

**RBC Investor Services Trust**

# **RBC Investor Services Trust**

## **Financial Statements**

**For the year ended October 31, 2025**

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## Independent auditor's report

To the Shareholder of RBC Investor Services Trust

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RBC Investor Services Trust (the Trust) as at October 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### What we have audited

The Trust's financial statements comprise:

the balance sheet as at October 31, 2025;

- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholder's equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to



the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
December 8, 2025

## Balance sheet

As at

\$'000	Note	October 31, 2025	October 31, 2024
<b>Assets</b>			
Cash and due from banks	7	13,930,687	12,528,706
Securities	8	330,229	295,352
Assets purchased under reverse repurchase agreements		1,300,000	1,320,299
Loans and advances to customers		248,365	170,552
Derivatives	16	67,254	72,673
Tangible assets	9	7,817	2,605
Goodwill and other intangible assets	10	196,818	211,255
Deferred tax assets	6	7,897	6,612
Other assets	11	360,753	784,865
<b>Total assets</b>		<b>16,449,820</b>	<b>15,392,919</b>
<b>Liabilities</b>			
Deposits			
Business and other	12	14,459,092	12,963,518
Bank	12	25,921	69,056
		<b>14,485,013</b>	<b>13,032,574</b>
Derivatives	16	66,637	72,331
Provisions and other obligations	13	70,364	69,164
Deferred tax liabilities	6	36,996	39,487
Other liabilities	14	609,239	1,004,086
<b>Total liabilities</b>		<b>15,268,249</b>	<b>14,217,642</b>
<b>Equity</b>			
Subscribed capital	17	661,162	661,162
Retained earnings		445,405	443,753
Other components of equity		75,004	70,362
<b>Total shareholder's equity</b>		<b>1,181,571</b>	<b>1,175,277</b>
<b>Total liabilities and equity</b>		<b>16,449,820</b>	<b>15,392,919</b>

The accounts were approved by the Board of Directors on December 8, 2025 and signed on its behalf by:

Michelle McCafferty

\_\_\_\_\_  
Director

Claire Johnson

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Director

The accompanying notes are an integral part of these financial statements.

## Income statement

		For the years ended	
\$'000	Note	October 31, 2025	October 31, 2024
Interest income	3	524,027	736,252
Interest expense	3	(339,220)	(540,515)
Net interest income		184,807	195,737
<b>Non-interest income</b>			
Investment administration, custodial fees and other		384,385	369,118
Foreign exchange revenue	4	119,438	96,464
Securities lending commission		45,489	44,807
Non-interest income		549,312	510,389
Recovery of credit losses	5	1,035	1,808
<b>Total revenues</b>		<b>735,154</b>	<b>707,934</b>
<b>Non-interest expense</b>			
Human resources	13, 15	(211,850)	(228,520)
Equipment		(101,934)	(111,131)
Occupancy		(16,185)	(22,112)
Sub-custody		(43,534)	(45,059)
Professional fees		(57,378)	(71,535)
Amortization of other intangibles	10	(55,643)	(62,058)
Other		(107,704)	(96,721)
Non-interest expense		(594,228)	(637,136)
<b>Income before income taxes</b>		<b>140,926</b>	<b>70,798</b>
Income taxes	6	(39,274)	(25,411)
<b>Net income attributable to equity holders of the parent</b>		<b>101,652</b>	<b>45,387</b>

## Statement of comprehensive income

		For the years ended	
\$'000		October 31, 2025	October 31, 2024
<b>Net income attributable to equity holders of the parent</b>		<b>101,652</b>	<b>45,387</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to income statement</b>			
- Re-measurements of employee benefit plans gains / (losses)		6,412	16,291
- Income taxes		(1,770)	(4,496)
<b>Total items that will not be reclassified subsequently to income statement</b>		<b>4,642</b>	<b>11,795</b>
<b>Other comprehensive gains / (losses) for the year, net of taxes</b>		<b>4,642</b>	<b>11,795</b>
<b>Total comprehensive income for the year attributable to equity holders of the parent</b>		<b>106,294</b>	<b>57,182</b>

The accompanying notes are an integral part of these financial statements.

## Statement of changes in shareholder's equity

For the years ended October 31, 2025

\$'000	Core shareholder's equity		Other components of equity	
	Subscribed capital	Retained earnings	Employee benefit plans	Total shareholder's equity
<b>Total shareholder's equity</b>				
As at October 31, 2024	661,162	443,753	70,362	1,175,277
<b>Changes in equity:</b>				
Dividends on common shares	-	(100,000)	-	(100,000)
Net income	-	101,652	-	101,652
Other comprehensive gain net of taxes	-	-	4,642	4,642
<b>As at October 31, 2025</b>	<b>661,162</b>	<b>445,405</b>	<b>75,004</b>	<b>1,181,571</b>

For the years ended October 31, 2024

\$'000	Core shareholder's equity		Other components of equity	
	Subscribed capital	Retained earnings	Employee benefit plans	Total shareholder's equity
<b>Total shareholder's equity</b>				
As at October 31, 2023	661,162	698,366	58,567	1,418,095
<b>Changes in equity:</b>				
Dividends on common shares	-	(300,000)	-	(300,000)
Net income	-	45,387	-	45,387
Other comprehensive loss net of taxes	-	-	11,795	11,795
<b>As at October 31, 2024</b>	<b>661,162</b>	<b>443,753</b>	<b>70,362</b>	<b>1,175,277</b>

The accompanying notes are an integral part of these financial statements.



## Cash flow statement

		For the years ended	
\$'000	Note	October 31, 2025	October 31, 2024
<b>Cash flow from operating activities</b>			
Net income		101,652	45,387
<b>Adjustments for non-cash items and others:</b>			
Depreciation	9	975	953
Amortization	10	55,643	62,058
Recovery of credit losses	5	(1,035)	(1,808)
Deferred income taxes	6	(5,369)	(7,324)
<b>Adjustments for net changes in operating assets and liabilities:</b>			
Cash and due from banks (term deposits)		603,340	(1,227,605)
Assets purchased under reverse repurchase agreements		20,299	193,078
Loans and advances to customers		(77,813)	(23,362)
Derivative assets		5,419	97,940
Deposits		1,452,439	1,853,048
Derivative liabilities		(5,694)	(97,998)
Provision and other obligations	13	7,612	30,278
Net accrued interest receivable and payable		31,470	(5,687)
Unrealized gains / (losses) arising from changes in foreign currency		(529)	(2,711)
Other		(1,347)	(180,966)
<b>Net cash (used in) / from operating activities</b>		<b>2,187,062</b>	<b>735,281</b>
<b>Cash flow from investing activities</b>			
Net acquisition of tangible and other intangible assets	9,10	(46,864)	(34,409)
Net change in securities		(34,877)	(40,381)
<b>Net cash used in investing activities</b>		<b>(81,741)</b>	<b>(74,790)</b>
<b>Cash flow from financing activities</b>			
Dividends paid		(100,000)	(700,000)
<b>Net cash used in financing activities</b>		<b>(100,000)</b>	<b>(700,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>2,005,321</b>	<b>(39,509)</b>
Cash and cash equivalents at the beginning of the period		10,204,376	10,243,885
<b>Cash and cash equivalents at the end of the period</b>	7	<b>12,209,697</b>	<b>10,204,376</b>
<b>Cash flow from Operating activities include:</b>			
Amount of interest received		555,765	730,778
Amount of interest paid		(339,488)	(540,728)
Amount of income tax paid		(30,584)	(76,315)

The accompanying notes are an integral part of these financial statements.

**Notes to the Financial Statements**

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## Notes to the Financial Statements

### 1. General

#### RBC Investor Services Trust

Letters Patent creating RBC Investor Services Trust ("the Trust"), under its prior name RBC Dexia Investor Services Trust, were issued on September 26, 2005 by the Minister of Finance (Canada). The Trust was granted its Order to Commence and Carry on Business by the Office of the Superintendent of Financial Institutions Canada ("OSFI") on October 26, 2005. The Trust's shares are not quoted on a public market.

The Trust is incorporated and headquartered in Canada. Its principal place of business is 155 Wellington Street West, Toronto, ON M5V 3L3.

The Trust is indirectly wholly owned by Royal Bank of Canada ("RBC") and the Trust's immediate parent company is Royal Bank Holding Inc. ("RBHI"), incorporated in Canada.

#### RBC Investor Services

The Trust is part of the RBC Investor Services™ business segment.

"RBC Investor Services" is a global brand name and is a part of RBC. RBC Investor Services delivers asset servicing solutions to Canadian asset managers and asset owners, investment counsellors and other financial institutions.

The financial statements were approved by the Board of Directors of the Trust and signed by two members of the Board of Directors on December 8, 2025.

### 2. Summary of material accounting policies

#### a. Compliance with IFRS

The accompanying financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). These financial statements are in conformity with OSFI requirements and are in accordance with the Trust and Loan Companies Act (Canada). Except where otherwise noted, the same accounting policies have been applied to all periods presented.

The material accounting policies used in the preparation of these Financial Statements, including the accounting requirements prescribed by OSFI, are summarized below. These accounting policies conform, in all material

respects, to IFRS. The same accounting policies have been applied to all periods presented.

#### b. Basis of accounting

The financial statements are stated in thousands of Canadian dollars ("C\$"), the functional and presentation currency, unless otherwise indicated.

#### c. Current and future accounting developments

#### Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments clarify the recognition and derecognition of financial instruments and introduce an accounting policy option for financial liabilities settled through electronic payment systems. The Amendments also clarify classification guidance for financial assets with contingent features not directly related to changes in basic lending risks and introduce additional related disclosure requirements for financial instruments with such contingent features. The Amendments will be effective for Trust on November 1, 2026 and will be applied retrospectively with no restatement of comparative periods required. To manage the implementation of the Amendments, RBC established an enterprise-wide program to assess the impact on systems, processes and financial reporting. Trust will continue to assess the impact of adopting the Amendments on the financial statements.

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

#### IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard introduces new defined subtotals to be presented in the Statements of Income, disclosure of management-defined performance measures and requirements for aggregation and disaggregation of information. This standard will be effective for Trust on November 1, 2027 and will be applied retrospectively with the restatement of comparatives. To manage the transition to IFRS 18, RBC established an enterprise-wide program to assess the impact on systems, processes and financial reporting required for adoption. Trust continues to assess the impact of adopting this standard on the financial statements.

#### Pillar Two legislation

Pillar Two income taxes may arise in or in relation to jurisdictions where the operations of a multinational enterprise such as Royal Bank of Canada, the ultimate parent entity, have an effective tax rate below 15%.

Although the jurisdictions in which Trust operates have introduced a domestic minimum tax, the effective tax rate in such jurisdictions are above 15%, and therefore, no incremental taxes have arisen for Trust under the Pillar Two legislation for the fiscal year ended October 31, 2025.

### d. Use of estimates, assumptions and significant judgments

#### Use of estimates and assumptions

In preparation of the Trust's financial statements in accordance with IFRS, management is required to make subjective estimates and assumptions that affect amounts reported on the financial statements as well as 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: securities impairment, determination of fair value of financial instruments, the allowance or provision for credit losses, derecognition of financial assets, pensions and other post-employment benefits, income taxes, carrying value of goodwill and

other intangible assets, useful lives of tangible and intangible assets and litigation provisions. Accordingly, actual results may differ from these and other estimates, thereby impacting the Trust's future financial statements.

Refer to the relevant accounting policies in this note for details on the use of estimates and assumptions.

#### Significant judgements

In preparation of these Financial Statements, management is required to make significant judgments that affect the carrying amounts of certain assets and liabilities and the reported amounts of revenues and expenses recorded during the period.

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

Significant judgments have been made in the following areas and discussed in the relevant financial statement notes:

- Fair value of financial instruments – Note 2(f) “Financial instruments” and Note 18 “Fair value”
- Goodwill and other intangibles – Note 2(j) “Goodwill and other intangible assets” and Note 10 “Goodwill and other intangible assets”
- Income taxes – Note 2(l) “Income tax” and Note 6 “Income taxes”
- Employee benefits – Note 2(m) “Employee benefits” and Note 13 “Provisions and other obligations”
- Provisions – Note 2(n) “Provisions” and Note 13 “Provisions and other obligations”
- Provision for credit losses – Note 2(k) “Impairment of non-financial assets” and Note 5 “Provision for credit losses”

#### e. Foreign currency translation

Items included in the financial records of each of the Trust's branches are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

The Trust uses a multi-currency system where foreign currency transactions are initially recorded in foreign currency and translated to local functional currencies by applying an exchange rate at the transaction date. At each balance sheet date, outstanding balances are then retranslated to Canadian dollars using the closing rate for monetary and non-monetary items carried at fair value. Historical rates are used for non-monetary items carried at cost. The resulting exchange differences are recorded to the income statement for monetary items and follow the same accounting treatment as for fair value adjustments for non-monetary items.

#### f. Financial instruments

##### 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 our business model for managing the financial instruments 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 instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

All other debt instruments are measured at FVTPL.

##### *Business model assessment*

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

- How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or hedging funding or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of its businesses, for example, market risk, credit risk, or other risks as described in the Risk Management section of RBC's Management's Discussion and Analysis, and the activities undertaken to manage those risks;
- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model; and

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

- The compensation structures for managers of its businesses, to the extent that these are directly linked to the economic performance of the business model. Its business models fall into three categories, which are indicative of the key strategies used to generate returns:
- Held-to-Collect (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.
- Held-to-Collect-and-Sell (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 from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, 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.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

#### **Loans and advances to customers**

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the Classification of financial assets policy provided above. Trust loans are carried at amortized cost using the effective interest method, which represents the gross

carrying amount less allowance or provision for credit losses.

