

RBC Europe Limited

Quarterly Pillar 3 Disclosures

31st July 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 31st July 2023, the Company's long- and short-term counterparty credit rating assigned by Standard & Poor's are unchanged at AA-/A-1+.

As at 31st July 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 quarterly, 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 quarterly and 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 quarterly 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.

Leverage Ratio

The firm's leverage exposure and ratio as of 31st July 2023

	Jul-23
Leverage ratio excluding claims on central banks (%)	4.38%
Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.38%
Leverage ratio including claims on central banks (%)	3.46%
Leverage ratio buffer (%)	0.30%
Average total exposure measure including claims on central banks (£m)	48,617
Average total exposure measure excluding claims on central banks (£m)	39,003
Average leverage ratio including claims on central banks	3.41%
Average leverage ratio excluding claims on central banks	4.25%

