

# Royal Bank of Canada Third Quarter Results

August 24, 2023

All amounts are in Canadian dollars unless otherwise indicated and are based on financial statements prepared in compliance with International Accounting Standard 34 Interim Financial Reporting, unless otherwise noted. Totals may not add and percentage changes may not reflect actual changes due to rounding. For an explanation of defined terms used in this presentation, refer to the Glossary on slides 43-44. Our Q3 2023 Report to Shareholders and Supplementary Financial Information are available on our website at:  
<http://www.rbc.com/investorrelations>



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From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in this presentation, in other filings with Canadian regulators or the SEC, in reports to shareholders, and in other communications. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals and expected cost containment measures. The forward-looking information contained in this presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “commit”, “target”, “objective”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “might”, “should”, “could” or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct, that our financial performance, environmental & social or other objectives, vision and strategic goals will not be achieved, and that our actual results may differ materially from such predictions, forecasts, projections, expectations or conclusions.

We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, operational, regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines), strategic, reputation, competitive, model, legal and regulatory environment, systemic risks, and other risks discussed in the risk sections of our annual report for the fiscal year ended October 31, 2022 (the 2022 Annual Report) and the Risk management section of our Q3 2023 Report to Shareholders; including business and economic conditions in the geographic regions in which we operate, Canadian housing and household indebtedness, information technology and cyber risks, geopolitical uncertainty, environmental and social risk (including climate change), digital disruption and innovation, privacy, data and third party related risks, regulatory changes, culture and conduct risks, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency, and the emergence of widespread health emergencies or public health crises such as pandemics and epidemics, including the COVID-19 pandemic and its impact on the global economy, financial market conditions and our business operations, and financial results, condition and objectives. Additional factors that could cause actual results to differ materially from the expectations in such forward-looking statements can be found in the risk section of our 2022 Annual Report and the Risk management section of our Q3 2023 Report to Shareholders.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward-looking statements contained in this presentation are set out in the Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook sections in our 2022 Annual Report, as updated by the Economic, market and regulatory review and outlook section of our Q3 2023 Report to Shareholders. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Additional information about these and other factors can be found in the risk sections of our 2022 Annual Report and the Risk management section of our Q3 2023 Report to Shareholders.

Information contained in or otherwise accessible through the websites mentioned does not form part of this presentation. All references in this presentation to websites are inactive textual references and are for your information only.

# Overview

Dave McKay

President and Chief Executive Officer

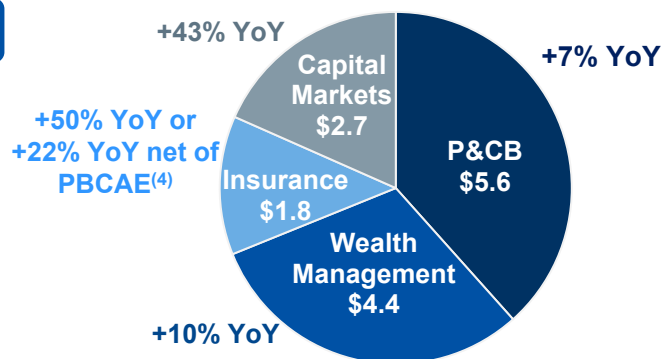


# Q3/23: Strong revenue growth drove solid growth in PPPT earnings

## Earnings (YoY)

	Reported	Adjusted <sup>(1)</sup>
<b>Net Income</b>	<b>\$3.9BN</b> +8%	<b>\$4.0BN</b> +11%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>\$5.2BN</b> +7%	<b>\$5.4BN</b> +10%
<b>Diluted EPS (per share)</b>	<b>\$2.73</b> +9%	<b>\$2.84</b> +11%

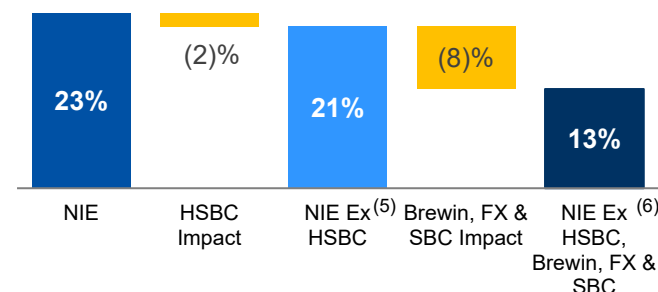
## Diversified revenue streams<sup>(3)</sup> (\$BN)



- Revenue of \$14.5BN up 19% YoY; up 16% net of PBCAE<sup>(4)</sup> (or 12% ex. FX and BD)
  - Strong net interest income growth in Canadian Banking driven by higher spreads and solid volume growth, in addition to higher revenue in Capital Markets and Wealth Management

## Investing for growth

### Non-Interest Expense (YoY)



- Non-interest expense growth of 23%, or 13% core growth adjusted for items noted above
  - Variable compensation contributed 4% to the growth rate
- Higher staff-related costs and professional fees

## Adding to prudent reserves

PCL on impaired loans

**23 bps<sup>(7)</sup>**

+2 bps QoQ  
+15 bps YoY

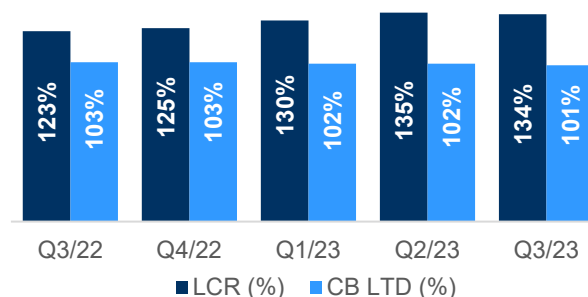
Allowance for Credit Losses on loans

**\$5.0 BN**

0.58% of Loans & Acceptances

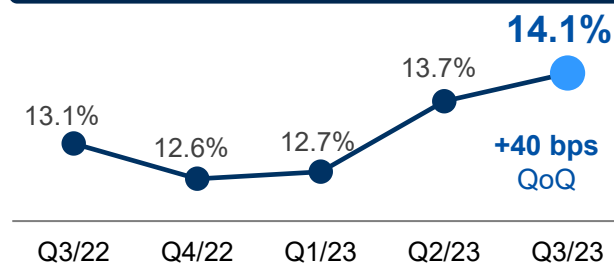
- \$616MM total PCL, reflecting:
  - \$120MM PCL on performing loans
  - \$499MM PCL on impaired loans
- PCL on loans ratio<sup>(8)</sup> of 29 bps
  - QoQ: (1) bp
  - YoY: +12 bps

## Strong funding and liquidity



- Average LCR maintained at a strong 134%, a surplus of ~\$97 billion
- Stable Canadian Banking loan-to-deposit (LTD) ratio improved to 101%

## Strong capital ratio (CET1)



- CET1 ratio up 40 bps QoQ, mainly driven by strong net internal capital generation and share issuances under the DRIP<sup>(9)</sup>
- Continue to expect CET1 ratio of 12%+ after the close of the planned acquisition of HSBC Canada

(1) This is a non-GAAP measure. See note 1 on Slide 41. (2) This is a non-GAAP measure. See note 2 on Slide 41. (3) Amounts exclude Corporate Support. (4) This is a non-GAAP measure. See note 3 on Slide 41. (5) This is a non-GAAP measure. See note 4 on Slide 41. (6) RBC Brewin Dolphin, FX and Share-Based Compensation (SBC). This is a non-GAAP measure. See note 5 on Slide 41. (7) Basis points (bps). (8) See note 6 on Slide 41. (9) Dividend Reinvestment Plan.

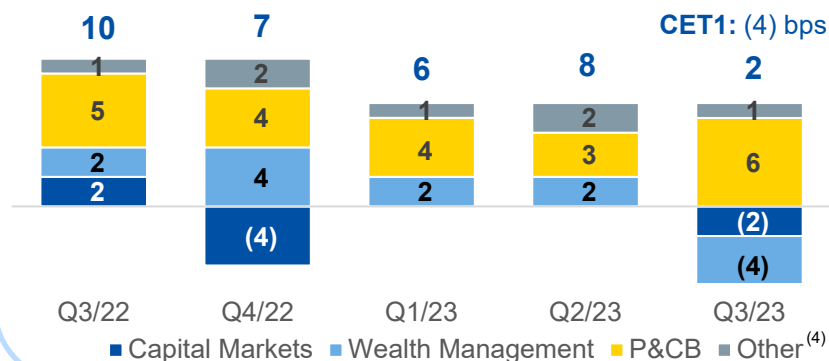
# Balanced capital deployment driving sustainable long-term shareholder value

**Strong capital ratio (CET1)**  
Medium-term objective

**ROE<sup>(1)</sup> of 16%+**  
Medium-term objective

**11%**  
3-Year BVPS<sup>(1)</sup> CAGR<sup>(2)</sup>

## Diversified organic growth<sup>(3)</sup> (RWA \$BN)



## Committed to sustainable dividend growth (Q3/23)

Common share dividends  
**\$1.9BN**  
+6% YoY

Dividend payout Ratio<sup>(1)</sup>  
**49%** | **48%**  
reported | adjusted<sup>(5)</sup>

## Capital generation creates optionality

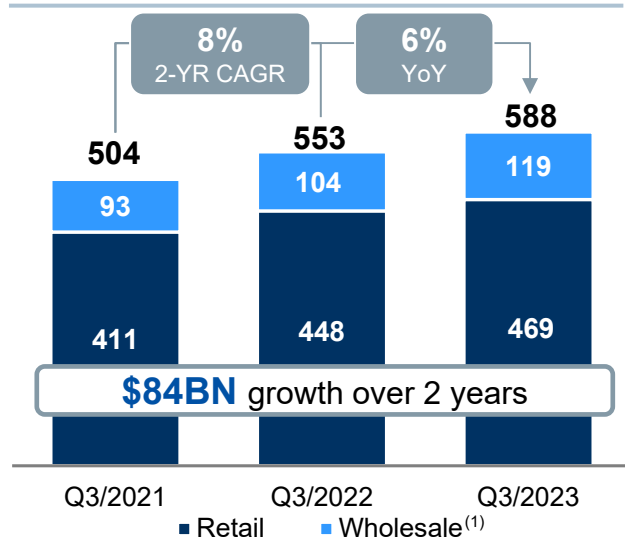
**RBC Brewin Dolphin**  
£1.6BN  
completed acquisition

**HSBC Canada**  
\$13.5BN  
announced acquisition<sup>(6)</sup>

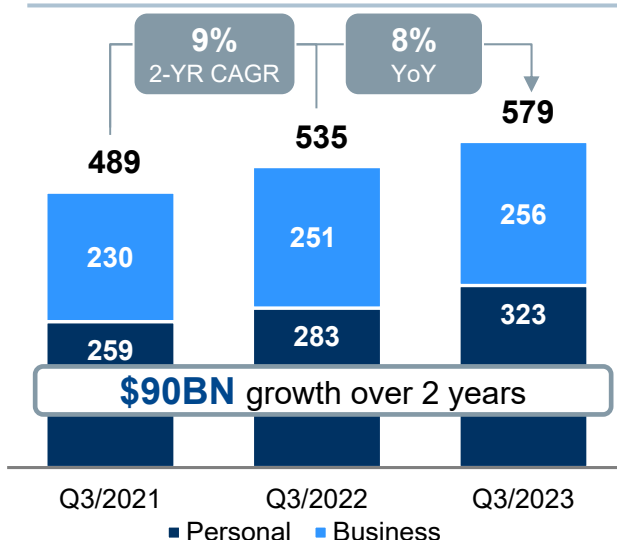
(1) Refer to Glossary on slides 43-44 for explanation of composition of this measure. (2) Compound Annual Growth Rate. (3) Organic growth reflects growth in RWA excluding impacts of model & methodology updates, asset quality, acquisitions & disposals and FX. (4) Includes Insurance and Corporate Support. (5) Calculated as common share dividends (\$1,885 million) divided by adjusted net income available to common shareholders (\$3,957 million). This is a non-GAAP measure. For reconciliation, see slides 45-47. For more information, see slide 48. (6) Cash purchase price for acquisition of 100% of the common shares of HSBC Bank Canada (HSBC Canada).

# Solid average loan growth and stable deposits amidst a volatile backdrop

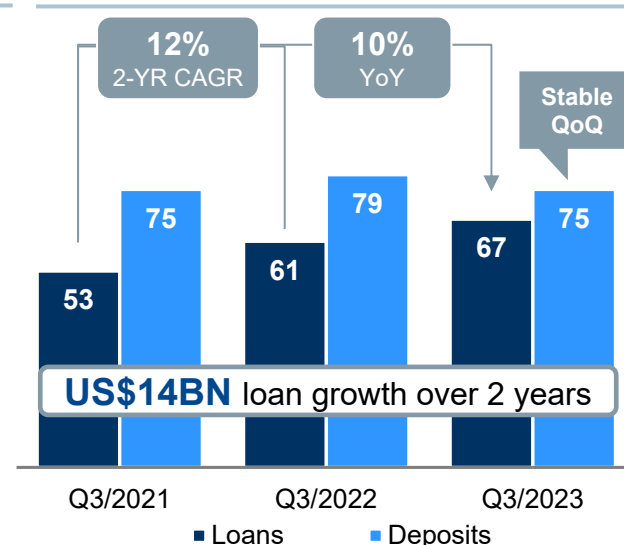
**Canadian Banking average loans and acceptances (\$ billions)**



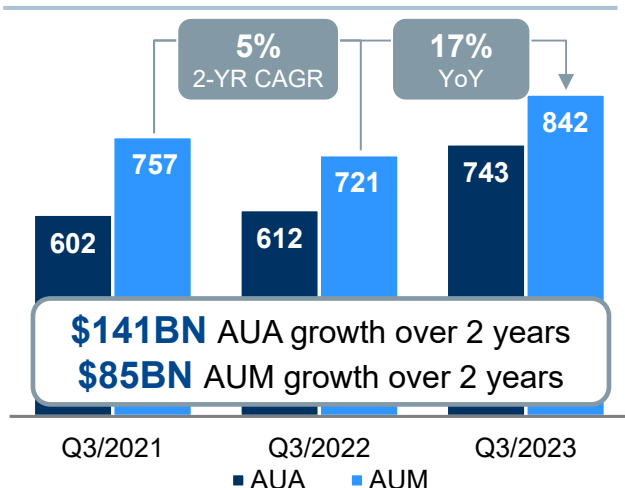
**Canadian Banking average deposits (\$ billions)**



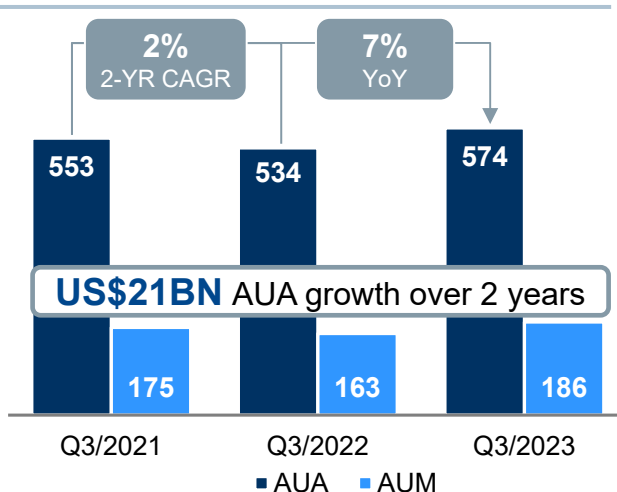
**City National (CNB) average loans and deposits (US\$ billions)**



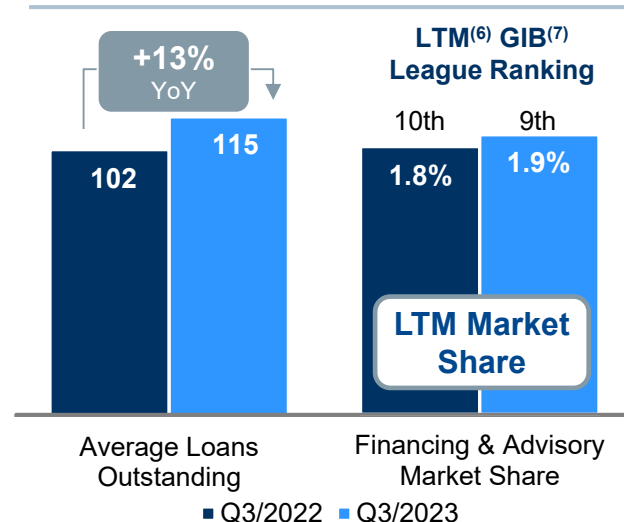
**Wealth Management (non-U.S.) AUA<sup>(2)(3)</sup> and AUM<sup>(2)(3)</sup> (\$ billions)**



**U.S. Wealth Management (incl. CNB) AUA<sup>(3)</sup> and AUM<sup>(3)</sup> (US\$ billions)**



**Capital Markets loans and market share (\$ billions; %)<sup>(4)(5)</sup>**



(1) Wholesale includes small business. (2) AUA and AUM reflect the inclusion of \$79.8BN and \$72.4BN, respectively, related to the acquisition of RBC Brewin Dolphin, which closed on September 27, 2022. Excludes Investor Services. (3) Spot balances. (4) Dealogic market share for ECM, DCM, loan syndications, and Advisory. (5) Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on a single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. (6) Last twelve months. (7) Global Investment Banking.

# Q3/2023 Financial Review

Nadine Ahn

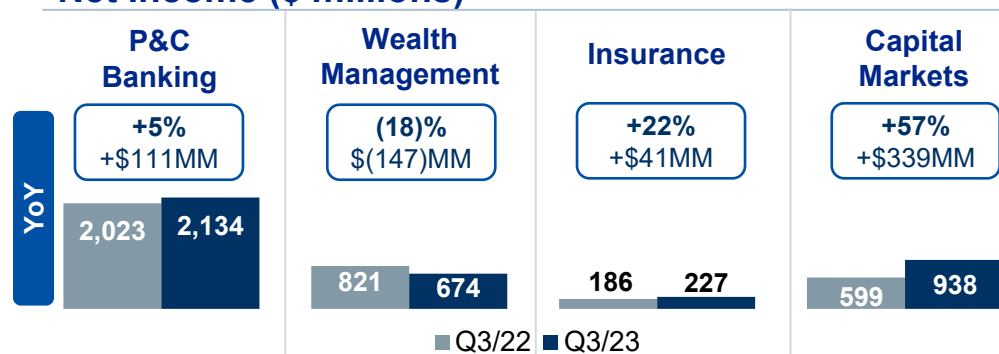
Chief Financial Officer



## Q3/23: Solid revenue growth partly offset by higher expenses and PCL

(\$ millions, except for EPS)	Q3/2023	Reported	
		YoY	QoQ
<b>Revenue</b>	<b>14,489</b>	<b>19%</b>	<b>7%</b>
Insurance PBCAE	1,379	62%	37%
<b>Revenue Net of Insurance PBCAE<sup>(1)</sup></b>	<b>13,110</b>	<b>16%</b>	<b>5%</b>
Non-Interest Expense	7,861	23%	5%
<b>Pre-Provision, Pre-Tax Earnings (PPPT)<sup>(2)</sup></b>	<b>5,249</b>	<b>7%</b>	<b>5%</b>
Provision for Credit Losses (PCL)	616	\$276	\$16
PCL on Performing Loans (Stage 1 & 2)	120	(\$57)	(\$53)
PCL on Impaired Loans (Stage 3)	499	\$329	\$58
<b>Income Before Income Taxes</b>	<b>4,633</b>	<b>2%</b>	<b>5%</b>
Net Income	3,872	8%	6%
<b>Adjusted Net Income<sup>(3)</sup></b>	<b>3,957</b>	<b>11%</b>	<b>7%</b>
Diluted Earnings per Share (EPS)	\$2.73	9%	6%
<b>Adjusted Diluted EPS<sup>(3)</sup></b>	<b>\$2.84</b>	<b>11%</b>	<b>7%</b>

### Net Income (\$ millions)



### Pre-Provision Pre-Tax Earnings (\$MM)<sup>(2)</sup>

	P&C Banking	Wealth Management	Insurance	Capital Markets
<b>YoY</b>	<b>\$3,244</b>	<b>\$920</b>	<b>\$304</b>	<b>\$1,043</b>
	+\$192	\$(173)	+\$60	+365
	+6%	(16)%	+25%	+54%

### Earnings

- **Net income** up 8% YoY; adjusted net income<sup>(3)</sup> up 11% YoY
  - PPPT<sup>(2)</sup> up 7% YoY, adjusted PPPT<sup>(2)</sup> up 10% YoY

### Revenue

- **Net interest income** (slide 10) up 7% YoY
  - Net interest income (ex-trading) up 6% YoY<sup>(4)</sup>, largely due to higher spreads and solid average volume growth in both deposits and loans in Canadian Banking
    - Canadian Banking NIM of 2.68% up 8 bps YoY (+3 bps QoQ)
- **Non-interest income** (slide 27) up 31% YoY, up 27% YoY net of Insurance PBCAE<sup>(1)</sup> (U.S. WM WAP<sup>(5)</sup> and RBC Brewin Dolphin added 6% to the growth rate)
  - Higher revenue in Capital Markets and Wealth Management

