

RBC Europe Limited

Semi-Annual Pillar 3 Disclosures

30 April 2023



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Overview

Business Profile

RBC Europe Limited (RBCEL, the Company) is a wholly owned subsidiary of Royal Bank of Canada (RBC), a leading provider of financial services globally. RBC is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. RBC's success comes from the 88,000+ employees who leverage their imaginations and insights to bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank, and one of the largest in the world based on market capitalisation, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 17 million clients in Canada, the U.S. and 27 other countries.

The Company is a UK authorised bank and provides investment banking, capital markets and wealth management services to a wide range of clients including financial institutions, corporations, governments and High-Net-Worth clients. The Company works with its clients to help raise capital, access markets, mitigate risk and acquire or divest assets. The Company is regulated by the Prudential Regulation Authority (PRA) and adheres to the UK's regulations as set out in the on-shored Capital Requirements Regulation (CRR) and PRA Rules and standards.

The Company obtained a Standard & Poor's rating in October 2014. As of 30th April 2023, the Company's long- and short-term counterparty credit rating assigned by Standard & Poor's are unchanged at AA-/A-1+.

As at 30th April 2023, the Company does not have any subsidiaries or any investment in associates (2022: nil).

Basis and Frequency of Disclosure

Basel III is a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk. It intended to strengthen global capital and liquidity rules with the goal of improving the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spillover from the financial sector to the real economy.

The EU implemented the Basel framework through the Capital Requirements Directive and Regulation (CRD IV package). Additional provisions are applied in the UK through the PRA Rulebook. The Basel III capital adequacy framework comprises three complementary pillars:

- Pillar 1 establishes rules for the calculation of minimum capital for Credit, Market, Operational Risk and Leverage (capital adequacy requirements).
- Pillar 2 is an internal discipline to evaluate the adequacy of the regulatory capital requirement under Pillar 1 and other non-Pillar 1 risks. This part of the regulatory framework requires banks to conduct an internal assessment of their capital requirements (risk management and supervision) and consider whether additional capital should be held against particular risks. Banks' supervisors then undertake a supervisory review to assess the robustness of the bank's internal assessment.
- Pillar 3 complements the other pillars and effects market discipline through public disclosure. Expanded disclosure about capital and risk enables interested parties to better understand the risk profile of individual banks and to make comparisons (market discipline).

Pillar 3 Disclosures

The Company makes semi-annual and annual disclosures in line with Article 433 of the PRA rulebook. The full Pillar 3 disclosure is made on an annual basis and limited disclosures are made on a semi-annual basis. The full pillar 3 disclosures are published on the date the RBCEL financial statements are published or as soon as possible thereafter.

The semi-annual Pillar 3 disclosures have been prepared in accordance with Part 8 of the CRR and associated PRA supervisory rules, regulatory standards and the Company's formal policies and internal processes, systems and controls.

Key Metrics

UK KM1 – Key Metrics

£m

		Apr-23	Oct-22	Apr-22
		T	T-2	T-4
Available own funds (amounts)¹				
1	Common Equity Tier 1 (CET1) capital	1,362	1,377	1,344
2	Tier 1 capital	1,662	1,677	1,644
3	Total capital	1,742	1,764	1,724
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	9,222	8,911	9,759
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	14.77%	15.46%	13.77%
6	Tier 1 ratio (%)	18.02%	18.82%	16.85%
7	Total capital ratio (%)	18.89%	19.80%	17.66%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	1.18%	1.14%	1.12%
UK 7b	Additional AT1 SREP requirements (%)	0.39%	0.38%	0.37%
UK 7c	Additional T2 SREP requirements (%)	0.52%	0.51%	0.50%
UK 7d	Total SREP own funds requirements (%)	10.10%	10.03%	10.00%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.44%	0.09%	0.05%
11	Combined buffer requirement (%)	2.94%	2.59%	2.54%
UK 11a	Overall capital requirements (%)	13.04%	12.61%	12.54%
12	CET1 available after meeting the total SREP own funds requirements (%)	431	484	369
Leverage ratio				
13	Total exposure measure excluding claims on central banks	42,658	40,753	45,175
14	Leverage ratio excluding claims on central banks (%)	3.90%	4.12%	3.63%
Additional leverage ratio disclosure requirements				
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	3.90%	4.12%	3.63%
14b	Leverage ratio including claims on central banks (%)	3.15%	3.27%	2.97%
14c	Average leverage ratio excluding claims on central banks (%)	4.03%	N/A	N/A
14d	Average leverage ratio including claims on central banks (%)	3.28%	N/A	N/A
14e	Countercyclical leverage ratio buffer (%)	0.14%	N/A	N/A
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	11,968	10,868	8,757
UK 16a	Cash outflows - Total weighted value	12,479	11,851	10,075
UK 16b	Cash inflows - Total weighted value	2,965	3,155	3,193
16	Total net cash outflows (adjusted value)	9,515	8,696	6,881
17	Liquidity coverage ratio (%)	126%	125%	127%
Net Stable Funding Ratio				
18	Total available stable funding	18,196	18,964	16,464
19	Total required stable funding	15,752	17,081	16,249
20	NSFR ratio (%)	116%	111%	101%

¹ Restatement of capital for Oct-21 and Apr-22 following restatement of FY 21 audited financial statements

