

2018 165(d) US Resolution Plan

*Royal Bank of Canada
Public Section*

December 2018





Caution Regarding Forward-looking Statements

From time to time, the Royal Bank of Canada (“RBC” or “we” or “us”) make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in this 2018 165(d) US Resolution Plan, in filings with Canadian regulators or the US Securities and Exchange Commission (SEC), in reports to shareholders and in other communications. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, vision, strategic goals and US-specific resolution strategy. The forward-looking information contained in this document is presented for the purpose of assisting stakeholders in understanding our financial position as well as our financial performance objectives, vision, strategic goals and US-specific resolution strategy, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision, strategic goals, and US-specific resolution strategy will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the risk sections of our Annual Report for the fiscal year ended October 31, 2018 (2018 Annual Report) including global uncertainty, Canadian housing and household indebtedness, information technology and cyber risk, regulatory changes, digital disruption and innovation, data and third party related risks, climate change, the business and economic conditions in the geographic regions in which we operate, the effects of changes in government fiscal, monetary and other policies, tax risk and transparency, and environmental and social risk. In addition, the scenario and associated assumptions set out in this 2018 165(d) US Resolution Plan are hypothetical and do not necessarily reflect an event or events to which RBC is or may become subject. As a result, the outcomes of RBC’s US-specific resolution strategies could differ, possibly materially, from those RBC has described.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward-looking statements contained in this 2018 165(d) US Resolution Plan are set out in the Economic, market, and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook headings in our 2018 Annual Report. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf. Additional information about these and other factors can be found in the risk sections of our 2018 Annual Report.



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I Public Section

I.A Introduction

I.A.i Background and Overview

Pursuant to 12 CFR Part 243 and 12 CFR Part 381 (the “Resolution Plan Rule”),¹ the Board of Governors of the Federal Reserve System (“FRB”) and the Federal Deposit Insurance Corporation (“FDIC”) require bank holding companies (“BHC”) with total consolidated assets of \$50 billion or more and nonbank financial companies designated by the Financial Stability Oversight Council (“FSOC”) for supervision by the FRB (each, a “Covered Company”) to submit resolution plans periodically to the FRB and the FDIC. Each plan must describe the Covered Company’s strategy for rapid and orderly resolution in the event of material financial distress or failure of the company under the US Bankruptcy Code in a manner that substantially mitigates the risk that the failure of the Covered Company would have serious adverse effects on financial stability in the United States.

Royal Bank of Canada (“RBC” and, together with its affiliates, the “RBC Group”), as a BHC registered with the FRB with total consolidated assets in excess of \$50 billion, is required to submit a resolution plan (the “Resolution Plan”) under the Resolution Plan Rule. For a foreign-based Covered Company like RBC, the Resolution Plan Rule requires the Resolution Plan to focus on the Covered Company’s branches, agencies, critical operations, and core business lines, as applicable, that are domiciled in the US or conducted in whole or in material part in the US. The FRB and the FDIC have each, by rule, guidance and through the supervisory process, prescribed the assumptions, required approach and scope for resolution plans and have required that certain information be included in the public section of the Resolution Plan.

For purposes of its Resolution Plan, the FRB and FDIC require RBC to address a scenario in which (i) RBC’s combined US operations (“RBC CUSO”)² experience material financial distress, (ii) RBC is unable or unwilling to provide sufficient financial support for the continuation of its US operations, and (iii) at least the US intermediate holding company (“IHC”) files for Chapter 11 bankruptcy. In addition, the FRB and FDIC have required RBC to take into account that such material financial distress occurs under severely adverse economic conditions.

RBC views the likelihood of such a scenario occurring to be remote. If such a scenario were to occur, however, RBC’s Resolution Plan provides for the resolution of RBC CUSO in a manner that can be accomplished in a reasonable period of time while mitigating any risk to the US financial system and without any expected need for any government or taxpayer support. Unless otherwise indicated, information provided in this Public Section is as of December 31, 2017.

¹ Promulgated by the FRB and the FDIC pursuant to Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).

² US Operations means the US Intermediate Holding Company (IHC), its IHC subsidiaries and US Branches, Agencies, and Representative Offices of RBC Group.



RBC's Resolution Enhancements

RBC has made ongoing improvements to the resolvability and resiliency of its US operations since the 2008-2009 financial crisis to comply with subsequent Dodd-Frank Act reforms. Efforts to enhance resolvability include initiatives in the following areas:

- **Financial Capabilities: Capital, Funding and Liquidity.** RBC has developed contingency funding plans, established an independent review function of liquidity risk management processes and reporting, and developed cash-flow projections for RBC CUSO in line with US regulatory requirements. RBC has also established a US risk committee and implemented formal review procedures as part of its Comprehensive Capital Analysis and Review Process ("CCAR") and stress test submissions, while developing infrastructure and performing other capital and liquidity stress testing exercises.
- **Corporate Governance and Organizational Structure.** RBC established a US IHC as part of complying with Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations of the Dodd-Frank Act ("Regulation YY" or "EPS Rules"). RBC was required to establish a US IHC by July 1, 2016. The RBC IHC is also a BHC and holds RBC's entire ownership interests in all US subsidiaries, and is subject to the FRB's EPS Rules to ensure safety and soundness, particularly as it relates to capital adequacy and stress testing, liquidity and risk management. To further implement the risk management framework described above, RBC has also updated its US governance framework to support the IHC's Board of Directors in fulfilling its oversight responsibility.
- **Collateral Management.** RBC has developed policies and standards governing collateral activities. RBC captures collateral agreement terms in source systems across product types and documents and tracks netting and hypothecation agreements across reference data systems.
- **Payment, Clearing and Settlement Capabilities.** RBC has developed methodologies and playbooks for its relationships with financial market utilities ("FMUs") and agent banks. RBC has also developed and implemented a new information technology system to track cash flow and end of day balances for agent banks and FMUs.
- **Shared and Outsourced Services.** RBC has completed interconnectivity mapping and established a Shared Services Center ("SSC") to define, implement, and manage a consistent set of enterprise-wide standards and maintenance process for intragroup arrangements ("IGAs") RBC is also in the process of amending vendor and intragroup contract provisions to be resolution resilient.
- **Management Information Systems.** RBC has mapped key management information systems ("MIS") to business lines and data centers. RBC has also developed key reports required for management to assist governance of US material entities and core business lines in resolution. IGAs now document critical service relationships for continuity in resolution.
- **Subsidiary Governance.** RBC has updated its policy regarding the governance of subsidiaries to include the resolution specific considerations.



