Royal Bank

Consolidated Financial Highlights

October 31, 2015

Board of managing directors' report

RBC Royal Bank N.V ("The Bank") is focused on strengthening our overall business performance and client segments where we can be a leading competitor over the long term. In 2015, we improved our business performance through improved asset quality and operating efficiency, despite continued economic challenges and compressed margins as a result of competitive pressures.

Business Realignment
By realigning the organization last year, we were able to improve our 2015 results by ANG 13.0 million to record a net income after taxation of ANG 16.5 million, compared to net income of ANG 3.5 million in the prior year. Our earnings for 2015 were up ANG 4.2 million compared to core earnings of ANG 12.3 million last year. The Bank continues to make a strong contribution to the overall progress and profitability of RBC in the Dutch Caribbean market, and across the region.
We were able to improve earnings through the implementation of revised fee structures, improved asset quality from our sound risk management practices and lowered structural costs from ongoing cost management initiatives. Our deposits at end of 2015 was ANG 2,501.0 million, down ANG 64.8 million or 2.5% from prior year due to a deliberate strategy to reduce funding costs. The Bank continues to be well capitalised with a capital base of ANG 373.7 million and the regulatory capital ratio for the individually licensed RBC Royal Bank entities in Curaçao and Aruba, is well in excess of required regulatory thresholds.

Focus on strength
Our focus, in 2015, was on improving the business performance by continuing to invest in our employees, improving our product offering and the quality of assets on our books and enhancing our back office support structure. This has positioned the Bank to effectively manage its operations and serve its clients through persistent economic headwinds to achieve sustainable long-term growth. We are happy with the progress our Bank has made in efficiency and operational gains as well as in deepening our relationships with key client segments through the provision of competitive products and services.

Economic outlook - Data as at December 2015
Aruba: The country is poised for strong growth, supported by healthy increase in the tourism sector that has been largely driven by arrivals from Venezuela, which accounts for 26% of total stopovers, up 44.5% YoY to October 2015. The economy could expand by 2-3% in 2016 on low import prices, continued strong tourism activity. In addition, a MoU was signed recently to explore reopening the island's refinery. Previous instances of the refinery reopening have resulted in strong growth in the country.

Curaçao: After 3 years of contraction, Curaçao's economy is projected to grow in 2015 due to increases in private consumption, manufacturing, tourism (stopover arrivals grew 4.7% YoY in Sept 2015) and public spending. The Central Bank estimates that Curaçao expanded by 0.2% in 2015 and growth is projected at 0.5% in 2016. Efforts are underway to improve infrastructure, attract FDI and address labour market rigidity, but could be impacted by recent political instability in the country.

St. Maarten: Weak tourism activity continues put a downward pressure on the economy (-0.6% YoY growth in Q2 2015). The Central Bank estimates that St. Maarten expanded by 0.3% in 2015 and growth is projected at 0.7% in 2016, mainly on tourism and public spending.

RBC and our community
Additionally, we remain committed to being a strong community partner, supporting its growth and development, as evidenced by our support of a number of initiatives in the Dutch Caribbean market including being the main sponsor for the RBC Little League and Blue Water Project. Our goal remains: to help our clients thrive and our communities prosper.
On behalf of the Board of Directors and executive of RBC, I would like to thank the Bank's loyal clientele for your continued confidence in our business as we work towards improved service and operations. I would also like to thank our employees who continue to be the driving force behind all of our achievements. Their continued commitment to our values, to our clients, to our communities and to one another has positioned us for sustainable long-term growth and success.

Steven Coutinho
RBC Royal Bank N.V.
Managing Director

Pierrot Hurtado
RBC Royal Bank N.V.
Managing Director

Report of the Independent Auditor on the Consolidated Financial Highlights

To the Shareholder, Board of Supervisory Directors, and Managing Directors of RBC Royal Bank N.V. and its subsidiaries
Curaçao

The accompanying consolidated financial highlights, which comprise the consolidated balance sheet as at October 31, 2015, the consolidated statement of comprehensive income for the year then ended, and related notes, are derived from the audited consolidated financial statements of RBC Royal Bank N.V. for the year ended October 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated February 4, 2016. Those consolidated financial statements, and the consolidated financial highlights, do not reflect the effects of events that occurred subsequently to the date of our report on those financial statements.

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated financial highlight, therefore, is not a substitute for reading the audited consolidated financial statements of RBC Royal Bank N.V.

Management's Responsibility for the Consolidated Financial Highlights
Management is responsible for the preparation of consolidated financial highlights of the audited financial statements in accordance with the Provisions for Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial highlights based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion
In our opinion, the consolidated financial highlights derived from the audited consolidated financial statements of RBC Royal Bank N.V. for the year ended October 31, 2015 are consistent, in all material respects, with those financial statements, in accordance with Provisions for Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten.

