

THE ROYAL TRUST COMPANY
FINANCIAL STATEMENTS
October 31, 2025



Independent auditor's report

To the Shareholder of The Royal Trust Company

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Royal Trust Company (the Company) 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 Company's financial statements comprise:

- the balance sheet as at October 31, 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 Company 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.

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

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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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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 Company'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 Company'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 Company 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.

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 17, 2025

The Royal Trust Company

Balance Sheet

(Thousands of Canadian dollars)	As at	
	October 31 2025	October 31 2024
Assets		
Cash and due from Royal Bank (Note 13a)	\$ 5,104,600	\$ 4,414,725
Interest-bearing deposits with Royal Bank (Note 13a)	22,887,000	20,095,000
Loans (net of allowances for credit losses) (Note 4)	13,263	16,722
Due from related parties (Note 13d)	1,189	244,543
Employee benefit assets (Note 10)	53,111	48,482
Goodwill and other intangible assets (Note 6)	18,572	19,572
Accrued interest receivable (Note 13a)	447,862	414,637
Other assets (Note 5)	181,101	7,261
Total assets	\$ 28,706,698	\$ 25,260,942
Liabilities and equity		
Deposits		
Personal (Note 7)	\$ 25,643,972	\$ 22,549,072
Business and other (Note 7)	605,221	652,637
	26,249,193	23,201,709
Employee benefit liabilities (Note 10)	10,723	10,390
Due to related parties (Note 13d)	402,269	128,483
Accrued interest payable	204,813	256,058
Other liabilities (Note 8)	63,047	78,425
Preferred shares	5,700	5,700
Total liabilities	26,935,745	23,680,765
Equity attributable to shareholder		
Common shares (Note 9)	353,921	353,921
Retained earnings	1,417,032	1,226,256
Total equity	1,770,953	1,580,177
Total liabilities and equity	\$ 28,706,698	\$ 25,260,942

Approved by the Board:

Leanne Kaufman
Chief Executive Officer

Matthew Pagano
Director

The Royal Trust Company

Statement of Comprehensive Income

	For the year ended	
	October 31 2025	October 31 2024
(Thousands of Canadian dollars)		
Interest income		
Loans	\$ 485	\$ 614
Deposits (Note 13a)	1,206,498	1,176,705
	1,206,983	1,177,319
Interest expense		
Deposits	960,744	908,589
Net interest income	246,239	268,730
Non-interest income		
Mutual fund revenue	4,050	3,842
Investment management and custodial fees	58,927	54,589
Other	(194)	72
	62,783	58,503
Total revenue	309,022	327,233
Provision for (recovery of) credit losses	(1)	(11)
	309,023	327,244
Non-interest expense		
Human resources	17,350	17,966
Occupancy	1,442	1,382
Equipment	1,080	1,702
Other	29,072	12,968
	48,944	34,018
Income before income taxes	260,079	293,226
Income taxes (Note 11)	72,921	82,326
Net income	\$ 187,158	\$ 210,900
Other comprehensive income (loss), net of taxes		
Items that will not be reclassified subsequently to income:		
Remeasurements of employee benefit plans	\$ 3,618	\$ 8,270
Total other comprehensive income (loss), net of taxes	3,618	8,270
Total comprehensive income attributable to shareholder	\$ 190,776	\$ 219,170

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

The Royal Trust Company

Statement of Changes in Equity

(Thousands of Canadian dollars)	As at	
	October 31 2025	October 31 2024
Capital Stock		
Common share balance at beginning of year (Note 9)	\$ 353,921	\$ 353,921
Balance at end of the year	\$ 353,921	\$ 353,921
Retained Earnings		
Balance at beginning of year	\$ 1,226,256	\$ 1,012,786
Net income	187,158	210,900
Total other comprehensive income (loss), net of taxes	3,618	8,270
Other	-	(5,700)
Balance at end of the year	\$ 1,417,032	\$ 1,226,256
Total equity at end of year	\$ 1,770,953	\$ 1,580,177

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

The Royal Trust Company

Statement of Cash Flows

(Thousands of Canadian dollars)	For the year ended	
	October 31 2025	October 31 2024
Cash flows from operating activities		
Net income	\$ 187,158	\$ 210,900
Adjustments for non-cash items and others		
Provision for (recovery of) credit losses	(1)	(11)
Depreciation and amortization	1,194	1,415
Deferred income taxes	(2,053)	(981)
Net change to income tax receivable/payable	(31,586)	3,310
Due to/from related parties, net	517,140	(153,284)
Net change in loans	3,459	6,529
Net change in deposits	3,047,484	2,986,627
Changes in other operating assets and liabilities	(240,836)	44,377
Other	-	(5,700)
Net cash from (used in) operating activities	3,481,959	3,093,182
Cash flows from investing activities		
Change in interest-bearing deposits with Royal Bank	(2,792,000)	(1,745,000)
Net acquisitions of premises and equipment	(5)	(28)
Net cash from (used in) investing activities	(2,792,005)	(1,745,028)
Cash flows from financing activities		
Repayment of lease liabilities	(79)	(77)
Net cash from (used in) financing activities	(79)	(77)
Net change in cash and due from Royal Bank	689,875	1,348,077
Cash and due from Royal Bank at beginning of year	4,414,725	3,066,648
Cash and due from Royal Bank at end of year	\$ 5,104,600	\$ 4,414,725
Cash flows from operating activities include:		
Amount of interest paid	\$ 1,011,992	\$ 834,420
Amount of interest received	1,173,758	1,105,669
Amount of income taxes paid	106,614	79,965

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

Note 1 General information

The Royal Trust Company (the Company) is a wholly-owned subsidiary of Royal Bank of Canada (Royal Bank). The Company is incorporated and domiciled in Canada. The head office is located at 1 Place Ville-Marie, Montreal, Quebec, Canada. The Company provides personal and commercial banking, wealth management, custody, estate planning and executor and trustee services.

The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These Financial Statements also comply with Subsection 313 (4) of the *Trust and Loan Companies Act (Canada)* (the Act), which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (OSFI), the Financial Statements are to be prepared in accordance with IFRS. The accounting policies outlined in Note 2 have been consistently applied to all periods presented, except where otherwise noted.

On December 17, 2025, the Board of Directors authorized the Financial Statements for issue.

Note 2 Summary of material accounting policies, estimates and judgments

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.

Use of estimates and assumptions

In preparing the Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: pensions and other post-employment benefits. Accordingly, actual results may differ from these and other estimates thereby impacting the future Financial Statements. Refer to the relevant accounting policies in this Note for details on the Company's use of estimates and assumptions.

Significant judgments

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.

Significant judgments have been made in the following areas and discussed as noted in the Financial Statements:

Employee benefits	Note 2 and Note 10
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Financial Instruments

Classification of financial assets

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at amortized cost based on the Company's 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 fair value through profit or loss (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).

Business model assessment

The Company determines its 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 the business models, which is supported by relevant, objective evidence. The business model for the Company's financial assets is Held-to-collect (HTC). The objective of this business model is to hold financial assets to collect contractual principal and interest cash flows.

SPPI assessment

Instruments held within a HTC 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.

Determination of fair value

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

In determining fair value, a hierarchy is used which prioritizes the inputs to valuation techniques. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Determination of fair value based on this hierarchy requires the use of observable market data whenever available. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model inputs that are either observable, or can be corroborated by, observable market data for substantially the full term of the assets or liabilities. Level 3 inputs include one or more inputs that are unobservable and significant to the fair value of the asset or liability. The classification of a financial instrument in the fair value hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value.

The Company has documented its internal policies that detail the processes for determining fair value, including the methodologies used in establishing the valuation adjustments. These methodologies are consistently applied and periodically reviewed by Royal Bank's Risk Management Group.

