

Pillar 3 Report Q3 2020

RBC Investor Services Bank S.A.

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Investor &
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Table of contents

LIST OF ACRONYMS	4
EBA QUARTERLY TABLES AND TEMPLATES	5
NOTE TO READERS	6
INTRODUCTION	7
KEY FIGURES AS OF JULY 31, 2020.....	8
1 OWN FUNDS, CAPITAL ADEQUACY & GROUP SOLVENCY	10
1.1 REGULATORY CAPITAL ADEQUACY (PILLAR I).....	10
1.2 REGULATORY CAPITAL AS OF JULY 31, 2020.....	11
1.3 OVERVIEW OF RWA.....	19
1.4 LEVERAGE RATIO	20
2 LIST OF TEMPLATES, FIGURES, TABLES AND GRAPHS	25
2.1 TEMPLATES.....	25
2.2 TABLES.....	25
2.3 GRAPHS	25

List of Acronyms

AIRB	Advanced Internal Rating Based
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit Valuation Adjustment
EAD	Exposure At Default
EBA	European Banking Authority
JST	Joint Supervisory Team
OCR	Overall Capital Ratio
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
PD	Probability of default
RWA	Risk-Weighted Assets
YoY	Year over Year
YTD	Year To Date

EBA quarterly tables and templates¹

Templates	Reference	Name	CRR Articles	Reference
1	EU OV1	Overview of RWAs	Article 438(c)-(f)	Section 1.3
2	EU LR1	Reconciliation of accounting assets and leverage ratio exposures	Article CRR 451 (1)(b)	Section 1.4
3	EU LR2	Leverage ratio common disclosure	Article CRR 451 (1)(b)	Section 1.4
4	EU LR3	Split-up of on balance sheet exposures	Article CRR 451 (1)(b)	Section 1.4
5	EU CR8	RWA flow statements of credit risk exposures under the IRB approach	Article 438(d) & Article 92 (3)	Not applicable
6	EU CCR7	RWA flow statements of CCR exposures under the IMM	Article 92 (3)-(4) & Article 438(d)	Not applicable
7	EU MR2-B	RWA flow statements of market risk exposures under the IMA	Article 455(e)	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)

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, Italy, Switzerland, United Kingdom and Hong Kong as well as through its subsidiaries in France, Belgium, Ireland, Singapore, Malaysia and Hong Kong. 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) 2019/876 known as Capital Requirement Regulation (CRR2) (amending the Regulation (EU) No 575/2013 (CRR) as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012), the circular CSSF 14/583, the CSSF Regulation 18-03, 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 are filed with the *Registre du Commerce et des Sociétés* in Luxembourg.

Introduction

The aim of the Pillar 3 Disclosure Report Q3 2020 is to give additional specific information on the risk management of RBCIS Bank as of July 31, 2020. This report is in respect of the quarter ended 31 July 2020, including comparative information (where applicable) for the quarters ended 30 April 2020.

RBCIS Bank applies the Title V (Considerations regarding the need to assess the disclosure of information more frequently than annually), paragraph 18 of the EBA Guidelines 2014/14 as amended by the EBA/GL/2016/11 version 2.

The guidelines request more frequent than annual Pillar 3 disclosure (interim Pillar 3) when any of the following criteria applies:

- The institution is one of the three largest institutions in its home Member-State;
- The institution's consolidated asset exceed EUR 30 billion;
- The institution's 4-year average of total assets exceeds 20% of the 4-year average of its home Member-State;
- The institution has consolidated exposures as per Article 429 of the CRR (Leverage ratio exposures) exceeding EUR 200 billion or the equivalent in foreign currency;
- The institution has been identified by competent authorities as a global systematically important institution (G-SII) or as other systematically important institution (O-SII).