### Non-Interest Expense (see slides 12 and 13)

- RBC Brewin Dolphin, foreign exchange, SBC and acquisition and integration costs related to the planned acquisition of HSBC Canada added ~10% to expense growth
- Excluding the above, Non-interest expense was up 13% YoY<sup>(1)</sup> driven by higher staff-related costs and professional fees

### Provision for Credit Losses

- **PCL on loans<sup>(6)</sup>**: 29 bps, up 12 bps YoY; down 1 bp QoQ
  - **Stage 1 & 2** (slide 19): \$120MM charge versus \$177MM in the prior year quarter
  - **Stage 3** (slide 20): 23 bps, up 15 bps YoY; up 2 bps QoQ

### Tax Rate

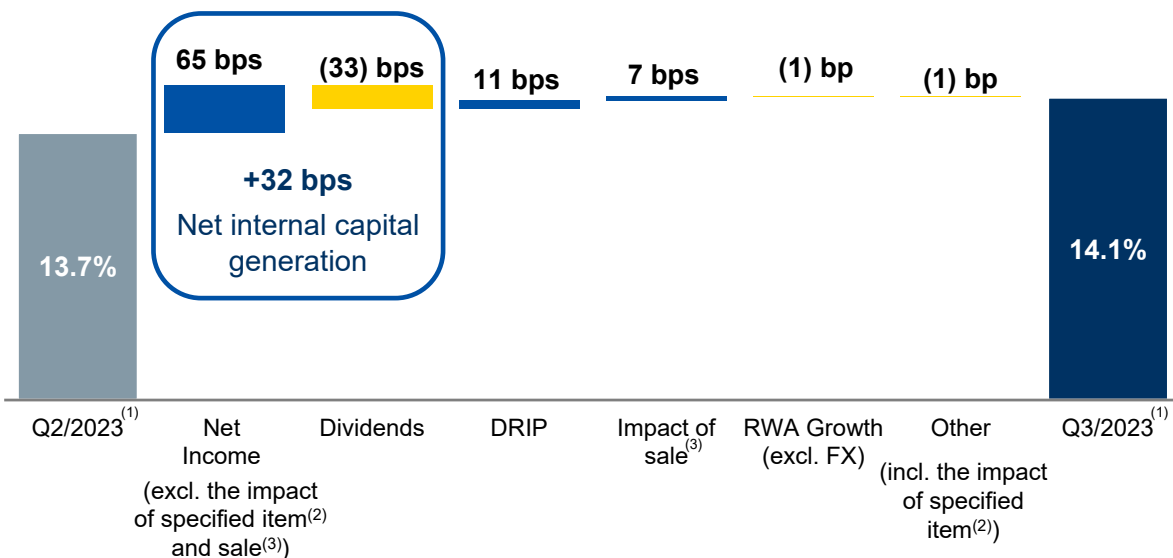
- Effective tax rate of 16.4%, down 5.1 pts YoY
  - Adjusted TEB effective tax rate<sup>(7)</sup> of 18.6%, down 5.3 pts YoY

(1) This is a non-GAAP measure. See note 3 on Slide 41. (2) This is a non-GAAP measure. See note 2 on Slide 41. (3) This is a non-GAAP measure. See note 1 on Slide 41. (4) See note 7 on Slide 41. (5) This is a non-GAAP measure. See note 8 on Slide 41. (6) See note 6 on Slide 41. (7) This is a non-GAAP measure. See note 9 on Slide 41.



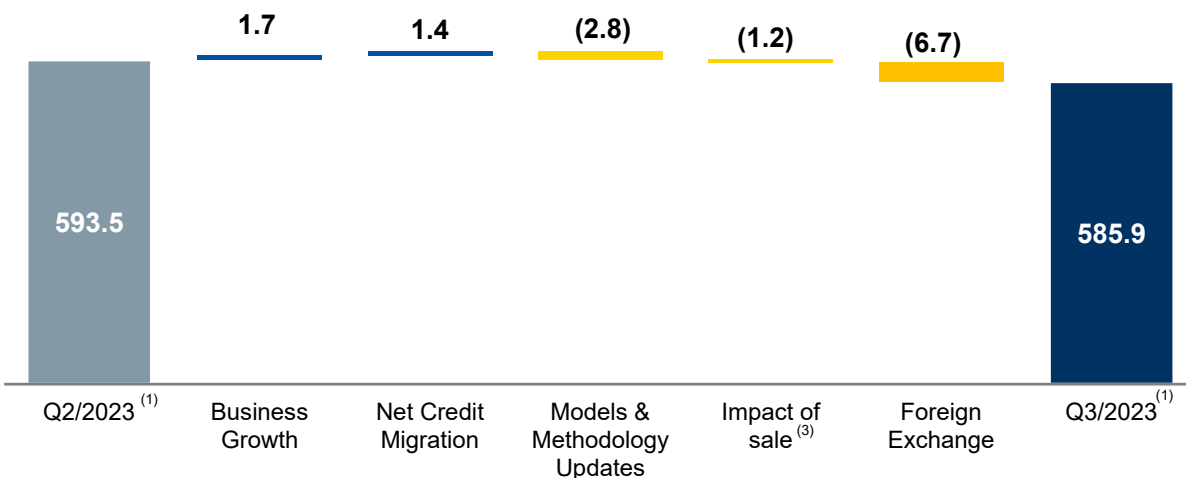
# Capital: Strong capital position supporting business growth and shareholder returns

## CET1 Movement



- CET1 ratio of 14.1%, up 40 bps QoQ, reflecting:
  - + Net internal capital generation of 32 bps (earnings net of dividends)
  - + DRIP impact of 11 bps
  - + Partial sale of RBC Investor Services operations<sup>(3)</sup>
  - RWA growth net of models & methodology updates
- TLAC ratio of 30.9%, down 10 bps QoQ

## RWA Movement (\$ billions)



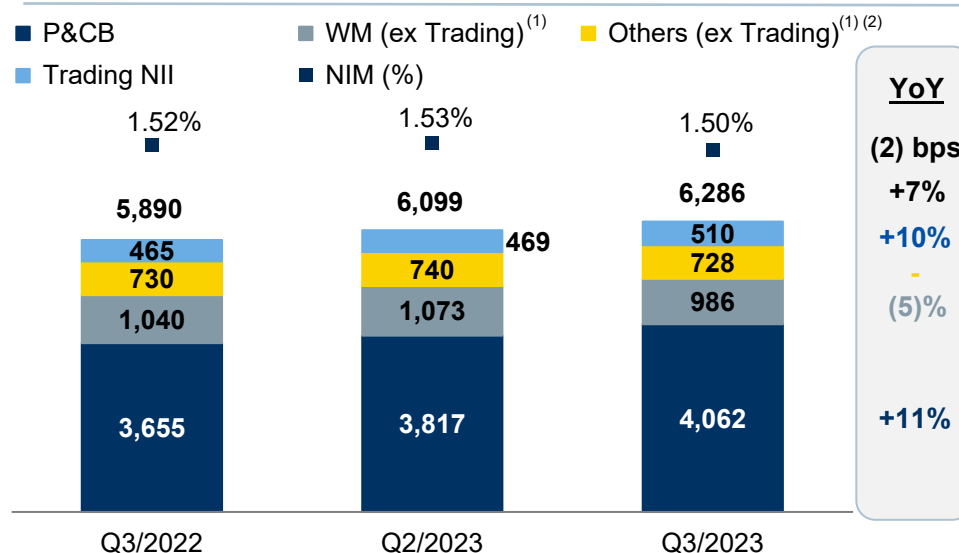
- RWA decreased \$7.6BN, mainly reflecting:
  - + Favourable models & methodology updates, including CNB retail portfolio transitioning to AIRB<sup>(4)</sup>
  - + Partial sale of RBC Investor Services operations<sup>(3)</sup>
  - + Favourable FX translation
  - Continued business growth, primarily in personal and commercial lending in Canada, partly offset by lower trading activities
  - Net credit migration, mainly in wholesale portfolios

(1) Represents rounded figures. For more information, refer to the Capital Management section of our Q3/2023 Report to Shareholders. (2) Specified item for the transaction and integration costs relating to our planned acquisition of HSBC Canada. (3) On July 3, 2023, we completed the previously announced sale of the European asset servicing activities of RBC Investor Services® and its associated Malaysian centre of excellence (the partial sale of RBC Investor Services operations). (4) Advanced Internal Ratings Based approach under Basel III.

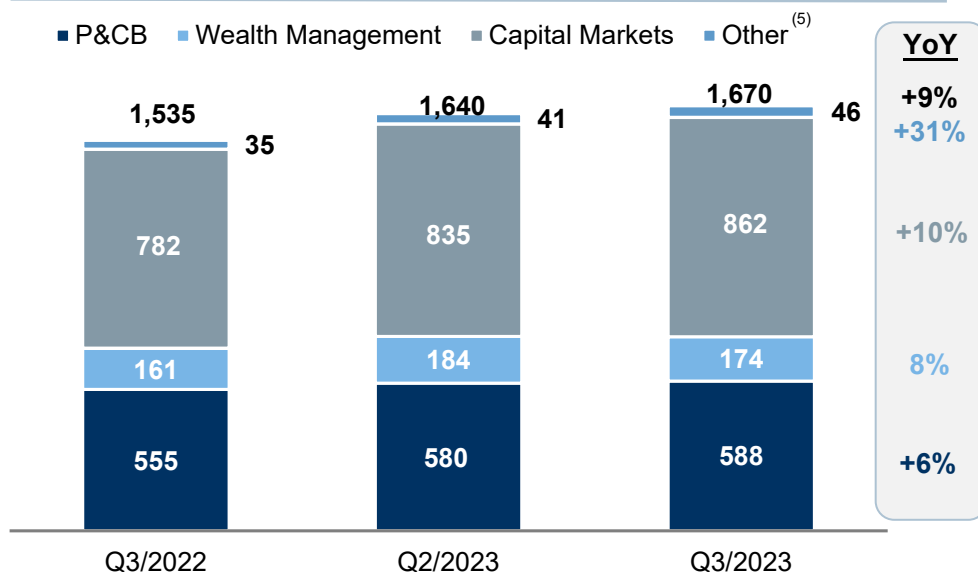
# Net interest income: Solid volume growth and continued benefits from higher rates

- **Net interest income** up 7% YoY
  - NII ex-trading<sup>(1)</sup> up 6% YoY, largely due to higher spreads and solid average volume growth in both deposits and loans in Canadian Banking
    - This was partially offset by lower revenue from non-trading derivatives, which was offset in Other revenue, in Capital Markets
- **Average earnings assets (AEA)** <sup>(3)</sup> up 9% YoY due to higher securities and repos in Capital Markets and solid loan growth in P&CB
- **Net Interest Margin** on AEA<sup>(3)(4)</sup> down 2 bps YoY, down 3 bps QoQ
  - Net Interest Margin on AEA (ex. Trading)<sup>(3)(4)</sup>, down 2 bps YoY, down 1 bp QoQ

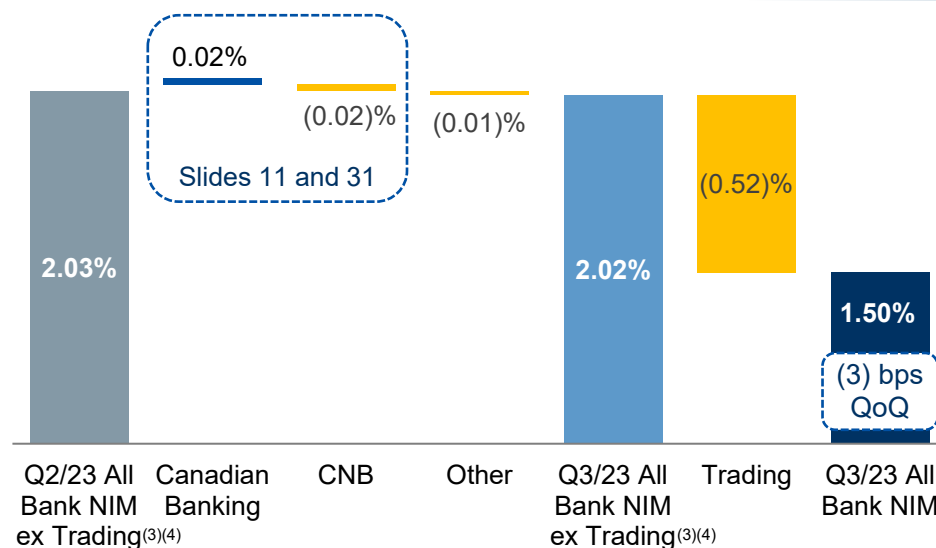
## All-Bank Net Interest Income (\$ millions)



## Average Earning Assets (\$ billions)



## All-Bank NIM (AEA) Decomposition



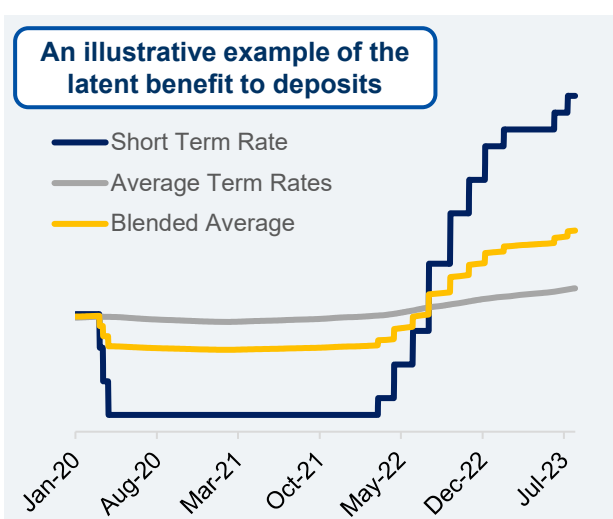
(1) See note 7 on Slide 41. (2) Includes Capital Markets and Corporate Support. (3) Refer to Glossary on slides 43-44 for explanation of composition of this measure. (4) See note 10 on Slide 41. (5) Includes Insurance and Corporate Support.

# Canadian Banking: Higher deposit margins offset moderating shift in deposit mix

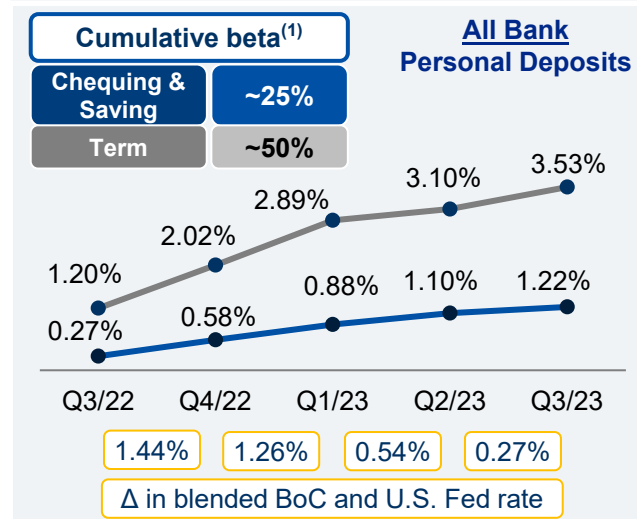
## NIM on Average Earning Assets



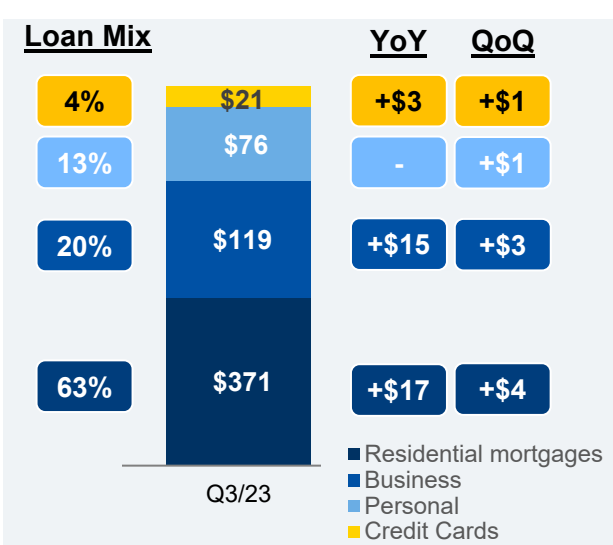
## Latent benefit of interest rates



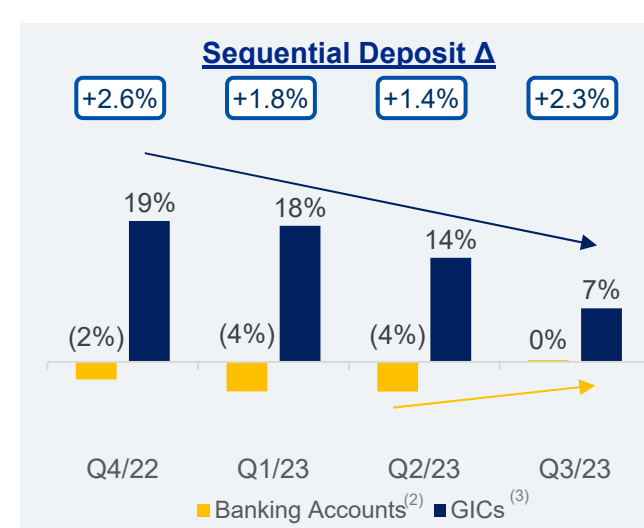
## Rising deposit costs



## Change in loan mix (\$ billions)



## Client-driven change in deposit mix



(1) Cumulative deposit beta as of Q1/2022. (2) Reflects changes in personal banking accounts, personal savings (registered and non-registered) and business deposit accounts. (3) Reflects changes in personal GICs and business GICs.

# Non-interest expense: Higher compensation costs and investments for growth

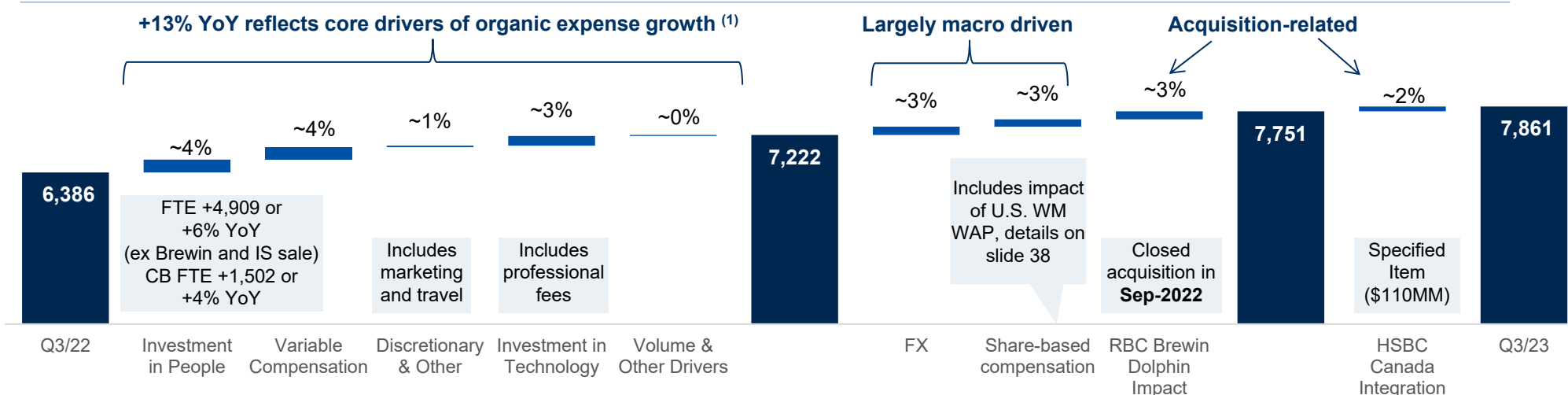
## Non-Interest Expense (NIE, \$ millions)

% of LTM NIE		Q3/22 Expenses	6,386
Salaries	34%	Salaries & Benefits	419
Variable & share-based compensation	27%	Variable compensation	342
		Share-based compensation	175
Discretionary & tech-adjacent	23%	Professional fees	219
		Equipment and amortization	124
		Marketing, travel & training	48
Occupancy & other	16%	Occupancy	30
		Other non-interest expenses <sup>(2)</sup>	118
		Q3/23 Expenses	7,861

## Q3/2023 Highlights

- Non-interest expense up 23% YoY
  - RBC Brewin Dolphin, foreign exchange, SBC and transaction and integration costs related to the planned acquisition of HSBC Canada added ~10% to expense growth
- Excl. the above, Non-interest expense was up 13% YoY<sup>(1)</sup> driven by higher staff-related costs and professional fees
  - Higher salary costs reflected higher base salaries and increased FTE to support business growth
  - Higher variable compensation, largely due to improved results
  - Higher professional fees and investments in technology to support business growth and product innovation
  - Higher other non-interest expenses driven by client activity, including higher trade execution costs

## Drivers of expense growth

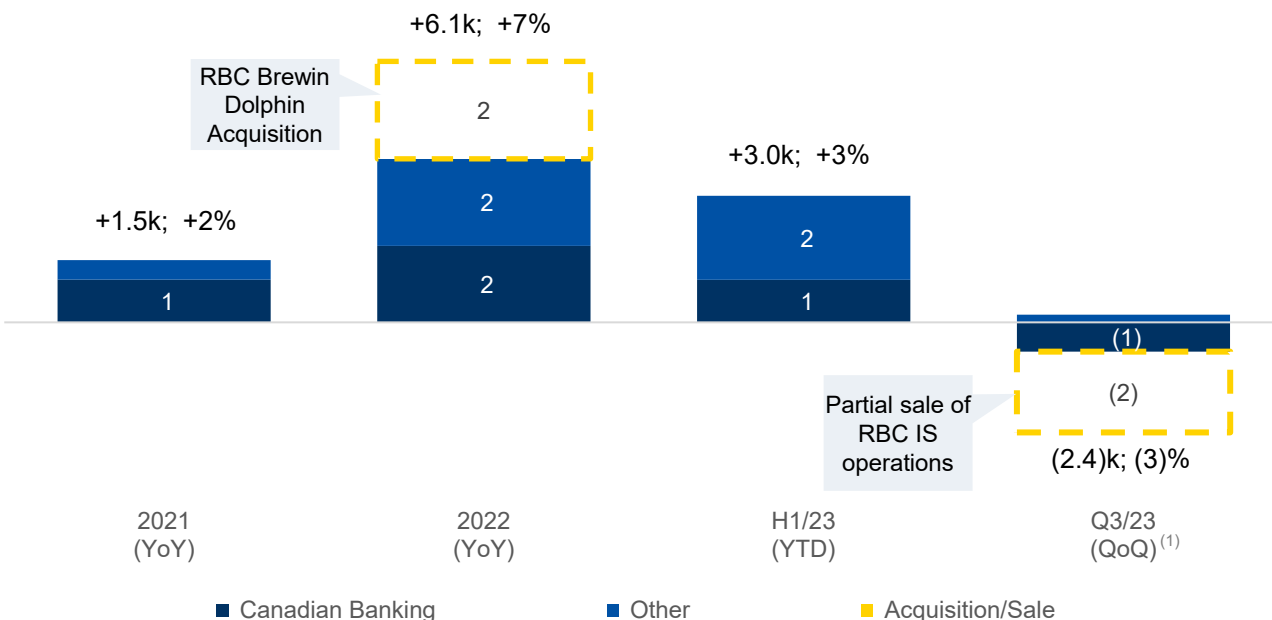


(1) This is a non-GAAP measure. See note 5 on Slide 41. (2) See note 11 on Slide 41.