Communications. RBC has developed crisis communications plans, processes, and timelines to enhance governance in a financial crisis.

I.A.ii About Royal Bank of Canada

Overview of RBC

RBC and its subsidiaries operate under the public brand name, RBC. RBC is the largest bank in Canada, and one of the largest banks in the world, based on market capitalization. The RBC Group is one of North America's leading diversified financial services companies and provides personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing services on a global basis. The RBC Group employs over 80,000 full- and part-time employees who serve more than 16 million personal, business, public sector, and institutional clients, through offices in Canada, the United States, and 35 other countries. In the US, the RBC Group employs approximately 12,523 full- and part-time employees.

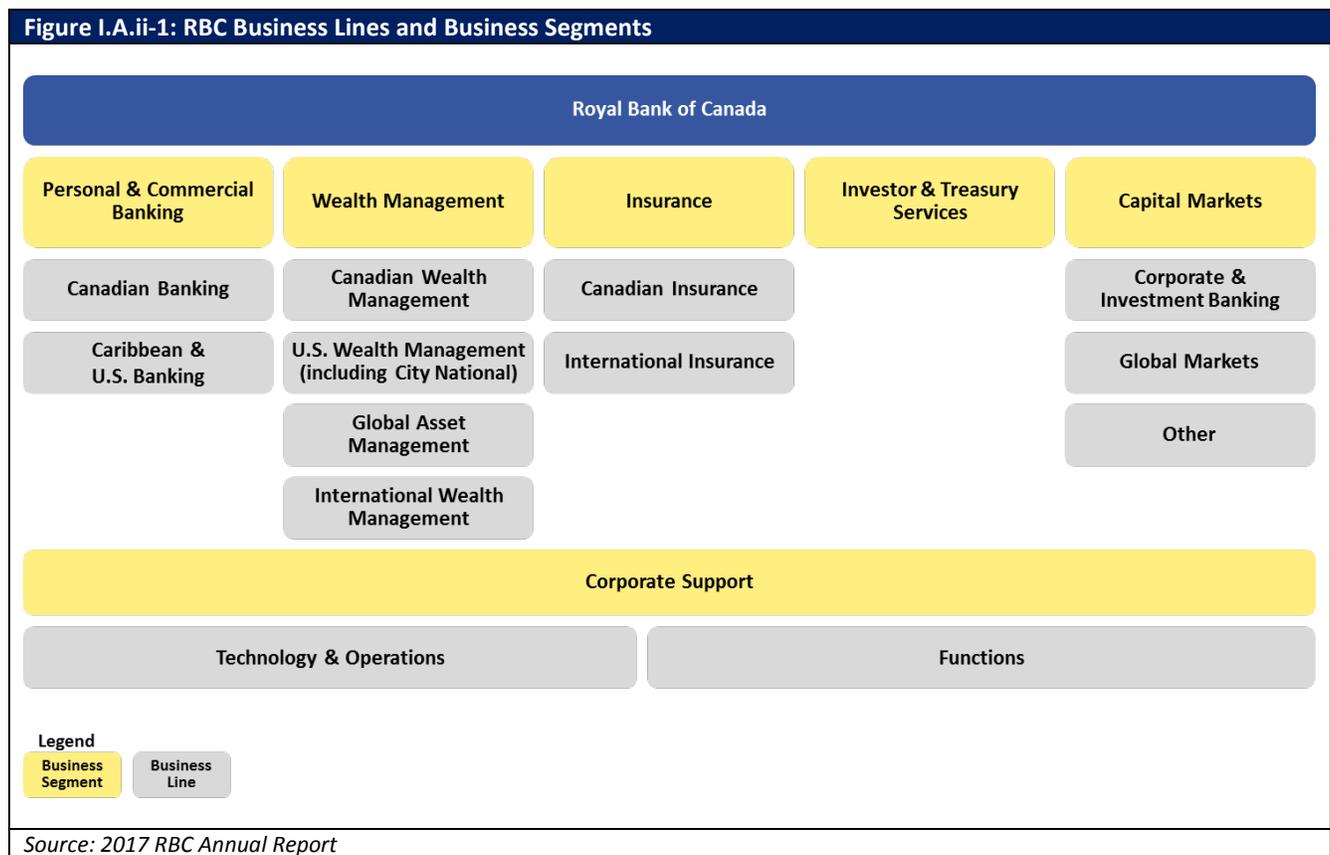
Globally, the RBC Group is composed of five main business lines:

- **Personal & Commercial Banking** includes personal and business banking operations, as well as auto financing and retail investment businesses in Canada, the Caribbean, and the United States. Personal & Commercial Banking accounted for approximately 49% of RBC's total 2017 earnings.
- **Capital Markets** provides public and private companies, institutional investors, governments, and central banks with a wide range of products and services. In North America, Capital Markets offers a full suite of products and services which include corporate and investment banking, equity and debt origination and distribution, and structuring and trading. Outside North America, Capital Markets offers a diversified set of capabilities in key sectors of expertise such as energy, mining and infrastructure, and expanding into industrial, consumer, and health care in Europe. Capital Markets accounted for approximately 22% of RBC's total 2017 earnings.
- **Wealth Management** serves affluent, high net worth and ultra-high net worth clients from RBC offices in key financial centers mainly in Canada, the United States, the United Kingdom, Channel Islands, continental Europe, and Asia with a comprehensive suite of investment, trust, banking, credit, and other wealth management solutions. Wealth Management also provides asset management products and services directly to institutional and individual clients through RBC distribution channels and third-party distributors. Wealth Management accounted for approximately 16% of RBC's total 2017 earnings.
- **Insurance** provides a wide range of life, health, home, auto, travel, wealth, and reinsurance products and solutions. The business line offers insurance products and services through RBC's proprietary distribution channels, composed of the field sales force which includes retail insurance branches, field sales representatives, call centers and online as well as through independent insurance advisors and affinity relationships in Canada. Outside Canada, the business line operates in reinsurance markets globally. Insurance accounted for approximately 6% of RBC's total 2017 earnings.