Interest on loans is recognized in Interest income using the effective interest method.

For loans carried at amortized cost, impairment losses are recognized at each balance sheet date in accordance with an expected credit loss impairment model.

#### **Allowance for credit losses**

An allowance for credit losses (ACL) is established for all financial instruments, except for financial assets classified or designated as FVTPL, which are not subject to impairment assessment. Assets subject to impairment assessment include certain loans, reverse repurchase agreements, debt securities, interest-bearing deposits with banks, and accounts and accrued interest receivable. ACL on financial assets is presented net of the related asset on the Balance Sheet.

ACL on each Balance Sheet date is measured according to an expected credit loss impairment model.

#### **Securities**

Investment securities carried at amortized cost are measured using the effective interest method, and are presented net of any allowance or provision for credit losses, calculated in accordance with our policy for Allowance for credit losses, as described above. Interest income, including the amortization of premiums and discounts on securities measured at amortized cost are recorded in interest income. Impairment gains or losses recognized on amortized cost securities are recorded in Allowance or 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 the sale is recorded as a Net gain (loss) on Investment securities in Non-interest income.

#### **Recognition of financial instruments**

All "regular way" sales and purchases of financial instruments other than trading are recognized and derecognized on settlement date. Trading financial instruments are recognized and derecognized on trade date. Any unrealized gains or losses are recognized from trade date in the income statement unless the financial instrument is subsequently measured at amortized cost.



## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

#### Derecognition of financial assets

The Trust derecognizes a financial asset when the contractual rights to the future cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognized as an asset or a liability.

The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled or have expired.

#### Transaction costs

Directly attributable transaction costs on all financial assets and financial liabilities, except for those classified at FVTPL, are part of the initial measurement of cost. For interest bearing instruments they will be part of the effective interest rate.

Other directly attributable transaction costs on non-financial assets and liabilities are treated according to applicable IFRS standards and generally form part of the initial cost of the investment.

#### Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented on the balance sheet, when and only when, an entity:

- currently has an enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Assets purchased under reverse repurchase agreements ("reverse repos")

Assets purchased under agreements to resell ("reverse repos") are recorded as off-balance sheet items and the corresponding loans recorded as "Assets purchased under reverse repurchase agreements".

In the event that securities received in reverse repo transactions are sold to third parties, the gain or loss is recorded as other income under "Investment administration, custodial fees and other".

The difference between the sale and repurchase price is treated as interest income or expense and is accrued over the life of the agreements.

The market value of the securities purchased against the loan value is monitored and additional collateral is obtained when appropriate. The Trust has the right to liquidate the collateral held in the event of counterparty default. The securities received under reverse repo agreements are not recognized on the balance sheet unless the risk and rewards of ownership are obtained.

#### Securities lending

The Trust's securities lending transactions are based on an agency relationship whereby the Trust acts as an agent for the owner of a security who agrees to lend the security to a borrower for a fee, under the terms of a pre-arranged contract.

Principal transactions are securities transactions whereby the Trust lends securities to or borrows securities from a third party. In return, the Trust receives or provides cash or non-cash collateral. The Trust earns a fee for structuring the transactions.

Non-cash collateral received in securities lending transactions is not recognized on the balance sheet.

The fair value of the securities posted as collateral is monitored against the fair value of the securities on loan under all securities lending arrangements and additional collateral is obtained when appropriate to protect against credit exposure (Note 20a). In the event of counterparty default, the Trust has the right to liquidate the collateral held on its own behalf or on behalf of the owner of the loaned security.

#### Cash and due from banks

Cash and due from banks represents cash, interest bearing overnight and term deposits with banks. Cash and due from banks are classified as loans and receivables and are carried at amortized cost.

#### Deposits

Deposits represent customer deposits and overdraft on bank accounts. These are carried at amortized cost.

#### Derivatives classification and measurement

The Trust's derivatives activity mainly includes foreign exchange contracts and currency swaps. All derivatives are initially recognized at fair value and are subsequently measured at fair value.

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

Derivatives are reported as an asset when fair value is positive and as a liability when fair value is negative.

Derivatives that are not designated as hedging instruments are considered as trading derivatives. Changes in the fair value of a trading derivative are recognized immediately in the income statement.

#### Financial liabilities

Financial liabilities are non-derivative liabilities that are not designated as at FVTPL or classified as trading liabilities.

Financial liabilities are initially measured at fair value net of transaction costs and, subsequently, carried at amortized cost.

#### g. Revenue Recognition

##### Interest income and expense

Interest income and expense are recognized in the income statement on an accrual basis using the effective interest method based on the purchase price plus/minus transaction costs.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

##### Investment administration, custodial fees and other

The Trust earns fees on investment administration and custodial services to clients. These are derived from assets under administration (AUA) where the investment strategy is directed by the client or a designated third party manager.

Fees are recognized over time when the service is provided to the client, provided that it is highly probable that a significant reversal in the amount of revenue recognized will not occur, and are recorded in non-

interest income, investment administration, custodial fees and other.

Fees are a function of the value of the assets under custody and administration, the volume of transactions, and rates as set forth in the underlying client agreement.

Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, if the instrument is not measured at FVTPL.

Commitment fees on a loan are recognized as part of the effective interest rate if the loan is granted, and recorded in entirety on expiry if no loan is granted.

#### h. Offsetting financial instruments in the income statement

The following items are netted in the face of the income statement:

##### Net gains/(losses) on trading

Net gains/(losses) on trading comprise gains and losses relating to trading assets and liabilities (including derivatives), and include all realized and unrealized fair value changes.

#### i. Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recognized in the income statement principally on a straight-line basis over the estimated useful lives of assets which are:

- IT equipment 3-10 years
- Fixtures and fittings 3-10 years
- Leasehold improvements over the lesser of the useful life of the leasehold improvements or the lease term plus the first renewal period, if reasonably assured of renewal, up to a maximum of 10 years.

When parts of tangible assets have different useful lives, they are accounted for as separate items (major components).



## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

The cost of replacing part of a tangible asset is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the income statement as incurred.

Gains and losses on disposals are recognized in the income statement as other income under Investment administration, custodial fees and other.

#### j. Goodwill and other intangible assets

##### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Goodwill is calculated based on the excess/deficit of the cost of acquisition over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the time the acquisition was made. Where the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized immediately in the income statement.

When calculating the recoverable amount, judgment is required as this calculation is based upon discounting expected pre-tax cash flows at a risk adjusted interest rate appropriate to the unit.

The review of goodwill impairment represents management's best estimate of the following:

Future cash flows of the cash-generating units ("CGU") to which the goodwill pertains are sensitive to the cash flows for the periods for which detailed forecasts are available, and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Expected cash flows generally represent management's view of future performance.

Discount rate used to discount the future expected cash flows is based on the cost of capital assigned to an individual CGU, and can have significant effect on their valuation. The cost of capital percentage is generally derived from a Capital Asset Pricing Model which incorporates inputs reflecting a number of financial and economic conditions, including risk-free interest rate and a premium for the inherent risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond

management's control and therefore require the exercise of significant management judgment and are consequently subject to uncertainty.

##### Other intangible assets

Intangible assets mainly consist of internally developed and acquired software.

Expenditure on internally developed software is recognized as an asset when the Trust is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. Projects fulfilling this requirement are qualified strategic projects and eligible for capitalization.

The capitalized costs of internally developed software that are part of strategic projects include all internal and external costs directly attributable to developing the software.

Software and other intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is charged through the income statement on a straight-line basis over the estimated useful lives of the internally developed and acquired software. The estimated useful lives for capitalized development costs varies from 2 to 10 years.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates otherwise it is expensed.

Intangible assets are assessed for indicators of impairment annually. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, as described in Note 2(k) Impairment of non-financial assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

The value in use calculation represents management's best estimate of the following:

- Determination of useful life and residual value.
- Future cash flows including assumptions regarding growth rates, sales and expenses
- Discount rate and terminal growth rate

#### k. Impairment of non-financial assets

The carrying amounts of non-financial assets, including capitalized internally developed intangible assets, other than deferred tax assets, are reviewed at least annually to determine whether there is any indication of impairment. Where any such indication exists, a recoverable amount is estimated as the higher of the asset's fair value less costs to sell and its value in use.

For all assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### Impairment of goodwill

The carrying amount of goodwill is tested for impairment annually or more often when there are indications of impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from the synergies of the combination. The lowest level of CGU is considered to be the Trust, including the Trust branches.

Goodwill is tested for impairment as part of the impairment testing of the CGU to which it relates. When the carrying value of the CGU's net assets, including attributable goodwill, exceeds its recoverable value, goodwill is written-down for impairment. Impairment is charged to the income statement in the year in which impairment is identified. It is prohibited to reverse impairment losses for goodwill.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows expected to be derived from an asset or cash-generating

unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value is the price that would be required to sell the CGU in an orderly transaction between market participants at the measurement date.

Impairment losses recognized in respect of cash-generating units are not allocated as the lowest level of CGU is considered to be the Trust, including the Trust branches.

#### l. Income taxes

Income taxes recognized in the income statement includes the current and deferred portions of the expense. Income taxes related to items recognized directly in equity are not included in the income statement.

Current income tax is determined to be the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted as at the balance sheet date. It includes any adjustments to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for earnings related to foreign operations where repatriation of such amounts is not contemplated in the foreseeable future. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Trust and it is probable that the temporary difference will not reverse in the foreseeable future.

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

Changes in deferred tax assets or liabilities related to a change in tax rates are recognized in the period the tax rate change is substantively enacted.

#### m. Employee benefits

The Trust offers a number of defined benefit and defined contribution plans for pensions and other benefits to employees.

##### Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as services are rendered. The Trust's pension obligation is limited to payments to a pension fund or to an insurance policy on behalf of the employee.

##### Defined benefit pension plans

Defined benefit pension plans are those under which the Trust has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

Qualified external actuaries carry out valuation of the obligation using the projected unit credit method.

The net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, deducting the fair value of any plan assets and adjusting for any effect of limiting a net defined benefit asset to the asset ceiling. The discount rate is based on the yield at the reporting date of high quality corporate bonds with maturity dates approximating the terms of the obligations.

The Trust determines:

- The amounts to be recognised in the Income statement, being current service cost, past service cost and gain or loss on settlement, and net interest; and
- The remeasurements of the net defined liability or asset to be recognised in other comprehensive income, being actuarial gains and losses, return on plan assets, excluding amounts included in net interest, and any

change in the effect of the asset ceiling, excluding amounts included in net interest.

##### Other long-term employee benefits

The Trust offers a number of other long-term employee benefits. The plans are unfunded.

The net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. Such benefits are discounted to determine their present value. The discount rate is based on the yield at the reporting date of credit-rated bonds with maturity dates approximating the terms of the Trust's obligations. Any actuarial gains or losses are recognized in the income statement in the year in which they arise.

##### Termination benefits

Termination benefits are recognized as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

##### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### n. Provisions

A provision is recognized if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

## Notes to the Financial Statements

### 2. Summary of material accounting policies (Cont'd)

Where the effect of time value is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### o. Financial guarantees

A financial guarantee contract is defined as a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Where a contract meets the definition above, it is recognized initially on balance sheet at fair value and subsequently measured at the higher of:

- the amount initially recognized less cumulative amortization of this amount, and
- the amount determined to be the best estimate of the obligation when there is a probable outflow of resources, which will normally equal the amount of potential loss (discounted if the effect is material).

The maximum credit exposure is represented by the maximum amount to be paid if the guarantee is called at the reporting date.

#### p. Assets held on behalf of clients

Client assets, liabilities, income and expenses arising thereon are excluded from these financial statements.

#### q. Cash and cash equivalents

For the purpose of the cash flow statement and the balance sheet, cash and cash equivalents include highly liquid financial assets with maturities of three months or less from date of acquisition, including overnight deposits with RBC.

#### r. Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when the asset is available for immediate sale in its

present condition, management is committed to the sale, and it is highly probable to occur within one year. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell and if significant, are presented separately from other assets in the balance sheet.

A disposal group is classified as a discontinued operation if it meets the following conditions: (i) it is a component that can be distinguished operationally and financially from the rest of our operations and (ii) it represents either a separate major line of business or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Disposal groups classified as discontinued operations are presented separately from the continuing operations in the income statement.

## Notes to the Financial Statements

### 3. Interest income and expense

\$'000	For the years ended	
	October 31, 2025	October 31, 2024
<b>Interest income</b>		
Interest income on assets not at FVTPL		
Cash and due from banks	464,005	614,943
Securities	10,155	14,028
Assets purchased under reverse repurchase agreements	38,732	71,403
Loans and advances to customers	11,135	35,878
<b>Total</b>	<b>524,027</b>	<b>736,252</b>
<b>Interest expense</b>		
Interest expense on liabilities not at FVTPL		
Deposits	(337,817)	(538,074)
Other liabilities	(1,403)	(2,441)
<b>Total</b>	<b>(339,220)</b>	<b>(540,515)</b>
<b>Net interest income</b>	<b>184,807</b>	<b>195,737</b>

### 4. Foreign exchange revenue

\$'000	For the years ended	
	October 31, 2025	October 31, 2024
Net gains on foreign exchange	112,759	94,409
Revaluation gains / (losses)	6,679	2,055
<b>Total</b>	<b>119,438</b>	<b>96,464</b>

### 5. Provision for credit losses

\$'000	For the years ended October 31, 2025					For the years ended October 31, 2024				
Specific impairment	Allowances	Write backs	Losses	Recoveries	Total	Allowances	Write backs	Losses	Recoveries	Total
Loans and advances and Other assets (1)	(1,646)	2,351	-	330	1,035	(2,504)	4,268	-	44	1,808
Total	(1,646)	2,351	-	330	1,035	(2,504)	4,268	-	44	1,808

(1) Other assets include client receivables that contribute to specific impairment.