# Non-interest expense: Pulling the levers on cost containment

## Reducing employee base

Change in FTE (000s)



- **Total FTE was down 1% QoQ**

- FTE excluding summer student hires was down 3% QoQ, largely due to the partial sale of RBC Investor Services operations

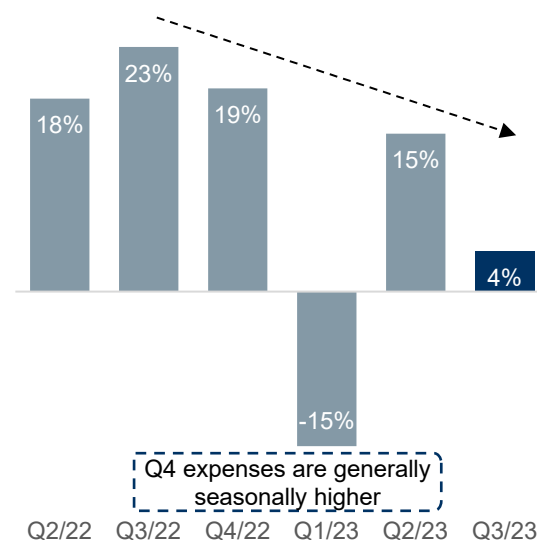
- **Canadian Banking FTE was down 1% QoQ**

- FTE excluding summer student hires was down 2% QoQ largely driven by a slowdown in hiring and normal course attrition

- We expect to further reduce FTE by approximately 1 – 2% next quarter

## Managing discretionary spend<sup>(2)</sup>

QoQ % change



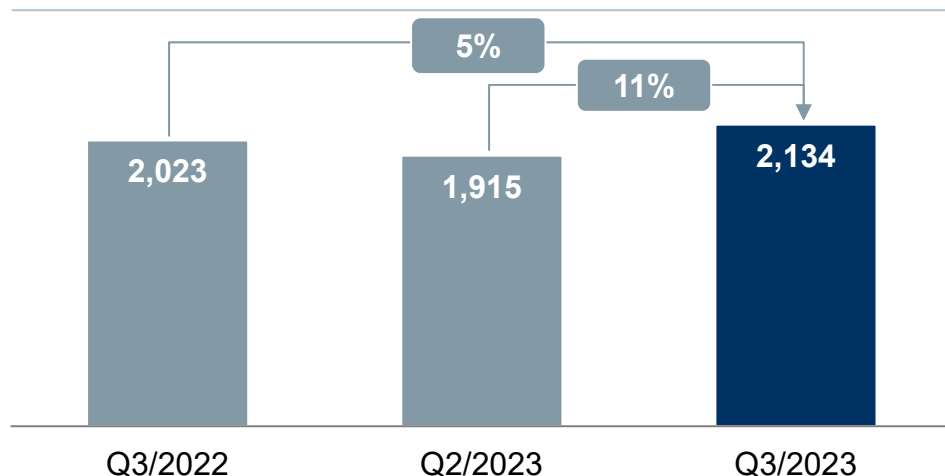
- **Growth in marketing and travel expenses moderated to 4% QoQ**

- Introduced measures to reduce marketing and travel activities

(1) Excludes impact of Summer student hires. (2) Discretionary spend includes marketing, travel & relocation and employee training costs.

# P&CB: NIM expansion and solid volume growth partly offset by higher expenses

## Net Income (\$ millions)



Canadian Banking \$ millions (unless otherwise stated)	Q3/2023	Reported	
		YoY	QoQ
<b>Revenue</b>	<b>5,292</b>	<b>6%</b>	<b>5%</b>
Personal Banking	3,781	6%	5%
Business Banking	1,511	7%	5%
Non-Interest Expense	2,143	8%	3%
<b>Pre-Provision, Pre-Tax Earnings<sup>(1)</sup></b>	<b>3,149</b>	<b>5%</b>	<b>7%</b>
Provision for Credit Losses (PCL)	308	\$(23)	\$(123)
<b>Net Income</b>	<b>2,043</b>	<b>4%</b>	<b>12%</b>
ROE	30.3%	(1.5) pts	1.8 pts
Net Interest Margin	2.68%	8 bps	3 bps
Efficiency Ratio	40.5%	0.8 pts	(0.9) pts
Average loans & acceptances, net (\$BN)	584.4	6%	2%
Average deposits (\$BN)	579.0	8%	2%
Assets Under Administration (\$BN) <sup>(2)</sup>	347.1	2%	1%
Number of employees (full-time equivalent)	36,940	4%	(1)%
Number of banking branches	1,149	(2)%	(0)%

## Q3/2023 Highlights

### Canadian Banking

#### Net income up 4% YoY

- + Pre-provision, pre-tax earnings<sup>(1)</sup> up 5% YoY
- **Operating leverage<sup>(3)</sup>: (2.0)%**
  - YTD: +0.8%

#### Revenue up 6% YoY

- + **Net interest income up 9% YoY (see slide 28)**
  - + NIM of 2.68%, up 8 bps YoY, mainly due to the impact of the rising interest rate environment, partially offset by unfavourable changes in deposit mix
  - + NIM up 3 bps QoQ, mainly due to the impact of the rising interest rate environment (slides 11)
  - + Solid average volume growth of 8% in deposits and 6% in loans (slide 28)
- + **Non-interest income down 1% YoY**
  - \$66MM retrospective impact of HST on payment card clearing services announced in Government of Canada's 2023 budget and enacted in Q3/2023
  - + Higher service charges and foreign exchange revenue driven by increased client activity

#### Expenses up 8% YoY

- Higher staff-related costs and ongoing technology investments
  - + FTE down 1% QoQ, or down 2% excl. summer students
- Higher marketing costs in support of record client acquisition

#### Lower PCL YoY (see slides 19 and 20)

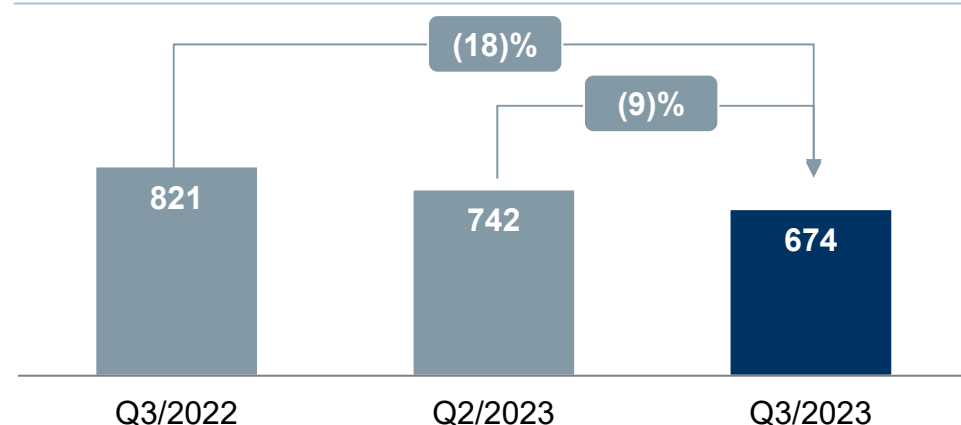
### Caribbean & U.S. Banking

- Net income of \$91MM, up \$39MM or 75% YoY, mainly due to higher net interest income reflecting improved spreads

(1) This is a non-GAAP measure. See note 2 on Slide 41. (2) Spot balances. (3) Refer to Glossary on slides 43-44 for explanation of composition of this measure.

# Wealth Management: Solid asset growth was more than offset by higher costs

## Net Income (\$ millions)<sup>(1)</sup>



\$ millions (unless otherwise stated)	Q3/2023	Reported <sup>(1)</sup>	
		YoY	QoQ
<b>Revenue</b>	<b>4,418</b>	<b>10%</b>	<b>0%</b>
Net interest income	1,007	(4)%	(8)%
Non-interest income	3,411	15%	2%
Non-Interest Expense	3,498	19%	1%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>920</b>	<b>(16)%</b>	<b>(6)%</b>
Provision for Credit Losses (PCL)	102	\$88	\$74
<b>Net Income</b>	<b>674</b>	<b>(18)%</b>	<b>(9)%</b>
U.S. Wealth Management (see slide 31)	84	(69)%	(56)%
ROE	10.8%	(4.9) pts	(1.3) pts
Efficiency Ratio	79.2%	6.4 pts	1.3 pts
Wealth Management (Non-U.S.) <sup>(3)</sup>	67.0%	5.1 pts	-
Assets Under Administration (\$BN) <sup>(4)(5)</sup>	4,044	(25)%	(27)%
Excluding Investor Services (\$BN) <sup>(5)</sup>	1,499	16%	2%
Assets Under Management (\$BN) <sup>(4)(5)</sup>	1,087	17%	1%
Average loans & acceptances, net (\$BN)	119.3	7%	(2)%
Average deposits (\$BN) <sup>(6)</sup>	154.3	(21)%	(3)%
<b>(\$ billions)</b>	<b>Q3/2023</b>	<b>Q3/2022</b>	<b>Q2/2023</b>
RBC GAM long-term net sales (see slide 30)	(1.0)	(3.8)	4.0

## Q3/2023 Highlights

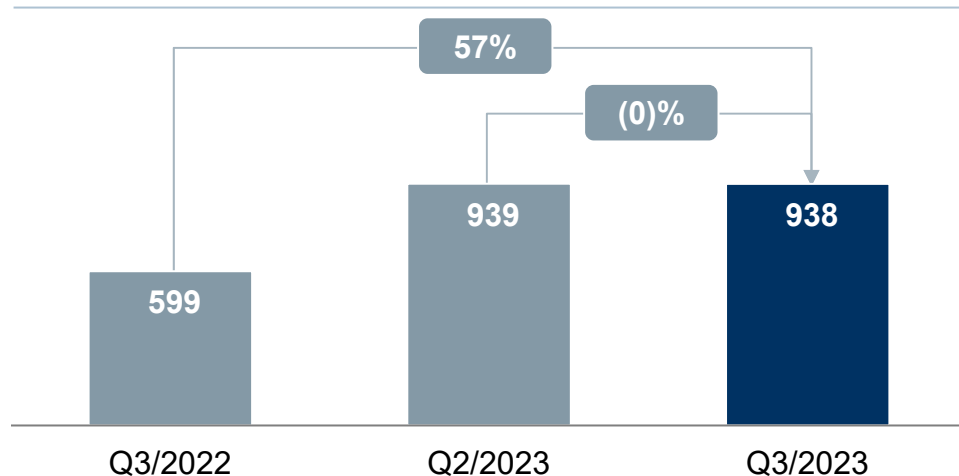
- **Net income down 18% YoY**
  - Pre-provision, pre-tax earnings<sup>(2)</sup> down 16% YoY
- **Revenue increased 10% YoY**
  - + RBC Brewin Dolphin added 5% to the growth rate
  - + **Canadian Wealth Management revenue up 4% YoY**
    - + Higher average fee-based client assets reflecting market appreciation and net sales
  - + **Global Asset Management revenue up 4% YoY**
    - + Higher fee-based revenue including the impact of foreign exchange translation
  - + **U.S. Wealth Management (incl. CNB) revenue up 5% YoY**
    - + See slide 31
  - + **International Wealth Management revenue up significantly**
    - + Inclusion of RBC Brewin Dolphin
    - + Higher net interest income driven by higher spreads
  - + **Investor Services revenue up 3% YoY**
    - + \$69MM pre-tax gain on the partial sale of RBC Investor Services operations, partially offset by reduced revenue due to the sale
- **Expenses up 19% YoY**
  - RBC Brewin Dolphin added 7% to the growth rate
  - Continued investments in the operational infrastructure of City National, including higher professional fees and staff costs
  - Foreign exchange translation
  - + Impact of the partial sale of RBC Investor Services operations
- **Higher PCL YoY (see slides 19 and 20)**

(1) Certain amounts have been revised from those previously presented to conform to our new basis of segment presentation. For more information, refer to the about Royal Bank of Canada section of our Q3/2023 Report to Shareholders. (2) This is a non-GAAP measure. See note 2 on Slide 41. (3) Excludes Investor Services. (4) Spot balances. (5) AUA and AUM reflect the inclusion of \$79.8BN and \$72.4BN, respectively, related to the acquisition of RBC Brewin Dolphin, which closed on September 27, 2022. (6) The YoY growth rate includes the impact from the partial sale of RBC Investor Services operations which closed on July 3, 2023.



# Capital Markets: Benefits from diversified business model and market share gains

## Net Income (\$ millions)<sup>(1)</sup>



\$ millions (unless otherwise stated)	Q3/2023	Reported <sup>(1)</sup>	
		YoY	QoQ
<b>Revenue</b>	<b>2,663</b>	<b>43%</b>	<b>1%</b>
<b>Corporate and Investment Banking</b>	<b>1,260</b>	<b>74%</b>	<b>(5)%</b>
Investment Banking <sup>(3)</sup>	465	n.m.	(14)%
Lending and Other	795	6%	0%
<b>Global Markets</b>	<b>1,484</b>	<b>18%</b>	<b>7%</b>
Equities	323	1%	16%
FICC	811	50%	(3)%
Treasury Services and Funding	349	(12)%	27%
Non-Interest Expense	1,620	37%	7%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>1,043</b>	<b>54%</b>	<b>(7)%</b>
Provision for Credit Losses (PCL)	209	\$207	\$59
<b>Net Income</b>	<b>938</b>	<b>57%</b>	<b>(0)%</b>
ROE	13.3%	4.9 pts	(0.4) pts
Efficiency ratio	60.8%	(2.8) pts	3.4 pts
Average loans & acceptances, net (\$BN)	136.7	7%	(2)%

## Q3/2023 Highlights

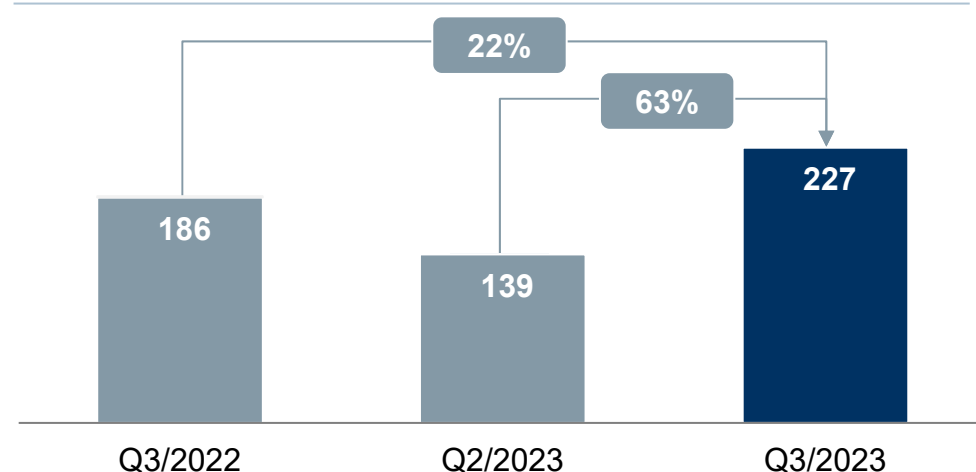
- **Net income up 57% YoY**
  - + Pre-provision, pre-tax earnings<sup>(2)</sup> up 54% YoY
  - + Lower taxes reflecting favourable changes in earning mix
  - + Market share gains across both Global Markets and Investment Banking
- **Revenue up 43% YoY**
  - + **Corporate and Investment Banking** revenue up 74% YoY
    - + Prior year included the impact of loan underwriting markdowns
    - + Impact of foreign exchange translation
    - + Higher debt origination across all regions
    - + Improved margins in our transaction banking business
    - Lower lending revenue across most regions
  - + **Global Markets** revenue up 18% YoY
    - + Higher fixed income trading revenue from improved environment for credit trading
    - Lower equity trading revenue
- **Expenses up 37% YoY**
  - Higher compensation on improved results
  - Foreign exchange translation
  - Higher technology costs reflecting ongoing investments
- **Higher PCL YoY (see slides 19 and 20)**

(1) Certain amounts have been revised from those previously presented to conform to our new basis of segment presentation. For more information, refer to the about Royal Bank of Canada section of our Q3/2023 Report to Shareholders. (2) This is a non-GAAP measure. See note 2 on Slide 41. (3) Includes loan underwriting commitments



# Insurance: Favourable investment related experience

## Net Income (\$ millions)



\$ millions (unless otherwise stated)	Q3/2023	Reported	
		YoY	QoQ
Revenue	1,848	50%	37%
Insurance PBCAE	1,379	62%	37%
<b>Revenue Net of Insurance PBCAE<sup>(1)</sup></b>	<b>469</b>	<b>22%</b>	<b>38%</b>
Non-Interest Expense	165	19%	4%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>304</b>	<b>25%</b>	<b>67%</b>
Provision for Credit Losses (PCL)	-	-	-
<b>Net Income</b>	<b>227</b>	<b>22%</b>	<b>63%</b>
ROE	40.7%	8.4 pts	13.8 pts
Net earned premiums	1,773	89%	48%
<b>Premiums and deposits</b>	<b>1,974</b>	<b>71%</b>	<b>39%</b>
Canadian Insurance	1,336	143%	68%
International Insurance	638	5%	2%

## Q3/2023 Highlights

- **Net income up 22% YoY**
- **Revenue up 50% YoY; up 22% YoY net of Insurance PBCAE<sup>(1)</sup>**
  - + Higher favourable investment related experience
  - + Growth in both Canadian and International Insurance
- **Expenses up 19% YoY**
  - Higher staff-related costs, primarily in sales and distribution, and volume related charges
  - Higher ongoing technology investments

(1) This is a non-GAAP measure. See note 3 on Slide 41. (2) This is a non-GAAP measure. See note 2 on Slide 41.

