Pillar 3 Report

Semi-annual H1 2019

RBC Investor Services Bank S.A.

REPORT DATE: 30 APRIL 2019

ASSESSMENT DATE: 30 APRIL 2019

RBC Investor &
Treasury Services

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List of Acronyms

AFS	Available For Sale
AIFMD	Alternative Investment Fund Management Directive
AIRB	Advanced Internal Rating Based
ALCO	Assets & Liabilities Committee
ALM	Asset-Liability Management
AML	Anti-Money Laundering
BCM	Business Continuity Management
BCP	Business Continuity Plan
BoD	Board of Directors
BPS	Basis points
BRRD	Banking Recovery and Resolution Directive
CBL	Central Bank of Luxembourg
CDS	Credit Default Swap
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
COO	Chief Operating Officer
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CSSF	Commission de Surveillance du Secteur Financier
CT	Corporate Treasury
CVA	Credit Valuation Adjustment
DRP	Disaster Recovery Planning
EAD	Exposure At Default
EBA	European Banking Authority
ECB	European Central Bank
EMIR	European Market Infrastructure Regulation
ERM	Enterprise Risk Management
EORM	Enterprise Operational Risk Management
ESRB	European Systemic Risk Board
EVE	Economic Value of Equity
ExCo	Executive Committee
FX	Foreign Exchange
GRM	Group Risk Management
GTCM	Global Trading Credit Management
GTI	Global Technology Infrastructure
HQLA	High Quality Liquid Asset
ICAAP	Internal Capital Adequacy Assessment Process
ICCM	Institutional Client and Credit Management
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk in the Banking Book

JST	Joint Supervisory Team
KRI	Key Risk Indicator
LCP	Liquidity Contingency Plan
LCR	Liquidity Coverage Ratio
LCT	Liquidity Crisis Team
MTM	Mark To Market
NIBT	Net Interest Before Taxes
NIE	Non-Interest Expense
NII	Non-Interest Income
NPL	Non Performing Loan
NSFR	Net Stable Funding Ratio
OCR	Overall Capital Ratio
OSFI	Office of the Superintendent of Financial Institutions
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
P&L	Profit and Loss
PA&C	Positive Advice and Counsel
PD	Probability of default
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
REPE	Real Estate Private Equity
REPO	Repurchase Agreement
ROE	Return on Equity
RP	Recovery Plan
RPCC	Recovery Plan Crisis Committee
RPI	Recovery Plan Indicators
RSF	Required stable funding
RWA	Risk-Weighted Assets
SIRR	Structural Interest rate risk
SLA	Service Level Agreement
SREP	Supervisory Review and Evaluation Process
SSA	Sovereign supranational agency
SSM	Single Supervisory Mechanism
SWIFT	Society for Worldwide Interbank Financial
TMS	Treasury and Market Services
TSCR	Total SREP Capital Ratio
VaR	Value at Risk
YoY	Year over Year
YTD	Year To Date

EBA tables and templates[1]

RBCIS Bank applies the Title VII (Disclosures to be provided more frequently than annually) of the EBA Guideline 2014/14 as amended by the EBA/GL/2016/11.

RBCIS Bank will have to release the following information more frequently than annually because the Bank's 4-year average of total assets exceeds 20% of the 4-year average of Luxembourg GDP.

Additionally, RBCIS Bank was designated as an Other Systematically Important Institution by the CSSF in its letter dated 17 October 2017. As a results, the Bank has to disclose Capital structure and ratio and leverage ratio on a quarterly/semi-annually basis.

Templates	Reference	Name	CRR Articles	Reference
1	EU OV1	Overview of RWAs	Article 438 (c)-(f)	Section 3.3.3
2	EU CR1-A	Credit quality of exposures by exposure class and instrument	Article 442 (g)-(h)	Section 4.2.5
3	EU CR1-B	Credit quality of exposures by industry or counterparty types	Article 442 (g)	Section 4.2.5
4	EU CR1-C	Credit quality of exposures by geography	Article 442 (g)	Section 4.2.6
5	EU CR1-D	Ageing of past due exposures	Article 442 (g)	Section 4.3.2
6	EU CR1-E	Non-performing and forborne exposures	Article 442 (g)-(i)	Section 4.3.3
7	EU CR2-A	Changes in the stock of general and specific credit risk adjustments	Article 442 (i)	Not applicable
8	EU CR2-B	Changes in the stock of defaulted and impaired loans and debt securities	Article 442 (i)	Not applicable
9	EU CR3	CRM techniques – Overview	Article 453 (f)-(g)	Section 4.4.3
10	EU CR4	Credit risk exposure and CRM effects	Article 453 (f)-(g)	Section 4.5.2
11	EU CR5	Standardized approach	Article 444 (e)	Section 4.5.3
12	EU CCR1	Analysis of CCR exposure by approach	Article 439 (e, (f), (i) & Article 92 (3)	Section 4.6.2
13	EU CCR2	CVA Capital charge	Article 439 (e)-(f)	Section 4.6.3
14	EU CCR8	Exposures to CCPs	Article 439 (e)-(f)	Not applicable

[1] In accordance with the publication EBA/GL/2016/11 Version 2, EBA/GL/2017/01, EBA/GL/2015/22 and BCBS Pillar 3 disclosure requirements – consolidated and enhanced framework (IRRBB section)

Templates	Reference	Name	CRR Articles	Reference
15	EU CCR3	Standardized approach – CCR exposures by regulatory portfolio and risk	Article 444 (e)	Section 4.6.5
16	EU CCR5-A	Impact of netting and collateral held on exposures values	Article 439 (e)	Section 4.6.6
17	EU CCR5-B	Composition of collateral for exposures to CCR	Article 439 (e)	Not applicable
18	EU MR1	Market risk under the standardized approach	Article 455	Section 5.10

Note to Readers

RBC Investor Services Bank S.A., hereafter referred to as the “Bank” or “RBCIS Bank”, is a banking group headquartered in Luxembourg , part of the RBC Investor & Treasury Services business segment of Royal Bank of Canada.