Curaçao, February 4, 2016
Deloitte Dutch Caribbean

Consolidated Balance Sheet of RBC Royal Bank N.V. and Its Subsidiaries

(Expressed in Thousands of Antillean Guilders)

	October 31, 2015 ANG	October 31, 2014 ANG
Assets		
Cash and due from banks	893,875	991,372
Investment securities	441,281	420,706
Loans and advances to customers	1,459,319	1,509,616
Bank premises and equipment	41,226	44,952
Goodwill and other intangible assets	118,814	125,641
Customers' liability under acceptances	25,694	26,033
Other assets	63,157	56,820
Total assets	3,043,366	3,175,140
Liabilities and shareholders' equity		
Liabilities		
Customers' deposits	2,500,974	2,565,821
Due to other banks	62,226	120,548
Acceptances outstanding	25,694	26,033
Profit tax payable	719	85
Deferred tax liabilities	17,480	21,163
Other liabilities	62,578	82,158
Total liabilities	2,669,671	2,815,808
Shareholders' equity		
Issued capital	114,455	114,455
Share premium	87,053	87,053
General reserve	29,270	31,199
Other reserve	5,439	7,571
Retained earnings	137,478	119,054
Total shareholders' equity	373,695	359,332
Total liabilities and shareholders' equity	3,043 ,366	3,175,140

Consolidated Statement of Income and other Comprehensive Income of RBC Royal Bank N.V. and Its Subsidiaries

(Expressed in Thousands of Antillean Guilders)

	Year ended October 31, 2015 ANG	Year ended October 31, 2014 ANG
Interest income	117,234	134,405
Interest expense	21,017	20,625
Net interest income	96,217	113,780
Fee and commission income	46,435	45,548
Net fee and commission income	46,435	45,548
Gains less losses from investment securities	—	—
Other operating income	16,432	13,907
Operating income	159,084	173,235
Salaries and other employee expenses	58,444	83,620
Occupancy expenses	11,376	12,700
Net impairment on loans and advances	10,263	24,960
Investment securities' impairment expense	—	—
Other operating expenses	61,985	51,803
Operating expenses	142,068	173,083
Net result from operations	17,016	152
Income from associates	310	206
Income before taxation	17,326	358
Taxation	831	(3,178)
Net income after taxation	16,495	3,536

Royal Bank

Consolidated Financial Highlights (continued)

October 31, 2015

A. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The notes are an extract of the detailed notes prepared in our statutory financial statements. The notes detailed below coincide in all material aspects with those from which they have been derived. Throughout this report, the word Group refers to RBC Royal Bank N.V. and its consolidated subsidiaries.

Basis of preparation

The consolidated financial statements are prepared in Antillean Guilders (ANG) and in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention modified to include the revaluation of available-for-sale investment securities and of freehold land and buildings and other trading liabilities.

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of RBC Royal Bank N.V. (the parent company) and its wholly owned subsidiaries RBC Royal Bank (Aruba) N.V., ABC International N.V., RBC Royal Bank International N.V., Mc Laughlin International Trust & Management Company N.V., Trade Center St. Maarten N.V., Boxscore Enterprises N.V., Omutin Real Estate Holdings N.V., Royal Services (Curaçao) N.V., Royal Services International (Curaçao) N.V., Aruba Trustkantoor N.V. and Banco Nacional de Hipotecas N.V. (the Group) after the elimination of intercompany transactions and balances.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Investment securities

Investment securities are classified into the following categories: held-to-maturity and available-for-sale. Management determines the appropriate classification of its investment at the time of purchase.

Securities held-to-maturity

Held-to-maturity investments are investment securities with fixed maturity where management has the positive intention and the ability to hold to maturity. Held-to-maturity investments are carried at amortized cost using the effective interest method, less any provision for impairment.

Securities available-for-sale

Available-for-sale investments are those securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale securities are initially recognized at cost (which includes transaction costs) and are subsequently remeasured at fair value based on quoted market prices where available or discounted cash flow models.

Fair values for unquoted equity instruments or unlisted securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in equity. When the security is sold, the cumulative gain or loss recorded in Other components of equity is included as Net gain (loss) on AFS securities in Non-interest income. When securities become impaired, the related accumulated fair value adjustments previously recognized in equity are included in the income statement as impairment expense on investment securities.

A financial asset reported as investment securities is impaired if its carrying amount is greater than its estimated recoverable amount and there is objective evidence of impairment. The recoverable amount of an investment security instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset. For an investment security instrument measured at amortized cost the recoverable amount is the present value of expected future cash flows discounted at the instrument's original effective interest rate.

All purchases and sales of investment securities are recognized at settlement date.

Loans and advances to customers

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as AFS. Loans are initially recognized at fair value. When loans are issued at a market rate, fair value is represented by the cash advanced to the borrowers. Loans are subsequently measured at amortized cost using the effective interest method less impairment, unless we intend to sell them in the near future upon origination or they have been designated as at FVTPL, in which case they are carried at fair value.