Loans

Loans are debt instruments recognized initially at fair value and subsequently carried at amortized cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into Non-interest income over the commitment or standby period. Future prepayment fees on mortgage loans are not included as part of the effective interest rate at origination. If prepayment fees are received on a renewal of a mortgage loan before maturity, the fee is included as part of the effective interest rate, and if not renewed, the prepayment fee is recognized in interest income at the prepayment date.

Interest

Interest is recognized in Interest income and Interest expense in the Statements of Comprehensive Income for all interest bearing financial instruments. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset or liability to the gross carrying amount upon initial recognition.

Employee benefits - Pensions and other post-employment benefits

The Company's defined benefit pension expense, which is included in Non-interest expense – Human resources, consists of the cost of employee pension benefits for the current year's service, net interest on the net defined benefit liability (asset), past service cost and gains or losses on settlement. Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in Other Comprehensive Income (OCI) in the period in which they occur. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions. Amounts recognized in OCI will not be reclassified subsequently to net income. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and is charged immediately to income.

For each defined benefit pension plan, the Company recognizes the present value of its defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported in Employee benefit liabilities on the Balance Sheets. For plans where there is a net defined benefit asset, the amount is reported as an asset in Employee benefit assets on the Balance sheets.

The calculation of defined benefit expenses and obligations requires significant judgment as the recognition is dependent on discount rates and various actuarial assumptions such as healthcare cost trend rates, projected salary increases, retirement age, and mortality and termination rates. Due to the long-term nature of these plans, such estimates and assumptions are subject to inherent risks and uncertainties. For the Company's pension and other post-employment benefit plans, the discount rate is determined by reference to market yields on high quality corporate bonds. Since the discount rate is based on currently available yields, and involves management's assessment of market liquidity, it is only a proxy for future yields. Actuarial assumptions, set in accordance with current practices may differ from actual experience as statistics is only an estimate for future employee behaviour. These assumptions are determined by management and are reviewed by actuaries at least annually. Changes to any of the above assumptions may affect the amounts of benefits obligations, expenses and remeasurements that the Company recognizes.

The Company's contributions to defined contribution pension plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution pension plan expense is included in Non-interest expense – Human resources.

Income taxes

Income tax comprises current tax and deferred tax and is recognized in the Company's Statements of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Business combinations, goodwill and other intangibles

All business combinations are accounted for using the acquisition method. Goodwill represents the excess of the price paid for the business acquired over the fair value of the net identifiable assets acquired on the date of acquisition.

Goodwill

Goodwill is allocated to cash-generating units or groups of cash-generating units (CGU) for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes. Impairment testing is performed annually as at August 1, or more frequently if there are objective indicators of impairment, by comparing the recoverable amount of a CGU with its carrying amount. The recoverable amount of a CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is the present value of the expected future cash flows from a CGU. Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an orderly transaction between market participants, less disposal costs. The fair value of a CGU is estimated using valuation techniques such as a discounted cash flow method, adjusted to reflect the considerations of a prospective third-party buyer. External evidence such as binding sale agreements or recent transactions for similar businesses within the same industry is considered to the extent that it is available.

Significant judgment is involved in estimating the model inputs used to determine the recoverable amount of the Company's CGU, in particular future cash flows, discount rates and terminal growth rates due to the uncertainty in the timing and amount of cash flows and the forward-looking nature of these inputs. Future cash flows are based on financial plans agreed by management which are estimated based on forecast results, business initiatives, planned capital investments and returns to shareholders. Discount rates are based on the bank-wide cost of capital, adjusted for CGU-specific risks and currency exposure as reflected by differences in expected inflation. Bank-wide cost of capital is based on the Capital Asset Pricing Model. CGU-specific risks include country risk, business/operational risk, geographic risk (including political risk, devaluation risk, and government regulation), currency risk, and price risk (including product pricing risk and inflation). Terminal growth rates are based on the long-term steady state growth expectations in the countries within which the CGU operates. If the future cash flows and other assumptions in future periods deviate significantly from the current amounts used in our impairment testing, the value of our goodwill could become impaired, with any such impairment loss recognized in Non-interest expense.

The carrying amount of a CGU includes the carrying amount of assets, liabilities and goodwill allocated to the CGU. If the recoverable amount is less than the carrying value, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other non-financial assets of the CGU proportionately based on the carrying amount of each asset. Any impairment loss is charged to income in the period in which the impairment is identified. Goodwill is stated at cost less accumulated impairment losses. Subsequent reversals of goodwill impairment are prohibited.

Upon disposal of a portion of a CGU, the carrying amount of goodwill relating to the portion of the CGU sold is included in the determination of gains or losses on disposal. The carrying amount is determined based on the relative fair value of the disposed portion to the total CGU. For the purpose of impairment testing, the Company represents a single CGU.

Other Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgment is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. The Company records provisions related to litigation, asset retirement obligations, and other items. Provisions are recorded under Other liabilities on the Company's Balance Sheets.

The Company is required to estimate the results of ongoing legal proceedings, tax positions that are under audit or appeal by relevant taxation authorities, expenses to be incurred to dispose of capital assets, and credit losses on undrawn commitments and guarantees. The forward-looking nature of these estimates requires the Company to use a significant amount of judgment in projecting the timing and amount of future cash flows. The Company records its provisions on the basis of all available information at the end of the reporting period and makes adjustments on a quarterly basis to reflect current expectations. It may not be possible to predict the resolution of these matters or the timing of their ultimate resolution. Should actual results differ from those expectations, the Company may incur expenses in excess of the provisions recognized. Where appropriate, the Company applies judgment in limiting the extent of its provisions related disclosures so as not to prejudice its positions in matters of dispute.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, such as an insurer, a separate asset is recognized if it is virtually certain that reimbursement will be received.

Commissions and fees

Commissions and fees primarily relate to Investment management and custodial fees, Mutual fund revenue and Service charges, and are recognized based on the applicable service contracts with customers. Investment management and custodial fees and Mutual fund revenue are generally calculated as a percentage of daily or period-end net asset values based on the terms of the contract with customers are received monthly, quarterly, semiannually or annually, depending on the terms of the contract. Investment management and custodial fees are generally derived from assets under management (AUM) when clients solicit the investment capabilities of an investment manager or from assets under administration (AUA) where the investment strategy is directed by the client or a designated third-party manager. Investment management and custodial fees and Mutual fund revenue are recognized over time when the service is provided to the customer provided that it is highly probable that a significant reversal in the amount of revenue recognized will not occur.

Service charges that are related to the provision of specific transaction type services are recognized when the service is fulfilled. Where services are provided over time, revenue is recognized as the services are provided.

When service fees and other costs are incurred in relation to commissions and fees earned, the Company records these costs on a gross basis in either Non-interest expense – Other or Non-interest expense – Human resources based on the assessment of whether the Company has primary responsibility to fulfill the contract with the customer and has discretion in establishing the price for the commissions and fees earned, which may require judgment.

Future changes in accounting policy and disclosure

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 will be effective for the Company on November 1, 2026 and will be applied retrospectively with no restatement of comparative periods required. To manage the implementation of the Amendments, the Company is in the process of assessing the impact on systems, processes and financial reporting and continue to assess the impact of adopting the Amendments on our Financial Statements.

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. This standard will be effective for us on November 1, 2027 and will be applied retrospectively, with the restatement of comparatives. To manage the transition to IFRS 18, the Company is in the process of assessing the impact on systems, processes and financial reporting required for adoption and continue to assess the impact of adopting this standard on financial statements.