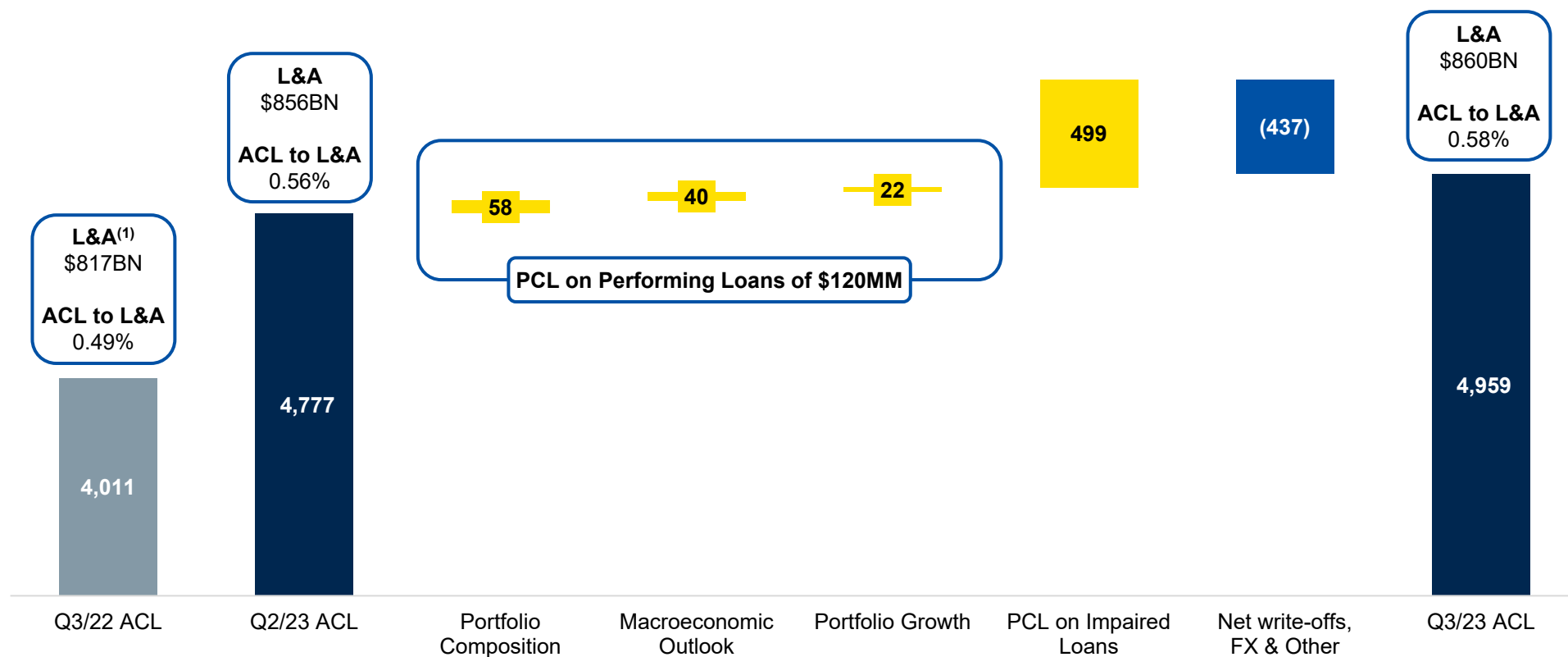
# Risk Review

Graeme Hepworth  
Chief Risk Officer



# Allowance for Credit Losses: Prudent reserve increases on performing loans

## Movement in Allowance for Credit Losses (ACL) on Loans & Acceptances (\$ millions)

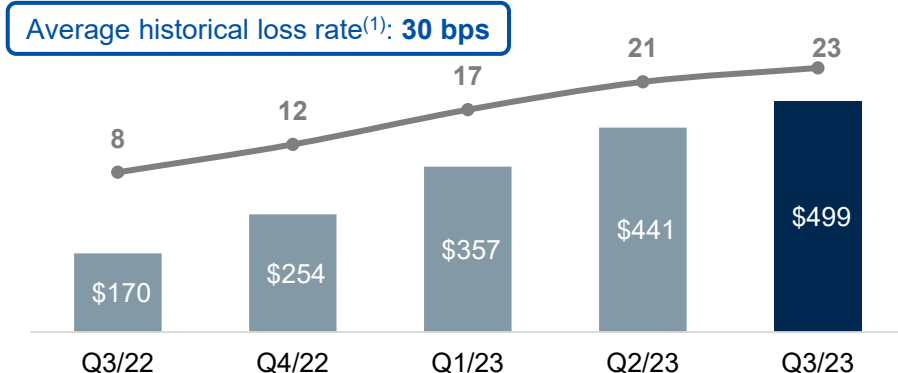


- ACL on loans and acceptances increased \$182MM or 2 bps QoQ
- We took \$120MM of provisions on performing loans this quarter (down \$53MM QoQ)
  - Provisions were taken to reflect: actual and anticipated credit downgrades, mostly in the wholesale portfolio; unfavorable changes to our macroeconomic forecast; and portfolio growth
  - PCL on performing loans was primarily in the CNB and Capital Markets portfolios
- We have increased our ACL on performing loans by 25% from Q2/22 trough levels

(1) Loans and acceptances

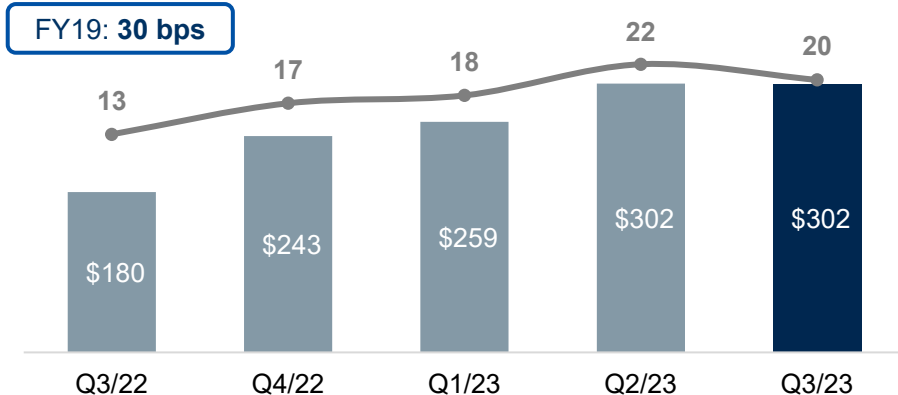
# PCL on impaired loans: Trending higher but remain below historical averages

## Total RBC (\$ millions, bps)



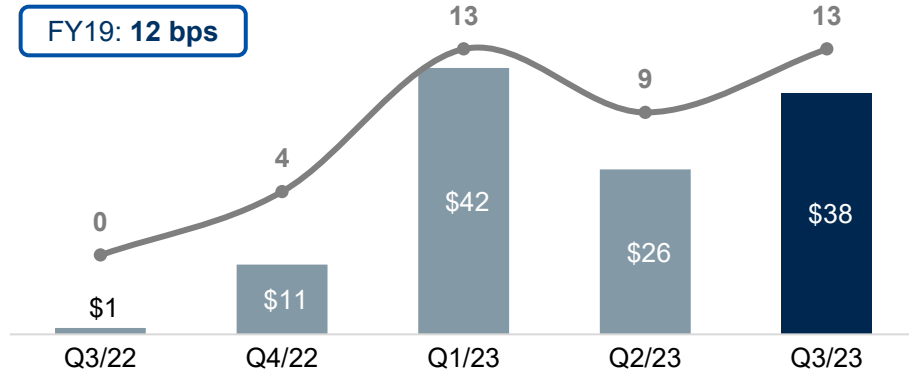
- Provisions were up \$58MM QoQ due to higher provisions in Capital Markets and CNB
- PCL ratio of 23 bps remains below the pre-pandemic 2019 PCL ratio of 27 bps

## Canadian Banking (\$ millions, bps)



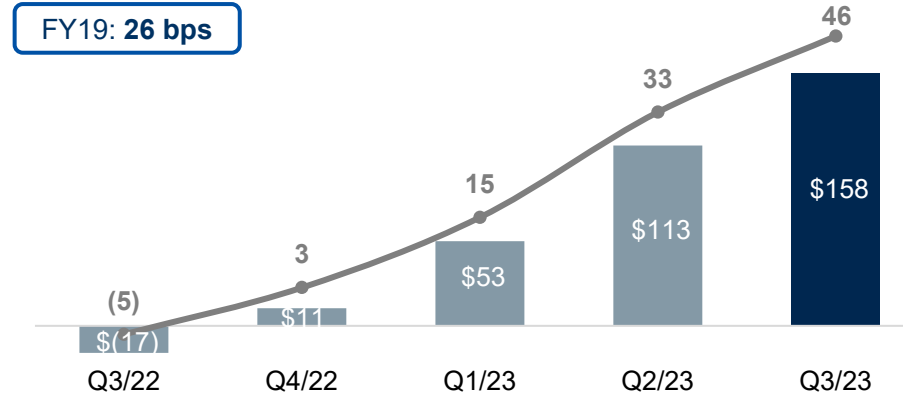
- Retail:** Provisions of \$265MM were up \$20MM QoQ, with higher provisions in Personal Lending and Residential Mortgages
- Commercial:** Provisions of \$37MM were down \$20MM QoQ. This quarter, provisions were taken across several sectors, led by Other Services

## Wealth Management (\$ millions, bps)



- Provisions were up \$12MM QoQ, mainly due to higher provisions in the Real Estate and Related, and Telecom and Media sectors, partially offset by a recovery on provisions in the Consumer Discretionary sector

## Capital Markets (\$ millions, bps)

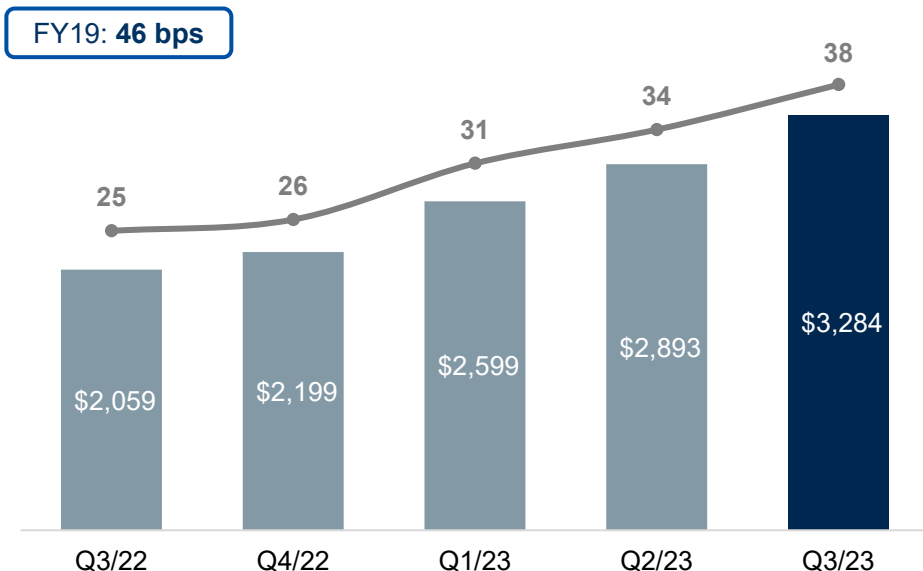


- Provisions were up \$45MM QoQ, with higher provisions across a number of sectors
- This quarter, we took a large provision on three related financings in the Commercial Real Estate sector, and a large provision on a loan in the Transportation sector

<sup>(1)</sup> Average annual actual loss rate from fiscal 2003 through to the most recent full year. The information is updated on an annual basis and is based on consolidated results.

# Gross Impaired Loans: Continues to normalize with higher new formations

## Gross Impaired Loans (GIL) (\$ millions, bps)



## Key Drivers of GIL (QoQ)

- Total GIL increased \$391MM (up 4 bps QoQ)

### Canadian Banking

- GIL of \$1,385MM increased \$61MM QoQ, with increases primarily on Residential Mortgages and Small Business loans
  - New formations were relatively stable, while write-offs increased \$30MM QoQ (primarily due to Commercial and Personal Loans)

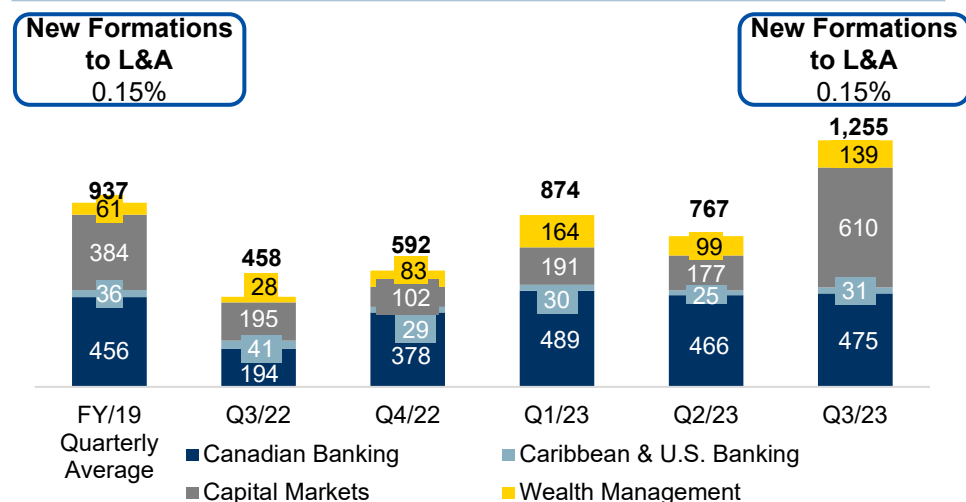
### Capital Markets

- GIL of \$1,187MM increased \$351MM QoQ. New formations were up \$433MM QoQ, primarily due to the impairment of loans to a client in the Real Estate and Related sector

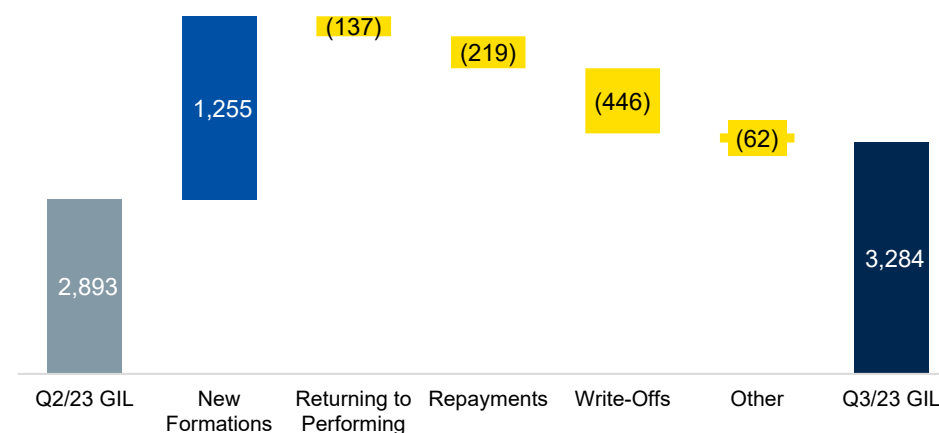
### Wealth Management (including CNB)

- GIL of \$396MM was relatively stable QoQ (-\$8MM). This quarter, new formations were led by the Real Estate and Related, Investments, and Telecom and Media sectors

## New Formations (\$ millions)<sup>(1)</sup>



## Net Formations (\$ millions)



(1) See note 12 on Slide 41.

# Appendices

# Diversified business model: Driving strong value creation through the cycle

## Premium growth in leading Canadian franchises



- #1 or #2** in key Canadian Banking product categories<sup>(1)</sup>
- Largest** retail mutual fund company based on AUM
- #1** HNW & UHNW<sup>(2)</sup> market share
- Largest** Capital Markets franchise

## Deepening client relationships



- 18%** Canadian Banking clients with transaction accounts, investments, borrowing and credit card products<sup>(3)</sup>
- 45%** Canadian HNW<sup>(2)</sup> retail client base has a relationship with both Canadian Banking and Canadian Wealth Management

## Reimagining innovation



## Diversified geographic strategy



- Diversified **City National** revenue
- 6<sup>th</sup> largest** U.S. full-service wealth advisory firm ranked by AUA<sup>(4)</sup>
- 9<sup>th</sup> largest** investment bank by fees globally<sup>(5)</sup>
- RBC Brewin Dolphin**

## Strong balance sheet and disciplined risk management



- 14.1%** CET1 ratio
- 58 bps** ACL to loans ratio
- 134%** Liquidity Coverage Ratio
- Aa1** Legacy senior long-term debt rating from Moody's

## Premium ROE and disciplined expense management



- 16%+** Medium-term ROE objective
- 40%** Canadian Banking efficiency ratio over last 12 months
- 11%** 3-Year BVPS CAGR
- 40-50%** Medium-term dividend payout ratio objective

**Living our Purpose: Helping clients thrive and communities prosper**

(1) Market share is calculated using most current data available from OSFI (M4), Investment Funds Institute of Canada (IFIC) and Canadian Bankers Association (CBA), and is as at June 2023 and April 2023. Market share is of total Chartered Banks. (2) HNW: High Net Worth and UHNW: Ultra High Net Worth. (3) Canadian Financial Monitor by Ipsos – approx. 18,011 Canadian individuals – data based on Financial Group results for the 12-month period ending July 2023. TFSA is considered an investment. (4) Source: U.S. wealth advisory firms quarterly earnings releases (10-Q). (5) Dealogic market share for ECM, DCM, loan syndications, and Advisory (LTM Q3/23).

# Net Interest Income: Average rates and balance sheet

## Interest-Earning Asset Yields <sup>(1)</sup>

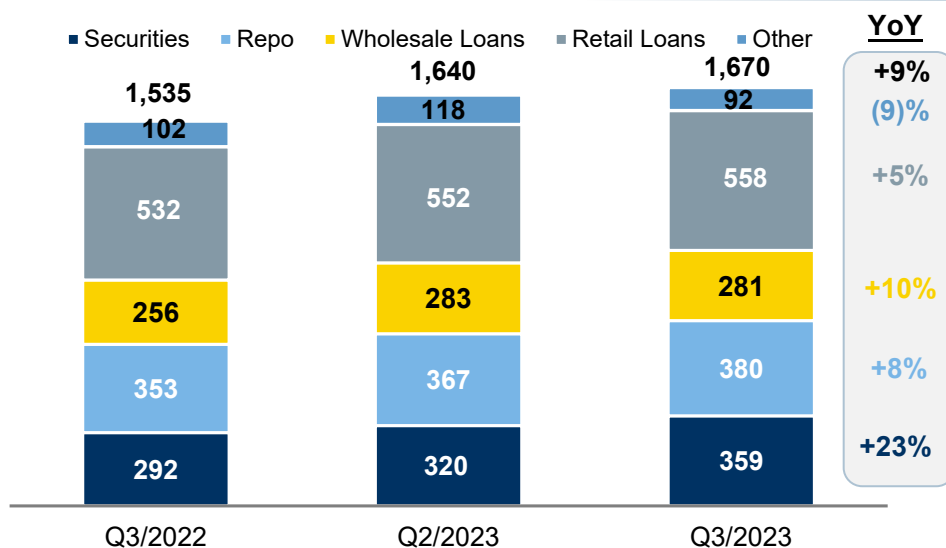
	Q3/2022	Q4/2022	Q1/2023	Q2/2023	Q3/2023
<b>Total earning assets</b>	2.78%	3.69%	4.58%	5.08%	<b>5.42%</b>
Loans	3.42%	4.17%	4.80%	5.13%	<b>5.34%</b>
Securities	2.47%	3.22%	3.67%	4.07%	<b>4.19%</b>
Repo & securities lending <sup>(3)</sup>	1.80%	3.23%	4.85%	5.48%	<b>6.33%</b>

## Interest-Bearing Liability Costs <sup>(2)</sup>

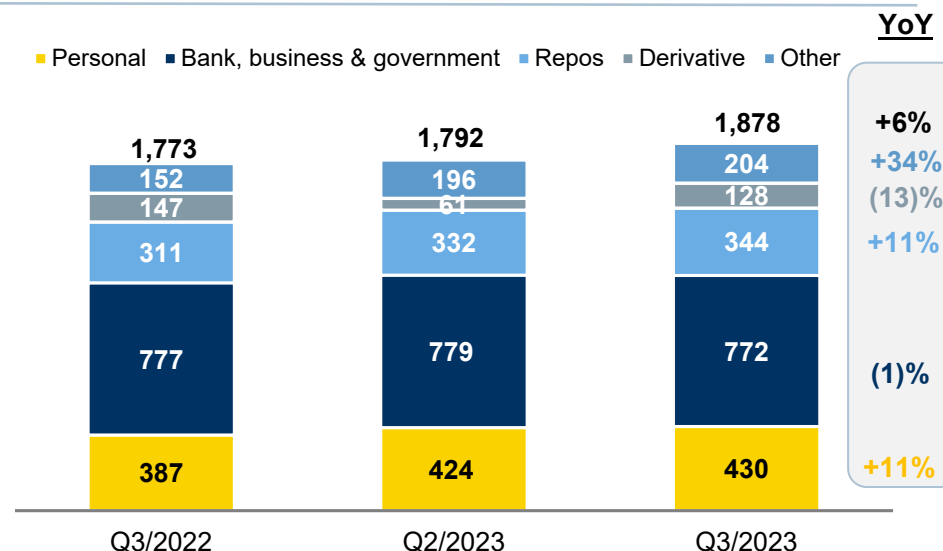
	Q3/2022	Q4/2022	Q1/2022	Q2/2023	Q3/2023
<b>Total Liabilities</b>	1.08%	1.81%	2.64%	3.25%	<b>3.50%</b>
Personal chequing & savings deposits	0.27%	0.58%	0.88%	1.10%	<b>1.22%</b>
Term Deposits & Funding	1.45%	2.40%	3.42%	3.77%	<b>4.07%</b>
Interest cost on repos <sup>(4)</sup>	1.66%	3.18%	4.80%	5.46%	<b>6.43%</b>

- (4) Repo gains in non-interest income is partly offset in interest expense. See slide 26 for repo net yields in the Capital Markets core fixed income repo business.