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

Key figures as of July 31, 2020

Table 0-1– Key Figures – Capital ratios

EUR mm	July 2019	October 2019	January 2020	April 2020	July 2020
CET1 Capital ratio	23.63%	25.20%	23.72%	25.68%	21.09%
Tier 1 ratio	23.63%	25.20%	23.72%	25.68%	21.09%
Total Capital ratio	23.63%	25.20%	23.72%	25.68%	29.72%

Graph 0-1 – Key figures – Leverage ratio

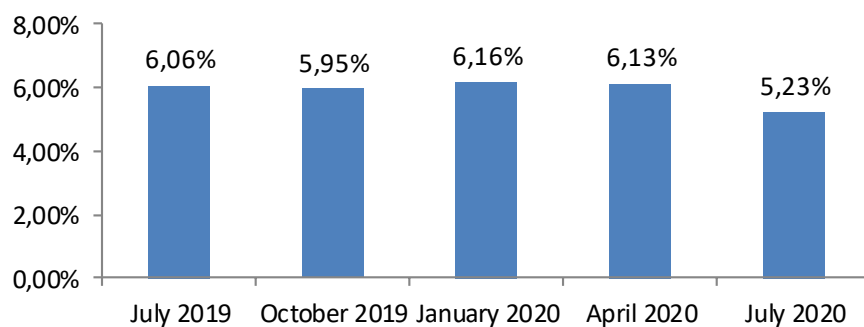
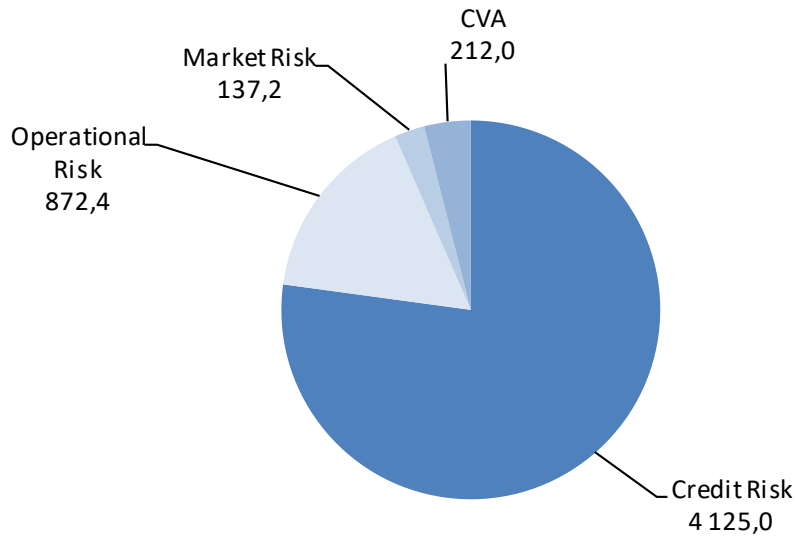


Table 0-2– Regulatory Capital

EUR mm	July 2019	October 2019	January 2020	April 2020	July 2020
CET1	1,087.5	1,112.5	1,134.1	1,130.1	1,127.4
Additional Tier 1	0.0	0.0	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0	0.0	461.8
Total	1,087.5	1,112.5	1,134.1	1,130.1	1,589.2

Graph 0-2 – Distribution of RWA by type



1 Own Funds, Capital Adequacy & Group Solvency

1.1 Regulatory capital adequacy (Pillar I)

During Q3 2020, 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 Capital Management Policy.

As at July 31, 2020, the CET1 Capital ratio stands at 21.09%, and the Total Capital ratio stands at 29.72%, compared to 25.68% both as of April 30, 2020.

The CET1 Capital ratio decrease between April 30, 2020 and July 31, 2020 is mainly driven by the increase of the Credit Risk weighted assets, while the increase of the Total Capital ratio is due to the issuance of EUR 461.8 mm of T2 subordinated debt in May 2020 to accommodate the forthcoming new MREL requirements.

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

EUR mm	July 2020	April 2020
Paid-up capital	554.1	554.1
Eligible Reserves / Retained Earnings	726.5	728.9
Deductions from capital	-149.5	-150.5
Prudential valuation	-3.7	-2.4
CET 1 Capital	1,127.4	1,130.1
T2 / Subordinated Debt	461.8	n/a
Total Regulatory Capital	1,589.2	1,130.1
Credit Risk	330.0	267.3
Operational Risk	69.8	65.1
Market Risk	11.0	10.7
CVA	17.0	8.9
Total Capital Requirement	427.7	352.0
CET 1 Capital ratio	21.09%	25.68%
Total Capital ratio	29.72%	25.68%

