



## ROYAL BANK OF CANADA THIRD QUARTER RESULTS CONFERENCE CALL THURSDAY, AUGUST 24, 2023

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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 these speakers' notes from the August 24, 2023, analyst conference call (the speakers' notes), in other filings with Canadian regulators or the SEC, in reports to shareholders, and in other communications. Forward-looking statements in these speakers' notes include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, expected cost containment measures and impact thereof, funding structure, net interest income, provisions for credit losses, operating leverage, expectations with respect to our CET1 ratio, cost pressures in the U.S. banking environment, credit trends in Canadian Banking, mortgage growth, loan growth, talent, margin, the expected closing of the transaction involving HSBC Bank Canada, the implementation of IFRS 17 *Insurance Contracts* and the *Fundamental Review of the Trading Book*, and the regulatory environment in which we operate. The forward-looking information contained in these speakers' notes 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.

## **ASIM IMRAN, VICE PRESIDENT, HEAD OF INVESTOR RELATIONS**

Thank you, and good morning everyone.

Speaking today will be: Dave McKay, President and Chief Executive Officer, Nadine Ahn, Chief Financial Officer, and, Graeme Hepworth, Chief Risk Officer. Also joining us today for your questions: Neil McLaughlin, Group Head, Personal & Commercial Banking, Doug Guzman, Group Head, Wealth Management and Insurance and Derek Neldner, Group Head, Capital Markets. As noted on slide 1, our comments may contain forward-looking statements, which involve assumptions, and have inherent risks and uncertainties. Actual results could differ materially. I would also remind listeners that the bank assesses its performance on a reported and adjusted basis and considers both to be useful in assessing underlying business performance. To give everyone a chance to ask questions, we ask that you limit your questions and then re-queue. With that, I'll turn it over to Dave.

## **DAVE MCKAY, PRESIDENT & CHIEF EXECUTIVE OFFICER**

Good morning everyone, and thank you for joining us. Before we begin, I want to acknowledge the tragic events in the Northwest Territories, B.C. and Hawaii with the ongoing wildfires. Our care and concern is with all those in these areas and we are supporting community relief efforts and are here to help affected clients and employees.

Moving now to our results. Today we reported third quarter earnings of \$3.9 billion, or adjusted earnings of \$4 billion, up 11 percent from last year. Pre-provision, pre-tax earnings were up 7 percent year-over-year. Revenue grew 19 percent to \$14.5 billion as our performance yet again demonstrated the strength of our diversified business model, which produced revenue growth across our businesses. Personal & Commercial Banking revenue increased 7 percent from last year. Capital Markets had another strong quarter with over \$1 billion in pre-provision, pre-tax earnings, gaining share across Global Markets and

Investment Banking amidst declining fee pools. Wealth Management revenue were up 10 percent from last year, and Insurance revenue, net of PBCAE, was up 22 percent year-over-year. Expenses were up 23 percent year-over-year, largely due to acquisition-related costs, FX and share-based compensation. Excluding these items and growth in variable compensation, expenses were up 9 percent. We also added a further \$120 million of PCL on Performing Loans this quarter. We remain well-provisioned for a softer economic outlook. We ended the quarter with a CET1 ratio of over 14 percent while maintaining a diversified funding profile. Our strong balance sheet and premium ROE are important elements of our value creation model.

Before I provide updates on our growth and cost strategies, I will speak to what remains a complex and challenging environment from a macro, operating, and regulatory perspective. On the macro front, consumer spending remains resilient. At the same time, it appears the magnitude of interest rate hikes is having its intended effect of reigning in persistently elevated inflation. The increase in the price of goods and services has slowed to 2 and 4 percent, respectively. While immigration levels and labour markets also remain strong, we are seeing signs of slowing labour markets as evidenced by slowing wage growth, lower job postings, and an increase in Canadian unemployment. Consequently, our base case forecasts a softer economic outlook. We expect slowing growth and lower inflation due to the lagging impact of monetary policy combined with a slowdown in China, and elevated climate and geopolitical risks. The length of time central banks will have to be in a hold pattern before decreasing interest rates will be a key determinant of the impact on consumers and businesses and the economy.