## Notes to the Financial Statements

## 6. Income taxes

	For the years ended	
\$'000	October 31, 2025	October 31, 2024
<b>Current tax</b>		
Current year	(43,742)	(32,633)
Adjustments to prior years	(901)	(102)
Total	(44,643)	(32,735)
<b>Deferred tax</b>		
Current year	3,505	7,805
Adjustments to prior years	1,864	(481)
Total	5,369	7,324
Income tax expense	(39,274)	(25,411)

Tax relating to each component of other comprehensive income can be found in the statement of comprehensive income.

## Reconciliation of statutory tax rate

	For the years ended	
\$'000	October 31, 2025	October 31, 2024
Profit before income tax	140,926	70,797
Statutory tax rate	27.6%	27.6%
Income tax expense at applicable statutory tax rate	(38,896)	(19,540)
Decrease/(Increase) in income tax expense resulting from:		
Effect of taxing overseas profit at different rates	(1,439)	(301)
Tax effect of non-deductible expense	98	(4,940)
Adjustments in respect of prior periods	963	(630)
Tax Rate Change Impact	-	-
Income tax expense	(39,274)	(25,411)
Effective tax rate	27.87%	35.89%

The aggregate amount of temporary differences associated with the Trust's investment in its branches for which deferred taxation has not been recognised in the financial statements is \$nil (2024: \$nil).

## Notes to the Financial Statements

## 6. Income taxes (Cont'd)

## Deferred tax

## Movements

	For the years ended	
\$'000	October 31, 2025	October 31, 2024
Opening balance	(32,875)	(35,703)
<b>Movements during the year:</b>		
Items recognized in the income statement	5,369	7,324
Items that will not be reclassified subsequently to income statement	(1,593)	(4,496)
Ending balance	(29,099)	(32,875)
<b>Deferred income tax derived from assets</b>		
Pensions	(22,945)	(21,242)
Tangible and intangible assets	(23,527)	(26,271)
Other non allocated and non applicable assets	2,647	66
Subtotal	(43,825)	(47,447)
<b>Deferred income tax derived from liabilities</b>		
Provisions and Other Obligations	7,948	7,996
Post retirement and other employee benefits	6,778	6,576
Subtotal	14,726	14,572
Total	(29,099)	(32,875)
<b>Comprising</b>		
Deferred tax assets	7,897	6,612
Deferred tax liabilities	(36,996)	(39,487)

## 7. Cash and due from banks

## Analysis by nature

\$'000	October 31, 2025	October 31, 2024
Nostro accounts	1,686,983	1,723,534
Demand deposits	10,522,714	8,480,842
Term deposits	1,720,990	2,324,330
Total cash and due from banks	13,930,687	12,528,706

(1) There was no restricted cash or cash balances with central banks in the years ended 2025 and 2024.

## Cash and cash equivalents

\$'000	October 31, 2025	October 31, 2024
Cash and due from banks	13,930,687	12,528,706
Less:		
Term deposits (initial maturity over 3 months)	1,720,990	2,324,330
Total cash and cash equivalents	12,209,697	10,204,376

## 8. Securities

The following table provides the residual term to maturity of securities.

	Due within 6 months	Due between 6 and 12 months	Due after more than 1 year	Undetermined Maturity	October 31, 2025 Total	October 31, 2024 Total
\$'000						
Canadian government debt:						
Federal	65,086	-	265,143	-	330,229	295,352
Total	65,086	-	265,143	-	330,229	295,352

## Notes to the Financial Statements

## 9. Tangible assets

\$'000	For the years ended					
	October 31, 2025			October 31, 2024		
	Leasehold improvements	Office furniture and other equipment	Total	Leasehold improvements	Office furniture and other equipment	Total
<b>Opening cost</b>	28,211	14,218	42,429	27,887	13,352	41,239
Additions	2,061	4,116	6,177	324	936	1,260
Disposals/ write-offs	-	(547)	(547)	-	(66)	(66)
Transfers	-	-	-	-	-	-
Foreign exchange translation	-	-	-	-	(4)	(4)
<b>Closing cost</b>	30,272	17,787	48,059	28,211	14,218	42,429
<b>Opening accumulated depreciation</b>	(27,139)	(12,685)	(39,824)	(26,464)	(12,474)	(38,938)
Depreciation charge	(319)	(656)	(975)	(675)	(278)	(953)
Disposals/ write-offs	-	555	555	-	66	66
Foreign exchange translation	-	2	2	-	1	1
<b>Closing accumulated depreciation</b>	(27,458)	(12,784)	(40,242)	(27,139)	(12,685)	(39,824)
<b>Net book value</b>	2,814	5,003	7,817	1,072	1,533	2,605

## 10. Goodwill and other intangible assets

\$'000	For the years ended							
	October 31, 2025				October 31, 2024			
	Goodwill	Internally developed software	Other intangible assets (1)	Total	Goodwill	Internally developed software	Other intangible assets (1)	Total
<b>Opening cost</b>	88,305	368,795	15,729	472,829	88,305	448,792	15,729	552,826
Additions	-	43,596	-	43,596	-	40,978	-	40,978
Disposals/ write-offs	-	(109,504) <sup>(2)</sup>	-	(109,504)	-	(127,417) <sup>(2)</sup>	-	(127,417)
Foreign exchange translation	-	4,108	-	4,108	-	6,442	-	6,442
<b>Closing cost</b>	88,305	306,995	15,729	411,029	88,305	368,795	15,729	472,829
<b>Opening accumulated amortization</b>	-	(246,320)	(15,254)	(261,574)	-	(300,122)	(15,254)	(315,376)
Amortization charge	-	(55,643)	-	(55,643)	-	(62,058)	-	(62,058)
Disposals/ write-offs	-	106,587 <sup>(2)</sup>	-	106,587	-	119,588 <sup>(2)</sup>	-	119,588
Foreign exchange translation	-	(3,581)	-	(3,581)	-	(3,728)	-	(3,728)
<b>Closing accumulated amortization</b>	-	(198,957)	(15,254)	(214,211)	-	(246,320)	(15,254)	(261,574)
<b>Net book value</b>	88,305	108,038	475	196,818	88,305	122,475	475	211,255

(1) Other intangible assets consist of software licenses purchased from third parties.

(2) Relates to the removal of fully amortized assets of \$103,244 (2024: \$113,872), remaining relates to impairment charges with repositioning of the business.



## Notes to the Financial Statements

## 10. Goodwill and other intangible assets (Cont'd)

## Goodwill impairment testing

The impairment test carried out for goodwill as at August 1, 2025 was based on the value in use of the CGU identified in accordance with Note 2k. The Trust including all Trust branches has been identified as the lowest level that goodwill is monitored for internal management purposes.

The recoverable amount for the CGU to which goodwill has been allocated was equal to its value in use at each testing date in 2025 and 2024. The value in use was determined by calculating the discounted cash flow projections for the CGU. The attributed capital for each CGU is based on regulatory capital, the carrying amount is defined as regulatory capital, as the carrying amount (spot equity less excess capital), with excess capital being defined as to the amount of regulatory capital above the required capital of a regulated entity.

The environment is rapidly evolving and as a result, the Trust's economic outlook has a higher degree of uncertainty, which may materially change the estimated recoverable amount of the CGU and result in an impairment charge in future periods. Actual experience may differ materially from current expectations, including in relation to the duration and severity of the economic contraction and the ultimate timing and extent of a future recovery.

The cash flow projections for the CGU were based on forecasted cash flows for 2026 and strategic plans approved by the Global Executive Committee for 2026 to 2030. The cash flow projections were discounted at a risk adjusted cost of capital for the CGU. The long-term growth rate used to extrapolate the cash flows to perpetuity reflects the market assessment of growth and inflation for the countries where the CGU operates.

For reasonability purposes, the discount rates determined internally were compared with external capital rates which reflect current market and economic conditions. As a result of this comparison, it was concluded that internally determined cost of capital rates were in line with external rates.

Cash-generating unit			Growth rate beyond initial
\$'000	Goodwill at October 31, 2025 (1)	Discount rate (%) (2)	cash flow projections (%) (1)
The Trust	88,305	9.5	3.0

(1) No change from 2024.

(2) Prior year discount rate 10%.

Based on the considerations above and after comparing the recoverable amount with the carrying amount of the CGU, no impairment of goodwill was identified during 2025 and 2024.

As at August 1, 2025, as well as up to October 31, 2025, no change in an individual key input or assumption as described would result in the CGU's carrying value exceeding its recoverable amount. The sensitivity of the value in use to key inputs and assumptions used was tested by recalculating the recoverable amount using reasonably possible changes to those parameters. The post-tax discount rates were increased by 1%, terminal growth rates were decreased by 0.5%, and future cash flows were reduced by 10%.

## 11. Other assets

\$'000	October 31, 2025	October 31, 2024
Cash collateral	46,329	64,875
Accrued interest	27,234	58,972
Accounts receivable (1)	57,759	41,635
Accrued income	32,303	31,080
Deferred expenses	14,242	7,409
Business taxes (2)	(58)	(361)
Current tax assets	10,685	9,880
Other assets (3)	172,259	571,375
Total	360,753	784,865

(1) Accounts receivable include issued invoices for services rendered to clients and related party receivables, net of specific impairment of \$0.427 million (2024: \$ 1.965 million).

(2) Business taxes include sales tax.

(3) Other assets include Items in transit of \$77 million (2024: \$455 million) and Pension assets of \$83.7 million (2024: \$77.5 million), See Note 13.

## Notes to the Financial Statements

## 12. Deposits

	Demand deposits	Term deposits	October 31, 2025 Total	Demand deposits	Term deposits	October 31, 2024 Total
\$'000						
Business and other	14,459,092	-	14,459,092	12,963,518	-	12,963,518
Bank	25,921	-	25,921	69,056	-	69,056
Total	14,485,013	-	14,485,013	13,032,574	-	13,032,574

## 13. Provisions and other obligations

## a. Analysis by nature

	October 31, 2025	October 31, 2024
\$'000		
Defined benefit pension plans	593	542
Other post-employment obligations	24,573	23,827
Other long-term employee benefits	29,613	32,257
Other provisions (1)	15,585	12,538
Total	70,364	69,164

(1) Other provisions include severance (2025: \$6.0 million, 2024: \$5.4 million), litigation and operational losses (2025: \$9.6 million, 2024: \$7.1 million).

All pension and non-pension plans are in Canada only.

## b. Analysis of movements

	October 31, 2025				October 31, 2024			
	Pensions and other post-employment plans	Other employee benefits	Other provisions	Total	Pensions and other post-employment plans	Other employee benefits	Other provisions	Total
Opening balance	24,369	32,257	12,538	69,164	21,740	21,555	11,882	55,177
Additional provisions	2,001	9,475 <sup>(2)</sup>	16,086	27,562	1,884	17,320	13,519	32,723
Utilized during the year	(1,010)	(12,119)	(13,039)	(26,168)	(1,020)	(6,618)	(12,863)	(20,501)
Transfers	6,218 <sup>(1)</sup>	-	-	6,218	18,057 <sup>(1)</sup>	-	-	18,057
Re-measurement of employee benefit plans (gains)/losses	(6,412)	-	-	(6,412)	(16,292)	-	-	(16,292)
Ending balance	25,166	29,613	15,585	70,364	24,369	32,257	12,538	69,164

(1) The amount represents the asset that was transferred to Other assets. See Note 11.

(2) See note 15.

## Provisions for pensions and other post-employment benefits

The Trust operates funded defined benefit pension plans for qualifying employees. The defined benefit plans are administered by a separate pension fund that is legally separated from the Trust. The Trust also operates unfunded post-employment medical coverage for qualifying employees.

## Plan characteristics

The Trust sponsors a number of programs, which provide pension and post-employment benefits to eligible employees.

## Notes to the Financial Statements

## 13. Provisions and other obligations (Cont'd)

The defined benefit pension plans provide benefits based on years of service, contributions and average earnings at retirement. All of the plans' beneficiaries are located in Canada. The Trust also provides supplemental non-registered (non-qualified) pension plan for certain executives and senior management that are typically unfunded or partially unfunded.

The defined contribution plan provides pension benefits based on accumulated employee and company contributions. The company contributions are based on a percentage of employees' annual earnings and a portion of the company contribution is dependent on the amount being contributed by the employee and their years of service.

The Trust measures the benefit obligations and pension assets as at October 31 each year. All plans are valued using the projected unit-credit method. The Trust funds the registered defined benefit pension plans in accordance with actuarially determined amounts required to satisfy employee benefit obligations under current pension regulations.

The primary other post-employment benefit plans provide health, dental, disability and life insurance coverage and cover a number of current and retired employees who are all located in Canada. These plans are unfunded unless required by legislation.

