, everyone and thank you, Sean for the introduction. So this morning, you have heard from senior leaders across the organization outline their key strategic initiatives on how we are going to grow this organization, focusing on delivering a premium ROE of 16%-plus.

Over the next 20 minutes, I will show you how RBC will continue to outperform as an all-weather bank and why we are confident we will achieve our medium-term objectives.

Now I'm going to cover this off in four key areas. The first I'm going to start with is our robust balance sheet with a focus on how we are leveraging our growing funding profile. The second is going to be around a diversified revenue base and how we are growing our diversified revenue base and accelerating our internal capital generation by increasing business revenue productivity.

The combination of revenue diversification and productivity is noteworthy as it increases RBC's earnings and profitability of resilience during times of uncertainty.

The third area that I'll touch on is our disciplined approach to expense management, including how we are driving efficiency improvement and leveraging our tech investment to do that. And then the last item I'm going to touch on is our capital deployment strategy where we're prioritizing deployment into capital efficient businesses in support of premium ROE.

So let's start now with our first area of focus, which is building on our strong funding profile. Our diversified deposit base provides a stable source of funding and supports our strong liquidity position. Emphasizing the strength of our liquidity position at the end of 2024, we were operating at an LCR of 128%, which translates to a robust surplus of just over $90 billion which enables us the flexibility to execute on our strategies.

Turning to funding, $1.3 trillion deposit base is what we're currently sitting on, and it is well diversified across our businesses and has grown at a CAGR of 9% over the last five years. Our number 1 ranked personal banking and commercial banking deposit franchises serve just over 16 million clients in Canada, accounting for almost half of RBC's deposit funding.

These deposits fully fund Canadian banking's loan book with an industry leading loan-to-deposit ratio of 98%, and over half of personal banking's deposits are highly valuable non-maturity deposits that serve as a key component to our interest rate hedging strategy.

And I'm going to speak a bit more to that shortly. We expect our strategies will deepen client relationships and increase deposit growth, further enhancing our funding profile. A couple of examples of how we see this happening.

One is leveraging our enhanced RBC vantage offering. Number two is building out the US banking capabilities for wealth management and private banking. And number three is expanding our transaction banking platforms where we see significant runway to deepen our relationships with existing corporate lending clients and you heard from Derek earlier today, in the US, we are targeting USD50 billion in deposits over the medium term.

Moving to the second key area of focus, growing our diversified revenue base and accelerating capital generation. Over the past decade we have grown revenue at a 7% CAGR with growth well balanced between net interest income and non-interest income, and likewise, you'll see on this slide the segment mix and the geographic revenue mix has remained stable over the last five years.

We are excited by the prospects to grow net interest income in two key categories. First is client driven growth. You've heard from the business leaders this morning outline their strategies to drive strong volume growth.

Personal banking is targeting premium volume growth. Commercial is targeting high single-digit growth. Capital markets is targeting mid-signal digit. And by scaling our transaction banking business, we'll be able to grow deposits that will help displace higher cost wholesale funding.

Now beyond volume growth, we anticipate spread expansion to also contribute to net interest income growth. The continued benefit from our interest rate hedging strategy coupled with improvements to mortgage spreads are expected to support NIM expansion. We anticipate a favorable shift in product mix, including a move towards non-maturity deposits to also serve as a tailwind.

Now taken all together, we're targeting the net interest income excluding trading to grow in the high-single digits over the next three years.

Before moving on, I wanted to take a minute to expand on my earlier comment around the benefit from our interest rate hedging strategy, also known as tractoring. We have structural hedges in place on our equity and our stable core deposits with the goal of creating stable net interest income regardless of the interest rate environment. We hedge these portfolios in a laddered maturity profile that goes out two to five years.

The yield of the hedge portfolio increases as shown in the graph as maturing hedges reprice into higher rate environments. Since 2022, our gross hedge revenue has increased by $3 billion, which has helped reduce net interest income, volatility and has also provided NIM tailwinds.

Now as we look forward, we expect the tailwinds to persist with gross hedge revenue expected to increase by approximately $1.5 billion by 2027. Now many banks execute a similar interest rate hedging strategy, but it is the scale of our core deposits and is what we just covered, the ongoing deposit growth that positions the strategy as a differentiator for RBC.

Let's now turn to non-interest income. We're expecting robust growth in high quality fee-based income to drive our revenue diversification while enhancing revenue productivity and supporting earning stability. We expect to enhance business revenue productivity as measured by total revenue to risk weighted assets in two ways.

First, we plan to grow market related revenue, and as you heard from Neil and Derek earlier today, they've outlined ambitious medium-term targets. Wealth management is targeting $3.2 trillion to $3.4 trillion of AUA and over $1 trillion of AUM in global asset management. Turning to global investment banking, they're targeting a 45 basis points increase in market share.

Our second key driver is growth in banking and transactional revenues. We're expecting the synergies from the acquisition of HSBC Canada as well as benefits from RBC Vantage to continue supporting client driven growth. We believe these business strategies will enhance revenue productivity by 15 basis points to 20 basis points by 2027.

Now the third key area I'll talk about is driving efficiencies. Where we are looking to extend our track record of investing for the future while applying a discipline cost management to achieve a leading efficiency ratio of 53%.

We have a history of achieving the right balance between investing and cost efficiencies, and over the last five years our expense base has grown at a CAGR of 7%. If you adjust for FX, acquisitions, stock-based comp, and some specified items, our core growth over that period was 5%, with 2% of this primarily tied to variable comp, which largely scales in line with commissionable revenue.