## Average Earning Assets by Type (\$ billions)



## Average Liabilities by Type (\$ billions)



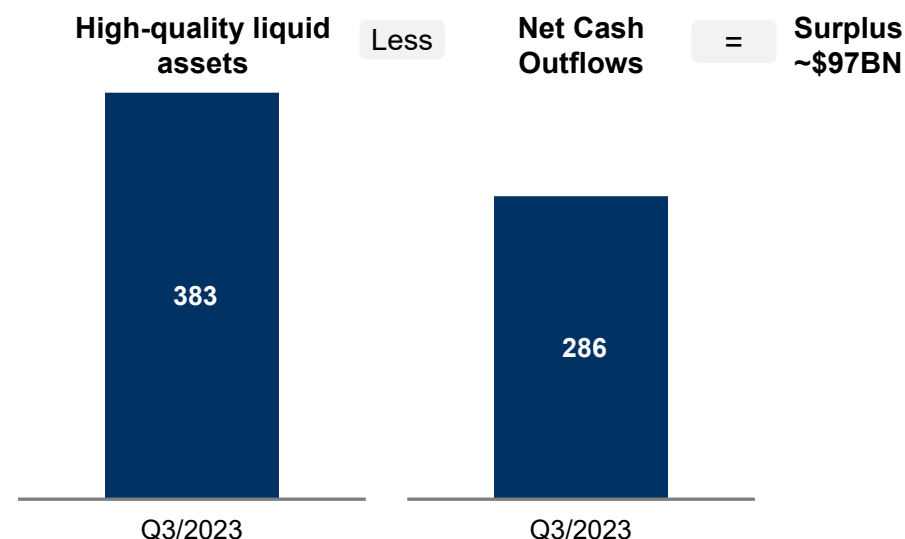
(1) See note 13 on Slide 41. (2) See note 14 on Slide 41. (3) Repos are assets purchased under reverse repurchase agreements and securities borrowed.



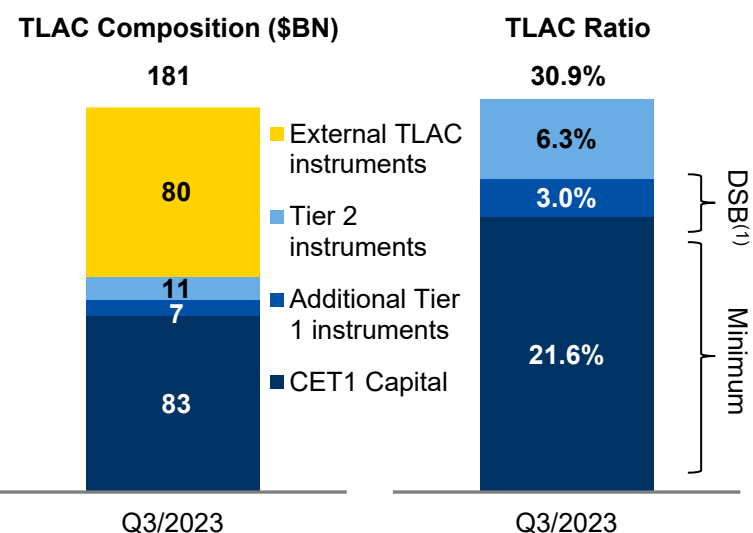
# Funding: Well-diversified

- As at July 31, 2023, relationship-based deposits, which are the primary source of funding for retail and commercial lending, were **\$822 billion or 51% of our total funding** (including short-term repo funding)
- Short and long-term wholesale funding comprises 35% of the total liabilities & capital** in both unsecured and secured formats
- Wholesale funding generally supports capital markets activity
- Wholesale funding is well-diversified across products, currencies, investor segments and geographic regions

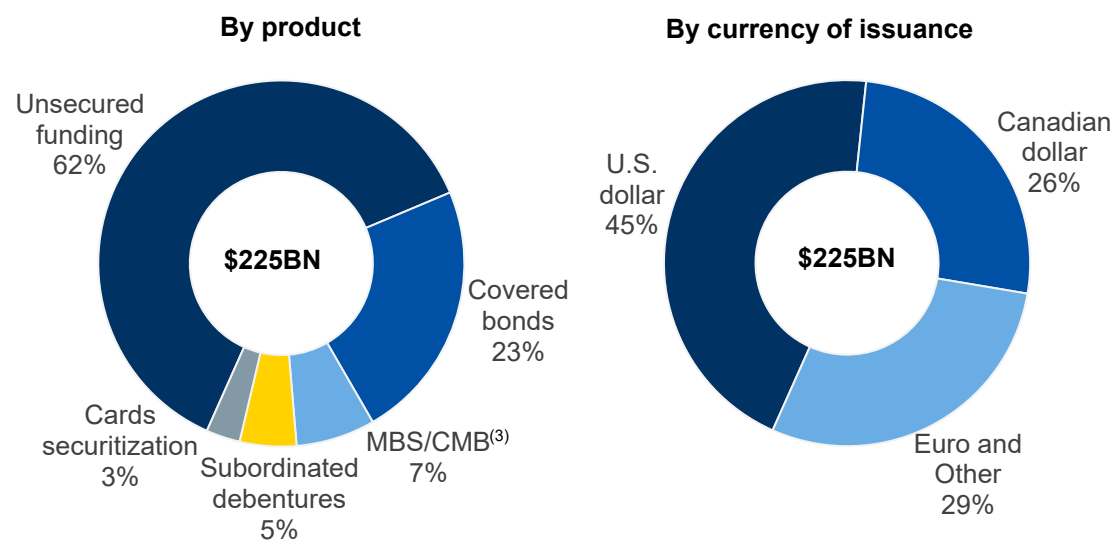
## LCR (total adjusted value, \$BN)



## Total Loss Absorbing Capacity



## Long-term debt <sup>(2)</sup> – funding mix



(1) Domestic Stability Buffer. (2) Includes unsecured and secured long-term funding and subordinated debentures with an original term to maturity greater than 1 year. (3) Mortgage-backed securities and Canada Mortgage Bonds.

# Interest rate sensitivity

All-Bank: Impact of 100 bps change across the curve <sup>(1)</sup>			Impact of 25 bps change <sup>(2)</sup>			
Net interest income (\$MM)	Increase	Decrease	Revenue (\$MM)	Increase in short-term rates <sup>(2)</sup>	Increase across the curve <sup>(2)</sup>	Decrease across the curve <sup>(2)</sup>
Canada	\$441	\$(475)	Canadian Banking	~\$50	~\$115	~\$(115)
U.S.	\$139	\$(173)	U.S. Wealth Management (incl. CNB)	~US\$40	~US\$40	~US\$(65)
Total	\$580	\$(648)				

- Quarter-over-quarter NII sensitivity decreased as a result of a marginal increase in fixed rate assets held within banking books
- Sensitivity for Canada includes segments other than Canadian Banking
- Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions

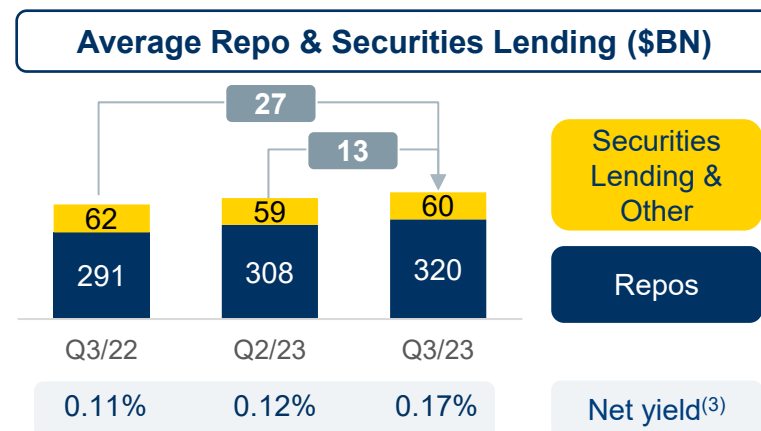
## Inter-connectedness with Non-Interest Income

### Capital Markets

- Repo gains in non-interest income is partly offset in interest expense
- The cost of funding of certain Capital Markets transactions is recorded in interest expense, while related gains are recorded in Other revenue in non-interest income

### Wealth Management (including CNB)

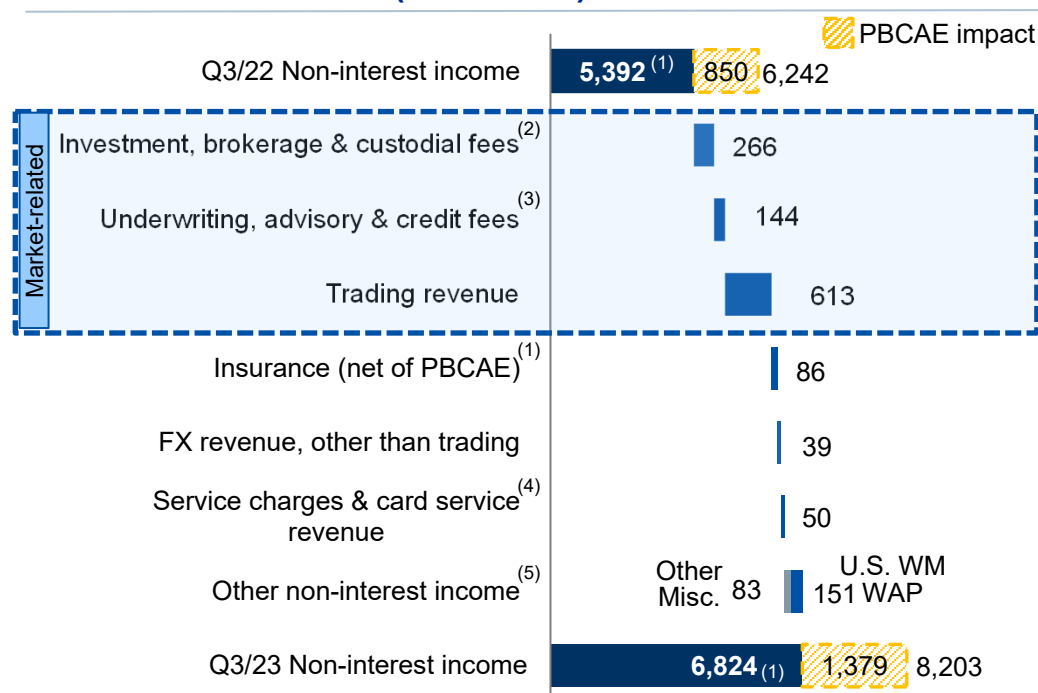
- U.S. Wealth Management sweep revenue is largely recorded in non-interest income
- The benefit of certain hedges is recognized in Other revenue



(1) Represents the 12-month revenue exposure (before-tax) to a 100bps immediate and sustained shift in interest rates. (2) Represents the 12-month revenue exposure (before-tax) to a 25bps immediate and sustained shift in interest rates. (3) Represents balances and net yield in the Capital Markets core fixed income repo business.

# Non-interest income: Broad-based growth across segments

## Non-Interest Income (\$ millions)

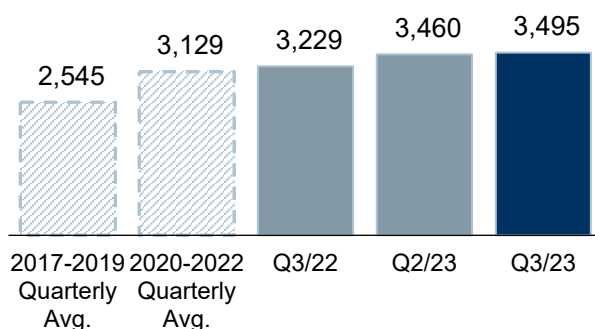


## Q3/2023 Highlights

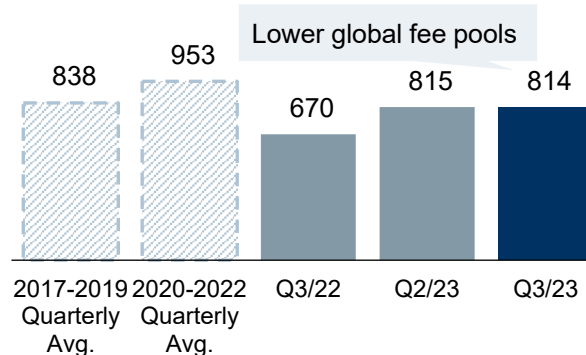
- Non-interest income of \$8.2BN was up 31% from \$6.2BN last year; up 27% net of PBCAE<sup>(1)</sup>
- Higher fixed income trading revenue reflecting strength in credit trading and unfavourable loan underwriting markdowns in the prior period
- Higher underwriting and advisory fees driven by market share gains
- Higher investment management and custodial fees, including benefits from the acquisition of RBC Brewin Dolphin
- Higher service charges and card service revenue due to improved client acquisition and elevated client activity levels
- Other non-interest income:
  - Favourable change in the fair value of hedges related to our U.S. SBC plans in Corporate Support (U.S. WM WAP gains / losses), which was largely offset in expenses (see slide 38)
  - Retrospective impact of HST on payment card clearing services in Canadian Banking

## Market-related revenue

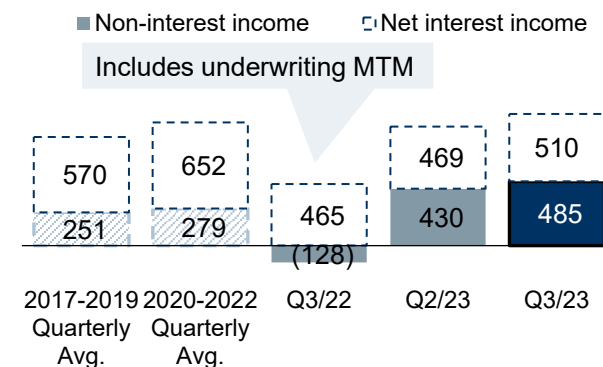
### Investment, brokerage & custodial fees<sup>(2)</sup>



### Underwriting, advisory & credit fees<sup>(3)</sup>



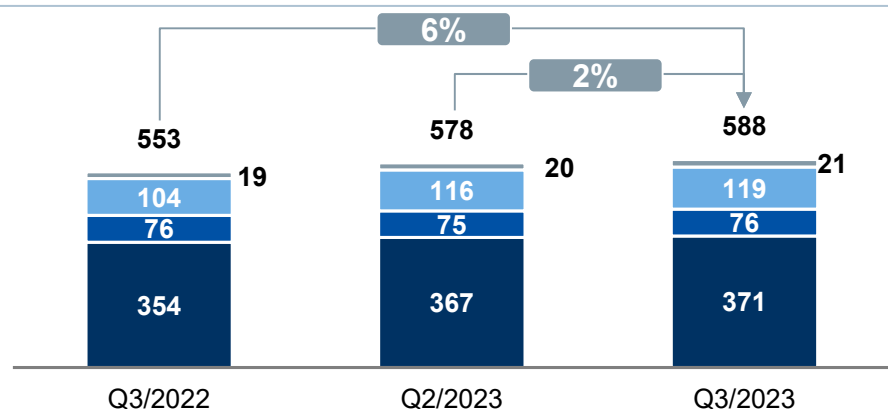
### Trading revenue



(1) This is a non-GAAP measure. See note 3 on Slide 41. (2) Comprised of Investment management & custodial fees, Securities brokerage commissions and Mutual fund revenue. (3) Comprised of Underwriting and other advisory fees and Credit fees. (4) Comprised of Service charges and Card service revenue. (5) See note 15 on Slide 42.

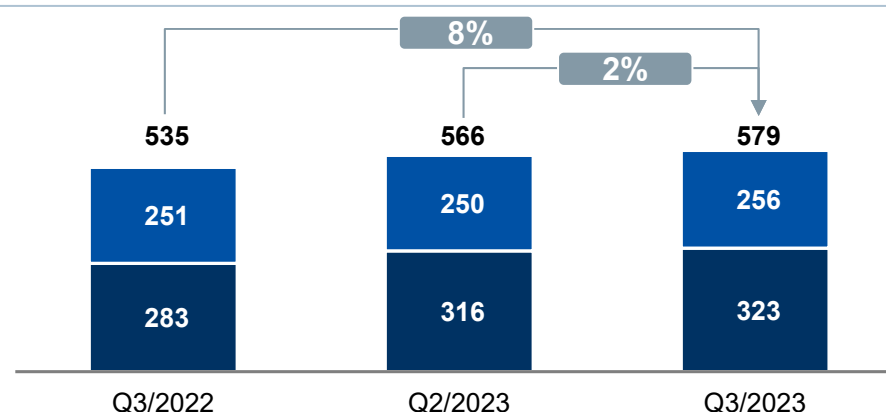
# Canadian Banking: Higher spreads and strong volume growth

## Average Gross Loans & Acceptances (\$ billions)



Percentage Change		YoY		QoQ	
Residential Mortgages		4.9%	RESL <sup>(1)</sup> 4.2%	1.1%	RESL <sup>(1)</sup> 1.0%
HELOC <sup>(2)</sup>		(3.0)%		0.0%	
Other Personal		3.5%		2.8%	
Credit Cards		13.4%		6.0%	
Business (Including Small Business)		14.2%		2.9%	

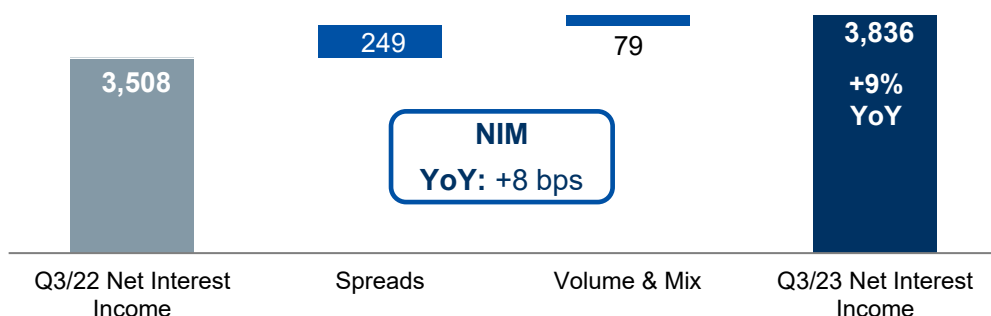
## Average Deposits (\$ billions)



Percentage Change		YoY		QoQ	
Personal Deposits		14.0%		2.2%	
Business Deposits		1.9%		2.3%	

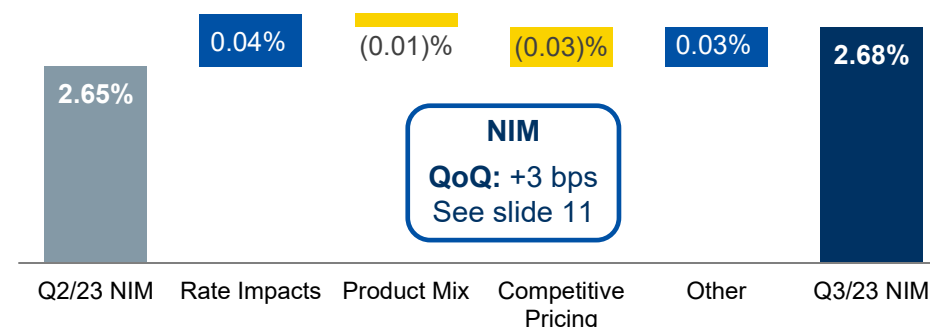
## Canadian Banking Net Interest Income (\$ millions)

### Year-over-Year



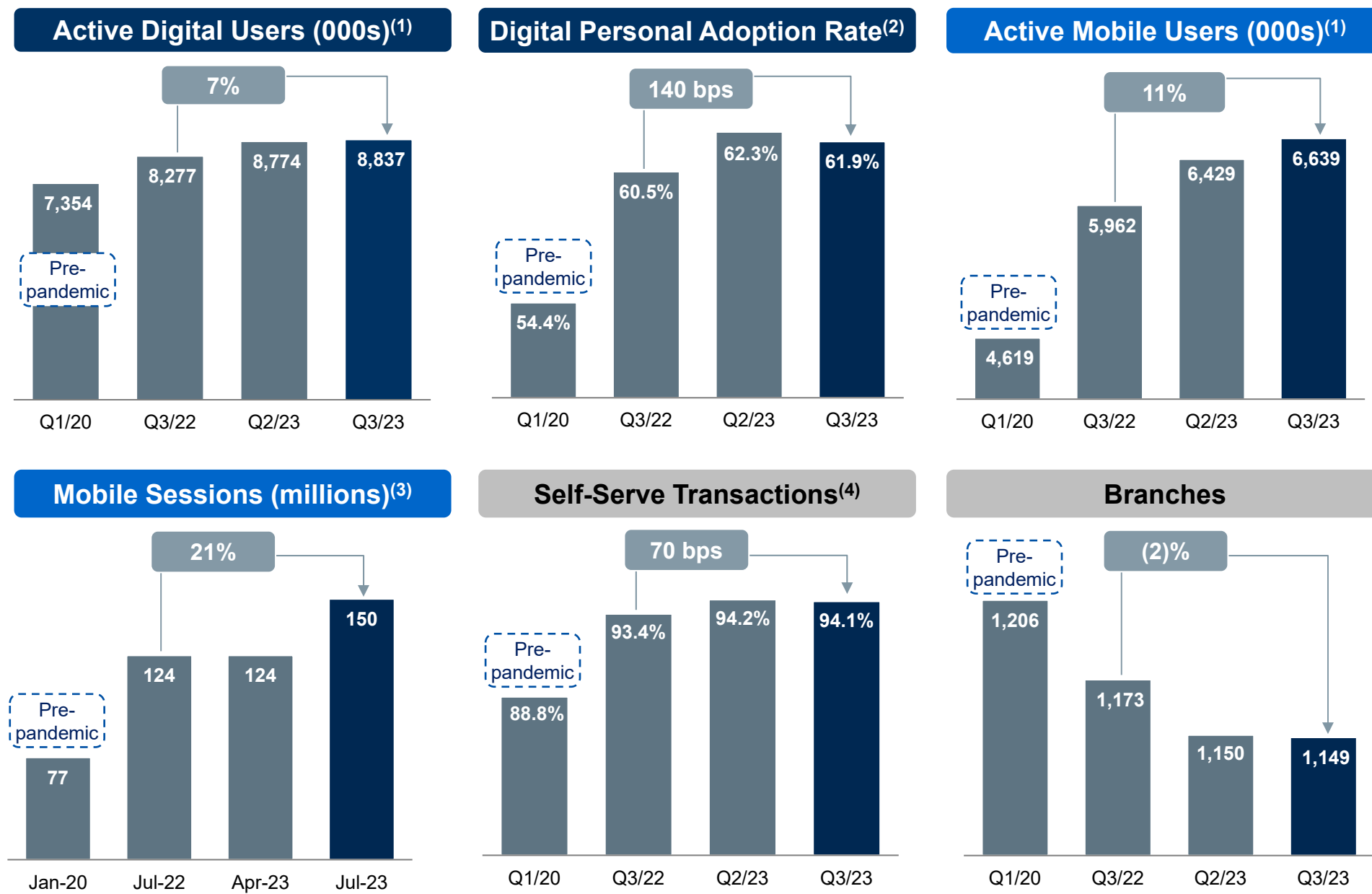
## Canadian Banking NIM on Average Earning Assets<sup>(3)</sup>

### Quarter-over-Quarter



(1) RESL includes residential mortgages and HELOC. (2) Home Equity Line of Credit. (3) Refer to Glossary on slides 43-44 for explanation of composition of this measure.