Note 3 Fair value of financial instruments

Carrying value and fair value of selected financial instruments

The following tables provide a comparison of the carrying and fair values for the financial instruments.

	As at October 31, 2025			
	Financial Instruments measured at amortized cost			
	Carrying value ⁽¹⁾		Fair value	
Financial assets				
Interest-bearing deposits with Royal Bank	\$	22,887,000	\$	22,887,000
Loans (net of allowance for credit losses)		13,263		13,283
Financial liabilities				
Deposits				
Personal	\$	25,643,972	\$	25,707,485
Business and other		605,221		606,640

	As at October 31, 2024			
	Financial Instruments measured at amortized cost			
	Carrying value ⁽¹⁾		Fair value	
Financial assets				
Interest-bearing deposits with Royal Bank	\$	20,095,000	\$	20,095,000
Loans (net of allowance for credit losses)		16,722		16,634
Financial liabilities				
Deposits				
Personal	\$	22,549,072	\$	22,673,133
Business and other		652,637		655,576

- (1) The carrying value of Interest-bearing deposits with Royal Bank approximates their fair value due to the nature of the instruments which are redeemable on demand.

Fair value for financial instruments that are carried at amortized cost and classified using the fair value hierarchy

The following tables present fair values of financial instruments that are carried at amortized cost and classified by the fair value hierarchy. As at October 31, 2025, and October 31, 2024 the Company had no financial instruments measured at FVTPL.

	As at October 31, 2025						
	Fair value always approximates carrying value ⁽¹⁾	Fair value may not approximate carrying value					Total fair value
		Fair value measurements using					
		Level 1	Level 2	Level 3	Total		
Financial assets							
Loans (net of allowance for credit losses)	\$ 1,252	\$ -	\$ 12,031	\$ -	\$ 12,031	\$	13,283
	1,252	-	12,031	-	12,031		13,283
Financial liabilities							
Deposits							
Personal	\$ 14,970,976	\$ -	\$ 10,736,509	\$ -	\$ 10,736,509	\$	25,707,485
Business and other	355,513	-	251,127	-	251,127		606,640
	15,326,489	-	10,987,636	-	10,987,636		26,314,125

	As at October 31, 2024						
	Fair value always approximates carrying value ⁽¹⁾	Fair value may not approximate carrying value					Total fair value
		Fair value measurements using					
		Level 1	Level 2	Level 3	Total		
Financial assets							
Loans (net of allowance for credit losses)	\$ 1,119	\$ -	\$ 15,515	\$ -	\$ 15,515	\$	16,634
	1,119	-	15,515	-	15,515		16,634
Financial liabilities							
Deposits							
Personal	\$ 11,635,629	\$ -	\$ 11,037,504	\$ -	\$ 11,037,504	\$	22,673,133
Business and other	329,926	-	325,650	-	325,650		655,576
	11,965,555	-	11,363,154	-	11,363,154		23,328,709

- (1) Certain financial instruments have not been assigned to a level as the carrying amount always approximates their fair values due to the short-term nature (instruments that are receivable or payable on demand, or with original maturity of three months or less) and insignificant credit risk.

Fair values of financial assets and liabilities carried at amortized cost and disclosed in the table above are determined using the following valuation techniques and inputs.

Loans - Retail

Retail loans comprised of residential mortgages. For residential mortgages, the Company segregates the portfolio based on certain attributes such as product type, contractual interest rate, term to maturity and credit scores, if applicable. Fair values of these loans are determined by the discounted cash flow method using applicable inputs such as prevailing interest rates, contractual and posted client rates, client discounts, credit spreads, prepayment rates and loan-to-value ratio. The carrying values of variable rate loans generally approximate their fair values.

Loans - Wholesale

Wholesale loans include Business and Bank loans. Where market prices are available, loans are valued based on market prices. Otherwise, fair value is determined by the discounted cash flow method using the following inputs: market interest rates and market based spreads of assets with similar credit ratings and terms to maturity, expected default frequency implied from credit default swap prices, if available, and relevant pricing information such as contractual rate, origination and maturity dates, redemption price, coupon payment frequency and date convention.

Deposits

Deposits are composed of demand, notice, and term deposits which include senior deposit notes the Company has issued to provide it with long-term funding. Fair values of term deposits are determined by one of several valuation techniques: (i) for term deposits and similar instruments, the Company segregates the portfolio based on term to maturity. Fair values of these instruments are determined by the discounted cash flow method using inputs such as client rates for new sales of the corresponding terms; and (ii) for senior deposit notes, the Company uses actual traded prices, vendor prices or the discounted cash flow method using a market interest rate curve and its funding spreads as inputs. The carrying values of short-term term deposits, and demand and notice deposits generally approximate their fair values.

Note 4 Loans

	As at	
	October 31 2025	October 31 2024
Retail ⁽¹⁾		
Residential mortgages	\$ 12,113	\$ 15,229
Wholesale ⁽¹⁾		
Commercial mortgages and other	1,159	1,513
Total loans	\$ 13,272	\$ 16,742
Allowance for credit losses	(9)	(20)
Total loans net of allowance for credit losses	\$ 13,263	\$ 16,722

⁽¹⁾ All loans are in Canada

Loan maturities and rate sensitivity

	As at October 31, 2025							
	Maturity term ⁽¹⁾				Rate sensitivity			
	Under 1 year	1 to 5 years	Over 5 years	Total	Floating	Fixed rate	Non-rate sensitive	Total
Retail	\$ 4,221	\$ 5,791	\$ 2,101	\$ 12,113	\$ 595	\$ 11,518	\$ -	\$ 12,113
Wholesale	1,159	-	-	1,159	785	374	-	1,159
Total loans	\$ 5,380	\$ 5,791	\$ 2,101	\$ 13,272	\$ 1,380	\$ 11,892	\$ -	\$ 13,272
Allowance for credit losses				(9)				(9)
Total loans net of allowance for credit losses	\$ 5,380	\$ 5,791	\$ 2,101	\$ 13,263	\$ 1,380	\$ 11,892	\$ -	\$ 13,263

	As at October 31, 2024							
	Maturity term ⁽¹⁾				Rate sensitivity			
	Under 1 year	1 to 5 years	Over 5 years	Total	Floating	Fixed rate	Non-rate sensitive	Total
Retail	\$ 11,590	\$ 3,071	\$ 568	\$ 15,229	\$ 1,010	\$ 14,219	\$ -	\$ 15,229
Wholesale	1,202	250	61	1,513	109	1,404	-	1,513
Total loans	\$ 12,792	\$ 3,321	\$ 629	\$ 16,742	\$ 1,119	\$ 15,623	\$ -	\$ 16,742
Allowance for credit losses				(20)				(20)
Total loans net of allowance for credit losses	\$ 12,792	\$ 3,321	\$ 629	\$ 16,722	\$ 1,119	\$ 15,623	\$ -	\$ 16,722

⁽¹⁾ Generally based on the earlier of contractual repricing or maturity date.

Individual assessment of the loans portfolio determined that no loans that are were impaired as at October 31, 2025 (October 31, 2024 - nil).

There were no loans that were 90 days or more past due but not impaired as at October 31, 2025 (October 31, 2024 - nil).