RBC Investor Services Bank S.A. is the principal Eurozone subsidiary of Royal Bank of Canada (“RBC”). RBCIS Bank is headquartered in Luxembourg and operates through branches in Ireland, United Kingdom, Italy and Switzerland as well as a Subsidiaries in France, Ireland, Belgium, United Kingdom, Malaysia and Singapore. RBCIS Bank is independently capitalized and is rated AA- by Standard & Poor’s.

As a European significant banking group incorporated in Luxembourg, RBCIS Bank is directly subject to the prudential supervision of the European Central Bank (ECB). This report meets the consolidated disclosure requirements, or Pillar 3 disclosures, enclosed in Part Eight of the Regulation (EU) No 575/2013, known as the Capital Requirements Regulation (CRR), the circular CSSF 14/583, the CSSF Regulation 18-03 (abrogating CSSF Regulation 14-01), which are the transpositions of the CRR into national law, thereby setting the regulatory prudential framework applicable to credit institutions, and the circular CSSF 17/673 on the adoption of the European Banking Authority (EBA) Guidelines on disclosure requirements under Part Eight of Regulation.

The quantitative tables included in this document are expressed in millions of euros (EUR mm) unless otherwise stated. Also, these tables may sometimes show small differences due to the use of concealed decimals. These differences do not affect the true and fair view of this document.

Through this report, references are made to the annual financial statements which is filed with the *Registre du Commerce et des Sociétés* in Luxembourg.

Introduction

The aim of the Pillar 3 Disclosure Report H1 2019 is to give additional specific information on the risk management of RBC IS Bank as of April 30th, 2019. This report is in respect of the semi-annual ended April 30th 2019, including comparative information (where applicable) for the semi-annual ended and fiscal year end 31 October 2018.

All tables, diagrams, quantitative information and commentary in this report are unaudited unless otherwise noted.

Key figures as of April 30, 2019

Table 0-1 – Key figures – Capital ratios

	2017	2018	H1 2019
CET1 Capital ratio	22.44%	21.35%	23.78%
Tier 1 ratio	22.44%	21.35%	23.78%
Total Capital Ratio	22.44%	21.35%	23.78%

Graph 0-1 - Key figures – Leverage ratio

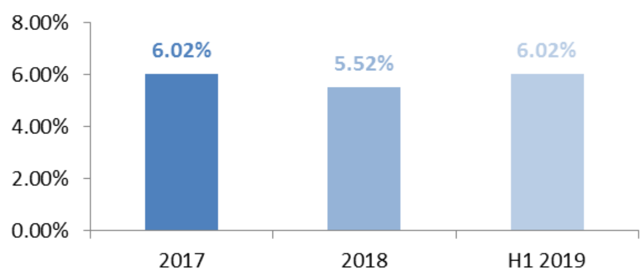
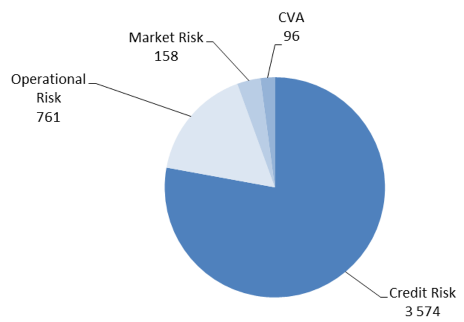


Table 0-2 – Regulatory Capital

	2017	2018	H1 2019
CET1	1,000.8	1,042.9	1,091.4
Additional Tier 1	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Total	**1,000.8**	**1,042.9**	**1,091.4**

Graph 0-2 – Distribution of RWA's by type



1 Own Funds, Capital Adequacy & Group Solvency

1.1 Regulatory capital adequacy (Pillar I)

During the half year of 2019, the capital ratios and leverage ratios of RBCIS Bank and its related subsidiaries have complied with the prescribed regulatory requirements and internal minimum ratios contained in the internal policies and procedures.

As at April 30, 2019, the CET1/total capital ratio of the bank stands at **23.78%** (including 2018 year-end profit) compared to 21.35% as of October 31st, 2018.

Capital ratio increase between October 31st, 2018 and April 30th, 2019, is driven by the increase of regulatory capital with the inclusion of 2018 profit, and the total Risk Weighted Asset decrease.

Table 1-1 – RBCIS Bank Eligible Capital and Capital Ratio

	RBCIS Bank Conso Apr 30th, 2019	RBCIS Bank Conso Oct 31st, 2018
Paid-up capital	554.1	554.1
Eligible Reserves / Retained Earnings	711.1	643.4
Deductions from capital	-173.8	-154.6
CET 1 / Total Regulatory Capital	**1 091.4**	**1,042.8**
Credit Risk	285.9	307.6
Operational Risk	60.9	60.9
Market Risk	12.6	13.5
CVA	7.7	8.7
Total Capital Requirement	**367.1**	**390.7**
Tier 1/ Total capital Ratio	**23.78%**	**21.35%**

1.2 Regulatory capital as of April 30th, 2019

The following table details the transitional own funds disclosure in accordance with the Annex VI of the Regulation (EU) No 1423/2013:

Table 1-2 – Transitional own funds requirements

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
	Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	581.5	26 (1), 27, 28, 29, EBA list 26 (3)	N/A
	of which: Instrument type 1	N/A	EBA list 26 (3)	N/A
	of which: Instrument type 2	N/A	EBA list 26 (3)	N/A
	of which: Instrument type 3	N/A	EBA list 26 (3)	N/A
2	Retained earnings	474.4	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	200.2	26 (1)	N/A
3a	Funds for general banking risk	N/A	26 (1) (f)	N/A
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	N/A	486 (2)	N/A
	Public sector capital injections grandfathered until 1 January 2018	N/A	483 (2)	N/A
5	Minority interests (amount allowed in consolidated CET1)	9.1	84, 479, 480	N/A
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	N/A	26 (2)	N/A
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,265**		**N/A**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	N/A	34, 105	N/A
8	Intangible assets (net of related tax liability) (negative amount)	-173.8	36 (1) (b), 37, 472 (4)	N/A
9	Empty set in the EU	N/A		N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	N/A	36 (1) (c), 38, 472 (5)	N/A
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	N/A
12	Negative amounts resulting from the calculation of expected loss amounts	N/A	36 (1) (d), 40, 159, 472 (6)	N/A
13	Any increase in equity that results from securitized assets (negative amount)	N/A	32 (1)	N/A
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	N/A	33 (1) (b) (c)	N/A
15	Defined-benefit pension fund assets (negative amount)	N/A	36 (1) (e), 41, 472 (7)	N/A
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	N/A	36 (1) (f), 42, 472 (8)	N/A
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	N/A	36 (1) (g), 44, 472 (9)	N/A
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	N/A	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	N/A
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	N/A	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	N/A
20	Empty set in the EU	N/A		N/A
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	N/A	36 (1) (k)	N/A
20b	of which: qualifying holdings outside the financial sector (negative amount)	N/A	36 (1) (k) (i), 89 to 91	N/A
20c	of which: securitization positions (negative amount)	N/A	36 (1) (k) (ii), 243 (1) (b),	N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
			244 (1) (b), 258	
20d	of which: free deliveries (negative amount)	N/A	36 (1) (k) (iii), 379 (3)	N/A
21	Deferred tax assets arising from temporary difference (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	N/A	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	N/A
22	Amount exceeding the 15% threshold (negative amount)	N/A	48 (1)	N/A
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	N/A	36 (1) (i), 48 (1) (b), 470, 472 (11)	N/A
24	Empty set in the EU	N/A		N/A
25	of which: deferred tax assets arising from temporary difference	N/A	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	N/A
25a	Losses for the current financial year (negative amount)	-	36 (1) (a), 472 (3)	N/A
25b	Foreseeable tax charges relating to CET1 items (negative amount)	N/A	36 (1) (l)	N/A
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	N/A		N/A
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	N/A		N/A
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	N/A	481	N/A
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	N/A	36 (1) (j)	N/A
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-173.8		N/A
29	**Common Equity Tier 1 (CET1) capital**	**1,091.5**		**N/A**
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	N/A		N/A
31	of which: classified as equity under applicable accounting standards	N/A		N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
32	of which: classified as liabilities under applicable accounting standards	N/A		N/A
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	N/A	486 (3)	N/A
	Public sector capital injections grandfathered until 1 January 2018	N/A	483 (3)	N/A
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	N/A	85, 86, 480	N/A
35	of which: instruments issued by subsidiaries subject to phase-out	N/A	486 (3)	N/A
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**		**N/A**
	Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	N/A	52 (1) (b), 56 (a), 57, 475 (2)	N/A
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	N/A	56 (b), 58, 475 (3)	N/A
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	N/A	56 (c), 59, 60, 79, 475 (4)	N/A
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	N/A	56 (d), 59, 79, 475 (4)	N/A
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 585/2013 (i.e. CRR residual amounts)	N/A		N/A
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	N/A	472, 473(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	N/A	477, 477 (3), 477 (4) (a)	N/A
41c	Amounts to be deducted from added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	N/A	467, 468, 481	N/A
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	N/A	56 (e)	N/A
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-		N/A
44	Additional Tier 1 (AT1) capital	-		N/A
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,091.5**		**N/A**
	Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	N/A	62, 63	N/A
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	N/A	486 (4)	N/A
	Public sector capital injections grandfathered until 1 January 2018	N/A	483 (4)	N/A
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	N/A	87, 88, 480	N/A
49	of which: instruments issued by subsidiaries subject to phase-out	N/A	486 (4)	N/A
50	Credit risk adjustments	N/A	62 (c) & (d)	N/A
51	**Tier 2 (T2) capital before regulatory adjustment**	**-**		**N/A**
	Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	N/A	63 (b) (i), 66 (a), 67, 477 (2)	N/A
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to artificially inflate the own funds of the institution (negative amount)	N/A	66 (b), 68, 477 (3)	N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	N/A	66 (c), 69, 70, 79, 477 (4)	N/A
54a	Of which new holdings not subject to transitional arrangements	N/A		N/A
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	N/A		N/A
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	N/A	66 (d), 69, 79, 477 (4)	N/A
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	N/A		N/A
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	N/A	472, 472(3)(a), 472 (4), 472 (6), 472 (8), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	N/A	475, 475 (2) (a), 475 (3), 475 (4) (a)	N/A
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	N/A	467, 468, 481	N/A
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**		**N/A**
58	**Tier 2 (T2) capital**	**-**		**N/A**
59	**Total capital (TC = T1 + T2)**	**1,091.5**		**N/A**
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	-		N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
	Of which:… items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)	-	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	N/A
	Of which:…items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	475, 475 (2) (b), 475 (2) ©, 475 (4) (b)	N/A
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities, etc.)	-	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	N/A
60	**Total risk-weighted assets**	**4,589.4**		**N/A**
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**23.78%**	92 (2) (a), 465	N/A
62	Tier 1 (as a percentage of total risk exposure amount)	**23.78%**	92 (2) (b), 465	N/A
63	Total capital (as a percentage of total risk exposure amount)	**23.78%**	92 (2) (c)	N/A
64	Institution-specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount) 1)	**3.02%**	CRD 128, 129, 140	N/A
65	of which: capital conservation buffer requirement	**2.50%**		N/A
66	of which: countercyclical buffer requirement	**0.02%**		N/A
67	of which: systemic risk buffer requirement	-		N/A
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	**0.50%**	CRD 131	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) 2)	**7.52%**	CRD 128	N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
69	[non-relevant in EU regulation]	-		N/A
70	[non-relevant in EU regulation]	-		N/A
71	[non-relevant in EU regulation]			N/A
	Amounts below the thresholds for deduction (before risk-weighting)	-		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	N/A
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (i), 45, 48, 470, 472 (11)	N/A
74	Empty set in the EU	-		N/A
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met)	3.4	36 (1) (c), 38, 48, 470, 472 (5)	N/A
	Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	62	N/A
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	-	62	N/A
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	62	N/A
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	62	N/A
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	- Current cap on CET1 instruments subject to phase-out arrangements	-	484 (3), 486 (2) & (5)	N/A
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484 (3), 486 (2) & (5)	N/A