For the year-ended 2025, total company contributions to the defined benefit pension plans, defined contribution pension plans and other post-employment plans were \$51 thousand, \$8,230 thousand and \$974 thousand (2024: \$50 thousand, \$8,150 thousand and \$970 thousand), respectively. For the year-ended 2026, total contributions to the defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans are expected to be approximately \$27 thousand, \$8,497 thousand and \$1,111 thousand, respectively.

**Risk exposure**

By their design, the defined benefit pension and other post-employment plans expose the Trust to risks such as investment performance, reductions in discount rates used to value the obligations, increased longevity of plan members, future inflation levels impacting future salary increases as well as future increases in health care costs. By closing the defined benefit pension and post-employment plans and migrating to defined contribution plans, the volatility associated with risk exposures will reduce over time.

The amount included in the balance sheet arising from the Trust's obligation in respect of the defined benefit obligation for pension and other post employment plans are as follows:

\$'000	October 31, 2025			October 31, 2024		
	Defined benefit pension plans	Other post employment plans	Total	Defined benefit pension plans	Other post employment plans	Total
A. Amounts recognized in the balance sheet						
<b>Plans that are wholly unfunded and plans that are wholly and partially funded</b>						
Present value of funded obligation	255,047	24,573	279,620	243,576	23,827	267,403
Fair value of plan assets	(338,180)	-	(338,180)	(320,541)	-	(320,541)
Net deficit / (surplus)	(83,133)	24,573	(58,560)	(76,965)	23,827	(53,138)
Net liability / (asset)	(83,133)	24,573	(58,560)	(76,965)	23,827	(53,138)

## Notes to the Financial Statements

## 13. Provisions and other obligations (Cont'd)

## Changes in fair value of plan assets and change in present value of benefit obligations

Movements in the present value and fair value of the defined benefit obligation for pension and other post employment plans are as follows:

\$'000	October 31, 2025			October 31, 2024		
	Defined benefit pension plan	Other post employment plans	Total	Defined benefit pension plan	Other post employment plans	Total
<b>B. Change in fair value of plan assets</b>						
Beginning of the year	320,541	-	320,541	275,553	-	275,553
Interest income	15,106	-	15,106	15,388	-	15,388
Remeasurement	-			-		
Return on plan assets (excluding interest income)	13,572	-	13,572	39,499	-	39,499
Employer contributions	51	974	1,025	50	970	1,020
Plan participants' contributions	536	648	1,184	580	575	1,155
Benefits paid	(11,016)	(1,622)	(12,638)	(10,009)	(1,545)	(11,554)
Other	(610)	-	(610)	(520)	-	(520)
Fair value of plan assets at end of year	338,180	-	338,180	320,541	-	320,541
<b>C. Change in present value of benefit obligation</b>						
Beginning of the year	243,576	23,827	267,403	216,604	21,239	237,843
Current service cost	3,114	650	3,764	2,813	691	3,504
Past service cost	200	-	200	-	-	-
Interest cost	11,411	1,096	12,507	12,025	1,161	13,186
Plan participants' contributions	536	648	1,184	580	575	1,155
Remeasurement						
Actuarial (gains) / losses arising from demographic assumptions	-	76	76	(2,995)	(697)	(3,692)
Actuarial (gains)/losses arising from financial assumptions	3,007	24	3,031	24,528	2,593	27,121
Actuarial (gains)/losses arising from experience adjustments	4,219	(126)	4,093	30	(190)	(160)
Benefits paid	(11,016)	(1,622)	(12,638)	(10,009)	(1,545)	(11,554)
Benefit obligations at end of year	255,047	24,573	279,620	243,576	23,827	267,403

## Notes to the Financial Statements

## 13. Provisions and other obligations (Cont'd)

**Pension and other post-employment benefit expense**

The following table presents the composition of the pension and other post-employment benefit expense.

\$'000	October 31, 2025			October 31, 2024		
	Defined benefit pension plans	Other post employment plans	Total	Defined benefit pension plans	Other post employment plans	Total
<b>D. Components of benefit expense</b>						
Current service cost	3,114	650	3,764	2,813	691	3,504
Past service cost	200	-	200	-	-	-
Net interest (income)/expense	(3,695)	1,096	(2,599)	(3,363)	1,161	(2,202)
Remeasurement of other long term Benefits	-	26	26	-	62	62
Administrative expenses	610	-	610	520	-	520
<b>Total expense</b>	<b>229</b>	<b>1,772</b>	<b>2,001</b>	<b>(30)</b>	<b>1,914</b>	<b>1,884</b>

Total defined contribution expense for the year ended October 31, 2025 was \$8,230 thousand (2024: \$8,150 thousand).

**Remeasurements**

The following table presents the composition of the remeasurements recorded in other comprehensive income.

\$'000	October 31, 2025			October 31, 2024		
	Defined benefit pension plans	Other post employment plans	Total	Defined benefit pension plans	Other post employment plans	Total
<b>E. Remeasurements</b>						
Actuarial (gains)/losses						
Changes in demographic assumptions	-	60	60	(2,995)	(561)	(3,556)
Changes in financial assumptions	3,007	-	3,007	24,528	2,500	27,028
Experience adjustments	4,219	(112)	4,107	30	(295)	(265)
Return on plan assets (excluding interest income)	(13,572)	-	(13,572)	(39,499)	-	(39,499)
<b>Total remeasurements (gains)/losses</b>	<b>(6,346)</b>	<b>(52)</b>	<b>(6,398)</b>	<b>(17,936)</b>	<b>1,644</b>	<b>(16,292)</b>

## Notes to the Financial Statements

### 13. Provisions and other obligations (Cont'd)

#### **Investment policy and strategies:**

Defined benefit pension plan assets are invested prudently in order to meet the longer term pension obligations. The asset mix policy was developed within an asset/liability framework.

Factors taken into consideration in developing the asset allocation include but are not limited to the following:

- (i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;
- (ii) the member demographics, including expectations for normal retirements, terminations, and deaths;
- (iii) the financial position of the pension plans;
- (iv) the diversification benefits obtained by the inclusion of multiple asset classes; and
- (v) expected asset returns, including asset and liability volatility and correlations.

To implement our asset mix policy, we may invest in debt securities, equity securities and alternative investments. Our holdings in certain investments, including common shares, debt securities rated lower than BBB and residential and commercial mortgages, cannot exceed a defined percentage of the market value of our defined benefit pension plan assets. We may use derivative instruments as either a synthetic investment to more efficiently replicate the performance of an underlying security, or as a hedge against financial risks within the plan. To manage our credit risk exposure, where derivative instruments are not centrally cleared, counterparties are required to meet minimum credit ratings and enter into collateral agreements.

During the year ended October 31, 2025, the management of defined benefit pension investments focused on increased allocation to risk reducing investments and strategies, while improving diversification and striving to maintain expected investment return. An allocation to debt securities is being used to reduce asset/liability duration mismatch and hence variability of the plan's funded status due to interest rate movement. Longer maturity debt securities, given their price sensitivity to movements in interest rates, are considered to be a good economic hedge to risk associated with the plan's liabilities, which are discounted using predominantly long maturity bond interest rates as inputs.

## Notes to the Financial Statements

## 13. Provisions and other obligations (Cont'd)

To manage the credit risk exposure, counterparties of the derivative instruments are required to meet minimum credit ratings and enter into collateral agreements, and counterparty exposures are monitored and reported to management on an ongoing basis. Over time, an increasing allocation to debt securities and a debt security sold under repurchase agreement are being used to reduce asset/liability duration mismatch and hence variability of the Plan's funded status due to interest rate movement.

**Defined benefit pension plan assets**

The fair value of the plan assets at the end of the reporting period for each category, are as follows.

\$'000	Fair value of plan assets					
	October 31, 2025	%	Quoted in active market %	October 31, 2024	%	Quoted in active market %
<b>F. Fair value of plan assets</b>						
Equity securities						
- Domestic	24,086	7.1%	100%	18,441	5.8%	100%
- Foreign	62,885	18.6%	100%	44,021	13.7%	100%
Debt securities						
- Domestic government bonds	106,230	31.4%		111,172	34.7%	
- Foreign government bonds	1,216	0.4%		536	0.2%	
- Corporate and other bonds	65,924	19.5%		70,762	22.1%	
Alternative investments and other	77,839	23.0%	7%	75,609	23.6%	11%
<b>Total</b>	<b>338,180</b>	<b>100%</b>	<b>27%</b>	<b>320,541</b>	<b>100%</b>	<b>22%</b>

The defined benefit pension plan assets are primarily composed of equity and debt securities. The equities and debt securities generally have quoted market prices in an active market (Level 1). Alternative investments and other includes real estate, and derivative financial instruments. In the case of real estate, no quoted market prices are usually available (Level 2 or Level 3). These assets are either valued by an independent valuator or priced using observable market inputs.

The allocation to equity securities of the pension plans is 25.7% (2024: 19.5%) and the allocation to debt securities is 51.3% (2024: 56.9%) and the allocation to Alternative investments and other is 23.0% (2024: 23.6%).

As at October 31, 2025, the assets include 8 thousand (2024: 8 thousand) of RBC common shares having a fair value of \$1,640 thousand (2024: \$1,286 thousand) and \$1,176 thousand (2024: \$1,454 thousand) of debt securities. For the year ended October 31, 2025, dividends received on the common shares held in the plan assets were \$46 thousand (2024: \$41 thousand).

**Maturity profile**

The following table presents the maturity profile of the defined benefit pension plan obligation.

\$'000		October 31, 2025
<b>G. Maturity profile</b>		
Number of plan participants		1,074
Actual benefit payments 2025		11,016
Benefits expected to be paid 2026		12,603
Benefits expected to be paid 2027		13,400
Benefits expected to be paid 2028		14,230
Benefits expected to be paid 2029		14,846
Benefits expected to be paid 2030		15,425
Benefits expected to be paid 2031-2035		84,420
Weighted average duration of defined benefit (in years)		12.50

## Notes to the Financial Statements

## 13. Provisions and other obligations (Cont'd)

## Significant assumptions used in calculating the defined benefit pension and other post-employment expense

*Discount rate*

For the pension and other post-employment plans, all future expected benefit payments at each measurement date are discounted at spot rates from a derived AA corporate bond yield curve. The derived curve is based on observed rates for AA corporate bonds with maturities less than six years and a projected AA corporate curve based on spreads between observed AA corporate bonds and AA provincial bonds for periods greater than six years. Spot rates beyond 30 years are set to equal to the 30 year spot rate. The discount rate is the equivalent single rate that produces the same discount value as that determined using the entire discount curve. This valuation methodology does not rely on assumptions regarding reinvestment returns.

*Rate of increase in future compensation*

The assumption for increases in future compensation is based on the price inflation assumption and compensation policies in Canada, as well as relevant statutory and plan-specific requirements.

*Healthcare cost trend rates*

Health care cost calculations are based on both short and long term trend assumptions established based on the plan's recent trend experience as well as on market expectations.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

\$'000	October 31, 2025		October 31, 2024	
	Defined benefit pension plan	Other post-employment plans	Defined benefit pension plans	Other post-employment plans
H: Weighted average assumptions to determine benefit obligation				
Discount rate	4.70%	4.70%	4.80%	4.80%
Rate of increase in future compensation	3.00%	NA	3.00%	NA
Health care cost trend rates (1)				
- Medical	NA	3.20%	NA	3.20%
- Dental	NA	3.30%	NA	3.20%

(1) For the Trust other post-employment plans, the 2024 assumed trend rates used to measure the expected benefits cost of the defined benefit obligations are also the ultimate rates.

Mortality assumptions are significant in measuring the obligations under the defined benefit plans. These assumptions have been set in accordance with current practices in Canada. Future longevity improvements have been considered and included where appropriate. The following table summarizes the mortality assumptions used for the Trust's defined benefit plans.

In years	October 31, 2025				October 31, 2024			
	Age 65		Age 45		Age 65		Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female
I. Life expectancy at 65 for member currently at	23.3	24.4	24.2	25.3	23.2	24.3	24.1	25.2

## Sensitivity analysis

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-employment benefit plans. The increase (decrease) in obligation below have been determined assuming all other assumptions are held constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated. The following table presents the sensitivity analysis of key assumptions for 2025.



## Notes to the Financial Statements

## 13. Provisions and other obligations (Cont'd)

\$'000	October 31, 2025	
	Defined benefit pension plans	Other post employment plans
<b>J. Sensitivity analysis</b>		
<b>Discount rate</b>		
Impact of 100bps increase in discount rate	(27,649)	(2,850)
Impact of 100bps decrease in discount rate	33,561	3,532
<b>Rate of increase in future compensation</b>		
Impact of 50bps increase in rate of increase in future compensation	257	NA
Impact of 50bps decrease in rate of increase in future compensation	(250)	NA
<b>Mortality rate</b>		
Impact of an increase in longevity by one additional year	5,870	242
<b>Health care cost trend rate</b>		
Impact of 100bps increase in health care cost trend rate	NA	171
Impact of 100bps decrease in health care cost trend rate	NA	(153)

## 14. Other liabilities

\$'000	October 31, 2025	October 31, 2024
Cheques and other items in transit	432,252	116,655
Dividend payable	-	-
Current tax liabilities	9,157	(2,530)
Salaries and social charges payable	38,845	39,623
Accrued costs	31,585	68,558
Cash Collateral	1,780	490
Accounts payable (1)	7,935	18,833
Business taxes (2)	5,758	4,209
Accrued interest	200	468
Other (3)	81,727	757,780
<b>Total</b>	<b>609,239</b>	<b>1,004,086</b>

(1) Accounts payable mainly includes related party payables.