Note 5 Other assets

	As at	
	October 31 2025	October 31 2024
Cheques and other items in transit, net	\$ 161,469	\$ -
Income taxes receivable	11,928	265
Capital taxes receivable	115	70
Other	7,589	6,926
	\$ 181,101	\$ 7,261

Note 6 Goodwill and other intangible assets

	As at October 31, 2025			
	Goodwill ⁽¹⁾	Customer list		Total
Gross carrying amount				
Balance at beginning of year	\$ 13,739	\$ 10,000	\$	23,739
Balance at end of year	\$ 13,739	\$ 10,000	\$	23,739
Accumulated amortization				
Balance at beginning of year	\$ -	\$ 4,167	\$	4,167
Amortization charge for the year	-	1,000		1,000
Balance at end of year	\$ -	\$ 5,167	\$	5,167
Net balance, at end of year	\$ 13,739	\$ 4,833	\$	18,572

	As at October 31, 2024				
	Goodwill ⁽¹⁾	Customer list	Other software		Total
Gross carrying amount					
Balance at beginning of year	\$ 13,739	\$ 10,000	\$ 570	\$	24,309
Balance at end of year	\$ 13,739	\$ 10,000	\$ 570	\$	24,309
Accumulated amortization					
Balance at beginning of year	\$ -	\$ 3,167	\$ 367	\$	3,534
Amortization charge for the year	-	1,000	203		1,203
Balance at end of year	\$ -	\$ 4,167	\$ 570	\$	4,737
Net balance, at end of year	\$ 13,739	\$ 5,833	\$ -	\$	19,572

(1) Annual goodwill impairment tests were performed as at August 1, 2025 and August 1, 2024 using the value in use method to determine recoverable amount. Value in use is the present value of the expected future cash flows of the business. Future cash flows are based on financial plans agreed by management for a five-year period, estimated based on forecast results, business initiatives, capital required to support future cash flows and returns to shareholders. Cash flow projections beyond the initial five-year period are assumed to increase at a constant rate using a nominal long-term growth rate (terminal growth rate). The discount rate used is based on the bank-wide cost of capital. The tests concluded that there was no impairment of goodwill.

Note 7 Deposits

The following table details the deposit liabilities:

	October 31, 2025				October 31, 2024			
	Demand ⁽¹⁾	Notice ⁽²⁾	Term ⁽³⁾	Total	Demand ⁽¹⁾	Notice ⁽²⁾	Term ⁽³⁾	Total
Personal	\$ 1,118,305	\$ 13,852,671	\$ 10,672,996	\$ 25,643,972	\$ 1,022,187	\$ 10,613,442	\$ 10,913,443	\$ 22,549,072
Business and other	355,513	-	249,708	605,221	329,926	-	322,711	652,637
	\$ 1,473,818	\$ 13,852,671	\$ 10,922,704	\$ 26,249,193	\$ 1,352,113	\$ 10,613,442	\$ 11,236,154	\$ 23,201,709

- (1) Demand deposits are deposits for which the Company does not have the right to require notice of withdrawal. These deposits are primarily chequing accounts.
(2) Notice deposits are all deposits for which the Company can legally require notice of withdrawal. These deposits are primarily savings accounts.
(3) Term deposits are deposits payable on a fixed date, and include term deposits, guaranteed investment certificates and similar instruments.

The following table presents the contractual maturities of the term deposit liabilities:

	As at	
	October 31 2025	October 31 2024
Within 1 year	\$ 7,100,808	\$ 7,395,335
1 to 2 years	1,830,254	1,861,709
2 to 3 years	1,158,689	812,173
3 to 4 years	456,724	690,800
4 to 5 years	268,602	372,665
Over 5 years	107,627	103,472
	\$ 10,922,704	\$ 11,236,154

The following table presents the average deposit balances and average rates of interest paid for the years ended:

	Average balances		Average rates	
	October 31 2025	October 31 2024	October 31 2025	October 31 2024
Total deposits	\$ 25,472,000	\$ 21,947,406	3.77%	4.14%

Note 8 Other liabilities

	As at	
	October 31 2025	October 31 2024
Deferred income taxes	\$ 9,503	\$ 10,149
Income taxes payable	19	19,897
Cheques and other items in transit, net	-	1,659
Payroll and related compensation	46,547	40,196
Other	6,978	6,524
	\$ 63,047	\$ 78,425

Note 9 Equity

Authorized share capital

Preferred - An unlimited number of cumulative, redeemable, non-voting first preference shares without nominal or par value.

Preferred Series A - An unlimited number of non-cumulative, redeemable, non-voting, convertible first preference shares without nominal or par value.

Common - An unlimited number of common shares without nominal or par value.

Outstanding share capital

	As at			
	October 31, 2025		October 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Common shares	20,287,841	\$ 353,921	20,287,841	\$ 353,921

Restrictions on the payment of dividends

The Company is prohibited by the Act from declaring any dividends on preferred or common shares when the Company is, or would be placed as a result of the declaration, in contravention of the capital adequacy and liquidity regulations or any regulatory directives issued under the Act.

Note 10 Employee benefits - Pensions and other post-employment benefits

The Company and Royal Trust Corporation of Canada sponsor defined benefit and defined contribution pension plans, which provide pension and post-employment benefits to eligible employees. The Company and Royal Trust Corporation of Canada share the same pension plans through The Royal Trust New Pension Plan (the Plan). The pension plans are administered by separate trustees that are legally segregated from the Company. The pension arrangements including investment, plan benefits and funding decisions are governed by pension committees or management. Significant Plan changes require the approval of the Board of Directors. The majority of amounts held in the pension plans are held in the RBC Canadian Master Trust for all Royal Bank Canadian pension plans.

The defined benefit pension plans provide pension benefits based on years of service, contributions and average earnings at retirement. The defined benefit pension plans are closed to new members. In the absence of a formal agreement or policy, defined benefit pension plan costs are shared by the Company and Royal Trust Corporation of Canada based on the number of defined benefit plan members in each entity. New employees are generally eligible to join the defined contribution pension plan. The Company and Royal Trust Corporation of Canada also provide supplemental non-registered (non-qualified) pension plans for certain executives and senior management that are typically unfunded or partially funded.

The defined contribution pension plans provide pension benefits based on accumulated employee and company contributions. The Company's contributions are based on a percentage of an employee's annual earnings and a portion of the Company's contribution is dependent on the amount being contributed by the employee and their years of service.

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

The Company and The Royal Trust Corporation of Canada measure the benefit obligations and pension assets as at October 31 each year. All plans are valued using the projected unit-credit method. The Company funds the registered defined benefit pension plans in accordance with actuarially determined amounts required to satisfy employee benefit obligations under current pension regulations. The most recent funding actuarial valuation was completed on December 31, 2024, and the next funding valuation will be completed no later than December 31, 2027.

For the year ended October 31, 2025, total contributions to the pension plans (defined benefit and defined contribution plans) and other post-employment benefit plans were \$5 million and \$2 million (October 31, 2024 \$4 million and \$2 million, respectively). For 2026, total contributions to the pension plans and other post-employment benefit plans are expected to be \$5 million and \$2 million, respectively.

Risks

By their design, the defined benefit pension and other post-employment plans expose the Company 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 healthcare cost. By closing membership in the defined benefit pension and other post-employment plans and migrating to defined contribution plans, the volatility associated with the aforementioned risks will reduce over time.

The following table presents the financial position related to the shared pension and other post-employment benefit plans, including executive retirement arrangements.

	As at			
	October 31, 2025		October 31, 2024	
	Defined benefit pension plans	Other post-employment benefit plans	Defined benefit pension plans	Other post-employment benefit plans
Fair value of plan assets	\$ 574,668	\$ -	\$ 548,780	\$ -
Present value of defined benefit obligation	424,189	31,129	411,693	30,632
Net surplus (deficit)	\$ 150,479	\$ (31,129)	\$ 137,087	\$ (30,632)
Employee Benefits Assets(1)	\$ 150,673	-	\$ 137,254	-
Employee Benefits Liabilities(2)	(194)	(31,129)	(167)	(30,632)
Net surplus (deficit)	\$ 150,479	(31,129)	\$ 137,087	(30,632)

(1) The amount comprised \$53,111 (October 31, 2024 - \$48,482) for The Royal Trust Company and \$97,562 (October 31, 2024 - \$88,772) for Royal Trust Corporation of Canada. This amount is recognized as Employee benefit assets on the Balance Sheets.