We are operating in a structurally uncertain macro backdrop. Furthermore, the operating environment is changing at a faster pace than we've seen for over a decade, especially in the U.S. banking sector. U.S. banks are facing increasing regulatory and funding requirements, which are exacerbated by quantitative tightening and other actions, taking liquidity out of the U.S. banking system. Nearly \$2 trillion sits in the Federal Reserve's overnight reverse repurchase facility, including a significant increase in usage by money market funds. A higher cost of doing business is reducing profitability for U.S. regional banks, led by higher funding costs and pressure to reduce lending capacity to protect capital and liquidity. City National is not immune to these factors, with both loan growth and profitability being impacted by the higher cost of attracting deposits and continued investments in its operational infrastructure. While we expect these cost pressures to continue for City National, we expect to derive future benefits from its asset-sensitive balance sheet. Furthermore, we are well-positioned to benefit from our diversified U.S. business mix, including our top-10 Capital Markets and Wealth Management platforms, which generated over 90 percent of U.S. PPPT earnings over the last 12 months. Given the current operating and economic backdrop, I will now speak to the actions we are taking to optimize structural efficiencies to support our strategy of creating long-term value.

While we have a strong foundation to do so, we have not been satisfied with our recent operating leverage, and so we have heightened our focus on expense control. We have acted by slowing discretionary spend, prioritizing investments, and moderating hiring to benefit from natural attrition. Our actions to-date have resulted in a 1 percent reduction in FTE, excluding the partial sale of RBC Investor Services and summer students. We expect to further reduce FTE by approximately 1 to 2 percent next quarter through attrition and targeted reductions. We will continue to monitor the changing landscape and are ready to accelerate further tactical actions as deemed appropriate. In addition, we are also maintaining our discipline around capital allocation, as highlighted by the partial sale of RBC Investor Services. We remain focused on driving the bank forward, including the planned acquisition of HSBC Canada. The transaction, once approved and closed, is expected to drive attractive financial returns, while positioning RBC as the bank of choice for newcomers and commercial clients with international needs. We are also investing to create even more value, including leveraging our leading Borealis AI institute to expand our capabilities in artificial intelligence. We are expanding in-market use cases in credit adjudication, cybersecurity, client offers and through our Aiden trading platform.

I will now speak to key growth drivers across our segments, starting with Canadian Banking, our largest business. We had our best-ever quarter for new-to-RBC client acquisition with record volumes from newcomers and new partnerships, including ICICI Bank Canada. Personal deposits were up 14 percent from last year. Our stable, low-cost, low-beta deposit franchise allows us to efficiently fund our loan growth. Our attractive funding structure is also expected to provide a relatively smooth revenue stream, which Nadine will speak to shortly. We continued to see a shift in deposit mix towards term products as new and existing clients continue to value our higher-yielding offerings. We also continued to enhance

our franchise by expanding our offerings and partnerships, an important part of our client-centric model. We are excited to be the official financial services partner of the 2024 Taylor Swift Eras Tour in Canada. Earlier this quarter, we launched our new loyalty partnership with Metro in Quebec while also opening our innovative ShopPlus platform in Avion Rewards to all Canadians. Many of our Canadian Banking clients are members of our internationally recognized, award-winning program, and we expect to grow this membership base by 50 percent in the next 3 to 5 years. On to mortgage growth, which moderated to 5 percent from last year, and we expect industry origination activity to continue along this trend. We remain focused on the trade-offs between spreads and new mortgage originations as intense pricing competition is limiting expansion in asset betas. We will remain disciplined to ensure new originations continue to meet internal hurdles of economic value. Business loan growth remained strong, up 14 percent from last year as we continue to see balanced growth, including solid growth in Agriculture and Supply Chain sectors. With inventory levels remaining below pre-pandemic levels, there is a continued runway for growth.

Moving to our global, diversified wealth and asset management franchises, which are key contributors to our premium return on equity. Starting with Canadian Wealth Management. Assets Under Administration were up 7 percent from last year, increasing to a record level of approximately \$550 billion. On slide 30, we provide new disclosures on our leading advisor productivity, which remains significantly higher than peer averages. U.S. Wealth Management AUA was up 7 percent from last year to a record level of approximately US\$575 billion. We also added over 20 new advisors this quarter, a key source of growth. RBC Global Asset Management AUM increased 3 percent from last year despite unusual conditions where market outperformance was heavily weighted towards a narrow band of U.S. technology stocks. Our clients chose us as a trusted advisor, largely due to our performance and investment expertise. Nearly 85 percent of our AUM have outperformed the benchmark on a 3-year basis, a challenging period for markets. Furthermore, we are confident that our leading money-in franchise is well positioned for any client-driven reversal of GIC inflows back to investment products. We added to our alternative product suite this quarter by launching the RBC Global Infrastructure Fund, which exceeded commitment targets.