# Canadian Banking: Our 14MM+ clients continue to adopt our digital channels

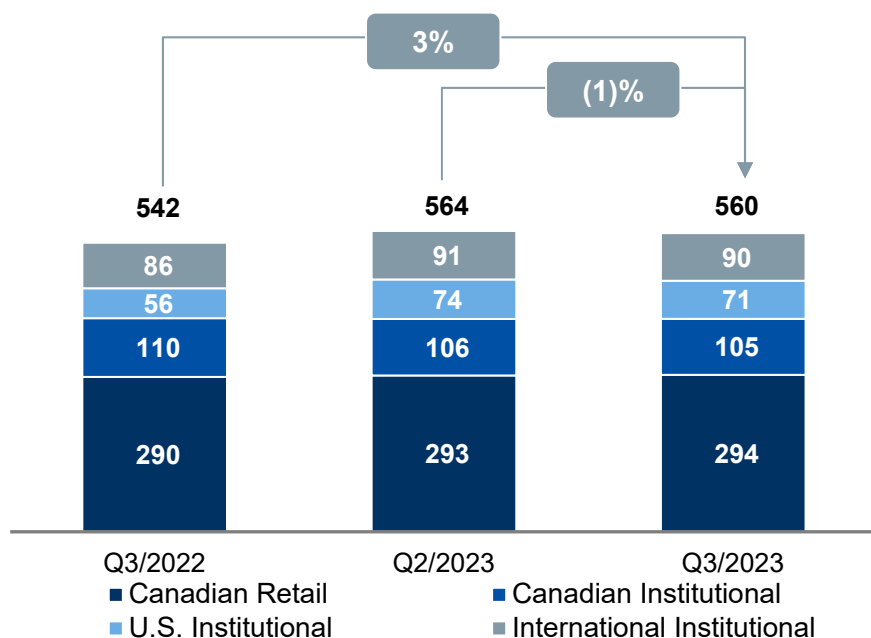


(1) These figures (in 000s) represent the 90-Day Active customers in Canadian Banking only and are spot values. (2) Digital Personal Adoption rate calculated using 90-day digital active personal clients. (3) These figures represent the total number of application logins using a mobile device. (4) Financial transactions only.

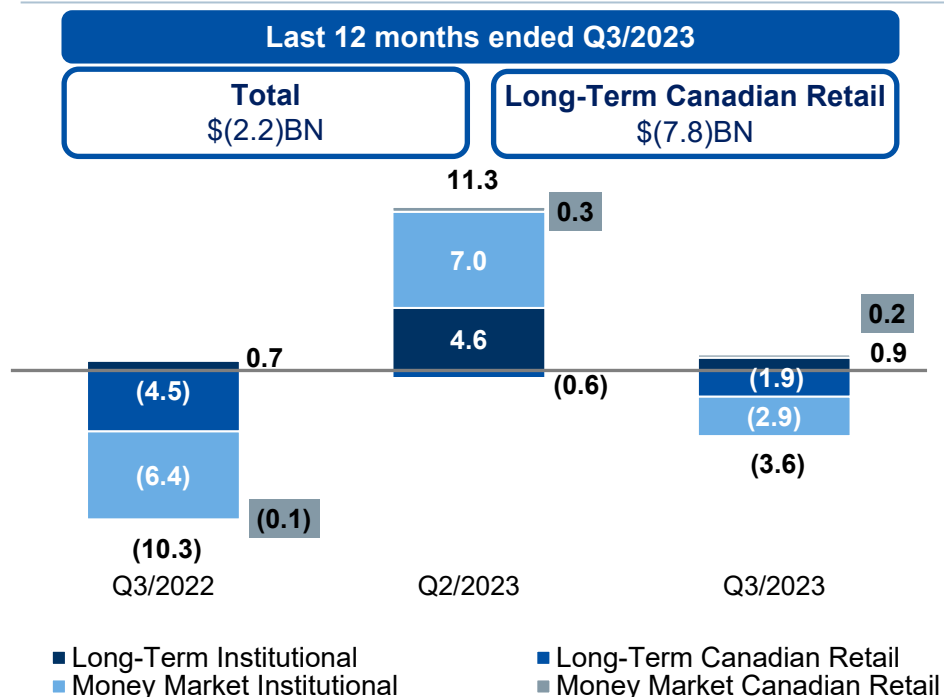
# Wealth Management: RBC GAM net sales impacted by shift to GICs

## RBC Global Asset Management AUM<sup>(1)</sup> (\$ billions)

~85% of AUM outperforming the benchmark on a 3-year basis<sup>(2)</sup>

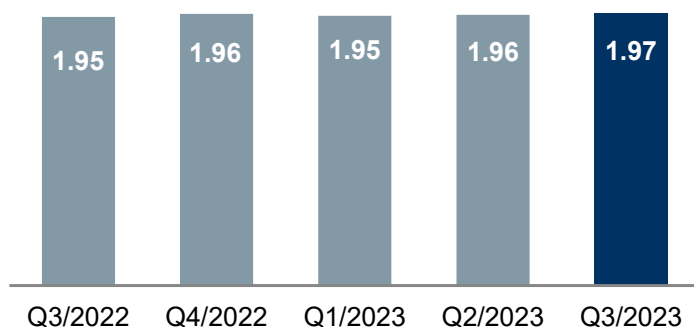


## RBC Global Asset Management Net Sales (\$ billions)

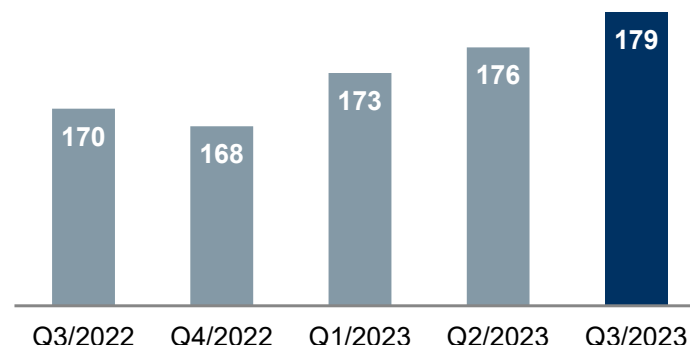


## Wealth Management Canada: Leading Advisor Productivity

### LTM Revenue per Advisor (\$ millions)



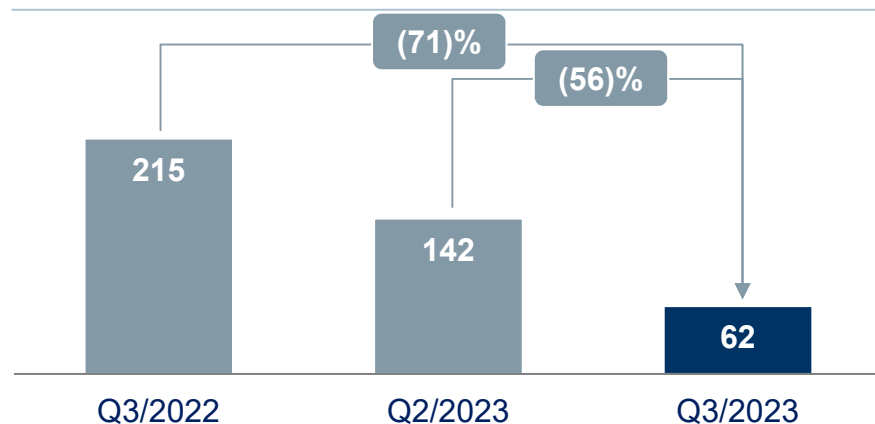
### Fee-based Assets per Advisor (\$ millions)



(1) Spot balances. (2) As at June 2023, gross of fees.

# U.S. Wealth Management (incl. CNB): Volumes offset by NIM pressure and costs

## Net Income (US\$ millions)

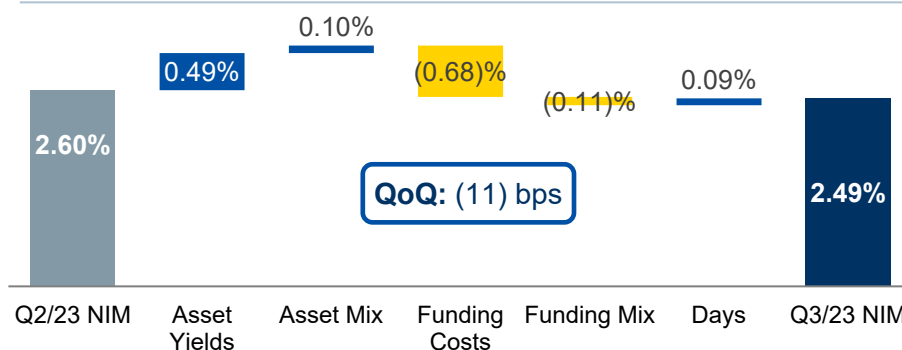


US\$ millions (unless otherwise stated) <sup>(1)</sup>	Q3/2023	YoY	QoQ
<b>Revenue</b>	<b>1,477</b>	<b>0%</b>	<b>0%</b>
Expenses	1,354	14%	4%
<b>Pre-Provision, Pre-Tax Earnings<sup>(2)</sup></b>	<b>123</b>	<b>(57)%</b>	<b>(32)%</b>
Adjusted Pre-Provision, Pre-Tax Earnings <sup>(2)(3)</sup>	158	(50)%	(27)%
Provision For Credit Losses	75	\$65	\$54
<b>Net Income</b>	<b>62</b>	<b>(71)%</b>	<b>(56)%</b>
Adjusted Net Income <sup>(3)</sup>	88	(63)%	(48)%
Assets Under Administration (AUA) \$BN	573	7%	5%
Assets Under Management (AUM) \$BN	186	14%	7%
<b>CNB Net Interest Income<sup>(5)</sup></b>	<b>550</b>	<b>(1)%</b>	<b>(5)%</b>
CNB NIM <sup>(5)</sup>	2.49%	4 bps	(11) bps
CNB Average Wholesale Loans (\$BN)	42.9	10%	2%
CNB Average Retail Loans (\$BN)	24.1	9%	0%
CNB Average Deposits (\$BN)	74.5	(5)%	0%
<b>CNB Net Income</b>	<b>(38)</b>	<b>\$(140)</b>	<b>\$(63)</b>
CNB Adjusted Net Income <sup>(3)</sup>	(12)	\$(140)	\$(63)

## Q3/2023 Highlights (US\$)

- **Net income down 71% YoY**
  - Pre-provision, pre-tax earnings<sup>(2)</sup> down 57% YoY
- **Revenue flat YoY**
  - CNB NIM<sup>(5)</sup> up 4 bps YoY, including benefits from hedging activities this quarter
    - CNB NIM down 11 bps QoQ
  - CNB Deposits down 5% YoY
    - + Deposits were flat QoQ
    - Seeing shift to higher cost interest-bearing deposits
  - + CNB Loans up 10% YoY
    - + CNB Wholesale loans up 10% YoY
    - + CNB Retail loans up 9% YoY
  - + Higher revenue from sweep deposits
- **Expenses up 14% YoY**
  - Continued investments in the operational infrastructure of CNB, including higher professional fees and staff costs
- **Higher PCL YoY (see slides 19 and 20)**

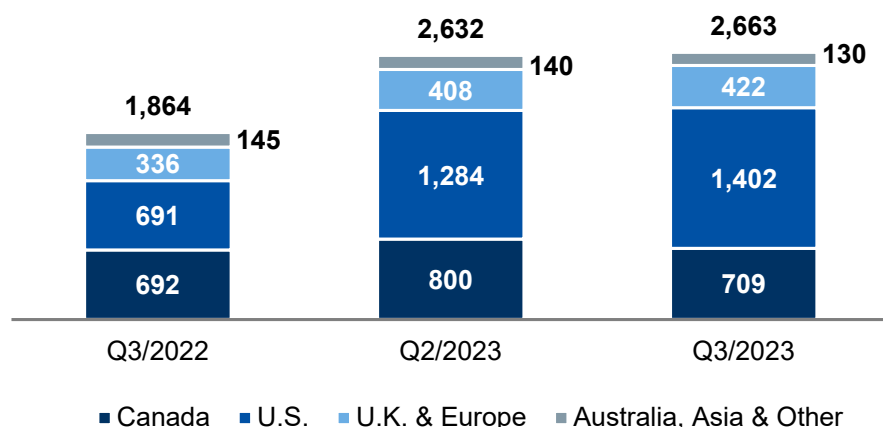
## CNB NIM on Average Earning Assets<sup>(4)(5)</sup>



(1) All balance sheet figures (except for AUA and AUM) represent average balances. (2) This is a non-GAAP measure. See note 2 on Slide 41 for more information. (3) This is a non-GAAP measure. See note 16 on Slide 42 for more information. (4) Refer to Glossary on slides 43-44 for explanation of composition of this measure. (5) CNB NIM has been revised to include the benefit of certain hedges recognized in Other revenue (Q3/23: +US\$42MM or +17 bps; Q2/23: +US\$18MM or +7 bps; Q3/22: US\$(11)MM or (5) bps).

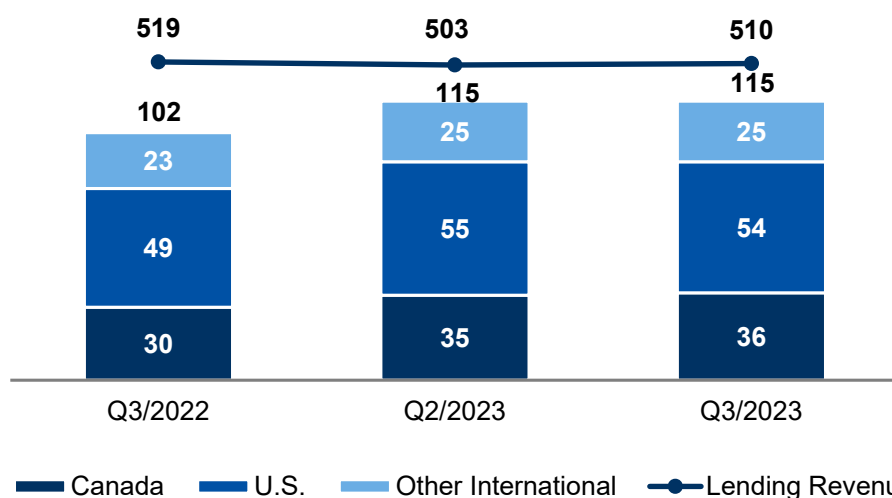
# Capital Markets: Revenue and loan breakdown by geography

## Capital Markets Revenue Breakdown by Geography<sup>(1)</sup> (\$ millions)



- **Canada:** Up YoY, mainly driven by higher fixed income trading and improved margins in Transaction Banking; partially offset by lower equities trading
- **U.S.:** Up YoY, driven by higher fixed income trading, including the impact of loan underwriting markdowns in prior year, as well as higher debt origination, partly offset by lower equities trading
- **U.K. & Europe:** Up YoY, largely due to higher fixed income trading and higher debt origination, as well as improved margins in Transaction Banking; partially offset by lower equities trading
- **Australia, Asia & Other:** Down YoY, driven by lower foreign exchange and equities trading revenue; partially offset by higher fixed income trading revenue

## Capital Markets Lending Revenue (\$ millions) & Average Loans Outstanding by Region<sup>(2)</sup> (\$ billions)



- We continue to deepen relationships with our clients, including financing to support their strategic objectives
- Diversification driven by strict limits on a single name basis, country, industry and product levels across all businesses, portfolios, transactions and products
- Lower lending revenues as higher average loans outstanding are more than offset by margin compression
- 60% of our total Capital Markets exposure<sup>(3)</sup> is investment grade

(1) Certain amounts have been revised from those previously presented to conform to our new basis of segment presentation. For more information, refer to the about Royal Bank of Canada section of our Q3/2023 Report to Shareholders. (2) Average loans outstanding includes wholesale loans, acceptances, and off balance sheet letters of credit and guarantees for our Capital Markets portfolio, on a single name basis. Excludes mortgage investments, securitized mortgages and other non-core items. (3) Total exposure represents exposure at default (EAD) which is the expected gross exposure upon the default of an obligor.



