



Board of Managing Directors' Report

Delivering Excellence Across the Dutch Caribbean

RBC Royal Bank N.V. ("the Bank") delivered a strong year across Aruba, Bonaire, Curaçao, Saba, and St. Maarten, marked by revenue growth that outpaced expense management and a substantially improved efficiency ratio. This performance reflects our unwavering commitment to robust client relationship management, effective partnerships, and disciplined risk management.

Modernizing Our Service Platform

We made significant strides in enhancing our service offerings. The successful launch of Chip Visa Debit cards for personal banking clients across the Dutch Caribbean expanded our payment capabilities and strengthened client convenience. We also implemented an enhanced client survey methodology to better understand and respond to evolving customer needs. A landmark achievement came with the successful Caribbean Guider implementation in March 2025 for Curaçao and St. Maarten, accompanied by a dynamic brand repositioning that reinvigorates RBC's market presence and reinforces our commitment to the region.

Expanding Financial Inclusion and Optimizing Operations

To serve our communities more effectively, we introduced an innovative "Basic Account" product in response to new Curaçao legislation expanding financial access across our diverse client base. We also completed a significant structural optimization: consolidating assets from three subsidiaries, Royal Services International (Curaçao) N.V., RBC Royal Bank International N.V., and ABC International N.V., into the Bank. This streamlined structure enhances operational efficiency and strengthens our institutional foundation.

Investing in Our People

Our employees are central to our success. We negotiated competitive new Collective Labor Agreements across the region: with the Federation of Financial Unions for Curaçao, Bonaire, St. Maarten, and Saba (October 1, 2025 to December 31, 2028), and with Aruba's Federashon di Trahadornan Arubano (FTA). These agreements reflect enhanced compensation and benefits, underscoring our commitment to employee satisfaction and retention.

Financial Performance

For the financial year ended October 31 2025, the Bank reported a net income after tax of Cg 73.2 million, an increase of Cg 20.6 million over the prior year. This was primarily attributable to revenue growth and lower levels of provisions for credit losses. The increase in revenue of Cg 21.0 million or 12.9%, was driven by higher interest income from continued solid growth in our loan portfolio partly offset by higher interest expenses. Non-interest income also increased driven by higher credit related fees and commissions from higher volumes as there were no fee increases in 2025 in addition to higher card service revenue also driven by volumes. We recorded a net release of provisions for credit losses during the year compared to a modest prior period provision, as recovery efforts on items previously written off were better than current write off as well as releases on provisions taken in the past reflecting the strong credit quality of the portfolio. Non-interest expenses were higher by Cg 3.5 million mainly from increased operating expenses including staff related expenses. The increase in revenue outpaced higher non-interest expenses driving an overall improvement in our efficiency ratio. The Bank's total assets increased by Cg 384.4 million year-on-year with the loans book increasing by Cg 183.9 million. On the Funding side customer deposits are up Cg 257.0 million. The Bank is well capitalized with a capital adequacy ratio of 27% up from 25% last year and well above regulatory requirements.

Economic Outlook

Aruba: Aruba's GDP growth decelerated in 2025 but to a still solid 3.9% estimated rate of growth according to the Central Bank of Aruba (CBA) following a 7.6% estimated increase in 2024. Growth in tourism exports is expected to slow to 1.5% in 2025 from an estimated 9.6% increase in 2024 but consumer spending is estimated to have accelerated in 2025 and a surge in investment spending continued. GDP growth in 2026 is expected to slow to 1.8% reflecting continued growth in consumer spending and tourism, but slower growth in investment. Tourist arrivals increased 4.3% calendar year 2025 to-date through November, representing firm growth although slower than the 8.2% jump in calendar year 2024 and 13.3% increase in calendar year 2023. Average nights stayed averaged 3% above year-ago levels over the three months ending in November 2025, but have still declined 1.2% calendar year to date. The IMF estimates Aruba's government achieved a budget surplus of 1.4% of GDP in calendar 2025 following a 3.8% surplus in 2024. The budget is expected to remain in surplus at 1.2% of GDP in 2026, and the ratio of gross debt to GDP is expected to continue to decline, to 63.9% of GDP in calendar 2026 from 67.1% in calendar 2025. The CBA has cited continued global economic uncertainty, adequate foreign reserves, and a low inflation environment as key reasons to maintain the reserve requirement rate at 12.5% since March 2025. Both S&P and Fitch upgraded Aruba's credit rating in March, to BBB+ and BBB-, respectively, reflecting in part sustained fiscal surpluses and the falling government debt to GDP ratio.