(2) Business taxes includes sales tax.

(3) Includes amounts due to affiliates.

## 15. Share based compensation

The Trust offers share based compensation to certain key employees. The RBC share based compensation scheme was introduced to the Trust key employees during 2013, as part of the alignment with RBC.

**Deferred share plans**

The Trust offers performance deferred share award plans to certain key employees which vest over a maximum period of three years. Awards under the plans are deferred in the form of deferred share units and is paid in cash. A portion of the award under some plans can be increased or decreased up to 25%, depending on the total shareholder return of RBC compared with a defined peer group of global financial institutions. The value of the award paid will be equivalent to the original award adjusted for dividends and changes in the market value of RBC's common shares at the time the award vests.

## Notes to the Financial Statements

## 15. Share based compensation (Cont'd)

The Trust's liabilities for the awards granted under the deferred share plans are measured at fair value, determined based on the quoted market price of RBC's common shares.

## Obligations under deferred share plans

\$'000	October 31, 2025			October 31, 2024		
	Units granted during the year		Units outstanding at the end of the year	Units granted during the year		Units outstanding at the end of the year
	Number granted (thousands)	Weighted average fair value	Carrying amount	Number granted (thousands)	Weighted average fair value	Carrying amount
Deferred share unit plans	155	173.33	29,613	74	117.10	32,256

## Compensation expenses recognized under deferred share plans

\$'000	For the years ended	
	October 31, 2025	October 31, 2024
Deferred share unit plan	9,475	17,320

## 16. Derivatives

The principal derivatives used by the Trust are exchange rate contracts. Particular attention is paid to the liquidity of the markets and products in which the Trust trades to ensure that there are no undue concentrations of activity and risk. During 2025 and 2024 all derivatives were trading derivatives.

Exchange rate contracts include over-the-counter (OTC) forward foreign exchange contracts, and currency swaps. A forward foreign exchange contract is an agreement to buy or sell a specified amount of foreign currency on a specified future date at an agreed rate. Cross currency swaps involve the exchange of fixed payments in one currency for the receipt of fixed payments in another currency.

## a. Analysis by nature

\$'000	October 31, 2025		October 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Derivatives held-for-trading	67,254	66,637	72,673	72,331
Total	67,254	66,637	72,673	72,331

## b. Details of derivatives held-for-trading

The amount shown as foreign exchange derivatives represents the fair value of derivative OTC transactions entered with the Trust's clients where the position is closed with a third counterparty.

\$'000	October 31, 2025				October 31, 2024			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
<b>Foreign exchange derivatives</b>								
Cross currency swaps	1,530,243	1,530,777	3,823	4,075	632,132	636,331	1,832	4,431
Foreign exchange forward rate agreements	13,191,293	13,189,955	63,431	62,562	11,128,990	11,124,015	70,841	67,900
Total	14,721,536	14,720,732	67,254	66,637	11,761,122	11,760,346	72,673	72,331

The remaining term to maturity of the majority of the Trust's derivatives is within one year. See Note 20 (c) Liquidity risk for the remaining term to maturity of the notional amounts.

## Notes to the Financial Statements

## 17. Subscribed capital

**Authorized**

Unlimited number of common shares, without nominal or par value

**Issued and subscribed**

By class of shares	October 31, 2025	October 31, 2024
Number of common shares issued and subscribed	1,090,303,854	1,090,303,854

## 18. Fair value

Fair value of a financial instrument is the amount 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.

**Valuation****Securities - Government bonds**

Quoted market prices are used for government bond instruments and are based on current bid prices. Where markets are active the securities are classified as level 1. Where the markets are inactive the securities are classified as level 2.

**Derivative assets and liabilities**

For derivative asset and liabilities, fair value is determined by valuation techniques based on market observable yield curves.

**Level 1 fair value measurements**

These are derived from quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities.

**Level 2 fair value measurements**

These are derived from quoted prices for similar instruments in an active market, or quoted market prices for identical or similar instruments in inactive markets, or values using models where the inputs are observable.

**Level 3 fair value measurements**

These are derived from valuation techniques that include one or more significant inputs for the financial assets or financial liabilities that are not based on observable market data (unobservable inputs).

**Credit valuation adjustment (CVA)**

Valuation adjustments are recorded for the credit risk of the Trust derivative portfolios in order to arrive at their fair values. CVA takes into account the Trust counterparties' creditworthiness, the current and potential future mark-to-market of the transactions, and the effects of credit mitigants such as master netting and collateral agreements. CVA amounts are derived from estimates of exposure at default, probability of default, recovery rates on a counterparty basis, and market and credit factor correlations. Exposure at default is the amount of expected derivative related assets and liabilities at the time of default, estimated through modelling using underlying risk factors. Probability of default and recovery rate is generally implied from the market prices for credit protection and credit ratings of the counterparty. Correlation is the statistical measure of how credit and market factors may move in relation to one another, if any. Correlation is estimated using historical data and market data where available.

**a. Breakdown of fair value of financial instruments carried at amortized cost**

The following table compares the carrying amount of financial instruments recognised at amortised cost to their estimated fair values.

## Notes to the Financial Statements

## 18. Fair value (Cont'd)

\$'000	October 31, 2025							
	Fair value measurements using							
	Carrying amount	Fair value always approximates carrying value (1)	Fair value may not approximate carrying value (2)	Total fair value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and due from banks	13,930,687	12,209,697	1,754,754	13,964,451	-	1,754,754	-	1,754,754
Securities	330,229	-	330,429	330,429	-	330,429	-	330,429
Assets purchased under reverse repurchase agreement	1,300,000	1,300,000	-	1,300,000	-	-	-	-
Loans and advances to customers	248,365	248,365	-	248,365	-	-	-	-
Other financial assets	252,158	252,158	-	252,158	-	-	-	-
<b>Total</b>	<b>16,061,439</b>	<b>14,010,220</b>	<b>2,085,183</b>	<b>16,095,403</b>	<b>-</b>	<b>2,085,183</b>	<b>-</b>	<b>2,085,183</b>
<b>Financial liabilities</b>								
Deposits								
Business and other	14,459,092	14,459,092	-	14,459,092	-	-	-	-
Bank	25,921	25,921	-	25,921	-	-	-	-
Other financial liabilities	600,082	600,082	-	600,082	-	-	-	-
<b>Total</b>	<b>15,085,095</b>	<b>15,085,095</b>	<b>-</b>	<b>15,085,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\$'000	October 31, 2024							
	Fair value measurements using							
	Carrying amount	Fair value always approximates carrying value (1)	Fair value may not approximate carrying value (2)	Total fair value	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and due from banks	12,528,706	10,204,376	2,385,707	12,590,083	-	2,385,707	-	2,385,707
Securities	295,352	-	295,457	295,457	-	295,457	-	295,457
Assets purchased under reverse repurchase agreement	1,320,299	1,320,299	-	1,320,299	-	-	-	-
Loans and advances to customers	170,552	170,552	-	170,552	-	-	-	-
Other financial assets	690,427	690,427	-	690,427	-	-	-	-
<b>Total</b>	<b>15,005,336</b>	<b>12,385,654</b>	<b>2,681,164</b>	<b>15,066,818</b>	<b>-</b>	<b>2,681,164</b>	<b>-</b>	<b>2,681,164</b>
<b>Financial liabilities</b>								
Deposits								
Business and other	12,963,518	12,963,518	-	12,963,518	-	-	-	-
Bank	69,056	69,056	-	69,056	-	-	-	-
Other financial liabilities	1,006,617	1,006,617	-	1,006,617	-	-	-	-
<b>Total</b>	<b>14,039,191</b>	<b>14,039,191</b>	<b>-</b>	<b>14,039,191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) For financial assets and liabilities with term to maturity less than 3 months, the fair value approximates carrying value.

(2) For financial assets and liabilities with term to maturity over 3 months, the fair value may not approximate carrying value.

## Notes to the Financial Statements

## 18. Fair value (Cont'd)

## b. Analysis of fair value of financial instruments carried at fair value

The following table provides an analysis of financial instruments that are measured subsequently to initial recognition at fair value on a recurring basis, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

\$'000	October 31, 2025				October 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Asset</b>								
Derivatives	-	67,254	-	67,254	-	72,673	-	72,673
Total	-	67,254	-	67,254	-	72,673	-	72,673
<b>Liabilities</b>								
Derivatives	-	66,637	-	66,637	-	72,331	-	72,331
Total	-	66,637	-	66,637	-	72,331	-	72,331

## c. Transfer between level 1 and level 2 fair value hierarchy

There were no transfers between level 1 and level 2 in 2025 and 2024.

## Notes to the Financial Statements

## 19. Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The following table presents the effects of offsetting and potential offsetting of financial assets and liabilities.

For assets purchased under reverse repurchase agreements and securities borrowed, the Trust holds highly rated securities as collateral. These securities can be offset in case of default of the borrower, but are not recognised on the balance sheet.

For certain derivative counterparties master netting agreements are in place that allow for netting in case of default. In addition, for certain counterparties, collateral is given or received. This collateral can be netted against derivative transactions in case of default.

\$'000		October 31, 2025						
	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting agreements (3)	Total amount recognized on the balance sheet (4)
	Gross amount of financial assets before balance sheet offsetting	Amount of financial liabilities offset on the balance sheet	Net amount of financial assets presented on the balance sheet	Impact of master netting agreement	Financial collaterals received (2)	Net amount		
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements								
Assets purchased under reverse repurchase agreement	1,300,081	-	1,300,081	-	1,300,081	-	-	1,300,081
Derivative assets	5,614	-	5,614	5,614	-	-	61,640	67,254
Total	1,305,695	-	1,305,695	5,614	1,300,081	-	61,640	1,367,335

\$'000		October 31, 2024						
	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting agreements (3)	Total amount recognized on the balance sheet (4)
	Gross amount of financial assets before balance sheet offsetting	Amount of financial liabilities offset on the balance sheet	Net amount of financial assets presented on the balance sheet	Impact of master netting agreement	Financial collaterals received (2)	Net amount		
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements								
Assets purchased under reverse repurchase agreement	1,320,424	-	1,320,424	-	1,320,424	-	-	1,320,424
Derivative assets	1,256	-	1,256	1,256	-	-	71,417	72,673
Total	1,321,680	-	1,321,680	1,256	1,320,424	-	71,417	1,393,097

(1) Financial collateral is reflected at fair value. The amount of financial instruments and financial collaterals disclosed is limited to the net balance sheet exposure, and any over-collateralization is excluded from the table.

(2) Includes non-cash collateral of \$1,312 million (2024: \$1,365 million).

(3) Refers to other bilateral transaction where we do not have an agreement in place that permits netting in any circumstances.

(4) The netted amount of the financial assets and liabilities, together with the financial assets and liabilities not subject to or similar arrangement, are reconciled to the amounts presented on the associated balance sheet line. Assets purchased under reverse repos include accrued interest.

## Notes to the Financial Statements

## 19. Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (Cont'd)

\$'000		October 31, 2025						
	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting agreements (2)	Total amount recognized on the balance sheet (3)
	Gross amount of financial liabilities before offsetting	Amount of financial assets offset on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Impact of master netting agreement	Financial collaterals pledged	Net amount		
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements								
Derivative liabilities	55,499	-	55,499	5,614	-	49,885	11,138	66,637
Total	55,499	-	55,499	5,614	-	49,885	11,138	66,637

\$'000		October 31, 2024						
	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting agreements (2)	Total amount recognized on the balance sheet (3)
	Gross amount of financial liabilities before offsetting	Amount of financial assets offset on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Impact of master netting agreement	Financial collaterals pledged	Net amount		
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements								
Derivative liabilities	62,473	-	62,473	1,256	-	61,217	9,858	72,331
Total	62,473	-	62,473	1,256	-	61,217	9,858	72,331

(1) Financial collateral is reflected at fair value. The amount of financial instruments and financial collaterals disclosed is limited to and any over-collateralization is excluded from the table.

(2) Refers to other bilateral transaction where we do not have an agreement in place that permits netting in any circumstances.

(3) The netted amount of the financial assets and liabilities, together with the financial assets and liabilities not subject to or similar arrangement, are reconciled to the amounts presented on the associated balance sheet line.

## Notes to the Financial Statements

## 20. Risk management

## a. Credit risk

Credit risk is defined as the risk of loss due to the inability or unwillingness of a counterparty to fulfil its payment obligations. Credit risk may be the result of operational, financial or investment activities.

The Trust manages and controls concentrations of credit risk whenever they are identified, in particular to individual counterparts and counterparty groups. The Trust sets limits at the following levels: counterparty and single name.

## Organization

The Board of Directors and senior management risk committees work together to ensure a Credit Risk Framework and supporting policies, processes and procedures exist to manage credit risk and approve related credit risk limits. Reports are distributed to the Board of Directors and senior management to keep them informed of the Trust's Risk Profile, including trending information and significant credit risk issues and shifts in exposures to ensure appropriate actions can be taken where necessary.

Enterprise-wide and Trust legal entity level credit risk policies set out the minimum requirements for the management of credit risk in a variety of borrower, transactional and portfolio management contexts. Limits are used to ensure the Trust's portfolio is well diversified, reduce concentration risk and remain within the Trust's Risk Appetite. Limits are reviewed on a regular basis taking into account the business, economic, financial and regulatory environments.