(2) The amount comprised \$(10,723) (October 31, 2024 - \$(10,390)) for The Royal Trust Company and \$(20,676) (October 31, 2024 - \$(20,409)) for Royal Trust Corporation of Canada. This amount is recognized as Employee benefit liabilities on the Balance Sheets.

The following table presents an analysis of the movement in the financial position related to the shared pension and other post-employment benefit plans, including executive retirement arrangements.

	As at			
	October 31, 2025		October 31, 2024	
	Defined benefit pension plans	Other post-employment benefit plans	Defined benefit pension plans	Other post-employment benefit plans
Change in fair value of plan assets				
Opening fair value of plan assets	\$ 548,780	\$ -	\$ 476,167	\$ -
Interest income	25,769	-	26,467	-
Remeasurements:				
Return on plan assets (excluding interest income)	22,976	-	68,329	-
Contributions - Employer	626	1,770	-	1,932
Contributions - Plan participant	1,326	559	1,374	518
Payments	(23,959)	(2,329)	(22,757)	(2,450)
Other	(850)	-	(800)	-
Closing fair value of plan assets	\$ 574,668	\$ -	\$ 548,780	\$ -
Change in present value of benefit obligation				
Opening benefit obligation	\$ 411,693	\$ 30,632	\$ 373,258	\$ 29,038
Current service cost	5,506	354	4,969	363
Past service cost	1,600	288	-	-
Interest expense	19,177	1,401	20,585	1,580
Remeasurements:				
Actuarial (gain) loss from demographic assumptions	-	503	(5,907)	(565)
Actuarial (gain) loss from financial assumptions	4,934	19	40,327	2,578
Actuarial (gain) loss from experience adjustments	3,912	(298)	(156)	(430)
Contributions - Plan participant	1,326	559	1,374	518
Payments	(23,959)	(2,329)	(22,757)	(2,450)
Closing benefit obligation	\$ 424,189	\$ 31,129	\$ 411,693	\$ 30,632
Unfunded Obligation	\$ -	\$ 31,129	\$ -	\$ 30,632
Wholly or partly funded obligation	424,189	-	411,693	-
Total benefit obligation	\$ 424,189	\$ 31,129	\$ 411,693	\$ 30,632

Pension and other post-employment benefit expense

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

	For the year ended			
	Pension plans		Other post-employment benefit plans	
	October 31 2025	October 31 2024	October 31 2025	October 31 2024
Current service cost	\$ 5,506	\$ 4,969	\$ 354	\$ 363
Past service cost	1,600	-	288	-
Net interest expense (income)	(6,592)	(5,882)	1,401	1,580
Remeasurements of other long term benefits	-	-	292	149
Administrative expense	850	800	-	-
Defined benefit pension expense (1)	\$ 1,364	\$ (113)	\$ 2,335	\$ 2,092
Defined contribution pension expense	4,654	3,865	-	-
Total benefit expense	\$ 6,018	\$ 3,752	\$ 2,335	\$ 2,092

(1) The pension plan expense for the year ending October 31, 2025, comprised \$3,125 (2024 - \$2,238) for The Royal Trust Company and \$ 2,893 (2024 - \$1,514) for Royal Trust Corporation of Canada. The other post-employment benefit expense for the year ending October 31, 2025 comprised \$820 (2024 - \$736) for The Royal Trust Company and \$1,509 (2024 - \$1,356) for Royal Trust Corporation of Canada.

Remeasurement of employee benefit plans

The following table presents the composition of the remeasurement of the shared pension and other post-employment benefit plans recorded in OCI.

	For the year ended			
	Defined benefit pension plans		Other post-employment benefit plans	
	October 31 2025	October 31 2024	October 31 2025	October 31 2024
Actuarial losses / (gains)				
Changes in demographic assumptions	\$ -	\$ (5,907)	\$ 494	\$ (499)
Changes in financial assumptions	4,934	40,327	-	2,517
Experience adjustments	3,912	(156)	(562)	(584)
Return on plan assets (excluding interest based on discount rate)	(22,976)	(68,329)	-	-
Total remeasurement (1)	\$ (14,130)	\$ (34,065)	\$ (68)	\$ 1,434

(1) The pension plan remeasurement for the year ending October 31, 2025 were gain of \$5,001 (October 31, 2024 - gain of 11,991) for The Royal Trust Company and gain of \$9,207 (October 31, 2024 - gain of \$22,074) for Royal Trust Corporation of Canada. The other post-employment remeasurement for the year ending October 31, 2025 were gain of \$24 (October 31, 2024 - loss of \$505) for The Royal Trust Company and gain of \$44 (October 31, 2024 loss of \$929) for Royal Trust Corporation of Canada.

Investment policy and strategies

Defined benefit pension plan assets are invested prudently in order to meet the Company's longer term pension obligations. The Plan's investment strategy is to hold a diversified mix of investments by asset class and geographic location, in order to reduce investment-specific risk to the funded status while maximizing the expected returns to meet pension obligations. The majority of plan assets are invested in RBC Canadian Master Trust (the Trust) which provide the required diversification and risk adjusted return. Investment of the Trust's assets is conducted with careful consideration of the pension obligation's exposure, including the Company's exposure, to interest rates, credit spreads and inflation which are the key risk factors impacting the obligation. The asset mix policy is therefore consistent with an asset/liability framework. Factors taken into consideration in developing the asset mix 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 the asset mix policy, it may invest in equity securities, debt securities, alternative investments and derivative instruments. The Trust's holdings in certain investments, including common shares, emerging market equity and debt, debt securities rated lower than BBB and residential and commercial mortgages, cannot exceed a defined percentage of the market value of the defined benefit pension plan assets. The Trust 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 associated with the underlying portfolio. To manage the credit risk exposure, counterparties of the derivative instruments are required to meet minimum credit ratings, and enter into collateral agreements.

The Trust's assets are primarily comprised of debt, equity securities and alternative investments. The equity securities generally have unadjusted quoted market prices in an active market (Level 1), and the debt securities generally have quoted market prices for similar assets in an active market (Level 2). Alternative investments and other includes cash, hedge funds and private fund investments including infrastructure equity, real estate leases, private debt and private equity. In the case of private fund investments, no quoted market prices are usually available (Level 2 or Level 3). These fund assets are either valued by an independent valuator or priced using observable market inputs.

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.

The following table is the asset allocation of the Plan's proportionate share of the Trust's investment assets:

Asset allocation of shared defined benefit pension plans⁽¹⁾

	October 31, 2025			As at October 31, 2024		
	Fair value	Percentage of total plan assets	Quoted in active market ⁽²⁾	Fair value	Percentage of total plan assets	Quoted in active market ⁽²⁾
Equity securities						
Domestic	\$ 40,818	7.1%	100%	\$ 31,649	5.8%	100%
Foreign	106,570	18.5%	100%	75,551	13.8%	100%
Debt securities						
Domestic government bonds ⁽³⁾	180,293	31.4%		191,086	34.8%	
Foreign government bonds	2,061	0.4%		920	0.2%	
Corporate and other bonds	111,720	19.4%		121,447	22.1%	
Alternative investments and other	133,206	23.2%	8%	128,127	23.3%	10%
	\$ 574,668	100.0%	27%	\$ 548,780	100.0%	22%

(1) The asset allocation is based on the underlying investments held directly and indirectly through the funds as this is how the Plan manages its investment policy and strategies.