Capital Markets had a strong quarter as we benefited from the growing strength of our diverse business model. While industry-wide fee pools remained muted, our businesses showed continued momentum and delivered market share gains to drive outperformance. Our cross-platform teams are building on their valued position as trusted advisors to our clients across geographies and products. In Corporate banking and Investment Banking, we continue to advance the globalization of our business and deepen our sector and product coverage of our franchise. These investments are reflected in our participation in key mandates across diversified industry groups, translating into a move to 9th in global league tables on a year-to-date basis, up from 10th last year. Going forward, we are seeing increased client conversations and the build-up of a healthy pipeline. In Global Markets, we also delivered strong market share gains across several core products and focus areas for accelerated growth. Our strong market share in the Spread business worked well for us this quarter. Furthermore, investments we have made in our Macro business have also positioned us well to support our clients. We are pleased that the strategic investments in talent and technology, and the changes we have made to our organizational structure, are producing results.

In conclusion, our investments in our people, technology, products, and services continue to create more value for our clients and are driving strong volume growth and client activity across our businesses. We also remain committed to delivering more value for our shareholders by efficiently allocating investments and capital within our stated risk appetite.

Nadine, over to you.

#### **NADINE AHN, CHIEF FINANCIAL OFFICER**

Thanks Dave, and good morning everyone.

Starting on slide 8. We reported Earnings Per Share of \$2.73 this quarter. Adjusted diluted EPS of \$2.84 was up 11 percent from last year, as broad-based revenue growth was partly offset by higher expenses and increases in PCL on impaired loans off of low levels a year ago. Before focusing on more detailed drivers of our earnings, I will highlight the continued strength of our balance sheet.



Starting with our strong capital ratios on slide 9. Our CET1 ratio improved to 14.1 percent, up 40 basis points from last quarter, mainly reflecting net internal capital generation, share issuances under the DRIP and the impact of the partial sale of RBC Investor Services. Looking ahead, we do not expect there to be a material impact from the implementation of the *Fundamental Review of the Trading Book* or IFRS17 in fiscal Q1 / 2024. We continue to expect that our CET1 ratio will remain above 12 percent following the close of the planned HSBC Canada transaction in the first calendar quarter of 2024, pending regulatory approvals.

Moving to slide 10. All-bank net interest income was up 7 percent year-over-year, or up 6 percent, excluding trading revenue. These results reflect our sensitivity to higher interest rates as well as the benefit from higher volumes, particularly in Canadian Banking. All-bank net interest margin, excluding trading results, was down 1 basis point from last quarter as margin expansion in Canadian Banking was more than offset by NIM compression in other lines of business.

On to slide 11, we walk through this quarter's key drivers of Canadian Banking NIM, which was up 3 basis points from last quarter. The embedded advantages of our structural, low beta core deposit franchise continued to come through this quarter. The latent benefit of recent interest rate hikes resulted in a widening of deposit spreads. NIM also benefited from changes in asset mix, including strong growth in credit card balances. Importantly, NIM headwinds associated with the flows from Non-Maturity Deposits into GICs abated this quarter. However, we continue to be impacted by the tightening of mortgage spreads as competition remains highly intense. Going forward, we continue to expect to see the structural benefits of our laddered deposit portfolio come through. The increase in swap rates seen over the past year should result in reinvestment rates that are higher than those rolling off, which in turn should provide tailwinds. However, as we have seen in past quarters, there are other factors that impact quarterly changes in margins, including changes in product mix –both in assets and funding. With respect to competitive pricing, we assume intense competition for deposits and mortgages will continue. Any changes to the timing and extent of these assumptions could have an impact on the trajectory of net interest income. Turning to City National, NIM was down 11 basis points from last quarter, including the benefits from hedging, mainly reflecting an adverse funding mix shift into interest bearing deposits, as well as rising deposit betas. These headwinds more than offset the benefit of Fed rate hikes on City National's asset sensitive balance sheet.

Moving to slide 12. Non-interest expenses were up 23 percent from last year. Approximately 10 percent of this growth was driven by a combination of acquisition-related costs, and macro-driven factors such as FX and share-based compensation. Beyond these factors, growth in variable compensation added a further 4 percent to the overall growth in expenses. The core drivers of organic expense growth were investments in people and technology. Salaries, excluding the impact of RBC Brewin Dolphin, were up 17 percent from last year as investments in our people reflected FTE growth of 6 percent year-over-year, as well as inflationary impacts of salary increases announced last year. We also incurred a higher level of severance, which I will speak to shortly. The growth in FTE was prevalent in Canadian Banking, where FTE was up over 1,500 year-over-year, and up 2,500 from the end of fiscal 2021. Investments in product innovation also added to the segment's expense growth. In Capital Markets, expense growth was driven by higher variable compensation commensurate with a rebound in revenues, as well as ongoing technology investments and build out of products. At City National, we continue to make investments in the operational infrastructure in support of the bank's next leg of growth, including through higher professional fees and staff costs.