1.2 Regulatory capital as of July 31, 2020

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

EUR mm		(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	507.3	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	191.7	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)	0.0	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	1,280.6		N/A
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-3.7	34, 105	N/A

8	Intangible assets (net of related tax liability) (negative amount)	-149.5	36 (1) (b), 37, 472 (4)	N/A
9	Irrevocable Payment Commitment	-0.1		N/A
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 securitised 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: securitisation positions (negative amount)	N/A	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	N/A
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 unrealised 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)	-153.2		N/A
29	Common Equity Tier 1 (CET1) capital	1,127.4		N/A
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	N/A	51, 52	N/A
31	of which: classified as equity under applicable accounting standards	N/A		N/A
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
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)	1,127.4		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	461.8		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
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	461.8		N/A
59	Total capital (TC = T1 + T2)	1,589.2		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
	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 crossholdings 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	5,346.7		N/A
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.09%	92 (2) (a), 465	N/A
62	Tier 1 (as a percentage of total risk exposure amount)	21.09%	92 (2) (b), 465	N/A
63	Total capital (as a percentage of total risk exposure amount)	29.72%	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)	3.05%	CRD 128, 129, 140	N/A
65	of which: capital conservation buffer requirement	2.50%		N/A
66	of which: countercyclical buffer requirement	0.05%		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)	7.55%	CRD 128	N/A
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)	4.5	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 standardised approach (prior to the application of the cap)	-	62	N/A
77	Cap on inclusion of credit risk adjustments in T2 under standardised 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
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 RWA

The table below provides an overview of total Risk Weighted Assets and capital requirements as of July 31, 2020 and April 30, 2020. The capital requirements amounts have been obtained by applying 8% to the corresponding weighted risks.

Template 1 – EU OV1 - Overview of RWA

EUR mm			RWA		Minimum capital requirements	
			July 2020	April 2020	July 2020	April 2020
	1	Credit risk (excluding counterparty credit risk) (CCR)	3,687.6	2,934.1	295.0	234.7
Art 438(c)(d)	2	Of which standardised approach (SA)	3,687.6	2,934.1	295.0	234.7
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	649.4	519.1	52.0	41.5
Art 438(c)(d)	7	Of which Marked to market	437.4	407.3	35.0	32.6
Art 438(c)(d)	8	Of which Original exposure	-	-	-	-
Art 438(c)(d)	9	Of which standardised 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	212.0	111.9	17.0	8.9
Art 438 (e)	13	Settlement risk	-	-	-	-
Art 449(o)(i)	14	Securitisation 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 standardised approach (SA)	-	-	-	-
Art 438 (e)	19	Market risk	137.2	133.4	11.0	10.7
	20	Of which standardised approach (SA)	137.2	133.4	11.0	10.7
	21	Of which internal model approaches (IMA)	-	-	-	-
Art 438 (e)	22	Large exposures	-	-	-	-
Art 438(f)	23	Operational risk	872.4	813.9	69.8	65.1
	24	Of which Basic Indicator Approach	-	-	-	-
	25	Of which Standardised Approach	872.4	813.9	69.8	65.1
	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	5,346.7	4,400.6	427.7	352.0

As of July 31, 2020, RBCIS Bank total RWA amounted to EUR 5.3bn compared to EUR 4.4bn as of April 30, 2020. As of July 31, 2020, RWA are concentrated on Credit risk and Operational risk, representing respectively 77.1% and 16.3% of the total RWA. RWA related to Market risk and CVA represent respectively 2.6% and 4% of the total RWA.

Increase of total risk weighted exposures by EUR 946.2mm in July 31, 2020 compared to April 30, 2020 is primarily due to the increase of Credit risk RWA by EUR 783.6mm, reflecting higher counterparty credit risk and increased 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%.

As of July 31, 2020, RBCIS Bank leverage ratio stands at 5.23%, well above the 3% minimum requirement.