Curaçao: According to preliminary estimates from the Central Bank of Curaçao and Sint Maarten (CBCS), Curaçao GDP grew by 3.5% in 2025 following a 5.0% increase in 2024, supported by continued growth in tourism. GDP growth is expected to remain positive but slow to 2.4% in 2026. The Curaçao Tourist Board (CTB) reported a 13% increase in tourist arrivals in 2025. Inflation slowed to 2.4% in 2025 from 2.6% in 2024 and the CBCS expects inflation will continue to edge lower to 2.1% in 2026. The government's overall budget surplus rose to 1.3% of GDP in 2025 and is expected to remain close to that level in 2026. The public debt to GDP ratio continued to decline, falling to 63.0% in 2025 from 65.5% in 2024. The CBCS reduced the pledging rate by 25 basis points in December 2025 following the U.S. Federal Reserve's reduction in the federal funds target range. The pledging rate remains 50 basis points above the fed funds target range at 4.25%, and the central bank held the reserve requirement at 18.50%.

Sint Maarten: According to preliminary estimates from the CBCS, Sint Maarten expanded in real terms by 3.1% in 2025 and is expected to temper to 2.4% in 2026. Sint Maarten received 1,597,940 cruise visitors in 2025, up 16.3% from 2024. Headline inflation rates are estimated by the CBCS to have slowed from 3.6% in 2024 to 1.8% in 2025, and is expected to remain at 1.8% in 2026. The import coverage of the monetary union increased to 4.8 months.

Bonaire and Saba: According to the Tourism Corporation Bonaire (TCB), Bonaire recorded a 1.9% increase in stay-over visitors in December 2025 from December 2024. Dutch visitors remained the primary market comprising roughly 44% of total arrivals, while visitors from the United States grew to account for 32%. According to Statistics Netherlands (CBS), annual price levels rose by 3.3% in Bonaire and 3.5% in Saba in the third quarter of 2025.

RBC and our community

At RBC, community engagement is more than an initiative—it's a commitment woven into everything we do. Throughout the year, we deepened our presence across the Dutch Caribbean through strategic partnerships and meaningful programs that create lasting change.

Investing in Youth Development

Our dedication to young people is evident across the region. We celebrated over two decades of partnership with Aruba, Curaçao, and St. Maarten Little Leagues, fostering athletic excellence and character development. Beyond baseball, we expanded youth opportunities through sponsorships in music education and track and field in Curaçao, football clubs in Bonaire, and newly established partnerships with Aruba's Artistic Swimming Federation and Chess Federation—the latter hosting a landmark international competition that attracted over 150 participants. These initiatives reflect our belief that youth development extends beyond the classroom and into the community; in St. Maarten, RBC proudly supported the K1 Britannia Foundation's Work, Training, and Social Development program which helps give at-risk youth a hand up when they need it most.

Celebrating Culture and Community

RBC is deeply committed to fostering cultural pride and strengthening community bonds across the Dutch Caribbean. We demonstrated this commitment through meaningful cultural partnerships, supporting Aruba's Buleria band and Curaçao's Estreno di Pikete group during Carnival festivities. We also enabled youth participation in St. Maarten's celebrations through our collaboration with Alexander's Early Stimulation Youth Carnival, ensuring that young people could experience and celebrate their cultural heritage.

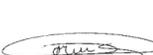
Beyond cultural celebrations, we advanced diversity and inclusion by backing the Curaçao Pride Foundation. Our dedication to community care extended further through our sponsorship of the RBC Ronald McDonald House of Charities golf tournament, which raised critical funds to support families with hospitalized children during their most challenging moments.

Empowering People, Strengthening Communities

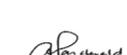
Our greatest impact comes through our people. In Curaçao, staff members volunteer with the "Ban Yuda Komunitat" foundation, supporting elderly residents and providing food baskets and back-to-school assistance to vulnerable families. In Aruba, our "Employee for the Community" program delivers similar support, while a major beach cleanup initiative demonstrates our commitment to environmental stewardship.

These programs reflect RBC's conviction: when we invest in our communities, we invest in our shared future.


Pierre Hurtado
 RBC Royal Bank N.V.
 Managing Director


Darice Vornis
 RBC Royal Bank N.V.
 Managing Director


Pierre Rafini
 RBC Royal Bank (Aruba) N.V.
 Managing Director


Farah Hardeveld
 RBC Royal Bank (Aruba) N.V.
 Managing Director



Independent auditor's report on the consolidated financial highlights

To the shareholder of RBC Royal Bank N.V.