		(a) Amount At Disclosure Date	(b) Regulation (EU) No 575/2013 Article Reference	(c) Amounts Subject to Pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation
82	- Current cap on AT1 instruments subject to phase-out arrangements	-	484 (4), 486 (3) & (5)	N/A
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	484 (4), 486 (3) & (5)	N/A
84	- Current cap on T2 instruments subject to phase-out arrangements	-	484 (5), 486 (4) & (5)	N/A
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	484 (5), 486 (4) & (5)	N/A

1.3 Overview of RWAs

The table below provides an overview of total Risk Weighted Assets and capital requirements as of April 30th, 2019 and October 31st, 2018. The capital requirements amounts have been obtained by applying 8% to the corresponding weighted risks.

Template 1 – EU OV1 - Overview of RWAs

		EUR mm	RWA		Minimum capital requirements	
			Apr 30th, 2019	Oct 31st, 2018	Apr 30th, 2019	Oct 31st, 2018
	1	**Credit risk (excluding counterparty credit risk) (CCR)**	**3 021.8**	**3 190.8**	**241.7**	**255.3**
Art 438(c)(d)	2	Of which standardized approach (SA)	3 021.8	3 190.8	241.7	255.3
Art 438(c)(d)	3	Of which the advanced IRB (AIRB) approach	-	-	-	-
Art 438(c)(d)	4	Of which the foundation IRB (FIRB) approach	-	-	-	-
Art 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	-	-	-	-
Article 107, Art.438(c)(d)	**6**	**Counterparty credit risk**	**648.4**	**763.3**	**51.9**	**61.1**
Art 438(c)(d)	7	Of which Marked to market	552.2	654.0	44.2	52.3
Art 438(c)(d)	8	Of which Original exposure	-	-	-	-
Art 438(c)(d)	9	Of which standardized approach for counterparty credit risk	-	-	-	-
Art 438(c)(d)	10	Of which internal model method (IMM)	-	-	-	-
Art 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-	-
Art 438(c)(d)	12	Of which CVA	96.2	109.3	7.7	8.7
Art 438(e)	**13**	**Settlement risk**	-	-	-	-
Art 449(o)(i)	**14**	**Securitization exposures in banking book (after cap)**	-	-	-	-
	15	Of which IRB ratings-based approach (RBA)	-	-	-	-
	16	Of which IRB Supervisory Formula Approach (SFA)	-	-	-	-
	17	Of which Internal assessment approach (IAA)	-	-	-	-
	18	Of which standardized approach (SA)	-	-	-	-
Art 438 (e)	**19**	**Market risk**	**158.0**	**168.3**	**12.6**	**13.5**
	20	Of which standardized approach (SA)	158.0	168.3	12.6	13.5
	21	Of which internal model approaches (IMA)	-	-	-	-
Art 438 (e)	**22**	**Large exposures**	-	-	-	-
Art 438(f)	**23**	**Operational risk**	**761.1**	**761.1**	**60.9**	**60.9**
	24	Of which Basic Indicator Approach	-	-	-	-
	25	Of which Standardized Approach	761.1	761.1	60.9	60.9
	26	Of which Advanced Measurement Approach	-	-	-	-
Art 437(2), Art 48 and Art 60	**27**	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	-	-	-	-
Article 500	**28**	**Floor adjustment**	-	-	-	-
	29	**Total**	**4 589.4**	**4 883.5**	**367.1**	**390.7**

As of April 30th, 2019, RBC IS Bank's total RWAs amounted to 4.6 billion compared to 4.8 billion as of October 31, 2018. As of 30 April 2019, RWA are concentrated on Credit risk and Operational risk, representing respectively 79% and 17% of the total Bank RWA. Market risk and CVA represents respectively 2% and 2% of the total Bank RWA.

Decrease of total risk weighted exposures by 294m€ in April 30th, 2019 compared to October 31st, 2018 is primarily due to the decrease of Credit risk RWAs by 270.8 m€, reflecting lower counterparty credit risk and decreased exposures.

RBCIS Bank uses the standardized approach for calculating its capital requirements with respect to credit, market and operational risk, and to publish its Capital ratios.

1.4 Leverage ratio

The leverage ratio (LR) is introduced by the Basel Committee to serve as a simple, transparent and non-risk-based ratio to complete the existing risk-based capital requirements. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage and having to exceed a minimum of 3%. RBCIS Bank internal minimum requirement is set at 3.5%.

As of April 30th, 2019, RBCIS Bank leverage ratio stands at 6.02%, well above the 3.5% internal minimum requirement.

Table 1-3 – Leverage ratio

EUR mm	RBCIS Bank Conso Apr 30th, 2019	RBCIS Bank Conso Oct 31st, 2018
Tier 1 capital	1,091	1,043
Leverage ratio exposure	18,128	18,883
Leverage ratio	**6.02%**	**5.52%**

RBC IS Bank's leverage ratio increased from 5.52% in October 2018 to 6.02% in April 2019, is primarily due to a decrease in the firm's on and off balance sheet leverage exposures, combined with an increase of firm's Tier 1 capital.