Table 1-3 – Leverage ratio

EUR mm	July 2020	April 2020
Tier 1 capital	1,127.4	1,130.0
Leverage ratio exposure	21,561.7	18,431.9
Leverage ratio, percentage	5.23%	6.13%

RBCIS Bank leverage ratio decreased from 6.13% in April 2020 to 5.23% in July 2020 primarily due to an increase in the Bank on-balance sheet leverage exposures, partially offset by the off-balance sheet items, the Tier 1 Capital being almost unchanged.

The following table discloses the breakdown of the total exposure measure as well as a reconciliation with the relevant information disclosed in published financial statements, as required by Article CRR 451 (1)(b).

Template 2 – EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EUR mm		a
		Applicable amount
1	Total assets as per published financial statements	21,240.8
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	153.7
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-

4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429a(1)(i) of Regulation (EU) (EU) No 575/2013 (CRR))	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	-
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	384.2
11	(Adjustment for prudent valuation adjustments and general provisions which have reduced Tier 1 capital)	3.7
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429a(1)(c) of CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429a(1)(j) of CRR)	-
12	Other adjustments	-220.7
13	Leverage ratio total exposure measure	21,561.7

The following table discloses the breakdown of the total exposure measure for Leverage ratio.

Template 3 – EU LR2 - LRCom: Leverage ratio common disclosure

EUR mm		a
		CRR leverage ratio exposures
On balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	20,091.0
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-
5	(General credit risk adjustments to on-balance sheet items)	-
6	(Asset amounts deducted in determining Tier 1 capital)	-153.2
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 6)	19,937.9
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	693.6
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	546.1
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-
EU-9b	Exposure determined under Original Exposure Method	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-

EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-
11	Adjusted effective notional amount of written credit derivatives	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
13	Total derivatives exposures (sum of lines 8 to EU-12)	1,239.7
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after an adjustment for sales accounting transactions	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
16	Counterparty credit risk exposure for SFT assets	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of CRR	-
17	Agent transaction exposures	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-
18	Total securities financing transaction exposures (sum of lines 14 to EU-17a)	-
Other off balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	1,825.6
20	(Adjustments for conversion to credit equivalent amounts)	-1,441.4
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-
22	Off-balance sheet exposures (sum of lines 19 to 21)	384.2
Excluded exposures		
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with Article 429a(1)(c) of CRR)	-
EU-22b	(Exposures exempted in accordance with Article 429a (1) (j) of CRR (on and off balance sheet))	-
EU-22c	(Excluded exposures of public development banks - Public sector investments)	-
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-
EU-22g	(Excluded excess collateral deposited at tri party agents)	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with Article 429a(o) of the CRR)	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with Article 429a(1)(p) of the CRR)	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-
EU-22k	(Total excluded exposures)	-
Capital and total exposure measure		

23	Tier 1 capital	1,127.4
24	Leverage ratio total exposure measure	21,561.7
Leverage ratio		
25	Leverage ratio	5.23%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments)	5.23%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.23%
26	Regulatory minimum leverage ratio requirement	3.00%
EU-26a	Additional leverage ratio requirements (%)	0.00%
27	Applicable leverage buffer	0.00%
Choice on transitional arrangements and relevant exposures		
EU-27	Choice on transitional arrangements for the definition of the capital measure	-
Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	21,561.7
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	21,561.7
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.23%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.23%

Template 4 – EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EUR mm		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	20,091.0
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	20,091.0
EU-4	Covered bonds	1,497.5
EU-5	Exposures treated as sovereigns	8,730.9
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	8,256.3
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-

EU-10	Corporate	1,194.9
EU-11	Exposures in default	0.2
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	411.2

2 List of templates, figures, tables and graphs

2.1 Templates

Template 1 – EU OV1 - Overview of RWA.....	19
Template 2 – EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	20
Template 3 – EU LR2 - LRCom: Leverage ratio common disclosure	21
Template 4 – EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	23

2.2 Tables

Table 0-1– Key Figures – Capital ratios.....	8
Table 0-2– Regulatory Capital.....	8
Table 1-1 – RBCIS Bank Eligible Capital and Capital Ratio.....	10
Table 1-2 – Transitional own funds requirements.....	11
Table 1-3 – Leverage ratio	20

2.3 Graphs

Graph 0-1 – Key figures – Leverage ratio.....	8
Graph 0-2 – Distribution of RWA by type	9