An allowance for credit losses is established if there is objective evidence that we will be unable to collect all amounts due on our loans portfolio according to the original contractual terms or the equivalent value. The allowance for credit losses is increased by the impairment losses recognized and decreased by the amount of write-offs, net of recoveries. The allowance for credit losses is included as a reduction to assets. We assess whether objective evidence of impairment exists individually for loans that are individually significant and collectively for loans that are not individually significant. If we determine that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, the loan is included in a group of loans with similar credit risk characteristics and collectively assessed for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment.

Allowance for credit losses represent management's best estimates of losses incurred in our loan portfolio at the Statement of Financial Position date. Management's judgment is required in making assumptions and estimations when calculating allowances on both individually and collectively assessed loans. The underlying assumptions and estimates used for both individually and collectively assessed loans can change from period to period and may significantly affect our results of operations.

Individually assessed loans

Loans which are individually significant are assessed individually for objective indicators of impairment. A loan 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.

Credit exposures of individually significant loans are evaluated based on factors including the borrower's overall financial condition, resources and payment record, and where applicable, the realizable value of any collateral. If there is evidence of impairment leading to an impairment loss, then the amount of the loss is determined as the difference between the carrying amount of the loan, including accrued interest, and the estimated recoverable amount. The estimated recoverable amount is measured as the present value of expected future cash flows discounted at the loan's original effective interest rate, including cash flows that may result from the realization of collateral less costs to sell. Individually-assessed impairment losses reduce the carrying amount of the loan through the use of an allowance account and the amount of the loss is recognized in Provision for credit losses in our Consolidated Statements of Income and other comprehensive income. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

Significant judgment is required in assessing evidence of impairment and estimation of the amount and timing of future cash flows when determining the impairment loss. When assessing objective evidence of impairment we primarily consider specific factors such as the financial condition of the borrower, borrower's default or delinquency in interest or principal payments, local economic conditions and other observable data. In determining the estimated recoverable amount we consider discounted expected future cash flows at the effective interest rate using a number of assumptions and inputs. Management judgment is involved when choosing these inputs and assumptions used such as the expected amount of the loan that will not be recovered and the cost of time delays in collecting principal and/or interest, and when estimating the value of any collateral held for which there may not be a readily accessible market. Changes in the amount expected to be recovered would have a direct impact on the Provision for credit losses and may result in a change in the Allowance for credit losses.

Collectively assessed loans

Loans which are not individually significant, or which are individually assessed and not determined to be impaired, are collectively assessed for impairment. For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar risk characteristics, taking into account loan type, industry, geographic location, collateral type, past due status and other relevant factors.

The collective impairment allowance is determined by reviewing factors including: (i) historical loss experience, which takes into consideration historical probabilities of default, loss given default and exposure at default, in portfolios of similar credit risk characteristics, and (ii) management's judgment on the level of impairment losses based on historical experience relative to the actual level as reported at the Statement of Financial Position date, taking into consideration the current portfolio credit quality trends, business and economic and credit conditions, the impact of policy and process changes, and other supporting factors. Future cash flows for a group of loans are collectively evaluated for impairment on the basis of the contractual cash flows of the loans in the group and historical loss experience for loans with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Collectively-assessed impairment losses reduce the carrying amount of the aggregated loan position through an allowance account and the amount of the loss is recognized in Provision for credit losses. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

The methodology and assumptions used to calculate collective impairment allowances are subject to uncertainty, in part because it is not practicable to identify losses on an individual loan basis due to the large number of individually insignificant loans in the portfolio.

Significant judgment is required in assessing historical loss experience, the loss identification period and its relationship to current portfolios including delinquency, and loan balances; and current business, economic and credit conditions including industry specific performance, unemployment and country risks. Changes in these assumptions would have a direct impact on the Provision for credit losses and may result in changes in the related Allowance for credit losses.

Write-off of loans

Loans and the related impairment allowance for credit losses are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of the collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier. For credit cards, the balances and related allowance for credit losses are written off when payment is 180 days in arrears.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking risks' reserve as an appropriation of retained earnings.

The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the income statement. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

B. Specification of accounts

	October 31, 2015 ANG	October 31, 2014 ANG
I. Assets		
Investment securities		
Available for sale	415,300	392,033
Held to maturity	22,676	24,533
Total investments	437,976	416,566
Accrued interest receivable	3,305	4,140
	441,281	420,706
Less allowance for losses	-	-
Net investments	441,281	420,706
Loans and advances to customers		
Retail customers	840,307	858,126
Corporate customers	674,933	712,312
Public sector	1,214	910
Total loans and advances	1,516,454	1,571,348
Accrued interest receivable	961	3,680
	1,517,415	1,575,028
Less allowance for loan losses	(58,096)	(65,412)
Net loans and advances	1,459,319	1,509,616
II. Liabilities		
Customers' deposits		
Retail customers	1,184,313	1,241,651
Corporate customers	1,288,666	1,300,491
Other	19,854	14,220
	2,492,833	2,556,362
Accrued interest	8,141	9,459
Total customers' deposits	2,500,974	2,565,821