On to slide 13. Amidst the ongoing challenging operating environment, I want to reiterate Dave's comments on our heightened focus on cost containment. Firstly, we are in the process of reducing our employee base. FTE, excluding the impact of summer students, is down 3 percent QoQ. This was largely driven by the impact of the partial sale of RBC Investor Services operations. Excluding the sale, much of the FTE reductions to-date have come in Canadian Banking which was down 2 percent quarter-over-quarter, excluding the impact of summer students as attrition and a slowdown in hiring are running their course. Additionally, over the last two quarters we have seen aggregate severance costs of nearly \$70 million. Moreover, we expect to further reduce FTE by approximately 1 to 2 percent next quarter, resulting in additional severance costs being recognized in Q4. Another lever at our disposal is the managing of discretionary spend, which has already begun to slow. Looking forward, we see further opportunity to reduce discretionary spend across various workstreams including business development, advertising, and professional services.

Moving to our segment performance beginning on slide 14. Personal & Commercial Banking reported earnings of \$2.1 billion this quarter with Canadian Banking pre-provision, pre-tax earnings up 5 percent year-over-year. Canadian Banking net interest income was up 9 percent from last year due to higher spreads and solid average volume growth of 7 percent. Non-interest income was down 1 percent year-over-year, partly due to a \$66 million dollar impact of retrospective HST on payment card clearing services, announced in the Government of Canada's 2023 budget and enacted in Q3/2023. Excluding this, non-interest income was up 4 percent driven by higher Service Charges and Foreign Exchange revenue reflecting increased client activity. Year-to-date operating leverage for the segment was nearly 1 percent.

Turning to slide 15. Wealth Management earnings were down 18 percent from last year, including the decline in profitability at City National on the back of the challenging expense environment, rising funding costs and higher provisions for credit losses. The remaining businesses within Wealth Management saw combined earnings growth of 5 percent underpinned by higher net interest income in our International Wealth Management business, as well as solid asset growth in our North American Wealth and Asset Management businesses, amidst challenging market conditions. Wealth Management earnings also benefitted from the gain on the partial sale of RBC Investor Services operations.

Turning to slide 16. In Capital Markets, we earned pre-provision pre-tax earnings of \$1 billion dollars reflecting the benefits of our diversified business model and market share gains across both Global Markets and Investment Banking. Corporate and Investment Banking revenue was up 74 percent from last year as the prior year included the impact of loan underwriting markdowns. Excluding this, revenue was up a strong 30 percent year-over-year, underpinned by higher debt originations across all regions, share gains in M&A and improved equity originations. Lending and other revenue was up 6 percent from last year, reflecting strong results in Transaction Banking supported by margin expansion, as well as solid Securitization Financing activity. Global Markets revenue was up 18 percent from last year, reflecting an increase in fixed income trading revenue on the back of good client flow and improvement in the credit trading environment. These factors were partly offset by lower equity trading revenues amidst lower volatility.

Turning to Insurance on slide 17. Net income increased to \$227 million, up 22 percent from a year ago, primarily due to favourable investment related experience. The Insurance business generated gains on assets backing reserves, resulting in higher favourable investment experience.

To conclude, our results this quarter were largely underpinned by the strength of our leading Canadian deposit franchise as well as broad-based client driven revenue growth. Looking forward, our full management team remains committed to rationalizing expenses with the goal of driving positive operating leverage.

With that, I'll turn it over to Graeme.

## **GRAEME HEPWORTH, CHIEF RISK OFFICER**

Thank you, Nadine, and good morning, everyone.

Starting on slide 19, I will discuss our allowances in the context of the macroeconomic environment. As Dave noted earlier, during the quarter, we saw labour markets start to soften. However, unemployment rates remain exceptionally low, which has contributed to persistent consumer demand, economic growth, and inflation. Accordingly, central banks continued to tighten monetary policy, and markets are now contemplating a "higher-for-longer" interest rate environment. With this backdrop, we added provisions on performing loans for the fifth consecutive quarter. This quarter's provisions reflect: Increasing levels of delinquencies and credit downgrades; A higher weighting ascribed to our more pessimistic scenarios; and ongoing portfolio growth. Provisions on performing loans were predominately in City National and Capital Markets, reflecting the more challenging conditions in the United States. Allowances on performing loans for our retail portfolios were largely unchanged this quarter, as the negative drivers were offset by an improvement in our baseline forecast for housing prices. In total, our allowance for credit losses on loans increased by \$182 million this quarter, to \$5 billion.