A key area of investment has been technology which we believe will continue to fuel our industry leading scale and further enhance RBC's efficiency ratio. In 2024, our tech investment grew to $5.1 billion, reflecting a five-year CAGR of 7%. This is largely in line with all bank expenses and reflects double digit growth in critical areas such as cyber, data, AI and cloud, as well as digital.

Given the rapid rise in the number and complexity of cyber events across all industries, investment in cyber and safeguarding our clients and RBC are critical to our risk management framework and will continue to be prioritized.

We also benefit from these investments in a variety of ways. Data scale is driving innovation and insights across RBC. Allowing us to meet our client's needs more effectively and our consistent investments in technology continues to enable a differentiated performance such as the seamless weekend closing convert of HSBC Canada and our ongoing cost synergies from that transaction. Further, it is paving the way for the additional $700 million to $1 billion in artificial intelligence value, which Dave referenced earlier today.

And as you've seen throughout the presentations from this morning, we expect to drive efficiency improvements across all segments, underpinning an all-bank efficiency target of 53% by 2027. We have historically operated at an adjusted all-bank efficiency ratio of 57%. This has been impacted in part by our structural mix with approximately 55% of our revenue coming from wealth management and capital markets.

While we appreciate that reducing our efficiency ratio to 53% by 2027 is a bold goal, we are confident we can get there through the following actions. Number one, in the US, and as you heard from Greg earlier today, we are targeting a low 70s efficiency ratio by 2027.

Key to achieving this will be improved cross sell, optimizing our funding structures and cost takeout by leveraging our scale across all of the US businesses. Now in the cost takeout, we see opportunity to eliminate redundancies across our tech platforms and our support functions while also benefiting from the plateauing of operational infrastructure cost at City National.

Number two is the acquisition of HSBC Canada. It is expected to drive cost and revenue synergies of just over a $1 billion, and as of Q1, we are already at a 70% run rate for the cost synergies. Taking these two items together, these two levers are expected to drive over 50% of the targeted efficiency improvement.

Now beyond these two areas, critical to our efficiency improvement are strategies to enhance revenue productivity across all of our businesses. These efforts, while leveraging our scale to keep fixed costs more stable, is expected to drive positive operating leverage.

Additionally, we are constantly looking to optimize our structural efficiencies to support our goal of creating long term value for our shareholders. This includes our efforts over the past few months to take advantage of our global scale. To simplify how we work and elevate the leaders and talent who will shape our client focused growth opportunities. We expect to see an investment for this reflected in the current quarter with ongoing savings to follow.

Taken all together, these levers provide a clear framework for how we will achieve our 53% efficiency target by 2027.

Our fourth area is optimizing our capital deployment. Over the years, we have demonstrated a track record of performance through the cycle. We have compounded shareholder value over the past decade through steady earnings growth of 7% per year. This in combination with our leading ROE has helped underpin a 9% annualized book value per share growth and fueled a similar rate of growth in our dividend.

Our premium profitability has resulted in strong internal capital generation. Over the past five years, RBC's profitability has supported a robust 15% increase to CET1, which equates to a notable 75 basis points of internal capital generation per quarter.

And in combination with accretive capital deployment, drove 110 basis points increase to our CET1 ratio to 13.2% at the end of 2024, well above our regulatory minimums. It is from this position of capital strength that we can fuel accretive capital deployment strategies in support of premium ROE.

Expanding on the four levers on this slide, let's start with client focused organic growth, which is the center of everything that we do. And as Erica highlighted, we grow alongside our clients, supporting their evolving needs and establishing deep relationships.

Coupled with our prudent through the cycle approach to credit, this has led to consistent strong returns on risk weighted assets. We will follow this proven formula for success, ensuring we deploy a capital ratio, ensuring we deploy capital into initiatives that are above our hurdle rate.

Second item on this list has sustainable dividend growth. We strive to grow our dividends in line with earnings and are committed to keeping our dividend ratio in the 40% to 50% range. In fact, we have not cut our dividends since the Great Depression, underscoring its sustainable growth.

Third on the list is buybacks. We have bought back approximately 1% of our shares per year, generating an IRR on these purchases of 11%. There are several considerations when executing on buybacks. Accordingly, we view buybacks as a tactical lever to generate shareholder value.

Fourth item on the list is inorganic growth. We are always on the lookout for opportunities to grow the business, but the bar is high when it comes to acquisitions. Any acquisition must make sense strategically, culturally, and operationally, and the financials need to underpin confidence that we can create value for our shareholders.

Let's now turn to ROE by segment. This slide illustrates our strategy to prioritize capital into capital efficient businesses and how it's expected to drive an ROE of 16%-plus. Our mix of capital attribution across the segments is weighted towards capital light or high ROE businesses.

We are disciplined in how we allocate capital, revenue and expenses to our businesses with only enterprise level activities retained in corporate support. This discipline provides a transparent view of segment profitability over time.

Accordingly, the higher capital attribution rates in Q1 '25 has created a headwind to segment ROEs that we expect our businesses to earn through. It should be noted that this had no impact on the ROE for the top of the house.

As you can see, each segment is expected to generate an ROE an access of our cost of equity and an aggregate to drive our 16%-plus medium term objective. In the case of capital markets, continues to deliver above average industry returns as compared to peers while providing strong earnings growth opportunity and the important diversification to the RBC portfolio of businesses.

And as outlined by Derek earlier today, expect the strength in the segment to persist and are targeting a 14%-plus ROE.

I'm now going to walk you through the slide that I think everyone turned to at the start of the day, so this is a slide. The key areas of focus I've outlined here today all contribute to our expectation of notable ROA expansion to approximately 1% by 2027. The expected improvement in profitability is predominantly driven by strong pre-tax pre-provision earnings across all of our segments. A few select strategy we touched on today will be key in supporting our expectations for ROE expansion.