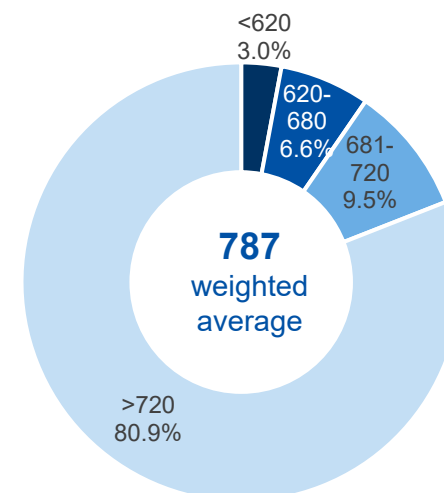
# Canadian Banking: Continuing to see signs of credit normalization

- PCL and GIL ratios were relatively stable QoQ, while delinquency rates continue to increase across most products

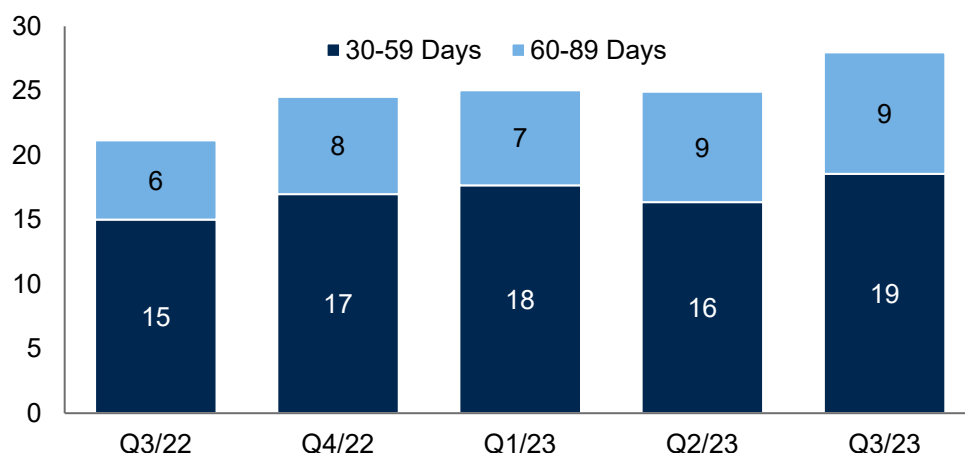
## Canadian Banking (CB) PCL on Impaired Loans and Gross Impaired Loans

	Q3/23 Avg Loan Balances (\$BN)	PCL on Impaired Loans (bps) <sup>(1)</sup>			Gross Impaired Loans (bps)			Avg FICO Score (Q3/23)
		Q3/22	Q2/23	Q3/23	Q3/22	Q2/23	Q3/23	
Residential Mortgages <sup>(2)</sup>	371.2	-	1	2	10	10	11	792
Personal Lending <sup>(6)</sup>	76.2	32	54	57	18	29	28	776
Credit Cards	21.2	185	231	212	68 <sup>(3)</sup>	70 <sup>(3)</sup>	66 <sup>(3)</sup>	742
Small Business	13.2	39	74	70	95	162	175	n.a.
Commercial	105.7	7	23	14	43	49	49	n.a.
<b>Total</b>	<b>587.5</b>	<b>13</b>	<b>22</b>	<b>20</b>	<b>18</b>	<b>23</b>	<b>23</b>	<b>787 <sup>(4)</sup></b>

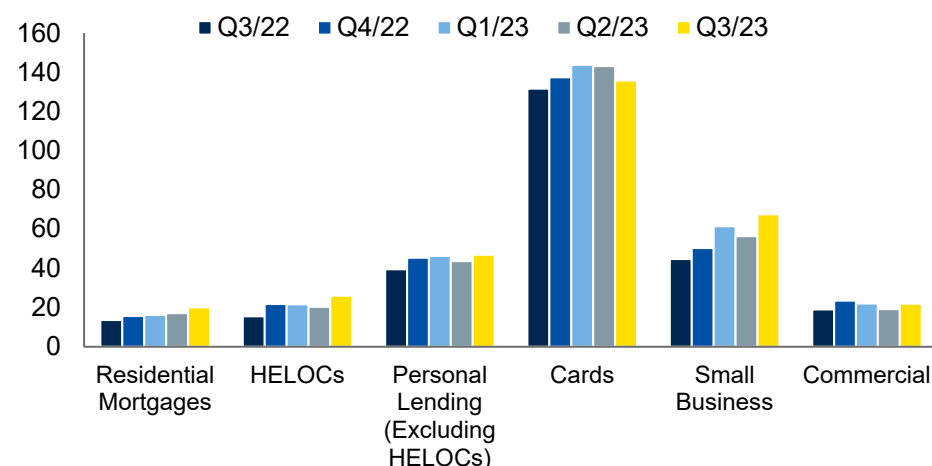
## CB Retail FICO Score Distribution (Q3/23)



## CB Delinquencies by Days Past Due (bps) <sup>(5)</sup>



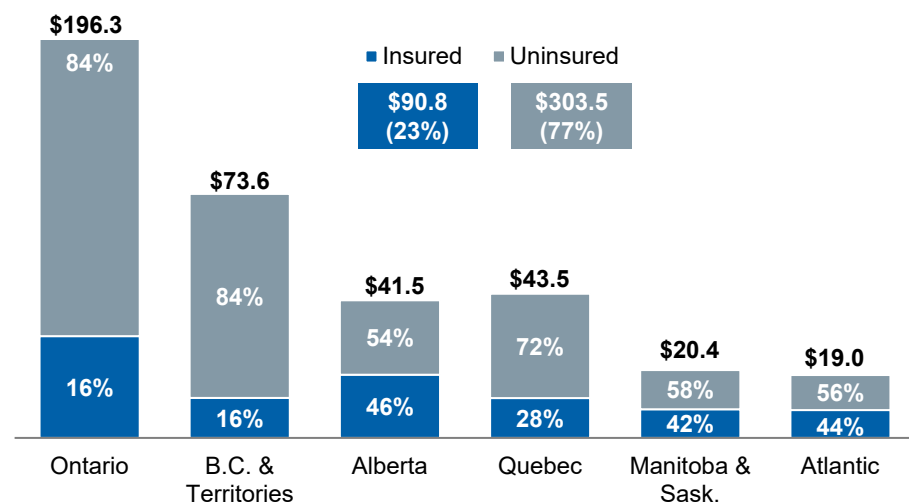
## CB 30-89 Day Delinquencies by Product (bps) <sup>(5)</sup>



(1) See note 17 on Slide 42. (2) Includes \$11.9BN of mortgages on multi-unit residential buildings originated in P&CB Business Banking. (3) Represents 90+ Days Past Due, as there are no GIL balances for Credit Cards. (4) Average FICO is balance weighted for all retail products. (5) See note 18 on Slide 42. (6) Personal Lending includes Indirect Lending, Overdraft, Personal Loans and HELOC.

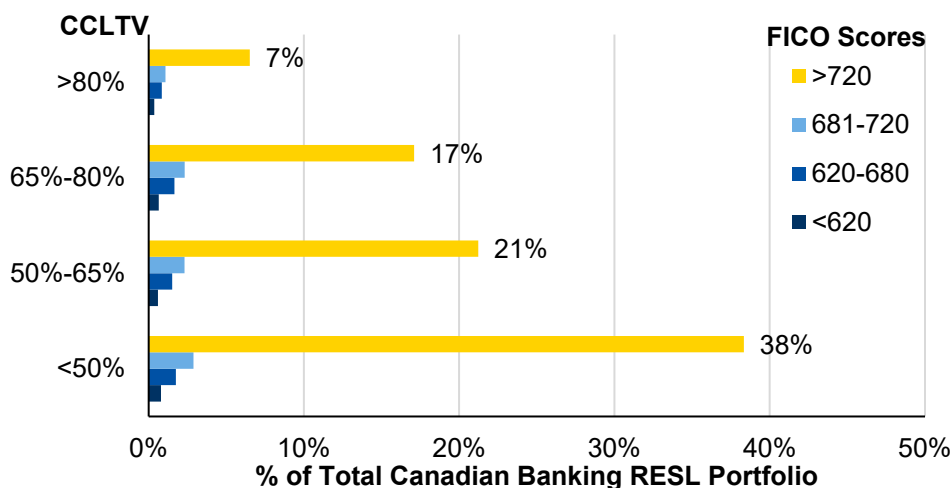
# Canadian residential portfolio: Strong underlying credit quality

## Canadian Residential Mortgage Portfolio<sup>(1)</sup> (\$ billions)



CCLTV – Canadian Banking Residential Lending Portfolio only <sup>(2)</sup>					
50%	48%	56%	52%	54%	53%

## Canadian Banking RESL Portfolio<sup>(2)</sup>



## Canadian Banking RESL Portfolio<sup>(2)</sup>

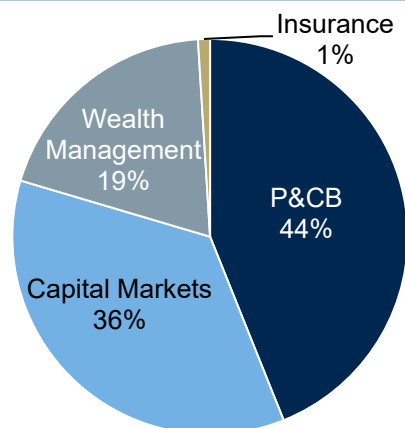
	Total \$398BN	Uninsured \$333BN
<b>Mortgage Balance</b>	<b>\$363BN</b>	<b>\$298BN</b>
HELOC Balance	\$35BN	\$35BN
<b>LTV at Origination</b>	<b>71%</b>	<b>69%</b>
<b>CCLTV</b>	<b>51%</b>	<b>50%</b>
GVA	48%	48%
GTA	50%	50%
<b>Average FICO Score</b>	<b>802</b>	<b>806</b>
FICO > 800	52%	53%
CCLTV > 80% & FICO < 680	1.21%	0.57%
<b>90+ Days Past Due<sup>(3)</sup></b>	<b>13 bps</b>	<b>11 bps</b>
GVA	10 bps	10 bps
GTA	10 bps	10 bps
<b>Average Duration</b>		
Remaining Mortgage Amortization <sup>(4)</sup>	<b>24 years</b>	<b>26 years</b>
Original Term <sup>(5)</sup>	39 months	38 months
Remaining Term	28 months	28 months
<b>Portfolio Mix</b>		
Variable Rate Mortgage	29%	32%
Fixed Rate Mortgage	71%	68%
Owner Occupied	86%	84%
Non-Owner Occupied	14%	16%
Detached	73%	73%
Condo	12%	12%

(1) See note 19 on Slide 42. (2) Real estate secured lending includes residential mortgages and HELOCs. See note 20 on Slide 42. (3) The 90+ day past due rate includes all accounts that are either 90 days or more past due or are in impaired status. (4) Excluding interest only mortgages. (5) Original term for booking during the quarter.

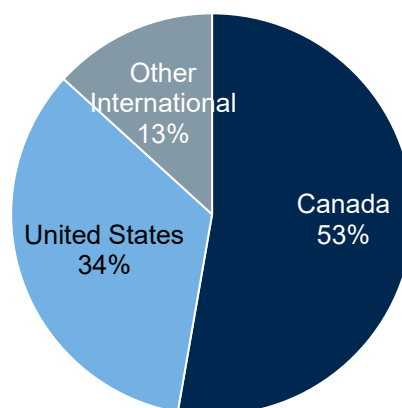
# Commercial Real Estate (CRE): Well-diversified portfolio

- CRE exposure of \$82.4 billion at Q3/2023 accounts for 9.6% of total Loans and Acceptances
- The portfolio was originated with sound lending standards, and remains well-diversified by geography, business and property type

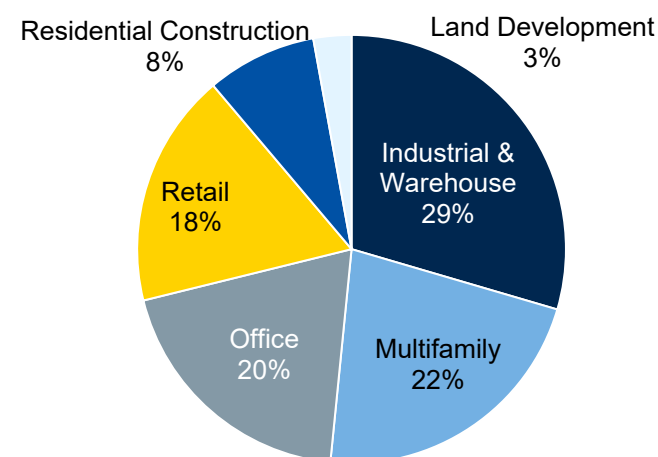
## Exposure by Business Segment



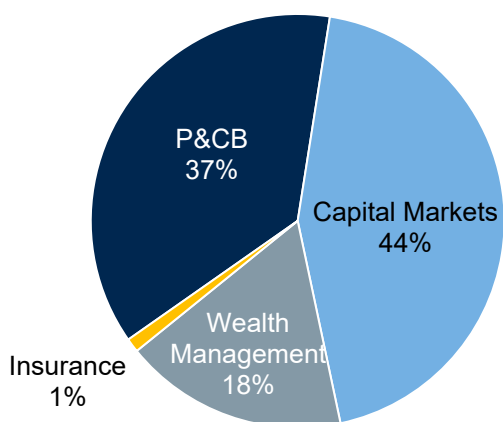
## Exposure by Geography



## Exposure by Property Type



## Spotlight on Office Property Exposure (1.9% of total L&A)



### Capital Markets

0.8% of total L&A

- Primarily Class A properties backed by strong financial sponsors
- Geographically diverse (52% U.S.; 21% Canada; 27% Other International)

### P&CB

0.7% of total L&A

- Primarily smaller suburban properties
- Average loan size: P&CB ~\$5MM; CNB <\$10MM
- Loans typically benefit from amortization and additional recourse outside of the asset (e.g., guarantees or other collateral)
- Late-stage delinquency rates are generally in-line with the broader portfolios

### Wealth Management

0.3% of total L&A

# Allowance for Credit Losses: Prudently reserved

## Allocation of ACL by Product as a % of Loans & Acceptances

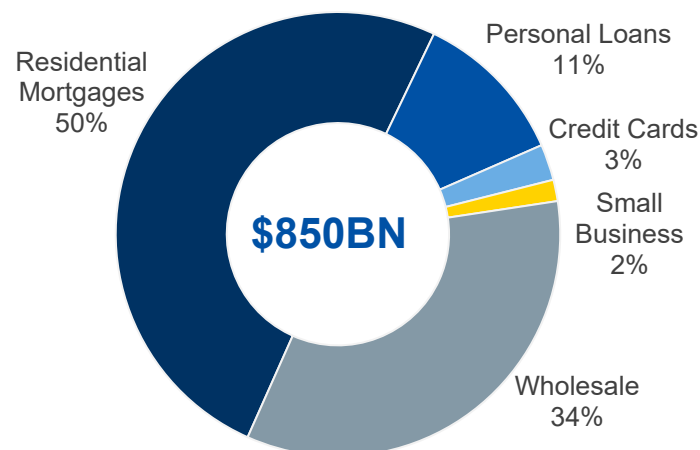
	Pre-Pandemic Q1/20		Q3/22		Q2/23		Q3/23	
Product	Stage 1 & 2	Total	Stage 1 & 2	Total	Stage 1 & 2	Total	Stage 1 & 2	Total
Residential mortgages <sup>(1)</sup>	0.07%	0.12%	0.07%	0.10%	0.08%	0.11%	0.07%	0.11%
Other Retail	1.46%	1.61%	1.48%	1.57%	1.68%	1.82%	1.68%	1.82%
Personal	0.87%	1.03%	0.94%	1.03%	1.09%	1.21%	1.07%	1.20%
Credit cards	4.35%	4.35%	4.28%	4.28%	4.57%	4.57%	4.56%	4.56%
Small business	0.73%	1.19%	1.20%	1.51%	1.23%	1.76%	1.20%	1.77%
Retail <sup>(1)</sup>	0.44%	0.52%	0.41%	0.45%	0.46%	0.51%	0.45%	0.51%
Wholesale	0.36%	0.58%	0.43%	0.59%	0.46%	0.66%	0.50%	0.72%
Total ACL	0.42%	0.53%	0.42%	0.49%	0.46%	0.56%	0.47%	0.58%

## Loans & Acceptances by Product<sup>(2)</sup>

**Loan Growth**  
(Q1/20 to Q3/23, \$BN)



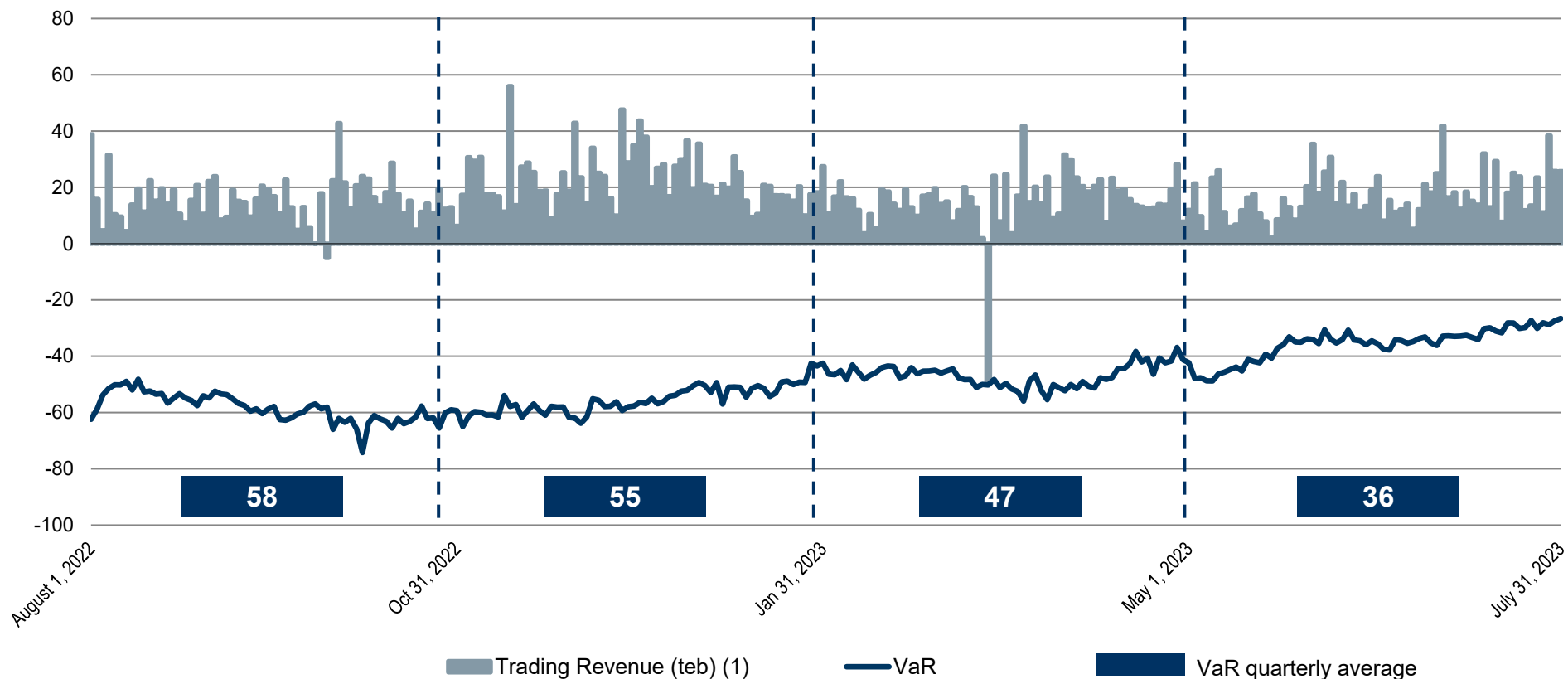
**Q3/23 Loan Mix**



(1) See note 21 on Slide 42. (2) Excludes loans not subject to impairment (loans held at FVTPL).

## Market risk: Trading revenue and VaR

(\$ millions)



- During the quarter, there were no days with net trading losses
- Average VaR continued to decline this quarter. This was driven by exposure changes in both our loan underwriting commitments and equity derivatives portfolio

(1) Trading revenue (teb) in the chart above excludes the impact of loan underwriting commitments.

## Share-based compensation (SBC): Market volatility leads to swings in SBC

	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Share-based compensation	286	134	100	97	47	17	68	3	270	132	243
U.S. WM WAP expense (gains)/losses	157	124	59	42	(71)	(122)	(15)	(81)	100	19	118
<b>Net share-based compensation</b>	<b>129</b>	<b>10</b>	<b>41</b>	<b>55</b>	<b>118</b>	<b>139</b>	<b>83</b>	<b>84</b>	<b>170</b>	<b>113</b>	<b>125</b>
<div>SBC (incl. U.S. WM WAP) had a +\$175MM impact on YoY expense growth</div>											
<div>Includes Q1 impact of eligible to retire expense</div>											
U.S. WM WAP revenue gains/(losses)	168	134	51	41	(89)	(154)	(22)	(98)	121	11	129
U.S. WM WAP expense (gains)/losses	157	124	59	42	(71)	(122)	(15)	(81)	100	19	118
<b>Pre-Provision, Pre-Tax Earnings Impact <sup>(1)</sup></b>	<b>11</b>	<b>10</b>	<b>(8)</b>	<b>(1)</b>	<b>(18)</b>	<b>(32)</b>	<b>(7)</b>	<b>(17)</b>	<b>21</b>	<b>(8)</b>	<b>11</b>
<div>U.S. WM WAP revenue drove a +\$151MM benefit to YoY revenue growth</div>											

### Associated market indicators driving gains (losses) value of economic hedges:

#### QoQ Price Change

RY Shares (TSE)	11.1%	13.3%	7.6%	2.1%	12.5%	(10.5)%	(3.8)%	1.0%	8.0%	(1.2)%	(2.8)%
RY Shares (NYSE)	15.5%	18.0%	6.0%	2.8%	9.6%	(11.4)%	(3.5)%	(5.2)%	10.7%	(3.0)%	(0.2)%
S&P 500 Index	13.6%	12.6%	5.1%	4.8%	(2.0)%	(8.5)%	- %	(6.3)%	5.3%	2.3%	10.1%

- **Share-based compensation includes** compensation cost attributable to stock options and cash-settled share-based compensation awards, including the Wealth Accumulation Plans, granted to employees during the year
- **Wealth Accumulation Plan (WAP) revenue** includes gains (losses) on economic hedges of our U.S. Wealth Management (including City National) share-based compensation plans
- **Wealth Accumulation Plan (WAP) expense** is a share-based compensation expense that includes related variability driven by changes in the fair value of liabilities relating to these plans

(1) This is a non-GAAP measure. See note 2 on Slide 41 for more information

# Impact of foreign currency translation

## Estimated impact of foreign currency translation on key income statement items

(Millions of Canadian dollars, except per share amounts)	For the three months ended	
	Q3/23 vs. Q3/22	Q3/23 vs. Q2/23
<b>Increase (decrease):</b>		
Total revenue	277	(84)
Non-interest expense	187	(52)
<b>PPPT Earnings</b>	<b>90</b>	<b>(32)</b>
PCL	10	(6)
<b>Net income Before Tax</b>	<b>80</b>	<b>(26)</b>
Income taxes	(3)	0
<b>Net income</b>	<b>83</b>	<b>(26)</b>
<b>Impact on EPS</b>		
Basic	0.06	(0.02)
Diluted	0.06	(0.02)

## Relevant average exchange rates that impact our business

(Average foreign currency equivalent of C\$1.00) <sup>(1)</sup>	For the three months ended			YoY	QoQ
	Q3/22	Q2/23	Q3/23		
U.S. dollar	0.783	0.737	0.750	(4.2)%	1.8%
British pound	0.636	0.599	0.592	(6.9)%	(1.2)%
Euro	0.747	0.681	0.690	(7.6)%	1.3%

## Foreign exchange rate (U.S. dollar equivalent of C\$1.00) <sup>(2)</sup>



(1) Average amounts are calculated using month-end spot rates for the period. (2) Bloomberg.