Moving to slide 20, provisions on impaired loans were up \$58 million or 2 basis points relative to last quarter. While provisions continue to normalize from pandemic lows, our PCL ratio of 23 basis points remains below historical averages. In Canadian Banking, provisions were stable this quarter, with lower provisions in the commercial portfolio, offset by modestly higher provisions on Personal Loans and Residential mortgages. Expected losses in the retail portfolio continue to be delayed due to strong employment and elevated levels of consumer deposits. We do expect credit trends in retail to weaken as labour markets soften and more clients are impacted by higher mortgage payments. These credit trends will be led by credit cards and unsecured lines of credit, consistent with a traditional credit cycle. In Capital Markets, provisions of \$158 million were up \$45 million compared to last quarter. Given the relatively large size of our clients and loans in Capital Markets, losses can vary from quarter-to-quarter. 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. In Wealth Management, provisions were also higher this quarter, and included a larger provision at City National, on a commercial real estate loan secured by an office property. The office segment remains challenging, given the fundamental change in demand for office space, post-pandemic. However, challenges within the commercial real estate sector are not exclusive to the office segment. Any property facing multiple headwinds is at greater risk in the current high rate environment. For example, the large provision in Capital Markets this quarter was on loans secured by multi-family properties, a segment of commercial real estate that continues to perform very well in aggregate. In this instance, the properties were not only impacted by the higher rate environment, but also by elevated unemployment rates and negative socio-economic change in the region. While we are now seeing the impairments and losses we have been expecting in the sector, we remain comfortable with our commercial real estate exposure. As I noted last quarter, the portfolio is well diversified, and has been originated to sound underwriting standards in support of a strong client base. Additionally, loss rates on impaired loans are typically lower in commercial real estate as they benefit from the value of the properties held as tangible collateral. Finally, losses are expected to be manageable relative to the size of the portfolio, and the portfolio is sufficiently provisioned. Over the last several quarters, we have significantly increased reserves on performing loans, and our IFRS-9 downside scenarios reflect a decline in commercial property values ranging from 15 to 40 percent.

Moving to slide 21, gross impaired loans were up \$391 million or 4 basis points this quarter. The increase was primarily driven by Capital Markets, where new formations<sup>1</sup> were higher, largely due to the impairment of the commercial real estate loans I noted earlier. We have now seen four consecutive quarterly increases in gross impaired loans, however, our GIL ratio of 38 basis points remains below pre-pandemic levels.

To conclude, we continue to be pleased with the ongoing performance of our portfolios. Our retail portfolio continues to outperform expectations, supported by low unemployment rates and elevated consumer deposits. Despite some larger impairments during the quarter, our GIL and PCL ratios remain below long-term averages, highlighting the size and diversification of our loan portfolios. We are still expecting PCL on impaired loans between 20 to 25 basis points for the year, consistent with the guidance I provided last fall. Looking forward, the impact of inflation and higher rates is expected to play out over a number of years, and we are still in the early stages of the current credit cycle. As we move further into the credit cycle, we expect to see losses driven by more systemic factors arising from the anticipated economic slowdown. Ultimately, the timing and magnitude of increased credit costs continues to depend on central banks' success in curbing inflation, while creating a soft-landing for the economy. We continue to proactively manage risk through the cycle, and we remain well capitalized to withstand plausible, yet more severe macroeconomic outcomes.

With that, operator, let's open the lines for Q&A.

#### **Note to users:**

We measure and evaluate the performance of our consolidated operations and each of our segments based on a variety of financial measures, such as net income, ROE and non-GAAP measures, including pre-provision, pre-tax earnings, adjusted basis measures and measures excluding various items. Certain

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<sup>1</sup> 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.

financial metrics, including ROE and pre-provision, pre-tax earnings do not have a standardized meaning under GAAP and may not be comparable to similar measures disclosed by other financial institutions. We believe that certain non-GAAP measures are more reflective of our ongoing operating results and provide readers with a better understanding of management's perspective on our performance.

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

Definitions can be found under the "Glossary" sections in our Q3/2023 Supplementary Financial Information and our 2022 Annual Report.