First, we have the highly accretive acquisition of HSBC Canada. Second is our strategy to grow and improve profitability in the US. And third is the scaling of our high ROE transaction banking business. Beyond these strategies, our focus on driving efficiency improvements in support of our 53% all-bank efficiency target will also be key to driving pre-tax, pre-provision growth and higher all-bank ROE.

We expect these tailwinds will allow us to earn through headwinds associated with a higher effective tax rate and higher capital. Embedded, as I mentioned earlier today, embedded in our 16%-plus 2027 ROE target is the assumption of an effective tax rate that moves higher to a range of 21% to 23%, reflecting the impact from the implementation of global minimum tax and earnings mix.

The other notable drag in arriving at our 16%-plus ROE for 2027 is the capital build. Under the base scenario, we are assuming an annual buyback for less than 1% of shares outstanding, which ultimately results in a robust 14%-plus CET1 ratio to close out the period.

Now with regards to credit, we expect PCL to converge to historical average levels by 2027. Although given the current market uncertainty, the trajectory may not be linear. In the near term, we remain prudent in building reserves as the impact of expected tariffs in April and the increasing tariff-related uncertainty may lead to an increase in performing provisions.

Overall, looking past this near term uncertainty, these assumptions come together to drive our 16%-plus ROE target in 2027 and reflects a 7%-plus earnings per share CAGR. It's important to note that the 16%-plus ROE target in 2027 does not fully capture the anticipated value creation from AI enhancements as mentioned here today, nor does it capture the potential for a tactically higher level of buybacks should the conditions warrant.

Under such circumstances, we see an upside scenario of 17%-plus ROE and high single digit to low double digit earnings per share growth as highly attainable over the medium term.

Now, given the significant market uncertainty, the importance of capital flexibility is paramount. Now on this slide, we've provided a sensitivity of ROE to a deterioration in efficiency and an uptick in credit losses. This slide is meant to provide investors with a gauge of how profitability could be impacted based on the respective view of the economic cycle.

Accordingly, every 100 basis points deterioration in the efficiency ratio and a 10 basis points increase in PCL results in approximate 100 basis points reduction to ROE. That said, it's important to consider the resilience of our operating model. We take a through the cycle approach to lending and benefit from the strength and diversification of our balance sheet and revenue streams, which are key structural mitigants in a downturn.

In addition, we have several mitigating actions that would help uphold our premium ROE through the cycle. First, we can prudently rationalize loan growth in key impacted sectors. Second, our robust capital ratio and internal capital generation provides a strong buffer to absorb potential RWA inflation.

Third, we can deploy expense levers and reprioritize investments, and fourth on the list is our strong capital position affords us the ability to calibrate buybacks based on market opportunity. Taken altogether, if market conditions lead to an erosion of profitability, we have the flexibility to respond to these headwinds by using a combination of these levers.

In the case of buybacks, we note that an increase in our buybacks by 0.5% of shares outstanding drives a 35 basis points increase in ROE and a 50 basis points decrease in CET1.

Now in closing, I want to reiterate our confidence and our commitment to achieving our medium-term objectives. The key areas we outlined here today include growing our diversified funding profile, increasing the revenue productivity of our businesses, leveraging our scale to drive efficiency and prioritizing capital deployment into capital efficient businesses. Altogether, this provides a clear roadmap for achieving our medium-term objectives.

Now with that, I will invite some members of Group Executive back up onto stage for our second Q&A.

QUESTIONS AND ANSWERS

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

So as our Group Executives settle in for the second Q&A session. (Event Instructions)

On we go. Gabe?

Gabriel Dechaine - *National Bank Financial, Inc. - Analyst*

Hi, Gabriel Dechaine, National Bank. First question, I'll fire all three actually. So this is for a friend, who wants to know that are you able to get Avion points at Canadian Tire now?

Number two, on HSBC Canada, I saw $33 billion of loans. It was about $40 billion when it closed and I know there was a conversion of Corra that had an impact there, maybe some new segmented some loans into personal something like that. But just to get a sense of, what the loan growth has been like on that commercial books since you've closed the deal because there has been some deviation versus expectations on the credit performance.

And then something that I hear from a lot of other companies is balance sheet optimization, whether it's doing things like credit risk transfers or exiting certain business lines because they're suboptimal ROEs or whatever, not hearing that from Royal, and I'm not saying that's a bad thing, actually it's a good thing. There's a signal that your business as it exists today is, you're always looking for efficiencies, whatever, but it's perfectly fine. There's nothing you need to exit.

Sean Amato-Gauci - *Royal Bank of Canada - Group Head, RBC Commercial Banking*

Sure, maybe I'm assuming you're asking about the $40 billion on the wholesale side, Gabe. Yeah, so the $40 billion was a total wholesale, inclusive of capital markets. So there's about $34 billion on the commercial side. The $33 billion was the average for Q4. We're at $34 billion-ish now and so the total wholesale business is still in that same range.

The two factors in terms of expectations to your point. The first is, I think as we've highlighted a couple of times, the extended regulatory approval process resulted in basically pipelines drying up and so, we inherited a portfolio with empty pipelines. And then we sort of focused on two things: one, stabilization of the portfolio, training onto our systems, retaining the advisors and the client base and very importantly, over the last year executing on the transition services agreement which was primarily for the cash management treasury products, trade products, host-to-host integrations for those same clients.