## The Trust's exposure

The core portion of the Trust's total credit risk exposure is driven by the reinvestment of its custody clients' excess cash balances as unsecured deposits with RBC entities. A small amount of investment in third party assets is maintained to support business operations. See Note 22 Related party transactions.

Another source of credit risk on the balance sheet arises from temporary overdrafts and cash balances with correspondent banks.

The Trust is exposed to credit counterparty risk linked to OTC foreign exchange derivatives it contracts with its custody clients and covers with market professionals. Additional credit counterparty risk arises when the Trust provides indemnification to lenders as securities lending agent.

## Analysis of the maximum exposure to credit risk

The following tables provide the maximum credit risk at the end of the year without taking into account additional credit enhancements, such as master netting agreements and pledges on assets.

Maximum credit exposure covers counterparty risk in the balance sheet and off-balance sheet.

\$'000	October 31, 2025		October 31, 2024	
	Maximum credit exposure	Collateral received	Maximum credit exposure	Collateral received
Cash and due from banks	13,930,687	-	12,528,706	-
Securities	330,229	-	295,352	-
Assets purchased under reverse repurchase agreements	1,300,000	1,311,755	1,320,299	1,365,004
Loans and advances to customers	248,365	-	170,552	-
Derivatives	67,254	-	72,673	-
Other assets (1)	252,158	-	690,427	-
Total	16,128,693	1,311,755	15,078,009	1,365,004

(1) Other assets represent financial assets mainly comprised of client and related party receivables, cash collateral, accrued interest, accrued fee income, and held for sale assets.

See Note 23 for Commitments and other off-balance sheet arrangements.



## Notes to the Financial Statements

## 20. Risk management (Cont'd)

Derivatives are entered into with clients and positions are closed with third parties. The net position (derivative assets and liabilities) in 2025 was net asset of \$617 thousand (2024: net asset of \$342 thousand).

**Exposure by counterparty type**

\$'000	October 31, 2025		October 31, 2024	
Category of counterparty type		%		%
Financial institutions	15,939,903	96.90	14,947,710	97.11
Canadian Government	339,139	2.06	302,819	1.97
Investment funds	170,778	1.04	142,390	0.92
Total	16,449,820	100.00	15,392,919	100.00

**Exposure by geographical region**

\$'000	October 31, 2025		October 31, 2024	
Geography		%		%
North America	16,287,228	99.01	15,268,732	99.20
Europe	31,463	0.19	30,288	0.20
Central and Latin Americas	8,499	0.05	5,887	0.04
Asia	122,630	0.75	88,012	0.56
Total	16,449,820	100.00	15,392,919	100.00

**Collateral management**

The Trust requires securities lending activities as well as some foreign exchange transactions to be performed on a collateralized basis. The extent of risk mitigation provided by collateral depends on the amount, type and quality of the collateral taken. Specific requirements relating to collateral valuation and management are documented in credit risk management policies.

The collateral received represents the cash and fair value of securities held against counterparty exposures. Debt collateral received is government, agency or highly rated corporate bonds.

**Credit quality of financial assets neither past due nor impaired**

The Trust leverages the RBC rating models to rate counterparties and assign risk parameters (Probability of Default ("PD"), Loss Given Default ("LGD") etc.)

\$'000	October 31, 2025				
	AAA to AA-	A+ to BBB-	Non-investment grade	Not rated	Total
Debt and equity instruments	330,230	-	-	-	330,230
Loans and advances and cash balances	15,084,283	215,804	95,561	10,404	15,406,052
Derivatives	48,709	18,232	312	1	67,254
Other assets	-	-	-	646,284	646,284
Total	15,463,222	234,036	95,873	656,689	16,449,820

## Notes to the Financial Statements

## 20. Risk management (Cont'd)

\$'000		October 31, 2024			
	AAA to AA-	A+ to BBB-	Non-investment grade	Not rated	Total
Debt and equity instruments	295,353	-	-	-	295,353
Loans and advances and cash balances	13,745,073	205,642	9,393	54,108	14,014,216
Derivatives	54,931	17,293	449	-	72,673
Other assets	-	-	-	1,010,677	1,010,677
Total	14,095,357	222,935	9,842	1,064,785	15,392,919

In 2025 and 2024, the Trust did not have any financial assets with renegotiated terms that would otherwise be considered past due or impaired.

**Collateral and other credit enhancements obtained by taking possession of collateral held**

There were no collateral or other credit enhancements obtained by taking possession of collateral held due to a default in 2025 and 2024.

## Notes to the Financial Statements

## 20. Risk management (Cont'd)

## b. Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, equity prices or commodity prices. Market risk has a direct impact on revenue for those positions that are fair valued through profit and loss for financial reporting purposes, a direct impact on the Other comprehensive income from securities that are classified as FVOCI, and an impact on the economic value of the firm from the structural interest rate mismatch between banking book assets and liabilities. Furthermore, market risk also has an impact on the firm's capital ratios.

For the Trust, the main source of market risk that has a direct impact on revenue results comes from the execution of foreign exchange transactions for clients. However, this impact is not a material exposure as trading activities are not part of its strategy or risk appetite. Very limited unhedged foreign exchange positions are authorized to allow for residual trades to be aggregated before transferring the market risk to the financial market.

Market risk that impacts Other Comprehensive Income arises from market fluctuation in the value of Basel III level 1 securities which are classified as FVOCI. The interest rate and credit spread risk on these securities is negligible in comparison to the Trust's structural interest rate risk.

**Market risk– Non-trading activities**

Through its asset-liability management (ALM) activities, such as deposit taking and reinvestment of its funds, the Trust has exposure to market risks, including structural interest rate risk.

**Interest rate risk in the banking book (IRRBB)**

IRRBB is managed to preserve the Trust's safety and soundness by limiting the vulnerability of economic value of equity and net interest income to adverse interest rate movements.

The Asset and Liability Committee ("ALCO") provides oversight over market risk policies, limits, and operating standards. IRRBB reports and profile are reviewed regularly by ALCO, risk management and the Board of Directors. The IRRBB policy defines the management standards and approved limits within which risks to net interest income over a 12-month horizon, and the economic value of equity are to be managed. These limits are based on immediate and sustained  $\pm 100$  basis points (bps) parallel shifts of the yield curve.

The following table provides the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected net interest income and economic value of equity of the Trust's structural balance sheet, assuming no subsequent hedging. Calculations of these interest rate risk measures are based on management assumptions for business and market factors. Business factors include assumptions about future pricing strategies and volume and mix of new business, whereas market factors include assumed changes in interest levels and changes in the shape of the yield curve. As part of the monitoring process, the effectiveness of the interest rate mitigation activity is assessed on value and earnings bases, and model assumptions are validated against actual client behaviour. All interest rate risk measures are based on interest rate exposures at a specific time and continuously change as a result of business activities and the Trust's risk management actions.

\$ million	October 31, 2025		October 31, 2024	
	up 100 bps	down 100 bps	up 100 bps	down 100 bps
Economic value of equity risk	(10)	10	(13)	13
Net interest income risk	3	(5)	4	(4)

The following table provides a breakdown of financial assets and financial liabilities by the earlier of their rate reset or remaining maturity dates. The table does not incorporate management's expectation of future events where expected repricing or maturity dates differ significantly from the contractual dates.

## Notes to the Financial Statements

## 20. Risk management (Cont'd)

\$'000							October 31, 2025
	Immediately interest rate- sensitive	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after more than 5 years	Non-rate- sensitive	Total
<b>Assets</b>							
Cash and due from banks	1,686,983	10,522,714	1,720,990	-	-	-	13,930,687
Securities	-	280,147	50,082	-	-	-	330,229
Assets under reverse repurchase agreements	-	1,300,000	-	-	-	-	1,300,000
Loans and advances to customers	-	248,365	-	-	-	-	248,365
Derivatives	67,254	-	-	-	-	-	67,254
Held for sale assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	252,158	252,158
<b>Total assets</b>	<b>1,754,237</b>	<b>12,351,226</b>	<b>1,771,072</b>	<b>-</b>	<b>-</b>	<b>252,158</b>	<b>16,128,693</b>
<b>Liabilities</b>							
Deposits							
Business and other	14,459,092	-	-	-	-	-	14,459,092
Bank	25,921	-	-	-	-	-	25,921
Derivatives	66,637	-	-	-	-	-	66,637
Held for sale liabilities	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	600,082	600,082
<b>Total liabilities</b>	<b>14,551,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600,082</b>	<b>15,151,732</b>
<b>Net position</b>							
On balance sheet sensitivity gap	(12,797,413)	12,351,226	1,771,072	-	-		

  

\$'000							October 31, 2024
	Immediately interest rate- sensitive	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after more than 5 years	Non-rate- sensitive	Total
<b>Assets</b>							
Cash and due from banks	1,723,534	9,189,627	1,615,545	-	-	-	12,528,706
Securities	-	295,352	-	-	-	-	295,352
Assets under reverse repurchase agreements	-	1,320,299	-	-	-	-	1,320,299
Loans and advances to customers	-	170,552	-	-	-	-	170,552
Derivatives	72,673	-	-	-	-	-	72,673
Held for sale assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	690,427	690,427
<b>Total assets</b>	<b>1,796,207</b>	<b>10,975,830</b>	<b>1,615,545</b>	<b>-</b>	<b>-</b>	<b>690,427</b>	<b>15,078,009</b>
<b>Liabilities</b>							
Deposits							
Business and other	12,963,518	-	-	-	-	-	12,963,518
Bank	69,056	-	-	-	-	-	69,056
Derivatives	72,331	-	-	-	-	-	72,331
Held for sale liabilities	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	1,006,617	1,006,617
<b>Total liabilities</b>	<b>13,104,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,006,617</b>	<b>14,111,522</b>
<b>Net position</b>							
On balance sheet sensitivity gap	(11,308,698)	10,975,830	1,615,545	-	-		

## Notes to the Financial Statements

### 20. Risk management (Cont'd)

#### c. Liquidity risk

Liquidity risk is the risk that the Trust may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they fall due.

The Trust's balance sheet structure has inherently low liquidity risk; the principal source of funding, demand deposits, is matched against short term investments with the RBC legal entity. The Trust monitors the composition of its deposit base with respect to liquidity risk.

The Trust's objective is to manage liquidity so that day-to-day requirements are met and protection is also available for unforeseen and potentially adverse events. Cumulative net cash flow analysis under different liquidity scenarios is used as the main liquidity risk measure. These scenarios incorporate sensitivity to deposit runoff and varying degrees of asset illiquidity. The assessment of the Trust's liquidity position reflects management's estimates, assumptions and judgments pertaining to its current and prospective conditions, market conditions and the related behaviour of its clients and counterparties.

The ALCO oversees liquidity risk management, monitoring liquidity against approved limits. ALCO reviews the Addendums to the RBC Enterprise Liquidity Management and Pledging Policies, and provides recommendations for approval to the Board of Directors. Liquidity measures are reviewed by ALCO and by the Board of Directors.

OSFI guidelines for liquidity risk include multiple key regulatory measures, the Liquidity Coverage Ratio (LCR) and, Net Stable Funding Ratio (NSFR) and Net Cumulative Cash Flow (NCCF). As a component of the RBC financial group, the Trust contributes to the consolidated liquidity metrics of RBC. In addition, the Trust is also required to regularly report the LCR on a standalone basis to OSFI.

The Trust maintains strict limits on net open FX derivative positions. Derivatives contracts are entered into by clients and the resulting position is closed with high quality counterparties.

The following tables analyse the Trust's non-derivative financial assets and liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

## Notes to the Financial Statements

## 20. Risk management (Cont'd)

\$'000		October 31, 2025				
	Breakdown of contractual cash flows					
	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after more than 5 years (1)	Total
Non derivative financial assets						
Cash and due from banks	1,686,983	10,522,714	1,720,990	-	-	13,930,687
Securities	-	-	65,000	265,000	-	330,000
Assets purchased under reverse repurchase agreements	-	1,300,000	-	-	-	1,300,000
Loans and advances to customers	-	248,365	-	-	-	248,365
Held for sale assets	-	-	-	-	-	-
Other assets	48,192	180,941	66,025	11,115	1	306,274
Total non derivative financial assets	1,735,175	12,252,020	1,852,015	276,115	1	16,115,326
Non derivative financial liabilities						
Deposits						
Business and other	14,459,092	-	-	-	-	14,459,092
Banks	25,921	-	-	-	-	25,921
Held for sale liabilities	-	-	-	-	-	-
Other liabilities	496,219	87,782	6,222	4,397	5,462	600,082
Total non derivative financial liabilities	14,981,232	87,782	6,222	4,397	5,462	15,085,095
Net position asset (liability)	(13,246,057)	12,164,238	1,845,793	271,718	(5,461)	1,030,231
\$'000		October 31, 2025				
Derivatives						
	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after more than 5 years (1)	Total
Derivatives settled on a gross basis (2)						
Outflow	-	12,696,694	2,024,038	-	-	14,720,732
Inflow	-	12,697,397	2,024,139	-	-	14,721,536
\$'000		October 31, 2024				
	Breakdown of contractual cash flows					
	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after more than 5 years (1)	Total
Non derivative financial assets						
Cash and due from banks	1,723,534	9,189,627	1,615,545	-	-	12,528,706
Securities	-	-	155,000	140,000	-	295,000
Assets purchased under reverse repurchase agreements	-	1,320,299	-	-	-	1,320,299
Loans and advances to customers	-	170,552	-	-	-	170,552
Held for sale assets	-	-	-	-	-	-
Other assets	68,174	606,695	82,903	13,097	1	770,870
Total non derivative financial assets	1,791,708	11,287,173	1,853,448	153,097	1	15,085,427
Non derivative financial liabilities						
Deposits						
Business and other	12,963,518	-	-	-	-	12,963,518
Banks	69,056	-	-	-	-	69,056
Held for sale liabilities	-	-	-	-	-	-
Other liabilities	855,994	136,131	4,684	4,739	5,068	1,006,616
Total non derivative financial liabilities	13,888,568	136,131	4,684	4,739	5,068	14,039,190
Net position asset (liability)	(12,096,860)	11,151,042	1,848,764	148,358	(5,067)	1,046,237
\$'000		October 31, 2024				
Derivatives						
	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after more than 5 years (1)	Total
Derivatives settled on a gross basis (2)						
Outflow	-	9,922,009	1,838,337	-	-	11,760,346
Inflow	-	9,922,694	1,838,428	-	-	11,761,122

## Notes to the Financial Statements

### 20. Risk management (Cont'd)

(1) Includes amounts with an undetermined maturity.