2 Credit Risk

2.1 Credit risk exposure

2.1.1 Credit quality of exposures

In the application of Article 442 (g) in the CRR, the tables below provide a breakdown of defaulted and non-defaulted exposures by regulatory exposure classes and industries respectively.

The industry classification is based on NACE codes, which is a European industry standard classification system for classifying business activities.

Template 2 - EU-CR1-A - Credit quality of exposures by exposure classes and instruments – April 30th, 2019

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		Defaulted exposures	Non-Defaulted exposures					
1	Central governments or central banks							
2	Institutions							
3	Corporates							
4	Of Which: Specialized Lending							
5	Of Which: SME							
6	Retail							
7	Secured by real estate property							
8	SME							
9	Non-SME							

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		Defaulted exposures	Non-Defaulted exposures					
10	Qualifying Revolving							
11	Other Retail							
12	SME							
13	Non-SME							
14	Equity							
15	**Total IRB approach**							
16	Central governments or central banks	-	8,444.9	-	-	-	-	8,444.9
17	Regional governments or local authorities	-	0	-	-	-	-	0
18	Public sector entities	-	-	-	-	-	-	-
19	Multilateral Development Banks	-	-	-	-	-	-	-
20	International Organizations	-	-	-	-	-	-	-
21	Institutions	-	7,646.8	-	-	-	-	7,646.8
22	Corporates	-	2,723.1	-	-	-	-	2,723.1
23	of which: SME	-	-	-	-	-	-	-
24	Retail	-	-	-	-	-	-	-
25	of which: SME	-	-	-	-	-	-	-
26	Secured by mortgages on immovable property	-	-	-	-	-	-	-
27	of which: SME	-	-	-	-	-	-	-
28	Exposures in default	-	-	-	-	-	-	-
29	Items associated with particularly high risk	-	-	-	-	-	-	-
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-
32	Collective investments undertakings (CIU)	-	-	-	-	-	-	-

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		Defaulted exposures	Non-Defaulted exposures					
33	Equity exposures	-	-	-	-	-	-	-
34	Other exposures	-	314.0	-	-	-	-	314.0
35	**Total SA approach**	**-**	**19,128.8**	**-**	**-**	**-**	**-**	**19,128.8**
36	**Total**	**-**	**19,128.8**	**-**	**-**	**-**	**-**	**19,128.8**
37	Total - Of which: Loans	-	16,117.0	-	-	-	-	16,117.0
38	Total - Of which: Debt Securities	-	1,031.4	-	-	-	-	1,031.4
39	Total - Of which: Off-BS	-	1,980.4	-	-	-	-	1,980.4

Template 3 – EU CR1-B - Credit quality of exposures by industry or counterparty types

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		Defaulted exposures	Non-Defaulted exposures					
1	Agriculture, forestry and fishing	-	-	-	-	-	-	-
2	Mining and quarrying	-	-	-	-	-	-	-
3	Manufacturing	-	-	-	-	-	-	-
4	Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-
5	Water supply	-	-	-	-	-	-	-
6	Construction	-	-	-	-	-	-	-
7	Wholesale and retail trade	-	-	-	-	-	-	-
8	Transport and storage	-	-	-	-	-	-	-
9	Accommodation and food service activities	-	-	-	-	-	-	-
10	Information and communication	-	-	-	-	-	-	-
11	Financial and insurance activities	-	10,113.5	-	-	-	-	10,113.5
12	Real estate activities	-	-	-	-	-	-	-
13	Professional, scientific and technical activities	-	-	-	-	-	-	-
14	Administrative and support service activities	-	-	-	-	-	-	-
15	Public administration and defense, compulsory social security	-	8,442.5	-	-	-	-	8,442.5
16	Education	-	-	-	-	-	-	-
17	Human health services and social work activities	-	-	-	-	-	-	-
18	Arts, entertainment and recreation	-	-	-	-	-	-	-
19	Other services	-	572.9	-	-	-	-	572.9
20	**Total**	**-**	**19,128.8**	**-**	**-**	**-**	**-**	**19,128.8**

No defaulted exposure has been reported as of April 30th, 2019. The Bank does not book any credit risk adjustment which qualify as general credit risk adjustment.

2.1.2 Credit quality of exposures by geographical area

In the application of Article 442 (h) in the CRR, the table below provides a breakdown of defaulted and non-defaulted exposures by geographical areas. The geographical distribution is based on the legal residence of the counterparty or issuer.

Template 4 - EU CR1-C – Credit quality of exposures by geography – April 30th, 2019

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		Defaulted exposures	Non-Defaulted exposures					
1	Europe	-	14 865.2	-	-	-	-	14 865.2
2	Of which: Luxembourg	-	6 163.3	-	-	-	-	6 163.3
3	Of which: Switzerland	-	2 943.0	-	-	-	-	2 943.0
4	Of which: united Kingdom	-	3 485.2	-	-	-	-	3 485.2
5	Of which: France	-	1 083.3	-	-	-	-	1 083.3
6	Of which: Italy	-	428.7	-	-	-	-	428.7
7	United States and Canada	-	3 876.6	-	-	-	-	3 876.6
8	South and Central America	-	3.5	-	-	-	-	3.5
9	Asia	-	177.8	-	-	-	-	177.8
10	Africa	-	0.8	-	-	-	-	0.8
11	Other geographical areas	-	205.0	-	-	-	-	205.0
12	**Total**	-	**19 128.8**	-	-	-	-	**19 128.8**

No defaulted exposure has been reported as of April 30th, 2019. The Bank does not book any credit risk adjustment which qualify as general credit risk adjustment.