And then rebuilding pipelines, that we've I think articulated over the last couple of quarters. We're very encouraged by. And over the last quarter, growth from the portfolio is actually in line with RBC's portfolio, which is actually inherently a synergy. Then I think the other.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

We had a couple of balances that we knew would roll off as well that were government related and temporary.

Sean Amato-Gauci - *Royal Bank of Canada - Group Head, RBC Commercial Banking*

Quite significant on deposit side.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Deposit side. And then you asked about optimization.

Gabriel Dechaine - *National Bank Financial, Inc. - Analyst*

And that's for anyone really.

Katherine Gibson - *Royal Bank of Canada - Chief Financial Officer*

Do you want to take David.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

From an optimization perspective, you heard us, particularly optimizing some of the smaller businesses that we experimented with whether it was City National or others or some of the ventures that we've rolled off. But as far as our balance sheet goes, we're very happy with the risk structure as you said we've -- that risk kind of -- culture that risk appetite has led to lower volatility than our peers. So it's performed for us, and we've been able to outgrow our competition.

So we've got the balance between growth and risk at the right calibration we feel and hopefully you feel that way because the performance is led to that. So there isn't a need for us to move-off large segments of risk that we've kind of miscalculated on saying, oh, we need to use a credit structure here because we've taken too much risk in this sector or with this type of client. You've seen even when we go into maybe the higher volatility sectors in capital markets and our holds particularly in that non-investment grade space are quite small, and that diversification is proved out.

So we have a very well diversified balance sheet that's performed through multiple cycles, economic cycles for us. We're comfortable with that risk appetite and therefore we don't have a structural need to say we made a mistake. Let's get rid of this risk or let's get that at risk.

And we've got lots of capital as you saw from our presentation, so we don't need to do it from a capital optimization perspective. As we told you for two years, we would close HSBC for cash, let's say, we did. So we've got a really good handle on how we're building capital.

So between those two issues, the capital base and our risk appetite, we experimented thing with one star, with strategic risk to see how they worked and see if we had the right mechanics, but we didn't like the economics of it and we didn't like really the risk transfers either. So I haven't done one since. Hopefully that answers your question.

Gabriel Dechaine - *National Bank Financial, Inc. - Analyst*

That's great, thanks.

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

Maybe the answer on the question related to Canadian Tire.

Gabriel Dechaine - *National Bank Financial, Inc. - Analyst*

Yes, actually.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

I want to know too.

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

So we're really excited to partner with Canadian Tire and Triangle Rewards because they serve a very large client base of Canadians as do we through our Avion rewards and so it was exciting to be able to announce that this morning. What that means is as a linked loyalty partner, as you shop as a RBC customer shops with their Avion credit card, they're able to earn points, Avion points as well as accelerated earn on Triangle Reward points.

And then we're also able to bring offers and redemption value from Canadian Tire into our Avion Rewards program for our own members who we know when we look at where they shop Canadian Tire plays a large role in how they shop every day, so it's a very exciting partnership for us.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

There's a question in the second row. And then Lamar we'll go to you right after.

Vishal Patel - *1832 Asset Management - Analyst*

Vishal Patel, 1832 Asset Management. Question for Dave, Katherine, I guess Bruce as well. I was recently at the Nvidia GTC conference and RBC was the only Canadian bank in Jensen's keynote address, and you mentioned a lot about AI today. I think there was an AI slide by every one of the Group heads. There's a specific number, $700 million to a $1 billion. A, how do you get to that number? How do you calculate that number? How do you think about ROI on AI investments? There's a lot there. So if you can help us understand that number and then you got some demos, but help us understand that number and I think you have an upside number of 17% ROE on that as well.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Yes, exactly. I'll be really brief and I'll hand it over to Bruce and then Catherine so that target number. So we're very proud of our partnership with Nvidia. We're doing some of the most advanced research and work with them and they were super excited to highlight one of the areas, that's not the only area we're working with Nvidia.

But one of the areas we're working with Nvidia in their global presentation which just reinforces -- in my speech we talk about 10 years we've been working at AI machine learning and reinforcement learning, and we've built an amazing data asset. So while we've been training models for 10 years, it's allowed us to organize our data and that's the number one barrier to getting generative AI to work right now is getting your data and then getting those models embedded in your processes is the second big barrier.

So it's a huge -- it's not just a massive data but how you organize it and how you use it. So we've been able to train these LLMs that you're going to see in the demos today on well-structured data, and Bruce has played a huge role in doing that so. We've been able to bring these use cases to pilot much more quickly than our peers, hence Jensen showing in one of the use cases we've done.

So that target that $700 million to a $1 billion is based on a series of use cases from the bottom up, to say many are deployed, but have to scale. They've been built and therefore we expect them once fully scaled to have that impact. So, it's been stressed. It's been discounted. It's been worked on because we went public with it.

So we feel very confident in 8 big use cases, to name a few that can drive that type of value and put a range around it because we're obviously they're new technologies, so that, it's a bottom-up approach. They're layered across all the businesses as you saw, and that's why each leader got up and talked about it putting one slide together but with that, please jump in to do lot more color.

Bruce Ross - *Royal Bank of Canada - Group Head, Technology & Operations*

Well, we feel very confident in the $700 million to a $1 billion of additional value, which is why we put it up there for you, all of you. We've taken a very different approach over the last decade to AI. When we look at our overall technology budget, $5 billion is a lot of money annually, and we look at it in really three areas.

One, how do we deliver a safe, sound, operational environment that's able to scale to do things like HSBC is one piece of it. The second piece of it is delivering on the capabilities of the business needs for now and in the medium term, the three-year outlook. And the third is what does the future look like. And we knew that data and AI was going to be massively important to us dating back a decade ago, which is why we then built Borealis.