- Investor & Treasury Services** serves the needs of institutional investing clients by providing asset servicing, custodial, advisory, financing, and other services to safeguard assets, maximize liquidity, and manage risk in multiple jurisdictions around the world. This business line also provides short term funding and liquidity management for the enterprise. Investor & Treasury Services accounted for approximately 7% of RBC’s total 2017 earnings.

Figure I.A.ii-1: RBC Business Segments and Lines, below, shows RBC’s five main business lines and the business segments thereunder.



Business Model

The RBC Group has a diversified business model designed to service clients’ broad financial services needs and to generate earnings stability through market and credit cycles. RBC's business model is to be the leader in Canada, while building global franchises in Capital Markets and Wealth Management, areas in which it has demonstrated competitive strength and a track record of building profitable, broad, and deep relationships with high net worth and corporate and institutional clients. Revenue breakdown by geography as of December 31, 2017 was approximately 60% Canada, 22% United States and 18% other select global financial centers outside of Canada and the United States.



Strategic Priorities

RBC has a focused strategy that targets high-growth client segments within priority markets of Canada, the United States, and select global financial centers (“Other International”). Across geographies, RBC is deepening relationships with its clients and bringing the strength, breadth and depth of RBC to meet their goals:

- In Canada, to be the undisputed leader in financial services;
- In the US, to be the preferred partner to corporate, institutional, and high net worth clients and their businesses; and
- In select global financial centers, to be a leading financial services partner valued for RBC’s expertise.

Overview of RBC’s Activities in the US

In the United States, RBC engages in activities through subsidiaries, branches, agencies, and representative offices. As of December 31, 2017, RBC CUSO had approximately \$237.4 billion in assets and generated approximately \$7.48 billion in revenue based on US GAAP accounting standards. RBC views the US as its second home market, and the US represents the largest financial services revenue pool for RBC outside of Canada. It is also RBC’s largest market outside of Canada and its most attractive market for further expansion and capability extension. Over the past three years, RBC’s US operations have represented approximately 21% of RBC’s total revenue, trending upwards year over year.

I.A.ii.a US Material Entities

A material entity (“ME”) is defined by the Resolution Plan Rule as a subsidiary or foreign office of the Covered Company that is significant to the activities of a critical operation or core business line. For purposes of its Resolution Plan, RBC has designated the four entities discussed below as MEs in its US operations.

RBC USA Holdco Corporation (“RBC USA Holdco”) is a Delaware corporation and, as of December 31, 2017, RBC’s top-level US IHC and a wholly owned subsidiary of RBC. RBC holds its entire ownership interests in all US subsidiaries under RBC USA Holdco. RBC USA Holdco is a bank holding company and the parent of RBC CM LLC, City National Bank (“CNB”) and several other RBC US subsidiaries. RBC USA Holdco is a non-operating bank holding company with its principal place of business in New York, New York. RBC USA Holdco’s primary regulator is the FRB. As a bank holding company, RBC USA Holdco does not have any employees.

RBC Capital Markets, LLC (“RBC CM LLC”) is a Minnesota limited liability company, a direct wholly owned subsidiary of RBC USA Holdco and an indirect subsidiary of RBC. RBC CM LLC is a registered broker-dealer with the US Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, a member of the Financial Industry Regulatory Authority (“FINRA”), a Futures Commission Merchant with the Commodity Futures Trading Commission (“CFTC”) under the Commodity Exchange Act, and a member of the New York Stock Exchange and other securities and commodities exchanges. RBC CM LLC is also registered as a Swap Firm with the National Futures Association (“NFA”). RBC CM LLC offers full-service brokerage and investment banking services to individual, institutional, corporate, and governmental clients and provides asset management services for its customers and clearing services to unaffiliated correspondent firms and affiliated broker-dealers.



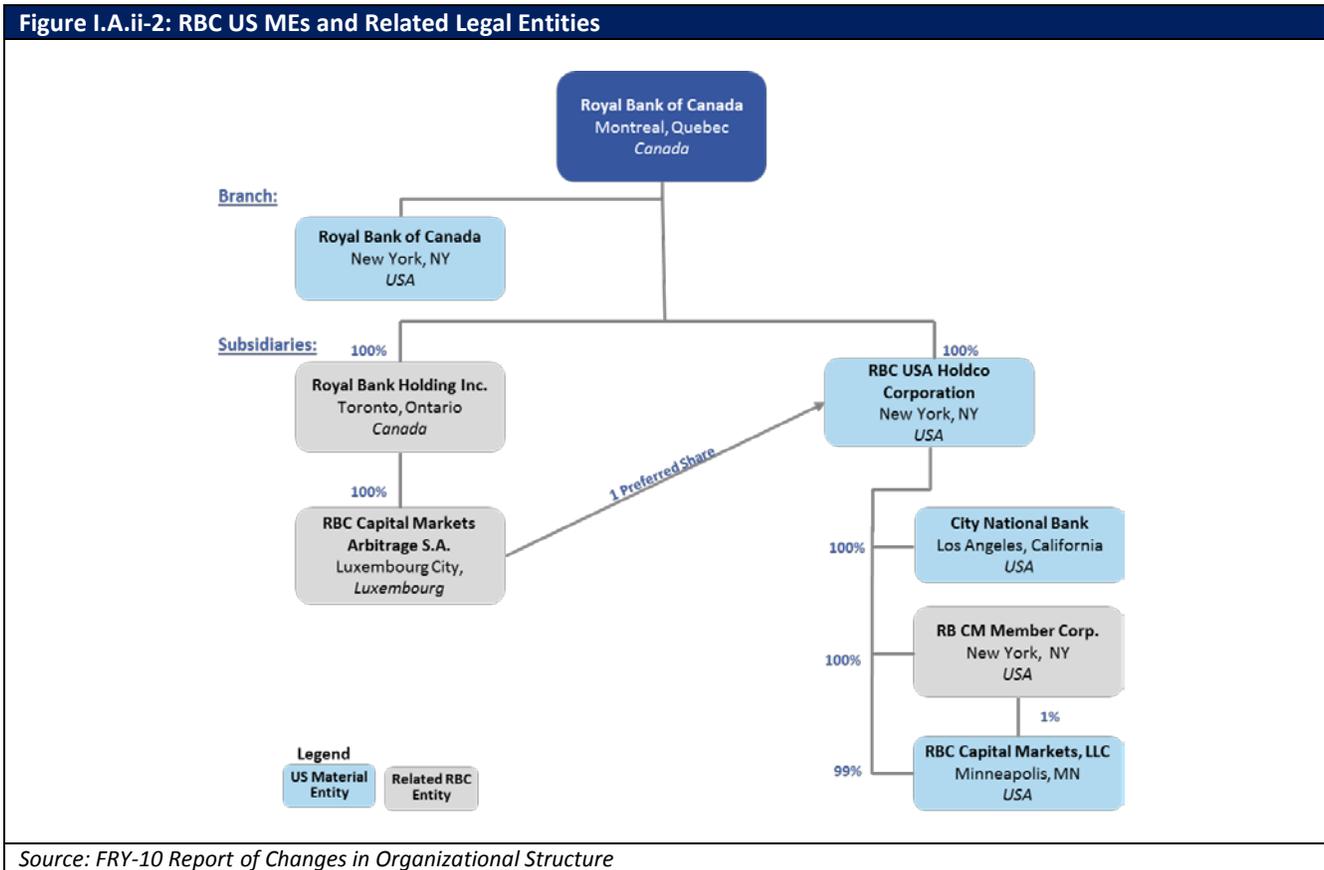
Its principal place of business is located in New York, New York, and its primary regulators include the SEC, the CFTC, NFA, and FINRA.