(2) Foreign exchange OTC derivatives held for trading.

The balances in the above tables will not agree directly with those in the Trust's balance sheet as the table incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for trading assets and derivatives). Trading assets and derivatives are included in the 'On demand' maturity grouping, and not by contractual maturity, because trading assets and liabilities are typically held for short periods of time. The undiscounted cash flows potentially payable under financial guarantees and similar contracts are classified on the basis of the earliest date they can be called. Cash flows payable in respect of customer accounts are primarily contractually repayable on demand or at short notice.

#### d. Operational risk management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes both strategic risk and reputational risk. The Trust manages operational risk by ensuring appropriate infrastructure, controls, systems and qualified individuals are in place throughout the organization and supported by an approved operational risk management framework. The operational risk management framework encompasses a common risk language with enterprise-wide programs and methodologies for the identification, measurement, control, management and monitoring of operational risks. The framework is supported by independent governance processes, a code of conduct, risk-based internal auditing, and corporate and business compliance activities.

#### Measurement

Operational risk is monitored through various mechanisms. The Trust has in place a formal process to proactively identify, assess and monitor operational risks. In addition, other assessment programs are conducted in parallel. Ongoing risk reviews of operations, including major projects and new products are also conducted to manage risks.

Operational risks are managed and mitigated, but cannot be totally eliminated as operational risk failures can and do occur. Loss event data is collected leading to a better understanding of the root causes of operational failures and improved risk mitigation strategies.

To ensure controls are in place and operating effectively, internal audits are conducted on a regular basis. Any issues raised are rated, with the key items addressed and resolved as a priority. Results of internal audits including the monitoring of action plan completion are reported to the audit committee on a regular basis. Further, the Trust appoints an external auditor to report on key internal controls covering the Trust's core business – custody and fund administration, in compliance with the relevant industry standard such as the International Standard on Assurance Engagements 3402, "Assurance Reports on Controls at a Service Organization".

Business units also have measurements in place to monitor the delivery of key services to clients. Most of the measurements are connected to operational performance. Any negative trends are addressed and reported for follow-up.

#### Control

The Trust manages operational risk by having the appropriate infrastructure, systems of controls, systems and people in place throughout the organization. Supporting these activities are groups that focus on:

An independent risk management function: credit risk, operational risk, market risk are assessing risk on an ongoing basis.

A Compliance function: Ensuring that the Trust meets all obligations resulting out of existing laws and regulations Anti-Money Laundering ("AML"), Know Your Customer ("KYC"), Protection of investors, etc.

An internal audit team that is independent from the business. The Internal Audit Services is headed by the RBC Chief Internal Auditor, who reports functionally to the RBC Audit Committee through its Chair, and has direct access to the Audit Committee. The Chief Internal Auditor also reports administratively to the President and Chief Executive Officer of RBC.

## Notes to the Financial Statements

### 20. Risk management (Cont'd)

The scope of the internal audits extends to all activities and functions of the Trust and its branches.

A risk-based approach aligned to RBC's Risk Pyramid is used to determine minimum audit coverage, timing and resources. Internal and external developments and emerging risks, as well as regulator and management requests also impact the audit coverage. Depending on the assessed risk level, the audit cycle for the various units are determined with opportunity to accelerate the cycle when required by regulators.

#### Reporting

Regular reporting provides senior management, the Board of Directors and its delegated committees with an overview of the Trust operational risk profile. This is obtained from risk identification and monitoring of various activities; and reporting of any significant operational events and losses.

#### e. Capital adequacy

The Trust has complied with all the capital requirements imposed by OSFI during all periods presented. The Trust has complied with the Basel III leverage ratio framework and disclosure requirements published by OSFI in October 2014 commencing with its first quarterly filing on January 31, 2015.

The Trust has a Capital Adequacy Ratio of 24.5% at the end of 2025 (2024: 26.1%).

Capital adequacy and regulatory capital are monitored by both senior management committees and the ALCO. The calculation is based on techniques and approaches issued under the guidelines developed by the Basel Committee on Banking Supervisions ("Basel Committee") and the Committee of European Banking Supervision. Basel Capital Adequacy Reporting ("BCAR") is issued on a quarterly basis to OSFI.

Under the Capital Adequacy Requirements ("CAR-1") guideline, OSFI requires each bank/trust or banking/trust group to:

- (a) Maintain a ratio of total regulatory capital to the risk-weighted asset (the "Basel ratio") at or above the internationally agreed minimum of 11.5%; and
- (b) Maintain a Leverage ratio ("LR") that exceeds the minimum level prescribed by OSFI.

By policy, the Trust maintains capital positions and ratios that exceeds minimum prescribed regulatory requirement and internal limit. The regulatory capital can be composed of:

- Tier 1 capital: Share capital, retained earnings and reserves created by appropriations of retained earnings. The carrying amounts of intangible assets is deducted from the Tier 1 capital; and
- Tier 2 capital: Qualifying subordinated loan capital, collective impairment allowances.

The Trust has an internal capital plan to guide day-to-day capital management which is reviewed and approved by ALCO and the Board of Directors. On an annual basis, the Trust assesses its risk appetite and risk capital requirements to determine if there is a need to raise additional capital or the amount of excess capital available for distribution to the Parent Bank. The Trust defines the target capital and calculates the projected capital levels and capital ratios for the next financial year under different scenarios.



## Notes to the Financial Statements

## 20. Risk management (Cont'd)

## Basel III Reforms

The Trust complied with the Canadian Basel III Reforms guideline and reporting requirements for BCAR published by OSFI in January 2022 commencing with its first quarterly filing on April 30, 2023.

## Under Basel III Reforms requirements:

\$'000	October 31, 2025	October 31, 2024
Gross Tier 1 Capital	1,181,571	1,175,277
Total deductions Tier 1	(237,056)	(244,901)
Adjusted net Tier 1 Capital	944,515	930,376
<b>Total capital and reserves (Eligible own funds)</b>	<b>944,515</b>	<b>930,376</b>
<b>Capital requirements:</b>		
Credit risk and counterparty risk	160,352	172,338
Operational risk	109,235	104,143
Market risk	-	-
Interest rate risk	-	-
Foreign exchange risk	-	-
Adjustment for Capital Floor <sup>(1)</sup>	39,089	8,277
<b>Total capital requirements <sup>(1)</sup></b>	<b>308,676</b>	<b>284,758</b>
Capital ratio: <sup>(1)</sup>		
<u>Eligible own funds</u>	24.48%	26.14%
Capital requirements × 12.5		
<b>Leverage ratio</b>	<b>5.80%</b>	<b>6.11%</b>

(1) OSFI requires the application of a restriction on the amount of capital benefit that can be derived from the application of Advanced Internal Rating Based approach.

## Notes to the Financial Statements

## 21. Related party transactions

## Related parties

Related parties include the parent company, RBC, associated companies, post-employment benefit plans for the benefit of the Trust's employees, key management personnel, the Board of Directors of RBC (Directors), close family members of key management personnel and Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members.

## a. Related party transactions

\$'000	October 31, 2025			October 31, 2024		
	Parent company (1)	RBC (2)	Other related parties (3)	Parent company (1)	RBC (2)	Other related parties (3)
<b>Balance sheet</b>						
<b>Assets:</b>						
Cash and due from banks	-	13,682,751	-	-	12,331,299	-
Assets purchased under reverse repurchase agreements	-	1,300,000	-	-	1,320,299	-
Loans and advances to customers	-	7	-	-	-	-
Derivatives (4)	-	5,614	-	-	1,256	-
Other assets	-	102,232	1	-	140,136	1
<b>Liabilities:</b>						
Deposits	-	371,617	-	-	505,302	-
Derivatives (4)	-	55,499	-	-	62,473	-
Other liabilities	-	59,568	-	-	415,199	-
<b>Income statement</b>						
Interest income	-	502,721	-	-	685,905	-
Interest expense	-	(7,905)	-	-	(1,430)	-
Investment administration, custodial fees and other	-	108,754	-	-	102,467	-
Foreign exchange revenue	-	10,824	-	-	(3,555)	-
Securities lending commission	-	-	-	-	-	-
Non-interest expense	-	(91,245)	-	-	(101,269)	-
<b>Off balance sheet</b>						
Derivative to receive at end of year (4)	-	6,324,290	-	-	5,272,595	-
Derivative to deliver at end of year (4)	-	6,383,603	-	-	5,336,523	-
Derivative to receive highest amount during year (4)	-	6,465,662	-	-	5,597,273	-
Derivative to deliver highest amount during year (4)	-	6,541,749	-	-	5,582,697	-
Foreign exchange spot transactions to deliver (4)	-	515,759	-	-	453,051	-
Foreign exchange spot transactions to receive (4)	-	515,772	-	-	452,743	-
Collateral received (5)	-	1,311,755	-	-	1,365,004	-

Related parties include parties having the ability to control, jointly control or significantly influence the Trust.

(1) The immediate shareholder of the Trust, RBHL.

(2) RBC includes RBC and RBC group entities (excluding RBHL).

(3) Relations with other related parties in the RBCIS group.

(4) Spot and forward foreign exchange contracts and currency swaps for which the Trust entered into with RBC to facilitate client transactions. The disclosure of notional amounts as of the end of the year and the highest month-end notional amounts during the year is considered the most meaningful information to represent foreign exchange transactions during the year.

(5) Collateral received against reverse repo activities with RBC.

**Notes to the Financial Statements**

**21. Related party transactions (Cont'd)**

**b. Residual Profit Split**

RBC Investor Services implemented the Residual Profit Split (RPS) model, which effectively replaced various existing transfer pricing arrangements, and reflects an integrated business model across the Investor Services business.

The RPS methodology applies transfer pricing guidance from the Organisation for Economic Co-operation and Development (OECD), and recognizes that custody banks generate profit by ensuring valuable synergy benefits are extracted by utilizing economies of scale to enable operational efficiency and value creation. In line with the OECD guidelines, residual profits generated from the entities within the Investor Services business operating jointly are to be shared between them in proportion to their contributions.

**c. Key management compensation**

**Key management personnel and RBC Directors**

KMP are defined as those persons having authority and responsibility for planning, directing and controlling our activities, directly or indirectly. They include the senior members of our organization called the Group Executive (GE). The GE is comprised of the President and Chief Executive Officer (CEO), and the Chief Officers and Group Heads, who report directly to the CEO. The Directors do not plan, direct or control the activities of the entity; they oversee the management of the business and provide stewardship.

Notes to the Financial Statements

21. Related party transactions (Cont'd)

Compensation of key management personnel and RBC Directors

	For the years ended	
\$ million	October 31, 2025	October 31, 2024
Salaries and other short-term employee benefits (1)	35	31
Post-employment benefits (2)	4	3
Share-based payments (3)	70	67
	109	101

(1) Includes the portion of the annual variable short-term incentive bonus that certain executives elected to receive in the form of DSUs. Refer to Note 20 for further details. Directors receive retainers but do not receive salaries and other short-term employee benefits.

(2) Directors do not receive post-employment benefits.

(3) The Bank offers stock options and other non-option share-based awards to KMP. Refer to Note 20 for further details. Directors do not receive stock options or any other non-option share-based awards.

Transactions, arrangements and agreements involving key management personnel, RBC Directors and their close family members

In the normal course of business, RBC provides certain banking services to KMP, RBC Directors, and their close family members. These transactions were made on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing and did not involve more than the normal risk of repayment or present other unfavourable features.

As at October 31, 2025, total loans to KMP, RBC Directors and their close family members were \$16 million (2024: \$16 million). RBC had no Stage 3 allowance or provision for credit losses relating to these loans as at and for the year ended October 31, 2025 and October 31, 2024. No guarantees, pledges or commitments have been given to KMP, RBC Directors or their close family members.

## Notes to the Financial Statements

### Pension Plan

Since the inception of the Defined Benefit Pension Plan (“the Plan”), the Trust (“the Plan sponsor”) has incurred various expenses related to the administration and operation of the Plan. Commencing in 2008 the Fund of the Trust’s pension plan (“the Fund”) is to pay all reasonable and bona fide expenses related to the auditing of the Fund, preparation of actuarial valuation reports, investment management fees and third party fees related to member communications.