If you put three themes together for this capability and how it impacts our business, I'd say it's three different areas. First is operational efficiency and how do we get more efficient as an organization and including an IT shop and manufacturing engine and we've been doing things like taking LLMs, co-pilot, etc. and being able to put it into our environment and we're seeing amazing results in terms of productivity just in our manufacturing line of building capability.

But you're also going to see it and you'll see -- and you know my colleagues talked about it, but you'll see that operational efficiency showing up in things like the Advice Center and some of the other areas and that was actually -- we actually deployed some of that technology during the HSBC integration. It allowed us to be able to get through the first couple of days without bringing any additional advice center agents on board, for instance.

The second area is really how do you make the 80% as good as the top 10% that Dave was talking about earlier. And there again, some of the things I know Derek mentioned, Erica mentioned which are things like how do we get better offers in front of our clients more quickly, that's part of our personalization approach and it's actually how we -- Neil talked about how we get advisors able to do their prep more quickly for clients, and you'll see those there too.

And the third area is directly to clients. And the engine underneath Avion as Erica talked about, being able to actually help clients get the better decisions faster, have a better day, those are all part of it too. Underlying it is probably what Nvidia was talking about, but it's actually a couple components. One, it's obviously you've got to have data scale and business scale and Dave articulated that extraordinarily well.

If you don't have that, all this new technology that people are talking about is not going to help you. We've been working on that for a long time. The second area is talent, and we decided to organically build Borealis. We have over 100 PhDs. You may have seen the patent numbers, over 1,000 patents since 2019.

About 20% of those are actually AI patents, and we believe then that that allowed us to then create two big differentiators we have -- I guess three I would say. The first is we've got the largest private GPU farm in the country I think Nvidia would say that, inside RBC in our own data center. So we use a hybrid cloud approach both public and then on prem, we believe that's extraordinarily important for the safety and soundness of data, but also economics going forward.

Second is this what we call Lumina, and you'll be able to see that outside from the technical teams, which is really a capability that allows us to manage the proliferation of AI, of LLMs and everything else, be able to do that efficiently but also do it safely, soundly with the right risk profile, to be able to fit within the environment.

And the third is we build proprietary LLMs and you're going to hear about this atom model which is this is a proprietary foundational model which is actually working on our own data to be able to create insights that just you can't buy. You're not going to be able to get it from OpenAI or anyone else, so that's really more than you were looking for, but.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

When we get Bruce wound up, really.

Bruce Ross - *Royal Bank of Canada - Group Head, Technology & Operations*

We only have 11 audience.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

There's a lot of stuff he is doing.

Bruce Ross - *Royal Bank of Canada - Group Head, Technology & Operations*

Thanks for asking that by the way.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

He was waiting for that all morning.

Bruce Ross - *Royal Bank of Canada - Group Head, Technology & Operations*

I've been sitting here silent for a long time.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Lamar.

Lamar Persaud - *Cormark Securities Inc. - Analyst*

Yeah, thanks. Lamar from Cormark Securities. I have two questions, one for Katherine, then one for Dave. So Catherine, you gave the 15 basis points to 20 basis points expansion of total revenues to RWA. So how are you thinking in terms of RWA growth?

And then secondly for Dave, one of the common threads throughout this Investor Day is this client-centric approach. Some of your bank, some of your other peers have presented similar approaches, but execution has fell short and then a couple years down the road, they're revamping their strategy. So how do you incentivize this behavior of referrals across different business lines and judge success.

Katherine Gibson - *Royal Bank of Canada - Chief Financial Officer*

I was going to say, do you want me to start. So on your RWA question, I would guide you to look at the numbers that we put out for targets on the loan growth. We're not expecting any like significant shift outside of what that loan growth projections are in banking commercial capital markets.

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

And then maybe on the question related to how do we think about navigating the client across our segments and making sure that that's accretive to what we do, I would say it really is a core foundational belief inside the organization that if you actually think about what's right for the client, then over time, the organization wins. We see that demonstrated time and time again.

We saw that, if you look at the recent inflows Neil referred to into GICs and then how that's going to make its way to mutual funds and at the core of that is just making sure that when we understand the need of the client, the placement of the product is second to the need of the client. And that we then make sure that the client is placed and then this works also across other seams.

So for example, a client who starts with the retail bank and develops a portfolio with us of wealth assets and is ready at a certain point for a more sophisticated offering and how does that naturally transcend from our financial planning business into our DS Advisors or our PH&N Advisors, and we have processes and procedures underway to understand what the client needs from us to have those conversations and then naturally transition that client into the next place so that's one of the ways that we do it.

The second way is the way that we're actually structured to go-to-market inside our regions. You know we have a Regional President who sits at the front of our regions. Their responsibility is to care for RBC and the client writ large and to make sure that the placement of those clients as we think about them finds the best home. They're not, it's not a personal Banking Regional President and Commercial Banking Regional President, and so their responsibility is to help us and help our clients navigate those seams.

And if you look at the most recent change that we made inside the organization and the separation of the commercial bank from the personal bank we continue to ensure that that Regional President in that role of stewarding the client across the organization is in place because we believe it is a competitive advantage.

Sean Amato-Gauci - *Royal Bank of Canada - Group Head, RBC Commercial Banking*

Erica, maybe the best example is our focus on reciprocity. We've played again another example of playing the long game. I think Dave, you launched the original reciprocity program 20 years ago, and then Erica and I worked together to launch what we call now RBC Vantage which supercharged reciprocity which made it easier and expanded the number of clients who qualified for earning more value for having broader relationships with RBC.