(2) If the assessment of quoted in an active market was based on the direct investments, 31% of the total Plan assets would be classified as quoted in an active market (October 31, 2024 – 23%).

(3) Amounts are net of securities sold under repurchase agreements.

As at October 31, 2025, the Plan assets include 13 thousand (October 31, 2024 – 13 thousand) common shares of Royal Bank with a fair value of \$2,778 (October 31, 2024 – \$2,197) and \$1,993 (October 31, 2024 – \$2,483) in Royal Bank debt securities. For the year ended October 31, 2025, dividends received on Royal Bank common shares held in the Plan assets were \$78 (October 31, 2024 – \$70).

Maturity profile

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

	As at	
	October 31 2025	
Number of plan participants		3,747
Actual benefit payments 2025	\$	23,959
Benefits expected to be paid 2026		25,447
Benefits expected to be paid 2027		25,938
Benefits expected to be paid 2028		26,430
Benefits expected to be paid 2029		26,868
Benefits expected to be paid 2030-2034		27,278
Benefits expected to be paid 2031-2035		141,288
Weighted average duration of defined benefit (in years)		12.3

Significant assumptions

The Plan's methodologies to determine significant assumptions used in calculating the defined benefit pension and other post-employment benefit expense are as follows:

Discount rate

For the pension and other post-employment benefit 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 A corporate bonds and AA provincial bonds for periods greater than six years. Spot rates beyond 30 years are set to equal the 30-year spot rate. The discount rate is the equivalent single rate that produces the same discounted 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 assumptions for increases in future compensation are based on the price inflation assumption and compensation policies in Canada, as well as relevant statutory and plan-specific requirements.

Healthcare cost trend rates

Healthcare 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.

Summary of significant assumptions

	As at			
	Defined benefit pension plans		Other post-employment benefit plans	
	October 31 2025	October 31 2024	October 31 2025	October 31 2024
Weighted average assumptions to determine benefit obligations				
Discount rate	4.7%	4.8%	4.8%	4.8%
Rate of increase in future compensation	3.0%	3.0%	n.a.	n.a.
Health care cost (1)				
- Medical	n.a.	n.a.	3.2%	3.2%
- Dental	n.a.	n.a.	3.2%	3.2%

(1) For the other post-employment benefit plans, the 2025 assumed trend rates used to measure the expected benefit costs of the defined benefit obligations are also the ultimate rates.

n.a. not applicable

Mortality assumptions

Mortality assumptions are significant in measuring the Company's obligations under the defined benefit pension plans. These assumptions have been set based on country specific statistics. Future longevity improvements have been considered and included where appropriate. The following table summarizes the mortality assumptions used for the shared defined benefit pension plans.

Mortality Assumptions

		As at							
		October 31, 2025				October 31, 2024			
		Life expectancy at 65 for a member currently at				Life expectancy at 65 for a member currently at			
		Age 65		Age 45		Age 65		Age 45	
(in years)		Male	Female	Male	Female	Male	Female	Male	Female
Country									
	Canada	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 for defined benefit pension and other post-employment benefit plans. The increase (decrease) in obligation in the following table has 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:

	Defined benefit pension plans	Other post-employment benefit plans
	Increase (decrease) in obligation	Increase (decrease) in obligation
(thousands of Canadian dollars)		
Discount rate		
Impact of 100 bps increase in discount rate	\$ (45,291)	(2,852)
Impact of 100 bps decrease in discount rate	55,198	3,425
Rate of increase in future compensation		
Impact of 50 bps increase in rate of increase in future compensation	133	n.a.
Impact of 50 bps decrease in rate of increase in future compensation	(220)	n.a.
Mortality rate		
Impact of an increase in longevity by one additional year	12,812	383
Health care cost trend rate		
Impact of 100 bps increase in health care cost trend rate	n.a.	608
Impact of 100 bps decrease in health care cost trend rate	n.a.	(547)

n.a. not applicable

Note 11 Income taxes

The components of tax expense in the Statements of Comprehensive Income are as follows.

	For the year ended	
	October 31 2025	October 31 2024
Income taxes (recoveries) in Statements of Comprehensive Income		
Current tax		
Tax expense (recoveries) for current year	\$ 75,036	\$ 83,599
Adjustment for prior years	(62)	(292)
	74,974	83,307
Deferred tax		
Origination and reversal of temporary difference	(1,940)	(1,251)
Adjustment for prior years	(113)	15
Effects of changes in tax rates	-	255
	(2,053)	(981)
Total income taxes	\$ 72,921	\$ 82,326

The following is an analysis of the differences between the income tax expense reflected in the Statements of Comprehensive Income and the amounts calculated at the Canadian statutory rate.

Reconciliation to statutory tax rate

	For the year ended			
	October 31, 2025		October 31, 2024	
Income taxes at Canadian statutory tax rate	\$ 73,095	28.00%	\$ 82,440	28.00%
Increase (decrease) in income taxes resulting from				
Non-deductible expense	281	0.11%	245	0.08%
Prior year adjustments	(175)	(0.07%)	(22)	(0.01%)
Other	(280)	(0.11%)	(337)	(0.11%)
Income taxes reported in Statements of Comprehensive Income/effective tax rate	\$ 72,921	27.93%	\$ 82,326	27.96%

Deferred income tax liabilities are included in Other liabilities (Note 8). Deferred taxes result from temporary differences between the tax basis of assets and liabilities and their carrying amounts on the balance sheet.

Significant components of deferred tax assets and liabilities

	As at October 31, 2025			
	Net liability	Change through	Change through	Net liability
	November 1 2024			October 31 2025
Net deferred tax asset/(liability)				
Allowance for credit losses	\$ 5	\$ (2)	\$ -	\$ 3
Deferred compensation	1,797	(333)	-	1,464
Other	(1,613)	2,171	-	558
Premises and equipment	327	13	-	340
Pension and post-employment related	(10,665)	204	(1,407)	(11,868)
	\$ (10,149)	\$ 2,053	\$ (1,407)	\$ (9,503)
Comprising				
Deferred tax liabilities	\$ (10,149)		\$	(9,503)
	\$ (10,149)		\$	(9,503)

	As at October 31, 2024			
	Net liability	Change through	Change through	Net Liability
	November 1 2023			October 31 2024
Net deferred tax asset/(liability)				
Allowance for credit losses	\$ 7	\$ (2)	\$ -	\$ 5
Deferred compensation	860	937	-	1,797
Other	(1,703)	90	-	(1,613)
Premises and equipment	364	(37)	-	327
Pension and post-employment related	(7,443)	(7)	(3,215)	(10,665)
	\$ (7,915)	\$ 981	\$ (3,215)	\$ (10,149)
Comprising				
Deferred tax liabilities	\$ (7,915)		\$	(10,149)
	\$ (7,915)		\$	(10,149)

Pillar Two income taxes may arise in or in relation to jurisdictions where the operations of a multinational enterprise such as Royal Bank, the ultimate parent entity, have an effective tax rate below 15%. Although the jurisdiction in which the Company operates has introduced a domestic minimum tax, the effective tax rate in such jurisdiction is above 15%, and therefore, no incremental taxes have arisen for the Company under the Pillar Two legislation for the fiscal year ended October 31, 2025.

Note 12 Guarantees, commitments and contingencies

Commitments to extend credit

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, facility or deposit overdraft protection. The primary purpose of these contracts is to ensure that funds are available to a client as required. The Company's policy for requiring collateral security with respect to these instruments and the types of collateral security held are generally the same as for loans. The maximum exposure from facility commitments was \$24 million at October 31, 2025 (October 31, 2024 - \$28 million). These commitments primarily relate to extension of secured lines of credit with real estate or liquid collateral as security. There are no loan commitments as loans are no longer advanced by the Company. The maximum exposure to credit losses to extend deposit overdraft protection was \$4 million (October 31, 2024 - \$4 million).