Our opinion

In our opinion, the accompanying consolidated financial highlights of RBC Royal Bank N.V. (the Company), and its subsidiaries (together 'the Group') are consistent, in all material respects, with the audited consolidated financial statements, with the exception of "customer liabilities under acceptance" and "acceptances outstanding". These items are presented under assets and liabilities, respectively, in the consolidated financial highlights, in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions issued by the Central Bank of Curaçao and Sint Maarten whereas in the audited consolidated financial statements, they are disclosed as notes.

The consolidated financial highlights

The Group's consolidated financial highlights derived from the audited consolidated financial statements for the year ended 31 October 2025 comprise:

- the consolidated balance sheet of RBC Royal Bank N.V. and its Subsidiaries as at 31 October 2025;
- the consolidated income statement of RBC Royal Bank N.V. and its Subsidiaries for the year then ended;
- the related notes to the consolidated financial highlights.

The consolidated financial highlights do not contain all the disclosures required by IFRS Accounting Standards. Reading the consolidated financial highlights and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements, and the consolidated financial highlights, do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 23 January 2026.

Responsibilities of management and those charged with governance for the consolidated financial highlights

Management is responsible for the preparation of the consolidated financial highlights in accordance with the Provisions for the Disclosure of consolidated financial highlights of Domestic Banking Institutions, as set out by the Central Bank of Curaçao and Sint Maarten.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibility

Our responsibility is to express an opinion on whether the consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers

Port of Spain
 Trinidad, West Indies
 25 February 2026

Consolidated balance sheet of RBC Royal Bank N.V. and its Subsidiaries

(Expressed in thousands of Caribbean Guilders (2024: Antillean Guilders))

	As at 31 October	
	2025 XCG	2024 ANG
Assets		
Cash and due from banks	1,270,538	1,198,545
Investment securities	448,661	365,479
Loans and advances to customers	2,054,555	1,870,653
Customers' liability under acceptances	65,751	20,621
Bank premises and equipment	33,663	34,146
Goodwill and other intangible assets	259	307
Deferred tax assets	7,889	13,178
Other assets	22,757	16,719
Total assets	3,904,073	3,519,648
Liabilities and shareholders' equity		
Liabilities		
Customers' deposits	3,123,759	2,866,775
Due to other banks	42,438	30,046
Acceptances outstanding	65,751	20,621
Profit tax payable	10,036	10,806
Deferred tax liabilities	9,463	8,438
Provisions	715	721
Other liabilities	61,183	64,778
Total liabilities	3,313,345	3,002,185
Shareholders' equity		
Issued capital	114,455	114,455
Share premium	87,053	87,053
General reserve	38,428	33,547
Other reserve	3,251	3,231
Retained earnings	347,541	279,177
Total shareholders' equity	590,728	517,463
Total liabilities and shareholders' equity	3,904,073	3,519,648



Consolidated income statement of RBC Royal Bank N.V. and its Subsidiaries

(Expressed in thousands of Caribbean Guilders (2024: Antillean Guilders))

	Year ended 31 October	
	2025 XCG	2024 ANG
Interest income	154,843	148,304
Interest expense	32,169	29,568
Net interest income	122,674	118,736
Fee and commission income	41,018	23,923
Net fee and commission income	41,018	23,923
Dividend income	-	45
Other operating income	20,318	20,266
Total revenue	184,010	162,970
Salaries and other employee expenses	47,318	44,969
Occupancy expenses	6,112	7,204
Provision for credit losses	(7,743)	238
Other operating expenses	47,890	45,607
Operating expenses	93,577	98,018
Net result from operations	90,433	64,952
Income from associates	300	390
Income before taxation	90,733	65,342
Taxation expense	(17,488)	(12,655)
Net income after taxation	73,245	52,687

A. Material accounting policies

The material accounting policies adopted in the preparation of RBC Royal Bank N.V.'s consolidated financial statements are set out below. The notes are an extract of the detailed notes prepared in our statutory consolidated 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, from which these Consolidated Financial Highlights have been derived, are prepared in Caribbean Guilder (XCG). Effective March 31, 2025, the Caribbean Guilder (XCG) replaced the Netherlands Antillean Guilder (ANG) which was being used in the St Maarten and Curaçao jurisdictions within which we operate. The exchange from ANG to XCG was a like for like change with no impact to value of assets or liabilities. The consolidated financial statements, from which these Consolidated Financial Highlights have been derived, in all material respects, have been prepared in accordance with IFRS® Accounting standards which comprise the following authoritative literature:

- IFRS® Accounting Standards,
- IAS® Standards; and
- Interpretations developed by the IFRS® Interpretations Committee (IFRIC® interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

Use of estimates and assumptions

In preparing our Consolidated Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, allowance for credit losses, pensions and other post-employment benefits, income taxes, other intangible assets, and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Consolidated Financial Statements. These consolidated financial highlights have been prepared based on the criteria established by the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set out by the Central Bank of Curaçao and Sint Maarten. Management do not believe there to be a material gap between the estimates used in these Consolidated Financial Statements and actual results based on historic performance.

Basis 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., Trade Center St. Maarten N.V. and Royal Services (Curaçao) N.V. (the Group) after the elimination of intercompany transactions and balances. During the year the Group conducted an internal legal entity re-organisation whereby the assets of RBC Royal Bank International N.V. were acquired by RBC Royal Bank N.V. for a consideration of XCG 56.9 million. Proceeds were returned as a final dividend to RBC Royal Bank N.V., the parent of RBC Royal Bank International N.V. As a direct consequence, ABC International N.V. whose sole purpose was the shareholding of RBC Royal Bank International N.V. was liquidated and its share capital returned to its Parent, RBC Royal Bank N.V. There were no gains or losses arising from the re-organisation and no financial impact at The Group level.

The following accounting policies are applicable to all periods presented:

Classification of financial assets

Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the instrument.

Debt instruments are measured at amortized cost if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below and (b) the contractual terms of the instruments give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL. Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the Group makes an irrevocable election to designate the asset as FVOCI. This election is made on an instrument-by-instrument basis.

Business model assessment

The Group determines the business models at the level that best reflects how the Group manages portfolios of financial assets to achieve business objectives. Judgement is used in determining the business models, which is supported by relevant, objective evidence including:

- The significant risks affecting the performance of the businesses, for example, market risk, credit risk and the activities taken to manage those risks;
- Historical and future expectations of sales of the loans and securities managed as part of a business model; and
- The compensation structures for managers of the businesses within the Group, to the extent that these are directly linked to the economic performance of the business model.

The Group's business models fall into three categories, which are indicative of the key categories used to generate returns:

- HTC: the objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows; sales are incidental to this objective and are expected to be insignificant or infrequent;
- HTC&S: both collecting contractual cash flows and sales are integral to achieving the objective of the business model;
- Other fair value business models: these business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected for basic lending arrangements. Principal amounts include the fair value of the financial asset at initial recognition from lending and financing arrangements, and interest primarily relates to basic lending return, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Securities

Trading securities include all securities that are classified at FVTPL, by nature and securities designated at FVTPL. Obligations to deliver trading securities sold but not yet purchased are recorded as liabilities and carried at fair value. Realized and unrealized gains and losses on these securities are generally recorded as trading revenue in non-interest income. Dividends and interest income accruing on trading securities are recorded in interest income. Investment securities include all securities classified as FVOCI and amortized cost.

Investment securities carried at amortized cost are measured using the effective interest rate method, and are presented net of any allowance for credit losses, calculated in accordance with the Group's policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at

amortized cost are recorded in net interest income. Impairment gains or losses recognized on amortized cost securities are recorded in provision for credit losses. When a debt instrument measured at amortized cost is sold, the difference between the sale proceeds and the amortized cost of the security at the time of sale is recorded as a net gain/(loss) on investment securities in non-interest income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair values included in other components of equity. Impairment gains and losses are included in provision for credit losses and correspondingly reduce the accumulated change in fair value included in other components in equity. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from other components of equity to net gain/(loss) on investment securities in non-interest income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in other components of equity and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI securities are recognized in interest income.

The Group accounts for all securities using settlement date accounting and changes in fair value between trade date and settlement date are reflected in income for securities measured at FVTPL, and changes in fair value of securities measured at FVOCI between trade date and settlement dates are recorded in OCI, except for changes in foreign exchange rates on debt securities, which are recorded in non-interest income.

Loans

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. The majority of our loans are carried at amortized cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses.

Interest on loans is recognized in Interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method.

Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into Non-interest income over the commitment or standby period. Prepayment fees on mortgage loans are not included as part of the effective interest rate at origination. If prepayment fees are received on a renewal of a mortgage loan, the fee is included as part of the effective interest rate; and if not renewed, the prepayment fee is recognized in interest income at the prepayment date.