The common construct in the industry is minimum balance, which is not a client-centric value proposition at all. In fact, it dis-incentivies you from moving into the right product, but depending on the right environment. So, that's -- we bring it to life and product constructs, not just how we work together. We can focus on the client, provide the best value we can for the clients and clients will reward us with more of their business.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

So you heard a beautiful articulation between Erica and Sean of your culture, client reward systems, and your employee recognition reward systems all have to align on the behavior you want. And to your point, so many companies, not just banks, get that wrong, right? They have one piece or two piece, but you've got to make sure you have all three, and we've cultivated that for decades. It takes a long time. You just can't do it because you have to permeate it across 100,000 people, but that's a core asset that we have that we've aligned that triangle very well.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

A question from Sourabh. And then we have a question right after. Thank you.

Sohrab Movahedi - *BMO Capital Markets - Analyst*

Thank you. Question for Erica. In your remarks, I think you at one point you said there are 1 million RBC customers that hold their mortgages outside of RBCs and it made me think about how do you define an RBC customer if they're not a mortgage holder, then what is the definition of an RBC customer?

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

Yeah, so when we look in the definition there, we're looking at a core banking relationships. They would hold a deposit account with us or an everyday payment product like a credit card and then those clients would have chosen another lender for their mortgage, so that in and of itself creates the opportunity for us. You look at, you think about what we talked about with AI being able to better understand the needs of the client and getting that offer to them sooner, then it's our opportunity to win when that renewal comes up.

Sohrab Movahedi - *BMO Capital Markets - Analyst*

So when you have, I don't know, 2 million, 2.5 million new customers that you have in mind, should we be thinking about that over time as new deposit accounts.

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

We think -- so that is a net number, so that is both gross new clients into the bank as well as the atrited clients out. So the 2.4 million is after the attrition and we think about those -- those clients may have deposit accounts the vast majority, right, well over 70% of those clients will be deposit anchored clients, so that's really like, that's the core of where we drive that acquisition.

And then we have some ancillary products clients might choose a credit card with us and not be anchored back in, but that's our opportunity to get right? And Dave and Sean were just talking about like the role of RBC Vantage and what we do across cross product is really about winning the client's total business. So when they come into us, regardless of which product they start in, the deposit account, a mortgage or a credit card with us, our whole mechanism is designed to capture the breadth of their offerings with us.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

We have a question here on room number 3 and then Paul second, thank you.

Brian Madden - *First Avenue Investment Counsel - Analyst*

Yeah, thanks for the question. Brian Madden from First Avenue Investment Counsel. The question are there for Dave or Katherine. I just wanted to probe a little bit deeper on the $700 million to $1 billion of value generated by AI and appreciating the earlier answer with sort of looking into the 8 big use cases.

Just the terminology on the slide leaves me with some questions because as an investor, when I see the term enterprise value, I think I understand what you're trying to get at that there's a $700 million to a $1 billion sort of benefit to your P&L, but the other way of interpreting it is, the market will capitalize it to create $700 million to a $1 billion of enterprise value, in which case I would have to infer the benefit on your P&L would be considerably lower.

And then the second part is, is that cumulative or is that sort of the annual run rate of value creation by that end of 2027.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

We have a very clear answer to that.

Katherine Gibson - *Royal Bank of Canada - Chief Financial Officer*

Yes, I was going to say it is by 2027 is the expected run rate and it is -- you can think about it as a NIBT number.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

So it includes the cost we have to deliver that. So it's a NIBT number.

Katherine Gibson - *Royal Bank of Canada - Chief Financial Officer*

Yeah, so it's, like anything that we would probably run as an estimate for an initiative, we step back, looked at these use cases, went through the P&L, looked at the investment, looked at the amortization, and that underpins the number that we've disclosed here today. The only thing is we just didn't apply tax to it, so it's a NIBT number, but fully loaded.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

I think I use benefits in my speech confused you, but it's a combination of revenue and cost ticket.

Paul Holden - *CIBC - Analyst*

Thanks. Paul Holden CIBC. First question for Erica, so you've been very articulate and comprehensive in your answers in terms of value proposition.

Maybe take that and what I'd like to hear is sort of how you're using it directly against the mortgage broker channel, right, which has been growing over time. So how are you thinking about that threat and what is it in your value proposition specifically that's designed to help combat that threat?

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

Yeah, great question. So a couple of things we would say. First, when we think about the mortgage business, I think we start with looking at like what does the client need from RBC, and how do we serve the needs of Canadians. And so there's a couple things inside that. We're watching clients as they interact with us and so as you saw in my presentation, I was looking at and thinking about the digital experiences that we built and so we're watching the digital experiences very closely to ensure that we're going to meet the client where they need to be.

And so you saw us looking at our digital investment in Houseful. You'll see us and we committed to some efficiencies as we digitize that business, we think that there's opportunities there. And then as we look to our sales channels, we know that our proprietary mortgage specialist sales force is able to compete everywhere that a broker is able to compete.

And so we know with the right tools and offers because it's -- when you're a mortgage specialist at RBC, it's different than being a broker. You come with the power of all the insights -- we just talked about a lot of the AI generation that's behind that to be able to serve up to our mortgage specialist clients who are in that window of purchase and better arm that mortgage specialist to win that next deal.

And so we believe that through that, we're able to be well positioned both in how we digitize your business and how we think about our mortgage specialists to compete.

Paul Holden - *CIBC - Analyst*

Okay, second question is with respect to the insurance business, which we didn't talk too much about today, but when I look at slide 209, right, what jumps out on the page to me is 35% ROE in insurance and then if I look at sort of the ratio of capital versus PPPT, so very favorable for insurance.