Litigation

The Company is subject to different complex legal and regulatory requirements that continue to evolve. The Company is from time to time subject to a variety of legal proceedings, including civil claims and lawsuits, regulatory examinations, investigations, audits and requests for information by various governmental regulatory agencies and law enforcement authorities in various jurisdictions. Some of these matters may involve novel legal theories and interpretations and may be advanced under criminal as well as civil statutes, and some proceedings could result in the imposition of civil, regulatory enforcement or criminal penalties. The Company reviews the status of all proceedings on an ongoing basis and will exercise judgment in resolving them in such manner as the Company believes to be in its best interest. This is an area of significant judgment and uncertainty and the extent of the Company's financial and other exposure to these proceedings after taking into account current accruals could be material to the results of operations in any particular period.

The Company is a defendant in pending legal proceedings that challenge certain of the Company's practices or actions. While this is an area of significant judgment and some matters are currently inestimable, the Company considers that the aggregate liability, to the extent that the Company is able to assess it, resulting from these proceedings will not be material to the financial position or results of operations of the Company.

Note 13 Related party transactions

Related parties

Related parties include the parent bank, Royal Bank, associated companies (RBC Group) over which Royal Bank has direct or indirect control or have significant influence and post-employment benefit plans for the benefit of RBC Group's employees. Related parties also include key management personnel (KMP), the Board of Directors of Royal Bank (RBC Directors), close family members of KMP and RBC Directors, and entities which are, directly or indirectly, controlled by or jointly controlled by KMP, RBC Directors or their close family members.

Key management personnel and RBC Directors

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of RBC and its subsidiaries, directly or indirectly. They include the senior members of Royal Bank 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 RBC Directors do not plan, direct or control the activities of the entity; they oversee the management of the business and provide stewardship.

Compensation of Key management personnel and RBC Directors

(Millions of Canadian dollars)	For the year ended	
	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. Directors receive retainers but do not receive salaries and other short-term employee benefits.

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

(3) RBC offers stock options and other non-option share-based awards to KMP. RBC 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 (October 31, 2024 - \$16 million). We have no Stage 3 allowance or provision for credit losses relating to these loans as at and for the years ended October 31, 2025 and October 31, 2024. No guarantees, pledges or commitments have been given to KMP, Directors or their close family members.

Other related party transactions

The Company enters into transactions with RBC and its subsidiaries. These transactions are in the normal course of operations and have been recorded at the agreed upon exchange amounts.

- The Company had a total of \$5,105 million of cash and due from RBC, and \$22,887 million of interest-bearing deposits with RBC at October 31, 2025 (October 31, 2024 - \$4,415 million and \$20,095 million respectively). The Company earned \$1,206 million (2024 - \$1,177 million) of interest income on these deposits and had \$448 million interest receivable from RBC at October 31, 2025 (October 31, 2024 - \$415 million).
- RBC provided the Company with services such as systems and technology, branch operation, operations and service delivery, mortgage administration, premises, treasury, finance and corporate services. The Company paid \$4 million net for these services in 2025 (2024 - \$4 million net).
- As at October 31, 2025, the Company had a receivable of \$2 million (October 31, 2024 - \$1 million) from RBC Phillips, Hager & North Investment Counsel Inc. for recovery of costs.
- Various cash and business processing activities result in temporary balances between the Company and Royal Trust Corporation of Canada or other affiliated companies. These balances are temporary but are continually created and cleared by automated processes such as cash clearing and other balancing processes. These processes resulted in the following balances:

	As at	
	October 31 2025	October 31 2024
Total due from related parties	\$ 1,189	\$ 244,543
Total due to related parties	402,269	128,483
Net related party settlement outstanding	\$ (401,080)	\$ 116,060

- e) RBC Funds are managed by RBC Global Asset Management Inc. (RBC GAM), an indirect wholly-owned subsidiary of RBC, and the dealer activities for RBC Funds are performed by Royal Mutual Funds Inc. (RMFI), also an indirect wholly-owned subsidiary of RBC.

The Company recovered \$111 million (2024 - \$92 million), primarily from RBC GAM, for RBC GAM costs recorded in the Company, including product development, technology, advertising, training, and advisory. The recoveries were recorded as a reduction of Non-interest expense.

RMFI, which performs the dealer functions, contracted the Company to provide both branch distribution and general management support services. The Company recorded \$4 million (2024 - \$4 million) in mutual fund distribution fees from RMFI which was recorded in Non-interest income.

- f) RBC Direct Investing Inc. is an indirect wholly-owned subsidiary of RBC. The Company acts as a trustee for certain of RBC Direct Investing Inc.'s client funds deposited in trust for registered retirement savings plans and self-directed retirement income funds. As trustee, the Company holds the funds on deposit and pays interest on the deposits at prevailing market rates and earns fees on a per account basis. The Company earned trustee fees from RBC Direct Investing Inc. of \$4 million (2024 - \$3 million). The Company paid \$312 million (2024 - \$220 million) in interest expense on these deposits.

The Company has a similar arrangement with RBC Dominion Securities Inc., an indirect wholly-owned subsidiary of RBC where trustee fees of \$2 million (2024 - \$2 million) were paid to the Company. The Company paid \$86 million (2024 - \$66 million) in interest expense on these deposits.

Note 14 Nature and extent of risks arising from financial instruments

The Company is exposed to credit, market, and liquidity and funding risks as a result of holding financial instruments. The following is a description of those risks and how the Company manages its exposure to them.

Credit risk

Credit risk is the risk of loss associated with a counterparty's potential inability or unwillingness to fulfill its contractual obligations and may arise directly from claims against a debtor or obligor, an issuer of securities or indirectly from claims against a guarantor of a credit obligation.

The Company's credit risk is primarily related to loan balances.

Gross credit risk exposure by portfolio and sector	As at	
	October 31, 2025	October 31, 2024
	Lending-related and other	Lending-related and other
	Loans	Loans
	Total exposure	Total exposure
Residential mortgages	\$ 12,113	\$ 15,229
Retail	\$ 12,113	\$ 15,229
Commercial mortgages and other	\$ 1,159	\$ 1,513
Wholesale	\$ 1,159	\$ 1,513
Total exposure ⁽¹⁾	\$ 13,272	\$ 16,742

(1) Total exposure represents exposure at default, which is the expected gross exposure upon the default of an obligor. This amount is before any specific allowances and does not reflect the impact of credit risk mitigation. The amount also excludes exposure from off-balance sheet commitments to extend overdraft protection, and facility commitments to extend secured lines of credit with real estate or liquid collateral as security. Refer to Note 12 for details.

Risk control

The Company's credit risk is managed by the Royal Bank, following the same management policies which are guided by the Company's overall risk management principles. The Board of Directors and its Committees, Group Executive, and other 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 executives to keep them informed of the Company's risk profile, including trending information and significant credit risk issues and shifts in exposures to ensure appropriate actions can be taken where necessary. Royal Bank's enterprise-wide credit risk policies set out the minimum requirements for the management of credit risk in a variety of borrower, transactional and portfolio management contexts.

Credit policies are an integral component of the Company's Credit Risk Management Framework and set out the minimum requirements for the management of credit risk as follows:

- Credit risk assessment.
- Credit risk mitigation.
- Product approval.
- Credit portfolio management.

The Company's credit risk objectives, policies, and methodologies have not changed materially from 2024.

Market risk

Market risk is the impact of market prices upon the Company's financial condition. This includes potential gains or losses that may arise from changes in market factors such as interest rates, foreign exchange rates and credit spreads.