As at October 31, 2025, the Trust had a receivable of \$887 thousand (2024: \$887 thousand) and \$39 thousand (2024: \$39 thousand) for investment management and audit fees respectively from the Plan, representing the amounts paid on behalf of the Plan for the years 2008-2010 by the Trust.

Since the inception of the Plan, the Trust has acted as the custodian for the assets of the defined benefit component of the Plan and no custody fees have been charged.

## 22. List of nominee and associate companies

Name	Principal office address	Amount (1)
Nominee companies:		
RBC Investor Services Australia Nominees Pty Limited (2)	25 Martin Place, Level 59, NSW 2000 Sydney, Australia	AUD 100
Brant Investments Limited (2)	200 Bay Street , 12th Floor, South Tower, Toronto, Ontario, M5J 2J5, Canada	CDN 366
Roy Nominees Limited (2)	100 Bishopsgate, London EC2N 4AA, United Kingdom	GBP 100

(1) Actual book values of share capital, not reported in thousands of dollars.

(2) The Trust holds 100% of voting rights of the entities.

Nominee companies are used by the Trust to facilitate the segregation of client assets held in custody from assets owned by the Trust in a corporate capacity.

Nominee and associate companies are accounted for at cost.

## Notes to the Financial Statements

## 23. Commitments and other off-balance sheet arrangements

## Regular way trades

\$'000	October 31, 2025	October 31, 2024
Notional amounts for foreign exchange spot transactions to be delivered	1,318,778	1,125,574
Notional amounts for foreign exchange spot transactions to be received	1,318,999	1,125,636

## Collateral

## a. Collateral "if collateral can be sold or re-pledged"

\$'000	October 31, 2025		October 31, 2024	
	Fair values of collateral	Fair values of collateral sold/repledged	Fair values of collateral	Fair values of collateral sold/repledged
Financial instruments received as collateral (1)	1,311,755	-	1,365,004	-
Total	1,311,755	-	1,365,004	-

(1) Collateral was received in connection with reverse repurchase agreement.

## b. Financial assets pledged as collateral

\$'000	October 31, 2025	October 31, 2024
Carrying amount	250,293	250,353

Financial assets pledged as collateral consist of on balance sheet securities pledged to guarantee settlement and other dedicated activities according to local regulations in 2025 and 2024.

Financial assets are pledged with the Canadian Depository Securities and Clearstream.

## Other commitments

\$'000	October 31, 2025	October 31, 2024
Securities lending indemnifications	84,350,845	73,678,292

## Securities lending indemnifications

In securities lending transactions, the Trust acts as an agent for the owner of a security, who agrees to lend the security to a borrower for a fee, under the terms of a pre-arranged contract. The borrower must fully collateralize the security loaned at all times. The Trust may provide an indemnification to securities lending customers to ensure that the fair value of securities loaned will be returned in the event that the borrower fails to return the borrowed securities and the collateral held is insufficient to cover the fair value of those securities. These indemnifications normally terminate without being drawn upon. The term of these indemnifications varies as the securities loaned are callable on demand. Collateral held for the Trust securities lending transactions typically includes cash or securities that are issued or guaranteed by the Canadian government, U.S. government or other OECD countries.

## Notes to the Financial Statements

## 24. Recovery and settlement of on-balance sheet assets and liabilities

The table below presents an analysis of assets and liabilities recorded on the balance sheet by amounts to be recovered or settled within one year and after one year based on contractual maturities and certain other assumptions outlined in the footnotes below. As warranted, the Trust manages the liquidity risk of various products based on historical behavioural patterns that are often not aligned with contractual maturities. Amounts to be recovered or settled within one year, as presented below, may not be reflective of management's long term view of the liquidity profile of certain balance sheet categories.

\$'000	October 31, 2025			October 31, 2024		
	Within one year	After one year	Total	Within one year	After one year	Total
<b>Assets</b>						
Cash and due from banks	13,930,687	-	13,930,687	12,528,706	-	12,528,706
Securities	65,085	265,144	330,229	154,968	140,384	295,352
Assets purchased under reverse repurchase agreement	1,300,000	-	1,300,000	1,320,299	-	1,320,299
Loan and advances to customers (1)	248,365	-	248,365	170,552	-	170,552
Derivatives (2)	67,254	-	67,254	72,673	-	72,673
Tangible assets	-	7,817	7,817	-	2,605	2,605
Goodwill and other intangible assets	-	196,818	196,818	-	211,255	211,255
Deferred tax assets	-	7,897	7,897	6,612	-	6,612
Other assets	277,027	83,726	360,753	707,357	77,508	784,865
<b>Total assets</b>	<b>15,888,418</b>	<b>561,402</b>	<b>16,449,820</b>	<b>14,961,167</b>	<b>431,752</b>	<b>15,392,919</b>
<b>Liabilities</b>						
Deposits						
Business and other (3)	14,459,092	-	14,459,092	12,963,518	-	12,963,518
Bank	25,921	-	25,921	69,056	-	69,056
Derivatives (2)	66,637	-	66,637	72,331	-	72,331
Provisions and other obligations	18,865	51,499	70,364	18,247	50,917	69,164
Deferred tax liabilities	1,525	35,471	36,996	4,839	34,648	39,487
Other liabilities	599,379	9,860	609,239	994,279	9,807	1,004,086
<b>Total liabilities</b>	<b>15,171,419</b>	<b>96,830</b>	<b>15,268,249</b>	<b>14,122,270</b>	<b>95,372</b>	<b>14,217,642</b>

(1) Loans and advances to customers are assumed to be recovered within one year.

(2) Derivatives not designated in hedging relationships are presented as within one year as this best represents in most instances the short-term nature of the trading activities.

(3) Business and other deposits are presented as within one year due to their being repayable on demand or at short notice on a contractual basis. In practice, these deposits relate to a broad range of customer-types which form a stable base for the Trust's operations and liquidity needs.

## Supplementary disclosures (unaudited)

OSFI requires federally regulated trust companies to disclose prescribed information in either their Notes to financial statements or in a supplementary report appended to the annual financial statements. The information required by OSFI that is not disclosed in the Notes to the financial statements is included in the below supplementary disclosures.

## Summary of risk-weighted assets (Basel III)

\$'000		October 31, 2025		
Basel III Capital Adequacy Requirements	Gross exposure	Adjustment to net exposure for collateral (comprehensive approach)	Net exposure after credit risk mitigation	Risk-weighted assets
<b>Standardized approach</b>				
Drawn (overdraft and Deposit with Bank)	10,404	-	10,404	10,404
Repo-style transactions	467,585	(446,542)	21,043	4,209
OTC derivatives	4	-	4	4
<b>Subtotal</b>	<b>477,993</b>	<b>(446,542)</b>	<b>31,451</b>	<b>14,617</b>
<b>AIRB approach (1)</b>				
Drawn (overdraft and Deposit with Bank) (2)	167,607	-	167,607	32,034
Repo-style transactions	63,209	(60,968)	2,241	199
Securities – debt	330,230	-	330,230	4,495
OTC derivatives	59,107	-	59,107	7,582
Committed Facilities	-	-	-	-
Adjustment to AIRB risk-weighted asset for scaling factor	-	-	-	-
<b>Subtotal</b>	<b>620,153</b>	<b>(60,968)</b>	<b>559,185</b>	<b>44,310</b>
<b>Other assets not included in standardized or IRB approach (1)</b>				
	On-balance sheet assets	Weighted average	of risk weights	Risk-weighted assets
Building and equipment, less accumulated depreciation	7,817	100%		7,817
Deferred tax assets	-	250%		-
Other assets (at 100%)	314,328	100%		314,328
Other assets (at 20%)	-	20%		-
Other assets (at 0%)	235,834	0%		-
Unrealized gains on derivatives	67,254	0%		-
Goodwill	88,305	0%		-
<b>Subtotal</b>	<b>713,538</b>	<b>-</b>		<b>322,145</b>
<b>CVA (3)</b>	<b>68,615</b>			<b>68,615</b>
<b>Total risk weighted assets for credit risk</b>				<b>2,004,401</b>
<b>Standardized approach for minimum capital required for operational risk</b>				
Risk-weighted assets for operational risk				1,365,438
Adjustment for Capital Floor				488,616
<b>Total risk-weighted assets</b>				<b>3,858,455</b>

(1) Advanced internal rating-based.

(2) Includes committed credit facility.

(3) OSFI requires the application of the CVA capital charge effective January 1, 2014. To ensure an implementation similar to that in other countries, the CVA capital charge was phased in over a five year period beginning 2014 and ending December 31, 2018, in accordance with two possible options. Under the option selected by RBC, Option 1, where CVA increased RWA for purposes of calculating CET1, Tier 1 and Total capital ratios, and the Trust used 100% in 2025.



## Supplementary disclosures (unaudited)

\$'000		October 31, 2024		
Basel III Capital Adequacy Requirements	Gross exposure	Adjustment to net exposure for collateral (comprehensive approach)	Net exposure after credit risk mitigation	Risk-weighted assets
<b>Standardized approach</b>				
Drawn (overdraft)	54,108	-	54,108	54,108
Repo-style transactions	-	-	-	-
OTC derivatives	10	-	10	10
<b>Subtotal</b>	<b>54,118</b>	<b>-</b>	<b>54,118</b>	<b>54,118</b>
<b>AIRB approach <sup>(1)</sup></b>				
Deposit with Bank <sup>(2)</sup>	123,174	-	123,174	19,290
Repo-style transactions	60,133	(57,680)	2,453	238
Securities – debt	295,353	-	295,353	3,790
OTC derivatives	42,563	-	42,563	5,305
Committed Facilities	-	-	-	-
Adjustment to AIRB risk-weighted asset for scaling factor	-	-	-	-
<b>Subtotal</b>	<b>521,223</b>	<b>(57,680)</b>	<b>463,543</b>	<b>28,623</b>
<b>Other assets not included in standardized or AIRB approach <sup>(1)</sup></b>				
	On-balance sheet assets	Weighted average of risk weights	Risk-weighted assets	
Building and equipment, less accumulated depreciation	2,605	100%	2,605	
Deferred tax assets	-	250%	-	
Other assets (at 100%)	666,761	100%	666,761	
Other assets (at 20%)	-	20%	-	
Other assets (at 0%)	253,006	0%	-	
Unrealized gains on derivatives	72,673	0%	-	
Goodwill	88,305	0%	-	
<b>Subtotal</b>	<b>1,083,350</b>	<b>-</b>	<b>669,366</b>	
<b>CVA <sup>(3)</sup></b>	<b>64,130</b>		<b>64,130</b>	
<b>Total risk weighted assets for credit risk</b>				<b>2,154,230</b>
<b>Standardized approach for minimum capital required for operational risk</b>				
Risk-weighted assets for operational risk				1,301,788
Adjustment for Capital Floor				103,459
<b>Total risk-weighted assets</b>				<b>3,559,477</b>

(1) Advanced internal rating-based.

(2) Includes committed credit facility

(3) OSFI requires the application of the CVA capital charge effective January 1, 2014. To ensure an implementation similar to that in other countries, the CVA capital charge was phased in over a five year period beginning 2014 and ending December 31, 2018, in accordance with two possible options. Under the option selected by RBC, Option 1, where CVA increased RWA for purposes of calculating CET1, Tier 1 and Total capital ratios, and the Trust used 100% in 2024.

## Supplementary disclosures (unaudited)

## Leverage ratio

\$'000	October 31, 2025	October 31, 2024
<b>On-balance sheet exposure</b>		
On-balance sheet items (excluding derivatives, Securities financing transaction exposures		
1 (SFTs) and grandfathered securitization exposures, but including collateral)	15,082,566	13,999,947
2 (Deductions of receivables assets for cash variation margin provided in derivatives	(94,509)	(65,421)
3 (Asset amounts deducted in determining Basel III transitional Tier 1 capital)	(237,056)	(244,901)
4 Total on-balance sheet exposure (excluding derivatives and SFTs) (sum of lines 1 to 3)	14,751,001	13,689,625
<b>Derivatives exposures</b>		
Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation		
5 margin)	86,065	98,966
6 Add-on amounts for PFE associated with all derivatives transactions	148,264	125,145
Gross-up for derivatives collateral provided where deducted from the balance sheet assets		
7 pursuant to the operative accounting framework	-	-
8 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
9 (Exempted CCP-leg of client-cleared trade exposures)	-	-
10 Adjusted effective notional amount of written credit derivatives	-	-
11 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
12 Total derivative exposures (sum of lines 5 to 11)	234,329	224,111
<b>Securities financing transaction exposures</b>		
Gross SFT assets recognized for accounting purposes (with no recognition of netting), after		
13 adjusting for sale accounting transactions	1,300,000	1,320,124
14 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
15 Counterparty credit risk (CCR) exposure for SFTs	-	-
16 Agent transaction exposures	-	-
17 Total securities financing transaction exposures (sum of lines 13 to 16)	1,300,000	1,320,124
<b>Other off-balance sheet exposures</b>		
18 Off-balance sheet exposures at gross notional amount	-	-
19 (Adjustments for conversion to credit equivalent amounts)	-	-
20 Off-balance sheet items (sum of lines 18 and 19)	-	-
<b>All-in basis (Required by OSFI)</b>		
21 Tier 1 capital - All-in basis	944,515	930,376
22 Total Exposures (sum of lines 4,12,17 and 20) - All-in basis	16,285,330	15,233,860
23 Leverage ratio - All-in basis	5.80%	6.11%

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