So my question would be like what's the ceiling on being able to grow that business, it's only 4% of PPPT. I don't have ambitions to grow to something much larger given the returns you're earning there.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

It's a great question and we happen to have our Business Head and Jennifer Publicover here. Jennifer's going to come forward and talk about that now. While she's walking up, we don't have a limitation on insurance. It's a business, many businesses within a business here. There's some wholesale components to it. There's some retail components to it, and therefore Jennifer does have the mandate to grow this. So Jennifer, kind of talk about the great ROE and how we talk about growing it.

Jennifer Publicover - *Royal Bank of Canada - Group Head, RBC Insurance*

How much time is left? Just checking.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

We got a couple minutes.

Jennifer Publicover - *Royal Bank of Canada - Group Head, RBC Insurance*

Okay, boss. I really do appreciate the question because insurance I think is such an important business for the overall bank, and I think there really is growth opportunity. We are on a transformational journey, right now with insurance where we are really leveraging all the wonderful things you've heard about digital of the bank. So that's one big component of our growth strategy, is around the digital transformation.

If you cover insurance companies, you probably know a lot of them are even further behind the bank from a technology perspective. So we're really leveraging that in a lot of different ways, whether it's initial engagement with clients, advisor optimization, how we improve our underwriting, which is obviously really critical to the business. So I would say that is one key component for us.

The second thing is really around investment management. It's been a real core capability for us. We're a top contender in the PRT market and we've been building those liabilities over time. I think there's a real ability to grow that business even further, and we'll obviously do it prudently and price accordingly, but I think there's a real opportunity there.

And then the last thing I would just say is really around brilliant basics of the business in terms of pricing, in terms of claims optimization, in terms of all the sort of efficiencies we can gain there. I think those are all kind of key components. I think what we've said previously about the business is that it's a mid single digit earning opportunity. We feel very committed around those three things which I just highlighted around digital investments and then really the basics of the business. But certainly looking for, if there's other ways to grow the business, it is high ROE for a lot of different reasons and we'll certainly look for opportunities to grow it further.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

Thank you. If there are no further questions in the audience, I do have, I'm going to just read out a couple of questions. Ibrahim unfortunately had to run, so one of the accredited analysts, Ebrahim Poonawala from Bank of America. Question for Erica, how do you see the consumer deleveraging cycle playing out when combined with slower immigrations? It seems like the last 15-, 20 years involved increasing consumer leverage that would seem to be hard to replicate. How do you think about consumer deleveraging immigration and its impact on your loan growth?

Erica Nielsen - *Royal Bank of Canada - Group Head, RBC Personal Banking*

Yeah, great. So I think a couple things, we are looking at the trend in immigration, it does create some headwinds to client acquisition, but it is -- that headwind is fully reflected in the 2.4 million net new clients that you have in the target that we've put forward for the organization.

When we think about acquiring new clients to the organization, really think about three core categories of new clients. It's youth and young adults and students, it's the newcomer segment and it's the mass switching population. And so for us as an organization, with newcomers coming off a little bit, what we're seeing is it's actually returning back to pre-pandemic levels from the newcomer population. So I would say the last couple of years more of an anomalous period in newcomer growth. Now we're getting back to what is a normalized run rate of newcomers joining us.

And so, we have conviction that we're able to continue to further penetrate across each of those segments, in particular we have had acceleration in the team with respect to switching Canadians into RBC over the last 18 months, and we have confidence that this is a trend that will continue for us.

And then as it relates to the notion of deleveraging or reduction in leverage, I would say a couple of things. One of the most important thing we're going to do when we acquire that client is to actually particularly in that switching population is make sure that we bring over the leverage that they would have from other organizations to us.

So it means getting that credit card, winning that mortgage, winning the unsecured lending that they have and bringing that opportunity into us. And if you have a moment to visit the showcases, I would go and visit the first one on this side, which is really looking at retail credit.

And it's looking at how we're changing through AI some of the modeling that will allow us to better acquire the credit of clients when they join us through look-alike modeling so we take this very large data set that we have at RBC are able to better understand the clients that may be joining us and then able to make better offers at the point of acquiring that client RBC.

So I think that will be a tailwind for us as we think about whether there's different considerations for a client's leverage.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Maybe I'll make a make a macro comment on the concept of deleveraging. We think about an aging population, I guess maybe the question is in conjunction with deleveraging over your timelines and I think as people live longer, as they look at their homes as a store of value and savings into retirement and the complexity of that planning cycle, you're probably going to see less deleveraging as long as particularly if interest rates stay down, stay low where they have over the past decade, then your house is a store value for you.

You can access that store of value relatively cost effectively in a lower rate environment through leverage. You see America's done that with the tax deductibility of their mortgages for sure, but Canadians see that as a source of savings. I wouldn't assume that an aging population without immigration -- as much immigration as we had necessarily correlates to deleveraging for those reasons.

Asim Imran - *Royal Bank of Canada - Senior Vice President, Head, Investor Relations & Enterprise Performance Management*

If there are no further questions from the audience, I'm going to thank the panel. Just a reminder, our Group Executive and other Senior Executives will be available after the formal webcast is finished. With that, I will pass it over to Dave McKay for some closing remarks. Thank you, Dave.

David McKay - *Royal Bank of Canada - President and Chief Executive Officer*

Good job, Imran.

Okay, time to bring it home. Thank you so much for investing the last five hours with us. Thank you for staying with us through this. We were so excited to share our story with you and we're so excited to deliver this ambition, this accelerating ambition for you. We shared a lot of detail because we want you to have the confidence we have in each of these bold ambitions we set, whether it's a 53% productivity ratio, whether it's finding and delivering $700 million to a $1 billion of generative AI benefits, whether it's the $300 million in cross sell into the HSBC customer franchise and that new product suite back into our own franchise.