2.2 Forbearance, impairment, past due and provisions

2.2.1 Definitions

RBC has adopted IFRS 9 Financial Instruments, resulting in Accounting Policies foreseeing an allowance for credit losses (ACL) being established for all financial instruments, except for financial assets classified or designated as FVTPL[2] and equity securities designated as FVOCI[3] , which are not subject to impairment assessment. Assets subject to impairment assessment include certain loans, debt securities, interest-bearing deposits with banks, accounts and accrued interest receivable. IFRS 9 models and methodologies have been developed and implemented that allow for both the 'accounting driven' Allowance for Credit Loss view (i.e., combination of 12 month and lifetime losses after consideration of IFRS 9 staging, weighted across a range of forward looking macroeconomic scenarios), as well as 'risk driven' expected credit loss view (i.e. forward looking losses for a given period, that are scenario specific and not weighed / staged).

The Bank considers a Credit Exposure being past due when the contractual payment of either principal of interest is not received by the Bank within agreed payment schedule. The past due exposures are assessed for impairment purposes. An exposure is considered impaired when management determines that it will not be able to collect all amounts due according to the original contractual terms or the equivalent value. When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset.

2.2.2 Ageing of accounting past due and not impaired exposures

The following table provides an ageing analysis of accounting on-balance-sheet past-due exposures regardless of their impairment status.

Template 5 - EU CR1-D – Ageing of past-due exposures

		a	b	c	e	f	g
		Gross carrying values of					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1year	> 1year
1	Loans	-	-	-	-	-	-
2	Debt Securities	-	-	-	-	-	-
3	**Total exposures**	**-**	**-**	**-**	**-**	**-**	**-**

No past due are reported as of April 30th, 2019.

2.2.3 Forborne exposure and non-performing loans

The following table provides an overview of non-performing and forborne exposures as per the Commission Implementing Regulation (EU) No 680/2014, with a split between the loans, debt securities and off-balance sheet exposures categories. 'Other assets' category is not reported into the below table.

[2] Fair value through profit or loss
[3] Fair value through other comprehensive income

Template 6 - EU CR1-E – Non-performing and forborne exposures

		a	b	c	d	e	f	g
		Gross carrying amount of performing and non-performing exposures						
			Of which performing but past due >30 days and <=90 days	of which performing forborne	Of which non-performing			
						Of which: defaulted	of which: impaired	of which: forborne
1	Loans	16,117.0	-	-	-	-	-	-
2	Debt Securities	1,031.4	-	-	-	-	-	-
3	Off-balance sheet exposures	1,980.4	-	-	-	-	-	-

		h	i	j	k	l	m
		Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		On performing exposures		On non-performing exposures		On non-performing exposures	of which: forborne exposures
			of which: forborne		of which: forborne		
1	Loans	0.3	-	-	-	-	-
2	Debt Securities	0.1	-	-	-	-	-
3	Off-balance sheet exposures	0.0	-	-	-	-	-

No non-performing exposure are reporting as of April 30th, 2019.

2.2.4 Changes in the stock of specific credit risk adjustments

No defaulted exposures are reported as of April 30th, 2019.

2.2.5 Changes in the stock of defaulted and impaired loans and debt securities

No defaulted exposures are reported as of April 30th, 2019.

2.3 Credit risk mitigation

2.3.1 Description of the main types of credit risk mitigants (CRM)

RBCIS Bank uses the following Credit Risk Mitigants to manage its credit risk – but only part of those are actually used for risk exposure quantification as at mid 2019.

Collateral / guarantees

In relation to Loans, RBCIS Bank holds financial assets collateral (cash and securities deposited with RBC are subject to a pledge). Some of the HQLA assets (related to Assets and Liabilities Management) are also subject to underlying guarantee (e.g. State guarantee).

RBCIS Bank does not hold pledges of real estate (residential mortgages, commercial mortgages) nor pledges of commercial assets (e.g. transfer of receivables). The Bank does not have other forms of guarantees neither (e.g. personal guarantees, first demand guarantees and support commitments.)

Netting agreements

The Bank has legally enforceable netting agreements for on balance sheet exposures (authorized and non-authorized overdrafts where assets are under custody with RBCIS Bank) and off-balance sheet exposures (derivatives).

2.3.2 Basel III treatment

RBCIS Bank has adopted the Financial Collateral Comprehensive Approach to take advantage of any sort of collateralization. Collateral is eligible only if it meets the CRR575/2013 conditions. RBCIS Bank considers the following 4 mitigation techniques: Financial collateralized transactions, on-balance sheet netting, guarantees and OTC netting.

2.3.3 Overview of credit risk mitigation techniques

In the application of Article 453 (f) and (g), this table provides an overview of the exposure value covered by Basel III-eligible CRM (after regulatory haircuts) and includes all collateral and financial guarantees used as credit risk mitigation for all secured exposures.

This table also includes the carrying amounts of the total population which are in default. Exposures unsecured (column a) represent the carrying amount of credit risk exposures (net of credit risk adjustments) that do not benefit from a credit risk mitigation technique, regardless of whether this technique is recognized in the CRR. Exposures secured (column b) represent the carrying amount of exposures that have at least one CRM mechanism (collateral, financial guarantees) associated with them.

Template 7 - EU CR3 – Credit risk mitigation techniques – overview – April 30th, 2019

		a	b	c	d	e
		Exposures unsecured - carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	16,037.3	79.7	62.6	-	-
2	Debt Securities	1,031.4	-	-	-	-
3	**Total exposures**	**17,068.7**	**79.7**	**62.6**	**-**	**-**
4	Of which defaulted	-	-	-	-	-

2.4 Standardized approach

RBCIS Bank uses the standardized approach to calculate its regulatory capital requirements.

2.4.1 External credit assessment institutions

The standardized approach provides weighted risk figures based on external ratings given by External Credit Assessment Institutions (ECAI's) as indicated in the CRR. In order to apply the standardized approach for risk weighted exposure, RBCIS Bank uses external ratings assigned by the following rating agencies: Standard & Poor's, Fitch and Moody's.