CNB is a national banking association chartered by the OCC, it is FDIC insured and is a member of the Federal Reserve System. CNB also has fiduciary powers and exercises investment management under those powers. CNB is a direct, wholly owned subsidiary of RBC USA Holdco and an indirect subsidiary of RBC, operating as part of RBC's Wealth Management division. CNB and its subsidiaries provide a broad range of lending, deposit, cash management, equipment financing, and other products and services to their clients, which include individuals, entrepreneurs, professionals, their businesses, and their families. CNB also offers wealth management, brokerage and leasing services among others.

CNB was acquired by RBC in 2015. On January 22, 2015, City National Corporation ("CNC"), a bank holding company and financial holding company of which CNB was a wholly owned subsidiary, entered into an Agreement and Plan of Merger (the "Merger Agreement") with RBC and RBC USA Holdco. Pursuant to the Merger Agreement, CNC merged with and into RBC USA Holdco, with RBC USA Holdco surviving the merger. On November 2, 2015, the merger completed and CNB became a wholly owned subsidiary of RBC USA Holdco. Following the merger, CNB continues to operate as a national banking association within the RBC Group.

RBC's Three World Financial Center, New York, WFC Branch ("WFC Branch") is a Federal branch licensed by the Office of the Comptroller of the Currency ("OCC") with full banking and fiduciary powers. Primarily supporting RBC's Capital Markets business, the WFC Branch provides corporate banking services to companies mainly located in the United States, including a full range of corporate banking products, such as revolving and term credit facilities, foreign exchange and risk management products, trade lines, and structured finance capabilities.

Figure I.A.ii-2: RBC US Material Entities and Related Legal Entities, below, shows RBC’s US MEs.



I.A.ii.b Core Business Lines

Core business lines (“CBLs”), as defined in the Resolution Plan Rule, are those business lines of the Covered Company, including associated operations, services, functions, and support that, in the view of the Covered Company, upon failure would result in a material loss of revenue, profit or franchise value. For purposes of the Resolution Plan, RBC identified: (i) Capital Markets, (ii) Wealth Management, and (iii) City National Bank as US CBLs.

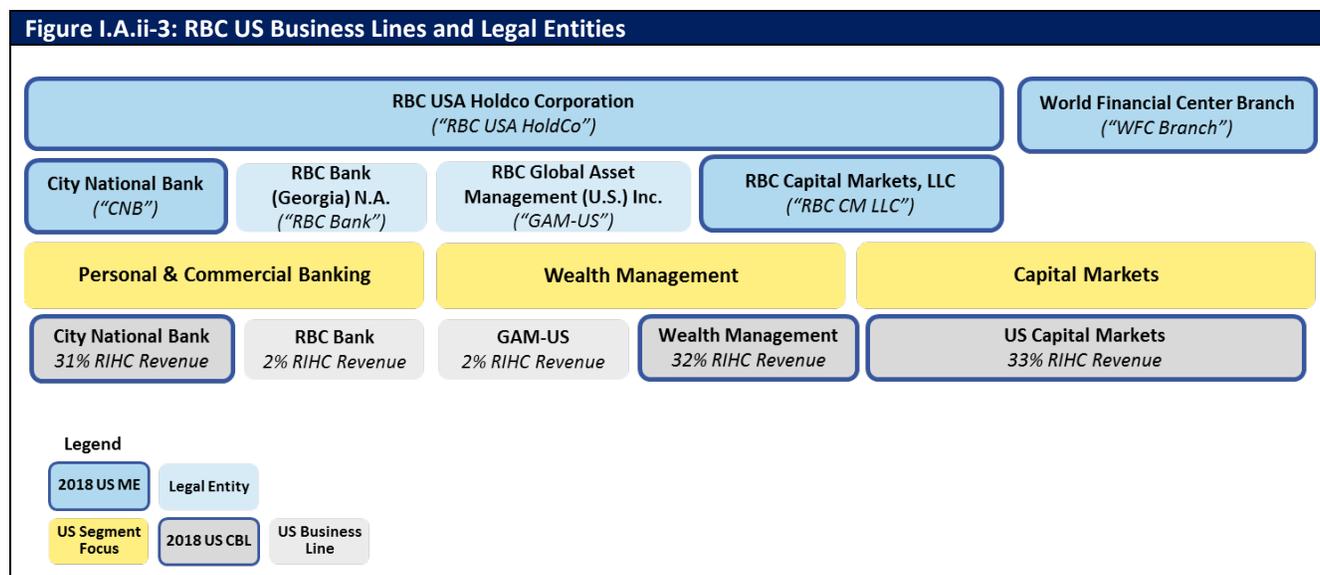
Capital Markets (“CM”) business provides products and services, including equity and debt origination, distribution, structuring, and trading to public and private companies, institutional investors, governments, and central banks. In the US, RBC has solidified its CM business to become the 11th largest investment bank with a reputation for industry expertise and sound execution.

Wealth Management (“WM”) business serves affluent, high net worth (“HNW”), and ultra-high net worth (“UHNW”) clients with a wide range of investment, trust banking, credit, and other WM solutions. US WM also offers asset management products and services directly to institutional and individual clients through distribution channels and third-party distributors. US WM serves its clients through two main lines of business, Private Client Group and Correspondent and Advisory Services.



