UPDATE: Defined Benefit (DB) Plan Performance

We recognize that the unprecedented events of 2020 have created uncertainty in all aspects of life, including questions or concerns about financial security.

The Pension Plan Management Committee (PPMC) continues to ensure the RBC Retirement & Savings Programs have strong governance and compliance structures in place. We want to assure you that your pension remains secure and are pleased to provide this brief update on the financial performance of your plan.

Defined Benefit (DB) Plan Performance

In the first quarter of 2020, the estimated solvency financial position of the Royal Bank Pension Plan, our largest plan in Canada, had declined from its January 1, 2020 position, primarily due to the widespread impact of the COVID-19 pandemic. By July 2020, the estimated solvency financial position had improved from the April 2020 level, primarily due to strong equity returns. At the same time, RBC decided to make a special contribution to the DB plans totalling $373 million. This special contribution, made in July 2020, brought the total level of funding for 2020 to $661 million – the maximum amount that RBC is permitted to contribute. As a result of this contribution, we are pleased to advise that the estimated solvency financial position of the Royal Bank Pension Plan as of October 1, 2020 is back to its January 1, 2020 level, at 98% funded.

The PPMC also monitors the assets of the DB plan, ensuring an appropriate level of risk is taken in light of the long-term nature of the plan’s obligations (the pensions earned by plan members) while looking for compelling long-term investment returns and opportunities. As of September 30, 2020, the DB plan achieved a Year to Date return of 8.19%, outperforming our benchmark return of 5.64%.

As at September 30, 2020:

- Estimated solvency funding: 98%
- Year to Date return: 8.19%

For a more detailed Royal Bank Pension Plan financial report as of December 31, 2019, please see Message from the Chair of the Pension Plan Management Committee.

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1 The solvency funded status is a measure that determines the funded status of the DB plan under a hypothetical scenario where the plan is terminated immediately and all benefits are paid to members. Assumptions used to determine the funded status are prescribed by legislation.