The "second best approach" is used for the selection of the external ratings for the regulatory capital calculation. If no external rating is available, the CRR regulation provides specific risk weights to be applied.

Table 2-1 - Mapping of ECAIs' credit assessments to credit quality steps

Credit Quality Step	Fitch's assessments	Moody's assessments	S&P's assessments
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below

2.4.2 Standardized approach – Credit risk exposure and Credit Risk Mitigation effects

The following table shows credit risk exposure before credit conversion factor (CCF) and credit risk mitigation (CRM) and the exposure-at-default (EAD) after CCF and CRM broken down by exposure classes and a split in on- and off-balance sheet exposures, under the standardized approach.

Exposures subject to the counterparty credit risk (CCR) and securitization risk framework are excluded from this template.

Template 8 - EU CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation effects – April 30th, 2019

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments or central banks	8,441.4	3.5	8,441.4	3.5	8.6	0.10%
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-
6	Institutions	7,417.6	229.2	7,400.0	13.1	1,530.2	20.64%
7	Corporates	975.3	1,747.8	930.3	333.6	1,267.6	100.30%
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	314.0	-	314.0	-	215.4	68.60%
17	**Total**	**17,148.4**	**1,980.4**	**17,085.8**	**350.1**	**3,021.8**	**17.33%**

RBCIS Bank invests or is dealing with well rated counterparties, occurring a an average risk weight close to 0% for the "Central governments or central banks" category, and close to 20% (20.6% as of April 30th, 2019) for the "Institutions" category. Investment funds are classified under the "Corporate" asset class. A "Non-Rated" 100% risk weight is applied for investment funds counterparties, no external credit assessment being provided by ECAI for Funds counterparties.

2.4.3 Standardized approach – exposures by asset classes and risk weights

In the application of Article 444 (e), the following table shows the exposure-at-default post conversion factor and risk mitigation broken down by exposure classes and risk weights, under the standardized approach.

Exposures subject to the counterparty credit risk and securitization risk framework are excluded from this template.

Template 9 - EU CR5 – Standardized approach – exposures by asset classes and risk weights – April 30th, 2019

		Risk Weights								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
1	Central governments or central banks	8,441.4	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	7,282.1	-	114.6	-	-
7	Corporates	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-

		Risk Weights								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
15	Equity	-	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	123.1	-	-	-	-
17	**Total**	**8,441.4**	**-**	**-**	**-**	**7,405.2**	**-**	**114.6**	**-**	**-**

		Risk Weights							Total	Of which unrated
		100%	150%	250%	370%	1250%	Others	Deducted		
1	Central governments or central banks	-	-	3.4	-	-	-	-	8,444.8	0
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-	-	-	-
6	Institutions	16.4	-	-	-	-	-	-	7,413.2	1255.4
7	Corporates	1,256.3	7.5	-	-	-	-	-	1,263.9	239.1
8	Retail	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-
16	Other items	190.8	-	-	-	-	-	-	313.9	-
17	**Total**	**1,463.6**	**7.5**	**3.4**	**-**	**-**	**-**	**-**	**17,435.8**	**1,494.5**

2.5 Counterparty credit risk

2.5.1 Management of counterparty risk

The following exposures are part of this sub-section:

- Foreign exchange operations (Fx spots, Fx Outright Forwards and Fx Swaps of maximum 1 Year and on a list of selected currencies). Accumulated client positions are offset in the market to minimize market risk. The overnight limits are hence set at very low levels as there is no Risk appetite to keep open positions overnight. Please refer to Market Risk section for further details.

The Bank does not use any other derivatives (no repos / reverse repos, no IRS, …) and hence there are no other sources of Counterparty Credit Risk in terms of derivatives.

Counterparty Credit Risk Mitigation

Master netting agreements or similar arrangements (collectively, netting agreements) with counterparties are used to mitigate counterparty credit risk as a result of markets exposure and permit the Bank to offset receivables and payables with such counterparties. A netting agreement is a contract with a counterparty that permits net settlement of multiple transactions with that counterparty, including upon the exercise of termination rights by a non-defaulting party. Upon exercise of such termination rights, all transactions governed by the netting agreement are terminated and a net settlement amount is calculated.

All counterparties that trade term exposures are expected to sign a master agreement containing netting provisions and clauses that seek to minimize credit exposures. The Bank's policy requires all netting arrangements to be legally documented. ISDA (International Swaps and Derivative Association) master agreements and CSA ('Credit Support Annex') are RBCIS Bank's preferred manner for documenting OTC derivatives.

Wrong way Risk

RBCIS Bank has limited to no exposure to wrong-way risk, i.e. the risk that exposure to a counterparty or obligor is adversely correlated with the credit quality of that counterparty.

Regarding the specific Wrong-Way Risk[4] , the Bank never enters into contracts with underlying instruments linked to the counterparty (i.e. derivative contracts based on the counterparty's own securities, reverse rep transactions with counterparty's securities used as collateral…).

Regarding the General (or Systemic) Wrong-Way Risk[5] , it is limited given the nature of the Bank's exposures where for instance client driven FX exposures are covered in the market, with RBCIS Bank not taking any active positions.

[4] when an exposure to a particular counterparty is positively and highly correlated with the probability of default of the counterparty due to the nature of our transactions with them

[5] when there is a positive correlation between the probability of default of counterparties and general macroeconomic or market factors. This typically occurs with derivatives (e.g. the size of the exposure increases) or with collateralized transactions (the value of the collateral declines).

2.5.2 Analysis of CCR exposures by model approach

In the application of Article 439 (f) in the CRR, the following table shows the methods used for calculating the regulatory requirements for CCR exposure. Exposures cleared through a central counterparty (CCP) are excluded.