CNB provides a complete suite of banking, trust, and investment services to affluent, HNWI, and UHNWI individuals, entrepreneurs, and commercial clients in major US metropolitan statistical areas with high concentrations of wealthy clients (e.g., Southern California, San Francisco, NYC).

Figure I.A.ii-3: RBC US Business Lines and Legal Entities, below, maps RBC’s designated CBLs to its designated US MEs and illustrates the contribution of each CBL to RBC USA Holdco’s total revenue based on 2017 calendar year.³



I.A.ii.c Critical Operations

Critical operations (“COs”), as defined in the Resolution Plan Rule, are those operations of the Covered Company, including associated services, functions, and support, the failure or discontinuance of which, in the view of the Covered Company or as jointly directed by the FRB and FDIC, would pose a threat to the financial stability of the United States. For purposes of the Resolution Plan, RBC does not have designated COs.

I.B Resolution Strategy

I.B.i Global Resolution Strategy

Based on the overall objective of minimizing risk to the financial system, RBC have developed an enterprise-wide resolution strategy, which is compatible and achievable within the key jurisdictions in which RBC operates. A Single Point of Entry (“SPOE”) approach, led by RBC’s home jurisdiction resolution authority, the Canada Deposit Insurance Corporation (“CDIC”), is generally achievable in light of RBC’s legal, operational and financial structure.

The enterprise is predominantly Canadian-based, both in terms of enterprise Material Legal Entities (entities in scope for the Enterprise Resolution Plan based on their materiality to RBC, with respect to quantitative and

³ Excludes corporate other/support.



qualitative factors) and critical functions. In addition, for those entities and businesses that have an international presence, the regulatory frameworks in those jurisdictions are generally consistent with the SPOE approach.⁴

RBC continues to expand and update its global resolution strategy with each submission of its Enterprise Resolution Plan. RBC is also working to ensure that it implements the items noted for global systemically important banks (“G-SIB”) for consideration in the *Key Attributes of Effective Resolution Regimes for Financial Institutions* publication, and that any consultative documents and annexes published by the Financial Stability Board (“FSB”), as well as any guidance received by regulators in the key jurisdictions in which it operates are considered in RBCs resolution planning efforts.

Canadian Bail-in Resolution Tool

The main elements of the bail-in legislative framework in Canada have been finalized, cementing this resolution tool as key to the short-term recapitalization (and resulting stabilization) of Canadian financial institutions. On September 24, 2018, RBC completed an inaugural issuance of bail-in debt. This was followed by a second issuance on October 1, 2018.

As part of the Canadian bank resolution powers, certain provisions of and regulations under the Bank Act (Canada) (the “Bank Act”), the Canada Deposit Insurance Corporation Act (the “CDIC Act”) and certain other Canadian federal statutes pertaining to banks, (the “Bail-in regime,”) provide for a bank recapitalization regime for banks designated by the Superintendent of Financial Institutions (Canada) (the “Superintendent”) as domestic systemically important banks (“D-SIBS”), which includes RBC. RBC’s SPOE resolution strategy involving bail-in is a strategy that relies on RBC having issued sufficient loss absorbing capacity, bail-in and the ability to recapitalize RBC at the top-tier entity and subsidiary level. Total Loss Absorbing Capacity (“TLAC”) and bail-in will ensure that the legal entities continue to be supported throughout resolution. The Canadian regime is broadly consistent with the international standards endorsed by the G20 and best practices of other jurisdictions.

RBC, CDIC and the Bank of Canada have been working together to address any barriers or challenges to the implementation of bail-in and the impact on RBC’s global resolution strategy. RBC’s Enterprise Resolution Plan will continue to expand to address any continuity, operational, financial and/or legal challenges and mitigate any risk that may arise as a result of the failure of RBC and the impact on the key jurisdictions in which it operates.

I.B.ii US-Specific Resolution Strategy

As noted above, for purposes of the Resolution Plan, the FRB and FDIC have required RBC to address a scenario in which RBC’s US operations experience material financial distress, RBC is unable or unwilling to provide sufficient financial support for the continuation of RBC’s US operations and at least the US IHC files for Chapter 11 bankruptcy. In addition, the FRB and FDIC have required RBC to take into account that such material financial distress occurs under severely adverse economic conditions.

⁴ RBC’s US Resolution Plan, in accordance with RBC’s January 2018 Feedback Letter, requires the failure of RBC’s US IHC, RBC USA Holdco; whereas, RBC’s Enterprise Plan contemplates only RBC being put into resolution under the authority of the CDIC and funding the continued viability of all of its MEs including RBC’s US IHC.



In accordance with these requirements, RBC’s US Resolution Plan strategy contemplates: (i) the resolution of RBC USA Holdco, the US IHC as of December 31, 2017, under Chapter 11 of the US Bankruptcy Code, (ii) the solvent, orderly wind-down of RBC CM LLC’s Capital Markets business and the WFC Branch, and (iii) the sale of RBC CM LLC’s Wealth Management business and CNB, each as a going concern, to a third party. In the event that a solvent sale of CNB is unavailable, RBC’s US Resolution Plan strategy illustrates that CNB could alternatively be sold through a purchase and assumption (“P&A”) transaction in FDIC receivership. The US Resolution Plan provides for the resolution of RBC’s US MEs and CBLs in a rapid and orderly manner while mitigating any risk to the US financial system.

I.C Financial Data

I.C.i Assets and Liabilities

The following summary financial information for RBC was prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. RBC’s consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with IFRS standards as of October 31, 2017 (RBC’s fiscal year ends on October 31) and as reported in the audited consolidated financial statements included in RBC’s 2017 Annual Report. The consolidated statements also comply with Subsection 308 of the Bank Act (Canada), which states that except as otherwise specified by the Office of the Superintendent of Financial Institutions (“OSFI”), consolidated financial statements are to be prepared in accordance with IFRS.