For loans carried at amortized cost or FVOCI, impairment losses are recognized at each Statement of Financial Position date in accordance with the three-stage impairment model outlined below.

Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment.

Assets subject to impairment assessment include loans, securities, interest-bearing deposits with banks and accounts receivable. ACL on financial assets is disclosed in the notes to the consolidated financial statements. Provision for credit losses (PCL) on debt securities measured at FVOCI is booked to the Consolidated Statement of Other Comprehensive Income and the ACL on debt securities measured at FVOCI is presented in other components of equity on the Consolidated Statement of Financial Position. Financial assets carried at amortized cost are presented net of ACL on the Consolidated Statement of Financial Position. Provision for credit losses (PCL) on amortized cost instruments are recognized directly in the Consolidated Statement of Income.

Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments. ACL for undrawn credit commitments is included in ACL for loans. ACL for financial guarantees is included in other liabilities. For these products, ACL is disclosed in the notes to the consolidated financial statements.

We measure the ACL on each statement of financial position date according to a three-stage expected credit loss impairment model:

- Performing financial assets
 - Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months or shorter if remaining term is less than 12 months following the reporting date.
 - Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset.
- Impaired financial assets
 - Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset.

Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider available reasonable and supportable information including historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD) discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses for performing financial assets is the respective calculation horizon. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced at the loan level. The estimate is based on an IFRS 9 model that takes into account different segments of our portfolio and forward looking information. To reflect other characteristics that are not already considered through modelling, expert credit judgement can be exercised in determining the final expected credit losses using a range of possible outcomes.

Expected credit losses continue to be discounted to the reporting period date using the effective interest rate.

Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgement. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognized. The assessment is performed at the instrument level.

Our assessment of significant increases in credit risk remains largely the same and is based on factors such as delinquency status and whether or not the account is watch-listed and managed by the special loans group. If any of the following conditions is met, the instrument is moved from Stage 1 to Stage 2:

1. The instrument is 30 days past due.
2. The account is watch-listed and centrally monitored and managed. This centrally monitored portfolio today remains a mix of accounts which are in default and accounts with minimal or no delinquency. The latter remains within the purview of the specialized management team due to circumstances other than delinquency which marks the account as having a higher risk component.
3. Retail loans receiving business as usual deferrals granted by our collections team.
4. Loans of clients who had a prior default during the last three years.
5. Increases in the probability of default (PD) at the loan level.

Our assessment of significant increases in credit risk is primarily based on the approach described above.

Use of forward-looking information

The PD and LGD inputs used to estimate the Stage 1 and Stage 2 credit loss allowances under the IFRS 9 model are modelled based on macroeconomic scenarios. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables used in our models for a five year period.

Scenario design

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers five distinct future macroeconomic scenarios.

Scenarios and scenario weights are set at the enterprise level; considering the RBC baseline forecast and reasonable downside and upside assumptions. Scenarios are global in nature and include predictions of macroeconomic conditions in North America, Europe and the Caribbean. Having scenarios and scenario weights set at the enterprise level allows RBC to have a consistent view of macroeconomic scenarios across business lines and legal entities.

Scenarios are designed to capture a wide range of possible outcomes and weighted on the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probability weighting.

Definition of default

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for our internal credit risk management purposes. Our definition of default may differ across products and consider both quantitative and qualitative factors, such as the terms of financial covenants and days past due.

For retail and wholesale borrowers, except as detailed below, default occurs when the borrower is 90 days or more past due on any material obligation to us, and/or we consider the borrower unlikely to make their payments in full without recourse action on our part, such as taking formal possession of any collateral held. For certain credit card balances, default occurs when payments are 180 days past due. For these balances, the use of a period in excess of 90 days past due is reasonable and supported by the performance experienced on historical credit card portfolios. The definition of default used is applied consistently from period to period and to all financial instruments unless it can be demonstrated that circumstances have changed such that another definition of default is more appropriate.



A. Material accounting policies (continued)

Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each statement of financial position date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

ACL for credit-impaired financial assets in Stage 3 are established at the financial asset level, where losses related to impaired financial assets are identified on individually significant financial asset, or collectively assessed and determined through the use of portfolio-based rates, without reference to particular financial assets.