As displayed, the Bank uses the mark-to-market methods to measure the exposure value of instruments subject to capital requirements for CCR.

Template 10 - EU CCR1: Analysis of CCR exposure by approach – April 30th, 2019

		a	b	c	d	e	f	g
		Notional	Replacement cost/ Current market value	Potential future credit exposure	EEPE	Multiplier	EAD post-CRM	RWA
1	Mark to market		311.8	816.8			699.4	552.2
2	Original exposure	-					-	-
3	Standardized approach		-			-	-	-
4	Internal Model Method (for derivatives and SFTs)				-	-	-	-
5	Of which securities financing transactions				-	-	-	-
6	Of which derivatives and long settlement transactions				-	-	-	-
7	Of which from contractual cross-product netting				-	-	-	-
8	Financial collateral simple method (for SFTs)					-	-	-
9	Financial collateral comprehensive method (for SFTs)						-	-
10	VaR for SFTs						-	-
11	**Total**							**552.2**

As at 30 April 2019, the final exposure arising from derivative transactions amounted to EUR 1,128.6 million, exposure post netting totalizing € 699,4 million.

2.5.3 CVA capital charge

In the application of Article 439 (f) in the CRR, the following table provides the exposure value and risk exposure amount of transactions subject to capital requirements for credit valuation adjustment. RBCIS's OTC derivatives exposures are subject to credit valuation adjustment. RBCIS Bank uses the standardized approach to calculate CVA capital charge.

Template 11 - EU CCR2 – Credit valuation adjustment (CVA) capital charge – April 30th, 2019

		a	b
		Exposure value	RWA
1	Total portfolios subject to the Advanced CVA capital charge	-	-
2	(i) VaR component (including the 3×multiplier)		-
3	(ii) Stressed VaR component (including the 3×multiplier)		-
4	All portfolios subject to the Standardized CVA capital charge	699.4	96.2
EU4	Based on Original Exposure Method	-	-
5	**Total subject to the CVA capital charge**	**699.4**	**96.2**

2.5.4 Exposures to CCP

RBCIS Bank is not exposed to central counterparties.

2.5.5 Standardized approach - CCR exposures by exposure class and risk weight

In the application of Article 444 (e) in the CRR, the following table provides the counterparty credit risk exposures under the standardized approach broken down by risk weights and regulatory exposure classes. "Unrated" includes all exposures for which a credit assessment by a nominated ECAI is not available and they therefore receive the standard risk weight according to their exposure classes as described in the CRR.

Template 12 - EU CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk – April 30th, 2019

	Exposure Classes	Risk Weights					
		0%	2%	4%	10%	20%	50%
1	Central governments or central banks	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral Development Banks	-	-	-	-	-	-
5	International Organizations	-	-	-	-	-	-
6	Institutions	-	-	-	-	173.0	17.6
7	Corporates	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-
9	Institutions and corporates with a short term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-
11	**Total**	-	-	-	-	**173.0**	**17.6**

	Exposure Classes	Risk Weights					Total	Of Which unrated
		70%	75%	100%	150%	Others		
1	Central governments or central banks	-	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-
4	Multilateral Development Banks	-	-	-	-	-	-	-
5	International Organizations	-	-	-	-	-	-	-
6	Institutions	-	-	1.3	-	-	191.9	-
7	Corporates	-	-	507.6	-	-	507.6	507.6
8	Retail	-	-	-	-	-	-	-
9	Institutions and corporates with a short term credit assessment	-	-	-	-	-	-	-

	Exposure Classes	Risk Weights					Total	Of Which unrated
		70%	75%	100%	150%	Others		
10	Other items	-	-	-	-	-	-	-
11	**Total**	-	-	**508.8**	**0.0**	-	**699.4**	**507.6**

Investments funds are falling into the corporate category. Most of nominated ECAIs do not rate investments funds counterparties.

2.5.6 Impact of netting and collateral held on exposure value for derivatives and SFTs

In the application of Article 439 (e) in the CRR, the following tables present information on counterparty credit risk exposure and the impact of netting and collateral held as well as the composition of collateral used in both derivatives transactions and securities financing transactions (SFT).

RBCIS Bank is solely exposed to derivatives transactions and consequently does not hold securities financings transactions.

The table below provides the gross positive fair values before any credit risk mitigation, the impact of legally enforceable master netting agreements as well as further reduction of the CCR exposure due to eligible collateral received.

Template 13 - EU CCR5-A – Impact of netting and collateral held on exposure values – April 30th, 2019

		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	311.8	429.1	699.4	-	699.4
2	Securities Financing Transactions	-	-	-	-	-
3	Cross-product netting	-	-	-	-	-
4	**Total**	**311.8**	**429.1**	**699.4**	**-**	**699.4**

3 Market Risk

3.1 Definition of Risk

Market Risk is the impact of market prices upon the financial condition of the firm. This includes potential gains or losses due to changes in market determined variables such as interest rates, credit spreads, equity prices, commodity prices, foreign exchange rates and implied volatilities.

Market risk can be exacerbated by thinly-traded or illiquid markets. For an overview of Market Risk sub-risks, please refer to the RBC Enterprise Market Risk Framework.

3.2 Assessment of the regulatory capital requirement

RBCIS applies the standardized approach to calculate its regulatory capital requirement for general interest rate risk within trading activities and foreign exchange risk.

The template below presents the Bank's regulatory capital required broken down by risk type as of April 30th, 2019.

Template 14 - EU MR1: Market risk under standardized approach

	a	b
	RWA	Capital requirements
Outright products	**158.0**	**12.6**
Interest rate risk (general and specific)	110.8	8.9
Equity risk (general and specific)	-	-
Foreign exchange risk	47.1	3.8
Commodity risk	-	-
Options	-	-
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization (specific risk)	-	-
Total	**158.0**	**12.6**

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