Figure I.C.i-1: RBC’s Consolidated Balance Sheet as of October 31, 2017 in CAD (\$ millions)	
Assets	
Cash & Due from banks	28,407
Interest-bearing deposits with banks	32,662
Securities	218,379
Trading	127,657
Available-for-sale	90,722
Assets purchased under reverse repurchase agreements and securities borrowed	220,977
Loans	542,617
Retail	385,170
Wholesale	159,606
Allowance for loan losses	(2,159)
Segregated fund net assets	1,216
Other	168,595
Customers’ liability under acceptances	16,459
Derivatives	95,023
Premises and equipment	2,670
Goodwill	10,977
Other intangibles	4,507
Other assets	38,959
Total Assets	\$ 1,212,853
Liabilities and Equity	



Figure I.C.i-1: RBC's Consolidated Balance Sheet as of October 31, 2017 in CAD (\$ millions)	
Deposits	789,635
Personal	260,213
Business and government	505,665
Bank	23,757
Segregated fund net liabilities	1,216
Other	338,309
Acceptances	16,459
Obligations related to securities sold short	30,008
Obligations related to assets sold under repurchase agreements and securities loaned	143,084
Derivatives	92,127
Insurance claims and policy benefit liabilities	9,676
Other liabilities	46,955
Subordinated debentures	9,265
Total Liabilities	\$ 1,138,425
Equity attributable to shareholders	73,829
Preferred shares	6,413
Common shares (shares issued - 1,452,534,303 and 1,484,234,375)	17,703
Retained earnings	45,359
Other components of equity	4,354
Non-controlling interests	599
Total Equity	\$ 74,428
Total Liabilities and Equity	\$ 1,212,853

The following financial information is provided for RBC's US MEs for the purposes of the Resolution Plan. As required by US regulatory filing requirements, the following information is provided on a standalone basis as of December 31, 2017 in US generally accepted accounting principles ("US GAAP"):

RBC USA Holdco. RBC USA Holdco had (i) total assets of \$18.4 billion, of which \$4.7 billion related to balances due from internal counterparties (i.e., RBC USA Holdco's affiliates) and (ii) total liabilities of \$3.8 billion of which \$3.4 billion related to balances due to internal counterparties.

RBC CM LLC. RBC CM LLC had total assets of \$80.6 billion and total liabilities of approximately \$75.2 billion. The majority of RBC CM LLC's assets were composed of financial instruments and securities purchased under agreements to resell.

CNB. CNB had total assets of approximately \$47.9 billion and total liabilities of approximately \$44 billion.

WFC Branch. WFC Branch's total assets were \$92.3 billion and total liabilities were \$92.2 billion.



I.C.ii Material Entity Funding and Capital Sources

RBC USA Holdco's funding sources are relationship-based deposits and long-term secured funding, which are generally viewed as more stable sources of funding.

RBC CM LLC's funding sources include a mix of intergroup and third-party sources. RBC CM LLC's sources of existing and contingent funding are secured wholesale funding, intragroup funding, and liquidity sources, and uncommitted bank lines of credit with a non-affiliated bank.

CNB primarily sources its funding through deposits from retail, small enterprise, and corporate clients, and subordinated debt issued for capital purposes, while also providing liquidity.

WFC Branch's assets, which are largely composed of loans and HLA, are financed through wholesale certificates of deposit and deposits and term deposits from RBC.

RBC has established and maintains a set of principles to measure, monitor, and determine the capital levels and management practices of its US MEs in a manner consistent with RBC's risk profile and risk appetite with respect to its RBC CUSO. The US Capital Management Policy is approved by the US IHC's Board of Directors and is consistent with capital management requirements mandated by the FRB.

I.D Operational Data

I.D.i Derivatives and Hedging Activities

RBC US MEs primarily use derivatives on sales and trading activities. Sales activities include the structuring and marketing of derivative products to clients to enable clients to transfer, modify or reduce current or expected risks. Trading includes market-making activities, which involves quoting bid and offer prices to other market participants with the intention of generating revenue based on spread and volume.

In addition to sales and trading activities, RBC's US MEs use derivatives for risk management purposes to hedge interest rate, credit, equity, and foreign exchange risk related to its funding, lending, investment management activities and asset or liability management. For example, interest rate swaps are used to manage RBC US MEs' exposure to interest rate risk by modifying the repricing or maturity characteristics of existing and/or projected assets and liabilities, including funding and investment activities. Purchased options are used to hedge redeemable deposits and other options embedded in consumer products. Cross-currency swaps and foreign exchange forward contracts are used to manage exposure to foreign currency risk. RBC predominantly uses credit derivatives to manage its credit exposures, such as mitigating industry sector concentrations and single-name exposures related to RBC's credit portfolio.

In connection with these derivatives and trading activities, RBC has installed exposure limits for each of its MEs, based on risk appetite and market risk principles and manages counterparty credit risk through the establishment of strict limits based on home country, inventory, trading settlement, and term. RBC also established enterprise-wide default procedures to reduce the financial impact in the event a counterparty fails.



I.D.ii Financial Market Utility Relationships

RBC is a member of a variety of FMUs and maintains relationships with agent banks. These arrangements facilitate the clearing and settlement of securities and cash transactions and allow for greater risk management and operational efficiencies in the trading of financial instruments worldwide.

All US MEs, with the exception of RBC USA Holdco, maintain direct memberships across various FMUs, including systematically important FMUs (“SIFMUs”)⁵ such as Depository Trust & Clearing Corporation, National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Chicago Mercantile Exchange. For certain FMUs, direct membership is held by multiple RBC legal entities. For example, RBC CM LLC maintains a direct membership with FICC’s Mortgage-Backed Securities Division (“MBSD”) as well as a direct membership with FICC’s Government Securities Division (“GSD”); whereas WFC Branch maintains a direct membership only with GSD. Additionally, an FMU may be accessed indirectly, where the legal entity with a direct membership provides access to another entity in order to facilitate payment, clearing or settlement activities.

Figure VII.D.ii-1: FMUs and Agent Banks, below, provides a mapping of the direct and indirect FMU and agent bank relationships by US ME, as well as a mapping of FMUs and agent banks to CBLs where the CBL relies upon a FMU or agent bank to service clients.