Individually assessed loans (Stage 3)

When individually significant loans are identified as impaired, we reduce the carrying value of the loans to their estimated realizable value by recording an individually assessed ACL to cover identified credit losses. The individually assessed ACL reflects the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and the impact of time delays in collecting principal and/or interest (time value of money). The estimated realizable value for each individually significant loan is the present value of expected future cash flows discounted using the original effective interest rate for each loan. When the amounts and timing of future cash flows cannot be estimated with reasonable reliability, the estimated realizable amount may be determined using observable market prices for comparable loans, the fair value of collateral underlying the loans, and other reasonable and supported methods based on management judgement.

Collectively assessed loans (Stage 3)

Loans that are collectively assessed are grouped on the basis of similar risk characteristics, taking into account loan type, geographic location, collateral type, past due status and other relevant factors. The collectively assessed ACL reflects: (i) the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and (ii) the impact of time delays in collecting principal and /or interest (time value of money).

Write-off of loans

Loans are generally written off, either partially or in full, when there is no or minimal realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of 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 are generally written off when payment is 180 days past due. Unsecured loans are generally written off at 365 days past due. Loans secured by real estate are generally written off at 2,000 days past due unless liquidation of underlying real estate collateral is expected to be closed in the short term. In such cases write-off may be delayed beyond 2,000 days. In all other instances, the write-off will be completed at 2,000 days, although recovery efforts will continue.

Modifications

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual terms of the financial asset that affect the contractual cash flows. The treatment of such modifications is primarily based on the process undertaken to execute the renegotiation and the nature and extent of changes expected to result. Modifications can be tracked through the original financial asset or result in derecognition of the original financial asset and recognition of a new financial asset.

Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches.

We have established policies, procedures and controls for valuation methodologies and techniques to ensure fair value is reasonably estimated. Major valuation processes and controls include, but are not limited to, profit and loss decomposition, independent price verification (IPV) and model validation standards. These control processes are managed by either Finance or Group Risk Management and are independent of the relevant businesses and their trading functions. Profit and loss decomposition is a process to explain the fair value changes of certain positions and is performed for trading portfolios. All fair value instruments are subject to IPV, a process whereby trading function valuations are verified against external market prices and other relevant market data. Market data sources include traded prices, brokers and price vendors.

Commissions and fees

Commission and fees primarily relate to transactions service fees and commissions, credit related commissions and fees and are recognized based on the applicable service contracts with customers.

Transaction service fees and commissions represent card service revenue which primarily includes interchange revenue and annual card fees. Interchange revenue is calculated as a fixed percentage of the transaction amount and recognized when the card transaction is settled. Annual card fees are fixed fees and are recognized over a twelve month period.

Credit related commissions and fees include credit fees and commissions related to securities brokerage services. Credit fees are primarily earned for arranging syndicated loans and making credit available on undrawn facilities. The timing of the recognition of credit fees varies based on the nature of the services provided. Commissions related to securities brokerage services relate to the provision of specific transaction type services and are recognized when the service is fulfilled. Where services are provided over time, revenue is recognized as the services are provided.

When service fees and other costs are incurred in relation to commissions and fees earned, we record these costs on a gross basis in either 'other operating expenses or staff costs' based on our assessment of whether we have primary responsibility to fulfill the contract with the customer and have discretion in establishing the price for the commissions and fees earned, which may require judgment.

Cash and due from banks

Cash and due from banks includes balances due from associated and affiliated companies.

Customer liability under acceptances/acceptances outstanding

Customers' liability under acceptances/acceptances outstanding are not recorded on the statement of financial position in the statutory consolidated financial statements, but are required disclosures under the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions. Such amounts include Letters of Credit and Guarantees.

Occupancy expenses

Occupancy expenses include rent on premises, depreciation and maintenance of premises and taxes.

B. Specification of accounts

This specification is an extract of the most important accounts derived from the statutory financial statements.

I. Assets

	31 October	
	2025 XCG	2024 ANG
Investment securities		
FVTPL	4,892	4,880
FVOCI	5,025	5,025
At amortised cost	438,754	355,578
Total investments	448,671	365,483
Less allowance for losses	(10)	(4)
Net investments	448,661	365,479
Loans and advances to customers		
Retail customers	934,909	884,564
Corporate customers	1,138,495	1,012,900
Public sector	8,708	957
Total loans and advances	2,082,112	1,898,421
Unearned interest	(142)	(297)
	2,081,970	1,898,124
Less allowance for loan losses	(27,415)	(27,471)
Net loans and advances	2,054,555	1,870,653
II. Liabilities		
Customers' deposits		
Retail customers	1,225,812	1,119,360
Corporate customers	1,781,042	1,608,704
Other	116,905	138,711
Total customers' deposits	3,123,759	2,866,775