Non-trading market risk (Asset/Liability management)

Traditional non-trading banking activities, such as deposit taking and lending, expose the Company to market risk, of which interest rate risk is the largest component. The Company's goal is to manage the interest rate risk of the non-trading balance sheet to a target level. The key sources of interest rate risk in non-trading portfolios arise from mismatched maturity and re-pricing dates between assets, liabilities and off-balance sheet transactions in non-trading portfolios.

Objectives, policies and methodologies

The Royal Trust Executive Committee provides oversight over non-trading market risk policies, limits, and operating standards. Interest rate risk reports are reviewed regularly by the Royal Trust Executive Committee and the Royal Trust Board of Directors.

The Company's overall market risk objectives, policies and methodologies have not changed materially from 2024.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Company 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 come due. The nature of banking services inherently exposes the Company to various types of liquidity risk. The most common sources of liquidity risk arise from mismatches in the timing and value of cash inflows and outflows.

Objectives, policies and methodologies

The Company's liquidity and funding are managed as part of the consolidated Royal Bank management framework, established to satisfy current and prospective financial commitments in normal business conditions while also contributing, in conjunction with its capital position, to its safety and soundness in times of stress. To achieve these goals, the Company operates under a comprehensive liquidity management framework and employs key liquidity risk mitigation strategies that include the maintenance of:

- an appropriate balance between the level of exposure allowed under its risk appetite and the cost of its mitigation, taking into account the potential impact of extreme but plausible events.
- broad funding access, including preserving and promoting a reliable base of core client deposits, continual access to diversified sources of wholesale funding and demonstrated capacities to monetize specific asset classes.
- a comprehensive enterprise-wide liquidity contingency plan that is supported by unencumbered marketable securities, including an earmarked contingency pool that provides assured access to cash and is available to supplement other sources in a crisis.
- appropriate and transparent liquidity transfer pricing and cost allocation.

The Company's liquidity management policies, practices and processes reinforce these risk mitigation strategies. They authorize senior management committees or Corporate Treasury to approve more detailed policies and limits that govern the management, measurement and reporting requirements for specific businesses and products.

Risk control

The Board of Directors annually approves the delegation of liquidity risk authorities to senior management. The Board annually approves the Company's liquidity management framework and is responsible for its oversight. The Board of Directors also reviews, on a regular basis, reporting on the enterprise-wide liquidity position and status. Royal Bank monitors and manages its liquidity position on a consolidated basis and for key units while considering market, legal, regulatory, tax, operational and any other applicable restrictions that may impede transferability of liquidity between Royal Bank units. This includes analyzing its ability to lend or borrow funds between branches and subsidiaries, and converting funds between currencies. The Royal Trust Executive Committee has management oversight responsibility and reviews all liquidity documents prepared for the Board of Directors or its committees.

Royal Bank's principal liquidity and funding policies define risk tolerance parameters. They authorize senior management committees or Corporate Treasury to approve more detailed policies and limits related to specific businesses and products that govern the management, measurement and reporting requirements.

The Company's liquidity and funding risk objectives, policies and methodologies have not changed materially from 2024.

Note 15 Capital management

The Company manages and monitors its capital from several perspectives, including regulatory capital.

Regulatory capital and capital ratios

OSFI formally establishes risk-based capital and leverage targets for deposit-taking institutions in Canada. The Company is required to calculate its capital ratios using the Basel III framework. Under Basel III, regulatory capital for the Company includes Common Equity Tier 1 (CET1) and Tier 1 capital. CET1 capital mainly consists of common shares, retained earnings and other components of equity. Regulatory adjustments under Basel III include deductions of goodwill and other intangibles, certain deferred tax assets, defined benefit pension fund assets, and the shortfall of provisions to expected losses. Tier 1 capital comprises predominantly CET1, and Additional Tier 1 items including capital instruments such as certain preferred shares. Total capital is the sum of CET1 and Tier 1 capital.

Regulatory capital ratios are calculated by dividing CET1, Tier 1, Total capital and TLAC available by risk-weighted assets. The leverage ratio is calculated by dividing Tier 1 capital by an exposure measure. The exposure measure consists of total assets (excluding items deducted from Tier 1 capital) and certain off-balance sheet items converted into credit exposure equivalents. Adjustments are also made to derivatives and secured financing transactions to reflect credit and other risks.

During 2025 and 2024, the Company complied with all capital and leverage requirements imposed by OSFI.

	As at	
	October 31 2025	October 31 2024
Capital ⁽¹⁾		
Common Equity Tier 1 capital	\$ 1,708,994	\$ 1,520,219
Tier 1 capital	1,708,994	1,520,219
Total capital	1,708,994	1,520,219
Risk-weighted assets ⁽¹⁾		
Credit risk	\$ 6,403,561	\$ 5,657,437
Operational risk	559,970	491,566
Total Risk-weighted assets	\$ 6,963,531	\$ 6,149,003
Capital ratios and leverage ratios ⁽¹⁾		
Common Equity Tier 1 capital ratio	24.5%	24.7%
Tier 1 capital ratio	24.5%	24.7%
Total capital ratio	24.5%	24.7%
Leverage ratio	6.0%	6.0%
Leverage ratio exposure	\$ 28,648,103	\$ 25,204,298

(1) Capital, RWA and capital ratios are calculated using OSFI's Capital Adequacy Requirements (CAR) guideline and the Leverage ratio is calculated using OSFI's Leverage Requirements (LR) guideline. Both the CAR guideline and LR guideline are based on the Basel III reforms framework.

Note 16 Recovery and settlement of on-balance sheet assets and liabilities

The table below shows amounts recorded on the Company's Balance Sheets that are expected to be recovered or settled within one year and after one year as at the balance sheet date, based on contractual maturities and other assumptions outlined in the footnotes below.

	As at					
	October 31, 2025			October 31, 2024		
	Within one year	After one year	Total	Within one year	After one year	Total
Assets						
Cash and due from Royal Bank	\$ 5,104,600	\$ 5,104,600	\$ 5,104,600	\$ 4,414,725	\$ -	\$ 4,414,725
Interest-bearing deposits with Royal Bank	10,861,000	12,026,000	22,887,000	10,805,000	9,290,000	20,095,000
Loans	5,371	7,892	13,263	12,772	3,950	16,722
Due from related parties	1,189		1,189	244,543	-	244,543
Employee benefit assets		53,111	53,111	-	48,482	48,482
Goodwill and other intangible assets	1,000	17,572	18,572	1,000	18,572	19,572
Accrued interest receivable	447,862		447,862	414,637	-	414,637
Other assets	180,870	231	181,101	6,916	345	7,261
Total Assets	\$ 16,601,892	\$ 12,104,806	\$ 28,706,698	\$ 15,899,593	\$ 9,361,349	\$ 25,260,942
Liabilities						
Deposits ⁽¹⁾	\$ 22,427,297	\$ 3,821,896	\$ 26,249,193	\$ 19,360,890	\$ 3,840,819	\$ 23,201,709
Employee benefit liabilities		10,723	10,723	-	10,390	10,390
Due to related parties	402,269		402,269	128,483	-	128,483
Accrued interest payable	204,813		204,813	256,058	-	256,058
Other liabilities	62,791	5,956	68,747	67,331	16,794	84,125
Total liabilities	\$ 23,097,170	\$ 3,838,575	\$ 26,935,745	\$ 19,812,762	\$ 3,868,003	\$ 23,680,765

(1) Demand and notice deposits of \$16.0 billion (October 31, 2024 - \$12.0 billion) 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 individuals and customer-types which form a stable base for the Company's operations and liquidity needs.