Figure I.D.ii-1: FMUs and Agent Banks			
FMUs and Agent Banks		Member MEs	CBLs Utilizing Services
Payment Systems	Fedwire Funds Service	CNB, WFC Branch	CNB, CM
	Automated Clearing House	CNB, WFC Branch	CNB, CM
	SVPCo	CNB	CNB
CCPs	Chicago Mercantile Exchange	RBC CM LLC, WFC Branch*	CM
	Options Clearing Corporation	RBC CM LLC	CM
	ICE Clear Europe	RBC CM LLC	CM
	Fixed Income Clearing Corporation	RBC CM LLC, WFC Branch**	CM, WM
SSS / CSDs	Depository Trust & Clearing Corporation	RBC CM LLC	CM, WM
	National Securities Clearing Corporation	RBC CM LLC	CM, WM
Agent Banks	The Bank of New York Mellon	RBC CM LLC, WFC Branch	CM, WM
	US Bank	RBC CM LLC	CM, WM
	JP Morgan Bank	RBC CM LLC, WFC Branch	CM, WM
	BMO Harris Bank	RBC CM LLC	CM
	Wells Fargo	RBC CM LLC, CNB	CM, WM, CNB
* WFC Branch is an indirect member ** WFC Branch is a direct member in GSD only			

⁵ SIFMU designation by the Financial Stability Oversight Counsel.



I.D.iii Management Information Systems

RBC maintains a catalogue of MIS around risk management, financial data, funding and liquidity, regulatory and operations. The Resolution Plan focuses on key MIS associated with risk management, accounting, financial and regulatory reporting functions. RBC has compiled inventories identifying the systems or applications and has mapped those systems to MEs and CBLs. In addition, RBC has identified the scope, content and frequency of key internal reports that are critical to RBC's governance of resolution planning.

I.D.iv Foreign Operations

As Canada's largest bank, RBC generates approximately 60% of its revenue in Canada where it has an established leadership position and sees opportunities to gain further market share, grow revenue faster than the industry and increase net income.

Outside of Canada, RBC is focusing on the largest accessible revenue pools where it can leverage its strengths servicing high net worth, corporate and institutional clients in the United States, United Kingdom and key emerging market hubs, such as Singapore and Hong Kong. This client base values RBC's expertise, its global reach and its track record of stability. As of December 31, 2017, approximately 22% of RBC's revenue came from the United States and 18% from other select global financial centers outside of Canada and the US. For additional information on RBC's global operations, please see Section VII.A.ii.

I.E Governance

RBC is committed to its corporate governance program, consistent with regulatory expectations and evolving best practices aligned with RBC's strategy and risk appetite. RBC's Board of Directors adopts governance policies and practices designed to align the interests of the Board of Directors and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behavior and risk management at every level of RBC Group.

In light of the reorganization of RBC's US operations in June 2018 to establish RBC US Group Holdings, LLC ("RIHC") as RBC's new top-tier entity in the United States and designate it as RBC's US IHC, the information below regarding RBC's governance framework is as of July 1, 2018.

I.E.i Corporate Governance

Governance Framework

RIHC was designated as RBC's top-tier US entity and its US IHC on June 29, 2018. RBC's US governance framework is composed of the RIHC Board of Directors, its three Committees, seven Management Committees as well as eight Management Sub-Committees. The RIHC Board's role consists of decision making and oversight functions, and each Board Committee, Management Committee and Sub-Committee has a written mandate that sets out its responsibilities.



RBC’s governance framework monitors the risk and overall outlook of the business through a system of reviews and escalations of potential issues. Monitoring of risk and overall outlook are performed at the business, senior management, and Board of Directors levels. If these monitoring activities produce data that show a deterioration in the capital or liquidity position of RIHC, various risk management-focused escalation channels are in place to escalate deterioration in early warning indicators (“EWI”) and other metrics that may forewarn financial stress and trigger prompt associated management or RIHC Board action.

RBC has established a corporate governance framework and practices surrounding recovery and resolution planning. As RBC begins to experience stress moving from business-as-usual to a stress scenario, the RIHC Board will begin coordinating and consulting, as required, with the Financial Crisis Management Team (“FCMT”), the Enterprise Crisis Management Team (“CMT”) and the Reputational Crisis Management Team (“RCMT”). In a severe stress scenario, RIHC Board provides approval of key crisis response actions and has the ultimate authority with respect to deciding whether RIHC will file for Chapter 11 bankruptcy.

I.E.ii Plan Governance

In accordance with regulatory expectations, RBC has established a governance structure to support the development, implementation, review and approval of RBC Group and local required recovery and/or resolution plans. Recovery and resolution planning at both the RBC Group and local levels is led by RBC’s Group Risk Management (“GRM”). To develop the Resolution Plan, RBC used a formal project approach for streamlined decision-making, escalations, and progress reporting. The development, maintenance, and filing of the Resolution Plan is overseen by the Executive Steering and Group Operating Committees and other departmental operating committees, with support from a dedicated US Resolution Plan Working Group, US Resolution Plan Lead, Project Manager and various subject matter experts. Development of the Resolution Plan follows a collaborative approach across functional areas that also supports resolvability.

As required by the Resolution Plan Rule, the Resolution Plan of a foreign-based Covered Company must be approved by its Board of Directors or by another governance body under express delegation by the Covered Company Board of Directors. RBC’s Board of Directors, as permitted by the Resolution Plan Rule, delegated the supervision, review and approval of the Resolution Plan to the Joint RIHC / US Risk Committee, which was formed pursuant to the FRB’s Regulation YY and has responsibility and oversight with respect to all of RBC’s businesses in the US, including RBC USA Holdco, RBC CM LLC, CNB, and WFC Branch. The Joint RIHC/US Risk Committee received updates on the Resolution Plan throughout 2018 and reviewed and approved the Resolution Plan on December 18, 2018.

I.F Supporting Information

I.F.i Material Supervisory Authorities

Canada

RBC is a “Schedule I” Bank under the Bank Act (Canada), and, as such, is a federally regulated financial institution in Canada. It is regulated primarily by OSFI, which reports to the Minister of Finance for the supervision of RBC, as well as its Canadian federally-regulated trust, loan, and insurance subsidiaries.



RBC and its Canadian trust, loan, and insurance subsidiaries are also subject to regulation under the Financial Consumer Agency of Canada Act ("FCAC Act"). The Financial Consumer Agency of Canada ("Agency"), among other things, enforces consumer-related provisions of the federal statutes which govern these financial institutions. The Commissioner of the Agency must report to the Minister of Finance on all matters connected with the administration of the FCAC Act and consumer provisions of other federal statutes, including the Bank Act, Trust and Loan Companies Act (Canada), and Insurance Companies Act (Canada).

RBC and its trust and loan company subsidiaries (Royal Trust Corporation of Canada, The Royal Trust Company, Royal Bank Mortgage Corporation, and RBC Investor Services Trust) are member institutions of the CDIC, which insures certain deposits held at the member institutions.