## Items impacting results

2023 (\$ millions, except for EPS)	Specified Item	Segments	Before-Tax	After-Tax	Diluted EPS
<b>Q3/2023</b>					
Retrospective impact of HST on payment card clearing services, which were announced in the Government of Canada's 2023 budget	No	Personal & Commercial Banking	\$(66)	\$(62)	\$(0.04)
Gain on the partial sale of RBC Investor Services operations	No	Wealth Management	\$69	\$77	\$0.06
HSBC Canada transaction and integration costs	Yes	Corporate Support	\$(110)	\$(84)	\$(0.06)
<b>Q2/2023</b>					
HSBC Canada transaction and integration costs	Yes	Corporate Support	\$(56)	\$(43)	\$(0.03)
<b>Q1/2023</b>					
Canada Recovery Dividend (CRD) and the permanent increase in the corporate income tax rate applicable to fiscal 2022 net of deferred tax adjustments	Yes	Corporate Support	\$(1,050)	\$(1,050)	\$(0.76)
HSBC Canada transaction and integration costs	Yes	Corporate Support	\$(11)	\$(8)	\$(0.01)
<b>2022 (\$ millions, except for EPS)</b>					
<b>Q2/2022</b>					
Gains on the sale of certain non-core affiliates	No	Wealth Management	\$84	\$58	\$0.04
<b>Q1/2022</b>					
Partial release of \$116MM (\$96MM after-tax) legal provision taken in U.S. Wealth Management (including City National) in Q4/21	No	Wealth Management	\$80	\$69	\$0.05



## Additional Notes (slides 4 to 24)

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### Slide 4

1. Net Income and EPS is adjusted for (i) after-tax effect of amortization of other intangibles (Q3/23: \$61MM; Q2/23: \$66MM; Q3/22: \$46MM), (ii) HSBC Canada transaction and integration costs (Q3/23: \$84MM; Q2/23: \$43MM; Q3/22: \$nil). Adjusted pre-provision, pre-tax earnings adjusts for (i) pre-tax effect of amortization of other intangibles (Q3/23: \$81MM; Q3/22: \$62MM), (ii) HSBC Canada transaction and integration costs (Q3/23: \$110MM; Q3/22: \$nil). This is a non-GAAP measure. For reconciliation, see slides 45-47. For more information, see slide 48.
2. Pre-provision, pre-tax earnings is calculated as income before income taxes and PCL. This is a non-GAAP measure. For reconciliation, see slides 45-47. For more information, see slide 48.
3. All-bank and Insurance revenue and non-interest income net of PBCAE (Q3/23: \$1,379MM; Q3/22: \$850MM). These are non-GAAP measures. For reconciliation, see slides 45-47. For more information, see slide 48.
4. Non-interest expense YoY growth excluding impact of HSBC Canada integration costs. These are non-GAAP measures. For reconciliation, see slides 45-47. For more information, see slide 48.
5. Non-interest expense YoY growth excluding the impact of HSBC Canada integration costs, Brewin Dolphin, FX and Share Based Compensation. These are non-GAAP measures. For reconciliation, see slides 45-47. For more information, see slide 48.
6. PCL on loans ratio is calculated using PCL on loans as a percentage of average net loans and acceptances.

### Slide 8

7. Net interest income (ex-trading) is calculated as net interest income less trading net interest income.
8. Revenue and non-interest income net of U.S. Wealth Accumulation Plans (WAP) gains/(losses), which was \$129MM in Q3/23, \$11MM in Q2/23 and \$(22)MM in Q3/22. This is a non-GAAP measure. For reconciliation, see slides 45-47. For more information, see slide 48.
9. Effective tax rate adjusted for TEB (Q3/23: \$113MM; Q2/23: \$213MM; Q3/22: \$143MM). This is a non-GAAP measure. For reconciliation, see slides 45-47. For more information, see slide 48.

### Slide 10

10. NIM (ex-Trading Assets, Trading net interest income and Insurance Assets) on total average earning assets is calculated as net interest income ex trading divided by total average assets less trading assets and insurance assets.

### Slide 12

11. Other non-interest expenses include YoY change in non-interest expense from the following line items: Telecommunications, Postage and courier, Stationery and printing, Business and capital taxes, Donations, Outsourced item processing, Impairment of other intangibles, Impairment of investments in joint ventures and associates and Other.

### Slide 21

12. New formations for collectively assessed portfolios in Canadian Banking and Caribbean Banking are net of amounts returned to performing, repayments, sales, FX, and other movements, as amounts are not reasonably determinable.

### Slide 24

13. Loan yield is calculated as interest income on loans as a percentage of average total net loans. Total earning asset yield is calculated as interest income on assets as a percentage of average total earning assets. Securities yield is calculated as interest and dividend income on securities as a percentage of average securities, net of applicable allowance. Repo & securities lending yield is calculated as interest and dividend income on repo & securities lending as a percentage of average repo & securities lending balances, net of applicable allowance. These metrics do not have a standardized meaning and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 48.
14. Total deposit costs is calculated as interest expense on deposits and other as a percentage of average deposits. Term-deposit costs is calculated as interest expense on term-deposits as a percentage of average term-deposits. Personal chequing & savings deposit costs is calculated as interest expense on personal chequing & savings deposits as a percentage of average personal chequing & savings deposits. Interest cost on repos is calculated as interest expense on repos as a percentage of average repo liabilities. These metrics do not have a standardized meaning and may not be comparable to similar measures disclosed by other financial institutions. For more information, see slide 48.

## Additional Notes (slides 27 to 36)

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### Slide 27

15. Comprised of Net gain on investment securities, Share of profit (loss) in joint ventures and associates and Other, including U.S. WM WAP gains/(losses).

### Slide 31

16. Adjusted net income and adjusted pre-provision, pre-tax earnings for every quarter excludes CNB's amortization of intangibles, which was US\$26MM/ C\$35MM after-tax (US\$35MM/ C\$48MM before-tax) in Q3/2023, US\$26MM/ C\$35MM after-tax (US\$35MM/ C\$47MM before-tax) in Q2/2023, and US\$26MM/ C\$33MM after-tax (US\$35MM/ C\$45MM before-tax) in Q3/2022. This is a non-GAAP measure. For reconciliation, see slides 45-47. For more information, see slide 48.

### Slide 33

17. Calculated using average loans and acceptances, net of allowance.
18. Includes restrained accounts, where loans 30-59 days past due resulting from administrative processes, such as mortgage loans, where payments have been restricted pending payout due to sale or refinancing.

### Slide 34

19. Canadian residential mortgage portfolio of \$394BN comprised of \$363BN of residential mortgages in Canadian Banking, \$3BN in other Canadian business platforms, \$12BN of mortgages with commercial clients (\$9BN insured) and \$17BN of residential mortgages in Capital Markets held for securitization purposes (all insured).
20. Based on \$363BN in residential mortgages with non-commercial clients and \$35BN in HELOC in Canadian Banking. Based on spot balances. Weighted by mortgage balances and adjusted for property values based on the Teranet-National Bank National *House Price Index*†.

### Slide 36

21. Excludes any loans held at FVTPL, which are not subject to impairment: Residential mortgages (Q3/23: \$472MM; Q2/23: \$470MM; Q3/22: \$340MM; Q1/20: \$534MM); Wholesale (Q3/23: \$8.9MM; Q2/23: \$9.0BN; Q3/22: \$10.9MM; Q1/20: \$10.7BN).

# Glossary (1/2)

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## **Assets under administration (AUA):**

- Assets administered by us, which are beneficially owned by clients. Services provided in respect of assets under administration are of an administrative nature, including safekeeping, collecting investment income, settling purchase and sale transactions, and record keeping.

## **Assets under management (AUM):**

- Assets managed by us, which are beneficially owned by clients. Services provided in respect of assets under management include the selection of investments and the provision of investment advice. We have assets under management that are also administered by us and included in assets under administration.

## **Average balances (assets, loans and acceptances, deposits, risk capital etc.):**

- Calculated using methods intended to approximate the average of the daily balances for the period, as applicable.

## **Average earning assets, net:**

- Average earning assets include interest-bearing deposits with other banks, securities, net of applicable allowance, assets purchased under reverse repurchase agreements and securities borrowed, loans, net of allowance, cash collateral and margin deposits. Insurance assets, and all other assets not specified are excluded. The averages are based on the daily balances for the period.

## **Book value per share (BVPS):**

- Calculated as common equity divided by the number of common shares outstanding at the end of the period.

## **Common equity tier 1 (CET1) ratio:**

- A risk-based capital measure calculated as CET1 capital divided by risk-weighted assets. CET1 capital is a regulatory Basel III capital measure comprised mainly of common shareholders' equity less regulatory deductions and adjustments for goodwill and intangibles, defined benefit pension fund assets, shortfall in allowances and other specified items.

## **Dividend payout ratio:**

- Common dividends as a percentage of net income available to common shareholders.

## **Efficiency ratio:**

- Non-interest expense divided by total revenue.

## **Leverage ratio:**

- A Basel III regulatory measure, the ratio divides Tier 1 capital by the sum of total assets plus specified off-balance sheet items. Tier 1 capital comprises predominantly of CET1 capital, with additional Tier 1 items such as preferred shares, limited recourse capital notes and non-controlling interests in subsidiaries Tier 1 instruments.

## **Liquidity coverage ratio (LCR):**

- The Liquidity Coverage Ratio is a Basel III metric designed to ensure banks hold a sufficient reserve of high-quality liquidity assets to allow them to service a period of significant liquidity stress lasting 30 calendar days.

## **Loan-to-Deposit Ratio:**

- Average Canadian Banking loans as a percentage of average Canadian Banking deposits.

# Glossary (2/2)

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## **Net interest margin (NIM):**

- Calculated as net interest income divided by average earning assets, net.

## **Net stable funding ratio (NSFR):**

- The Net Stable Funding Ratio is a Basel III metric defined as the amount of available stable funding relative to the amount of requested stable funding. The ratio should be at least equal to 100% on an ongoing basis.

## **Net yield:**

- Net yield is calculated as total repo revenue as a percentage of average reverse repo balances.

## **Operating leverage:**

- The difference between our revenue growth rate and non-interest expense growth rate.

## **Reported diluted earnings per share (EPS):**

- Calculated as net income available to common shareholders divided by the average number of shares outstanding adjusted for the dilutive effects of stock options and other convertible securities.

## **Return on common equity (ROE):**

- Net income available to common shareholders, expressed as a percentage of average common equity.

## **Risk-weighted assets (RWA):**

- Assets adjusted by a regulatory risk-weight factor to reflect the riskiness of on and off balance sheet exposures. Certain assets are not risk-weighted, but deducted from capital. The calculation is defined by guidelines issued by OSFI.

## **Total loss absorbing capacity (TLAC); TLAC ratio:**

- The aggregate of Tier 1 capital, Tier 2 capital, and external TLAC instruments, which allow conversion in whole or in part into common shares under the Canada Deposit Insurance Corporation Act and meet all of the eligibility criteria under the guideline. The risk-based TLAC ratio is defined as TLAC divided by total risk-weighted assets.

## **Total payout ratio:**

- Total shareholder distributions (common dividends + share repurchases) as a percentage of net income available to common shareholders.

## **Total shareholder distribution:**

- Calculated as the total dollar value of common dividends plus total shares repurchased.

## **Total shareholder return (TSR):**

- TSR is a concept used to compare the performance of our common shares over a period of time, reflecting share price appreciation and dividends paid to common shareholders.

## **Trading net interest income (Trading NII):**

- Trading net interest income reflects net interest income arising from trading-related positions, including assets and liabilities that are classified or designated at fair value through profit or loss (FVTPL).

## Reconciliation for non-GAAP financial measures (1/3)

<b>Calculation of Adjusted Net Income and Diluted EPS</b>			
<b>\$ millions (unless otherwise stated)</b>	<b>Q3/22</b>	<b>Q2/23</b>	<b>Q3/23</b>
<b>Net income</b>	<b>3,577</b>	<b>3,649</b>	<b>3,872</b>
Less: Non-controlling interests (NCI)	(2)	(1)	(2)
Less: Dividends on preferred shares and distributions on other equity instruments	(58)	(67)	(58)
<b>Net income available to common shareholders</b>	<b>3,517</b>	<b>3,581</b>	<b>3,812</b>
<b>Adjusting items impacting net income (before tax)</b>			
Amortization of other intangibles (A)	62	82	81
HSBC Canada transaction and integration costs (B)	-	56	110
<b>Income taxes for adjusting items impacting net income</b>			
Amortization of other intangibles (C)	(16)	(16)	(20)
HSBC Canada transaction and integration costs (D)	-	(13)	(26)
Canada Recovery Dividend (CRD) and other tax related adjustments (E)	-	-	-
<b>Adjusted net income</b>	<b>3,623</b>	<b>3,758</b>	<b>4,017</b>
<b>Adjusted net income available to common shareholders</b>	<b>3,563</b>	<b>3,690</b>	<b>3,957</b>
<b>Adjusted diluted EPS</b>	<b>\$ 2.55</b>	<b>\$ 2.65</b>	<b>\$ 2.84</b>
Common shares outstanding (000s) - average (diluted)	1,398,667	1,390,149	1,394,939

<b>Calculation of Effective Tax Rate (teb)</b>			
<b>\$ millions (unless otherwise stated)</b>	<b>Q3/22</b>	<b>Q2/23</b>	<b>Q3/23</b>
<b>Income taxes</b>			
Income taxes	979	771	761
Income taxes for adjusting items impacting net income (noted above: C+D+E)	16	29	46
<b>Adjusted income taxes</b>	<b>995</b>	<b>800</b>	<b>807</b>
<b>Income taxes (teb)</b>			
Income taxes	979	771	761
Taxable equivalent basis (teb) adjustment	143	213	113
<b>Income taxes (teb)</b>	<b>1,122</b>	<b>984</b>	<b>874</b>
Income taxes for adjusting items impacting net income (noted above: C+D+E)	16	29	46
<b>Adjusted income taxes (teb)</b>	<b>1,138</b>	<b>1,013</b>	<b>920</b>
<b>Net income before taxes (teb)</b>			
Net income before taxes	4,556	4,420	4,633
Taxable equivalent basis (teb) adjustment	143	213	113
<b>Net income before taxes (teb)</b>	<b>4,699</b>	<b>4,633</b>	<b>4,746</b>
Adjusting items impacting net income (before tax) (noted above: A+B)	62	138	191
<b>Adjusted net income before taxes</b>	<b>4,618</b>	<b>4,558</b>	<b>4,824</b>
<b>Adjusted net income before taxes (teb)</b>	<b>4,761</b>	<b>4,771</b>	<b>4,937</b>
<b>Effective tax rate</b>	<b>21.5%</b>	<b>17.4%</b>	<b>16.4%</b>
<b>Adjusted effective tax rate</b>	<b>21.5%</b>	<b>17.6%</b>	<b>16.7%</b>
<b>Effective tax rate (teb)</b>	<b>23.9%</b>	<b>21.2%</b>	<b>18.4%</b>
<b>Adjusted effective tax rate (teb)</b>	<b>23.9%</b>	<b>21.2%</b>	<b>18.6%</b>

## Reconciliation for non-GAAP financial measures (2/3)

Calculation of PPPT			
\$ millions (unless otherwise stated)	Q3/22	Q2/23	Q3/23
<u>All-Bank</u>			
Net income	3,577	3,649	3,872
Income taxes	979	771	761
Provision for credit losses	340	600	616
PPPT	4,896	5,020	5,249
<u>Canadian Banking</u>			
Net income	1,971	1,825	2,043
Income taxes	695	695	798
Provision for credit losses	331	431	308
PPPT	2,997	2,951	3,149
<u>Wealth Management</u>			
Net income	821	742	674
Income taxes	258	207	144
Provision for credit losses	14	28	102
PPPT	1,093	977	920
<u>Insurance</u>			
Net income	186	139	227
Income taxes	58	43	77
Provision for credit losses	-	-	-
PPPT	244	182	304
<u>Capital Markets</u>			
Net income	599	939	938
Income taxes	77	33	(104)
Provision for credit losses	2	150	209
PPPT	678	1,122	1,043

Calculation of Adjusted PPPT			
\$ millions (unless otherwise stated)	Q3/22	Q2/23	Q3/23
<u>All-Bank</u>			
PPPT	4,896	5,020	5,249
Add: Amortization of other intangibles	62	82	81
Add: HSBC Canada transaction and integration costs	-	56	110
Adjusted net income	4,958	5,158	5,440

Calculation of PPPT			
\$ millions (unless otherwise stated)	Q3/22	Q2/23	Q3/23
<u>U.S. Wealth Management (incl. City National) (US\$)</u>			
Net income	215	142	62
Income taxes	58	17	(14)
Provision for credit losses	10	21	75
PPPT	283	180	123

Calculation of Adjusted PPPT			
\$ millions (unless otherwise stated)	Q3/22	Q2/23	Q3/23
<u>U.S. Wealth Management (incl. City National) (US\$)</u>			
PPPT	283	180	123
Add: CNB's amortization of intangibles	35	35	35
Adjusted PPPT	318	215	158

Calculation of Adjusted Net Income			
\$ millions (unless otherwise stated)	Q3/22	Q2/23	Q3/23
<u>U.S. Wealth Management (incl. City National) (US\$)</u>			
Net income	215	142	62
Add: CNB's amortization of intangibles	26	26	26
Adjusted net income	241	168	88
<u>City National (US\$)</u>			
Net Income	102	25	(38)
Add: CNB's amortization of intangibles	26	26	26
Adjusted net income	128	51	(12)

## Reconciliation for non-GAAP financial measures (3/3)

<b>Calculation of Revenue Net of Insurance PBCAE</b>			
<b>\$ millions (unless otherwise stated)</b>	<b>Q3/22</b>	<b>Q2/23</b>	<b>Q3/23</b>
<u>All-Bank</u>			
Revenue	12,132	13,520	14,489
Less: Insurance PBCAE	850	1,006	1,379
Revenue net of Insurance PBCAE	11,282	12,514	13,110
<u>Insurance</u>			
Revenue	1,233	1,347	1,848
Less: Insurance PBCAE	850	1,006	1,379
Revenue net of Insurance PBCAE	383	341	469

<b>Calculation of Non-Interest Income Net of Insurance PBCAE &amp; Excl. U.S. WM WAP</b>			
<b>\$ millions (unless otherwise stated)</b>	<b>Q3/22</b>	<b>Q2/23</b>	<b>Q3/23</b>
Non-Interest Income	6,242	7,421	8,203
Less: Insurance PBCAE	850	1,006	1,379
Non-Interest Income net of Insurance PBCAE	5,392	6,415	6,824
Less: U.S. WM WAP	(22)	11	129
Non-Interest Income net of Insurance PBCAE & Excl. WAP	5,414	6,404	6,695

<b>Calculation of NIE excl. HSBC Canada, RBC Brewin Dolphin, FX and SBC impact</b>			
<b>\$ millions (unless otherwise stated)</b>	<b>Q3/22</b>	<b>Q3/23</b>	<b>YoY Change</b>
Expenses	6,386	7,861	1,475
Less: HSBC Canada transaction and integration costs impact			110
Less: RBC Brewin Dolphin, FX and SBC impact			529
Change in NIE excl. HSBC Canada, RBC Brewin Dolphin, FX and SBC impact			836

<b>Calculation of Adjusted Dividend Payout Ratio</b>	
	<b>Q3/23</b>
Common dividends	1,885
Adjusted net income available to common shareholders	3,957
<b>Adjusted dividend payout ratio</b>	<b>48%</b>

## Note to users

We use a variety of financial measures to evaluate our performance. In addition to generally accepted accounting principles (GAAP) prescribed measures, we use certain key performance and non-GAAP measures we believe provide useful information to investors regarding our financial condition and result of operations:

- Measures which exclude the amount of amortization of intangibles (excluding amortization of software), any goodwill impairment, and other significant items that may impact a given period enhances comparability as transaction specific intangible assets and/or goodwill can differ widely between organizations, and impairments and other significant items can give rise to volatility in a particular period.
- Measures which exclude insurance PBCAE, U.S. WM WAP gains/(losses) and the impact of FX, HSBC Canada transaction and integration costs, share-based compensation and Brewin Dolphin expenses enhance comparability as these excluded items can lead to volatility that could obscure trends in underlying business performance and reduce comparability with prior periods.
- Pre-provision, pre-tax earnings is used to assess our ability to generate sustained earnings growth outside of credit losses, which are impacted by the cyclical nature of the credit cycle.
- TEB adjusted amounts are useful to illustrate the impact of tax-advantaged revenue sources in our Capital Markets business on our effective tax rate.

Readers are cautioned that key performance measures, such as ROE and non-GAAP measures, including adjusted net income, adjusted diluted earnings per share, pre-provision, pre-tax earnings, adjusted pre-provision and pre-tax earnings, revenue and non-interest income net of PBCAE, revenue and non-interest income net of U.S. WM WAP gains/losses, TEB adjusted measures, loan yields, total deposit costs, and revenue, non-interest income and non-interest expense excluding various items, do not have any standardized meanings prescribed by GAAP, and therefore are unlikely to be comparable to similar measures disclosed by other financial institutions.

Additional information about key performance and non-GAAP measures can be found under the “Key performance and non-GAAP measures” sections of our Q3 2023 Report to Shareholders and 2022 Annual Report.

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