Whether it's the market share that we feel confident and taking from the capital markets presentation off the top right through to Sean's presentation. In each of these businesses whether it's in Canada, the US or Europe, we feel we have the foundation and the privileged assets which are so important -- the Moat. We talk about Moats all the time. That's a defensible competitive advantage that we have? Can we build this? We want to sustain our growth and we want to do it through a cycle.

10 years ago, we set our strategic priority set that I'm going to read back to you that I think laid the track for this decade of -- the last decade of success we had in outperformance. And 10 years ago, we articulated we wanted to extend our lead in Canada, which we've done significantly. We said we wanted to expand our global presence. We've done that in the United States and in Europe for sure. We said we wanted to deliver deeper and data-backed client experiences you've seen that.

The reason why we're at the forefront of generative AI today is because we started a decade ago by starting to hire those 100 AI, ICE participated in the recruiting up against Google often and DeepMind. We wanted to pursue balanced growth opportunities which we've done, and you look at our credit portfolio, look how we perform from a credit risk appetite. The lower volatility has always been a big part of our investment thesis along with maintaining that robust risk management.

The theme that hopefully jumped out as you as well today is we put clients at the center of everything we do. We've built these strategies from the client into the organization, not the client out or the bank out, so important in listening to clients. That's how come things like Vantage happen and reciprocity. What's best for the client.

May not be in the short term best for the organization, but in the long term is best for us because it's best for the client. Concepts like reciprocity and Vantage come from always building from the client in.

What I also want you to take away this is both a growth story and an efficiency story. We have growth opportunities in every single one of your businesses. Derek kicked it off talking about equity finance, derivatives capability that we need to accelerate on FX opportunities, investment banking, including our markets opportunities, corporate banking right through to Sean and talking about the growth opportunities within each of those segments of our commercial banking. This is absolutely a growth opportunity and an efficiency opportunity.

Macro forces, particularly even today, macro forces, we decided to go ahead with this Investor Day because everything we've talked about kind of transcends the short term macro volatility, growing, becoming more efficient, accessing new markets, growing outside of Canada, building the AI capabilities. They're all going to be needed for a successful franchise over the next decades. So we wanted to tell you that story today because it transcends.

Yes, there could be short term volatility that our economy and we will have to adapt to. You didn't ask me any questions about that today. I'm super surprised that I was prepared to deal with a lot more questions about short term tariffs and auto tariffs. But thank you for letting us focus on the story that transcends that because we do have to continue to build and adapt our business and all the things that you heard today make us a more resilient, more profitable, stronger organization that can serve our clients.

I want to just reiterate some of the privileged assets, the moats that we built that allow us to sustain this, allow us to compete and win the marketplace. Our data scale and AI capability leads to faster training leads to, thank you for telling the Nvidia story. We're incredibly proud when someone like Jensen Wang, the CEO and founder of Nvidia, talks about RBC in the context or the way Marc Benioff at Salesforce talks about us in the same light on television on CNBC. RBC is at the forefront of generative AI and technology.

When those two leaders talk about RBC, hopefully it's better than me talking about what we're doing. They give credibility to the excellence that we have and the opportunities and why we feel confident in that $700 to a $1 billion. We have operating scale. It's so critical. We drive more profit per dollar of revenue than our competitors, and that's incredibly important, become more resilient and more profitable.

We have the number one brand in Canada, one of the top brands in the world, and a digital competitive space, your brand is your North Star. It's so important to build that brand and we protect and nurture and grow that brand.

Lot of questions about our loyalty programs. We're incredibly proud about adding and working with Canadian Tire, one of the largest retailers and most successful retailers in our country. Our scale loyalty programs, you can't replicate them. You can't find more Canadian tires at the end of the day. No other bank has an Avion proprietary, Avian program that we control, and we manage. We create value for our customers. Those scale loyalty programs and reciprocity to a number of your questions is a moat that can't be replaced.

We have a diversified business model, not just in Canada but capital markets globally, wealth globally. We're strong in the United States. 30% of our earnings come outside of Canada. You heard the growth opportunities in a diversified model outside of this country are very significant.

And then what else is unique is we have a platform like HSBC with 900,000 customers coming and all that new product capability being able to create those synergies and then growing as to Sean's point, the pipeline was empty for really good reasons. We're building those pipelines again. We have an incredible group of employees that are turned on and driving the same type of productivity that their peers at RBC are doing. That's a unique platform that no one else has.

So when you think about the opportunities set and how we're differentiated across so many of these key strategic pillars, we feel really strong, and that's what drives our confidence and our ability to put up or the type of financial targets that we have around the 53% efficiency ratio, around a 16%-plus to 17%-plus ROE and ROA targets. We feel very good because it's all built on the strategic foundation, on the financial foundation of RBC.

A lot of work went into this at the end of the day. It's really good for us to go through this work because it focuses our team. It creates our performance metrics that we're delivering to you. It holds us accountable to you going forward as we'll report back on the metrics we've talked about today at a regular interval.

But I do want to thank Asim Imran, the top IR people on the planet, we certainly believe that in the country. Asim has led us through this. It's been an incredible run. It's been good for our team and hopefully good for you. We really look for your feedback. Asim, really well done. Thanks for all your leadership.

Really appreciate your time. Thank you so much for your investment and confidence at RBC, and we look forward to reporting back on our success, and I'm going to lend the last word to Asim. Over to you.