The activities of RBC's Canadian subsidiaries engaged in broker-dealer and/or investment management activities (RBC Dominion Securities Inc., RBC Direct Investing Inc., Royal Mutual Funds Inc., Phillips, Hager & North Investment Funds Ltd., RBC Global Asset Management Inc., and RBC Phillips, Hager & North Investment Counsel Inc.) are regulated in Canada under provincial and territorial securities laws and, in some cases, by rules of self-regulatory organizations.

In Canada, RBC is subject to resolution by OSFI and the CDIC.

United States

In the United States, RBC is characterized as a foreign banking organization ("FBO") and is subject to a variety of regulatory authorities. RBC is both a bank holding company and a financial holding company under the Bank Holding Company Act, and thus is subject to the supervision and regulation by the FRB.

RBC USA Holdco is both a bank holding company and financial holding company and subject to supervision and regulation by the FRB; it was also RBC's IHC on December 31, 2017.

RBC CM LLC, as a registered broker-dealer, Future Commissions Merchant, Swap Dealer, and swap firm, is subject to regulation by the SEC, NFA, and CFTC. In addition, RBC CM LLC is a member of FINRA and NYSE and is subject to their respective rules.

WFC Branch is a federal branch licensed and supervised by the OCC.

CNB and RBC Bank (Georgia) are both national banking associations and insured depository institutions and subject to broad federal regulation and oversight by the OCC, as the prudential regulator, the FDIC and the Consumer Financial Protection Bureau ("CFPB"), as the regulator for consumer protection regulations. CNB's non-bank subsidiaries are also subject to regulation by the FRB and other federal and state agencies, including for those non-bank subsidiaries that are investment advisors, by the SEC. CNB's registered broker-dealers are regulated by the SEC, FINRA, CFTC, and various state securities regulators.

In the US, resolution authorities include the FRB, FDIC, OCC, FINRA, NFA, the SEC, and other market regulators.



Other Jurisdictions

In addition to Canada and the US, RBC operates in 35 other countries through a network of branches, local branches and non-bank subsidiaries, and those activities are subject to supervision in most cases by a local regulator or central bank.

I.F.ii Principal Officers

Figure VII.F.ii-1: Principal Officers of RBC, below, lists the principal officers of RBC, including the members of the Group Executive of RBC, as of December 31, 2017. The Group Executive is responsible for the day-to-day operational management of RBC, and develops and implements the strategic business plans for RBC overall as well as for the principal businesses, subject to approval by the RBC Board of Directors. The Group Executive further reviews and coordinates significant initiatives, projects and business developments in the divisions, regions and in the RBC functions and established enterprise-wide policies.

Figure I.F.ii-1: Principal Officers of RBC	
Name	Title
Bolger, Rod [^]	Chief Financial Officer
Dobbins, Michael [^]	Chief Strategy & Corporate Development Officer
Gottschling, Helena [^]	Chief Human Resources Officer
Guzman, Douglas [^]	Group Head, RBC Wealth Management & RBC Insurance
Mark Hughes [^]	Chief Risk Officer
Lang, David	Senior Vice-President, Regulatory Compliance & Government Affairs, and Global Chief Compliance Officer
McCarthy, Karen	Vice-President, Associate General Counsel and Secretary
McGregor, Douglas [^]	Group Head, Capital Markets and Investor & Treasury Services
McKay, David [^]	President & Chief Executive Officer
McLaughlin, Neil [^]	Group Head, Personal & Commercial Banking
Onorato, David	Executive Vice-President and General Counsel
Ross, Bruce [^]	Group Head, Technology and Operations
Sainani, Anilisa	Vice-President, Finance and Chief Accountant
Stark, Jay	Senior Vice-President, Financial Crimes and Chief Anti-Money Laundering Officer
Tory, Jennifer [^]	Chief Administrative Officer

[^] Member of Group Executive

I.F.iii Glossary

Figure I.F.iii-1: Glossary	
Agency	Financial Consumer Agency of Canada
CBL	Core Business Line
CCAR	Comprehensive Capital Analysis and Review Process
CDIC	Canada Deposit Insurance Corporation
CFPB	Consumer Financial Protection Bureau
CFTC	Commodity Futures Trading Commission



Figure I.F.iii-1: Glossary	
CM	Capital Markets
CMT	Crisis Management Team
CNB	City National Bank
CNC	City National Corporation
CO	Critical Operation
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
D-SIB	Domestic Systemically Important Bank
EPS Rules	Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations
EWI	Early Warning Indicators
FBO	Foreign Banking Organization
FCAC Act	Financial Consumer Agency of Canada Act
FCMT	Financial Crisis Management Team
FDIC	Federal Deposit Insurance Corporation
FRB	Board of Governors of the Federal Reserve System
FINRA	Financial Industry Regulatory Authority
FMU	Financial Market Utility
FSB	Financial Stability Board
FSOC	Financial Stability Oversight Council
GRM	Group Risk Management
GSD	Government Securities Division
GSIB	Global Systemically Important Bank
HNW	High Net Worth
IFRS	International Financial Reporting Standards
IGA	Intragroup Arrangements
IHC	Intermediate Holding Company
MBSD	Mortgage-Backed Securities Division
ME	Material Entity
MIS	Management Information Systems
NFA	National Futures Association
OCC	Office of the Comptroller of the Currency
OSFI	Office of the Superintendent of Financial Institutions
Other International	Select global financial centers outside of Canada and the US
P&A	Purchase and Assumption
RBC	Royal Bank of Canada
RBC CM LLC	RBC Capital Markets, LLC
RBC CUSO	RBC's combined US operations
RBC Group	Royal Bank of Canada, together with its affiliates
RBC USA Holdco	RBC USA Holdco Corporation
RCMT	Reputational Crisis Management Team
Regulation YY	Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations
RIHC	RBC's Intermediate Holding Company
SEC	US Securities and Exchange Commission
SIFMU	Systemically Important FMU
SPOE	Single Point of Entry
SSC	Shared Services Center
TLAC	Total Loss Absorbing Capacity
UHNW	Ultra-High Net Worth



Figure I.F.iii-1: Glossary

US GAAP	US Generally Accepted Accounting Principles
WFC Branch	RBC's Three World Financial Center, New York Branch
WM	Wealth Management