



RBC Royal Bank

RBC Royal Bank N.V. and its Subsidiaries

Consolidated Financial Highlights

October 31, 2014



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Board of managing directors' report

This report highlights the results for the RBC Royal Bank N.V. ("The Bank") for the year ended on the 31st October 2014.

RBC Royal Bank, across the Caribbean has made significant changes towards realignment of the business to ensure a long term sustainable franchise. The fiscal year ended on 31 October 2014 and was characterized by a number of restructuring initiatives to create further optimizations through consolidations, leveraging the scale and capabilities of RBC. The overall restructuring also impacted the Dutch Caribbean operations and earnings. RBC Royal Bank remains focused and committed to strengthening the overall performance in the Caribbean and deliver long term value.

Business Realignment

Our focus in 2014 was to realign our operations across the Bank towards achieving success in the domestic market, improve our credit underwriting practices and position ourselves for sustainable long term growth. Over the fiscal period ending on the 31st of October 2014 - hereby excluding one-time items - we realized core earnings of ANG 12.3 million, up from ANG 8.9 million in 2013. For 2014 our non-core earnings were reported at ANG 3.5 million, hereby showing an increase of ANG 1.6 million in comparison to 2013. The 2014 results were impacted by a number of one-time items that affected our non-core earnings considerably. As part of the major operations realignment, we incurred high costs associated with restructuring our business. In addition, we increased our provision levels of some of our older, aging credit for precautionary reasons and to better reflect our financials and the economic conditions in the Dutch Caribbean. The aforementioned measures lay the groundwork for continued success in 2015 and driving continued growth.

Focus on strength

Our focus is on strengthening our overall business performance and on markets and client segments where we can remain a leading competitor over the long term. RBC Royal Bank is making significant progress across the Caribbean in that regard. This is reflected in our core earnings and our improved operating efficiency in the region. There are several key success factors for our business and industry, including achieving and sustaining profitability and competitive advantage.

We continue to provide innovative products and services tailored to the local needs. We take pride in offering a unique approach to financial advice through our financial planners and budget planning methodology, which is embedded in the way we do business. This is to ensure that our clients have the opportunity to responsibly design and maximize their financial future,

based on their unique needs, values and dreams. Adding to our competitive pricing and our unparalleled global Investment Banking capabilities, we remain committed to being the leading financial advisor of choice for our clients. Our results show improvements in asset quality as the level of impaired loans declined by ANG 25.8 million over prior year with an increase in productive balances of ANG 13.9 million. The Bank is well capitalized with a capital base of ANG 359.3 million and the regulatory qualifying capital ratio for the individually licensed entities within the RBC Royal Bank entities in Curaçao and Aruba, is well in excess of required regulatory thresholds.

What does 2015 have in store for the Dutch Caribbean islands?

Aruba

According to the Central Bank of Aruba's November 2014 Economic Forecast Monitor, growth is expected to decelerate slightly to 1.5% in 2015, down from 1.6% in 2014 and 4.8% in 2013. Inflation is moderate, and with lower fuel import prices, this should persist in 2015. According to the Central Bank's (CBA) statistical digest, inflation dropped to 1.2% in November 2014 year on year. Net foreign assets declined to USD 639 million in November 2014, which we estimate at 3.8 months of import cover. The Caribbean Tourism Organization's (CTO) data shows that Aruba received 9.5% more stopover arrivals from January to November 2014, year on year. Though there was a 3.8% year on year decline in arrivals from Canada, growth from all other source markets outweighed, including 24.7% year on year growth in arrivals from "other" markets. CBA data shows that Venezuela is the fastest growing source market for stopover arrivals, up 34.8% year on year in Q3 2014. From January to September 2014, cruise passenger arrivals declined 2.7% year on year. Strong growth in the US and a steady improvement in employment levels, alongside lower fuel prices, will support tourist arrivals and broader economic expansion, tempered somewhat by economic malaise in Venezuela and Europe.

Curaçao and St. Maarten

The Central Bank of Curaçao and St. Maarten's quarterly bulletin for Q3 2014 revealed a growth of 0.1% year on year in Curaçao and 1.2% year on year growth in St. Maarten - both higher than the growth registered for the same period in 2013. Inflation in Curaçao increased to 2.7% year on year in Q3 2014, while St. Maarten saw a softer inflation at 1.9% year on year. CTO data shows that Curaçao received 1.9% more stopovers year on year from January to November 2014, while St. Maarten saw a growth of 7.3% year on year from January to September 2014.

Cruise passenger arrivals to Curaçao increased by 9.7% year on year from January to November 2014, while St. Maarten

saw a 16.5% year on year jump from January to October 2014. US arrivals to Curaçao declined by about 14% in 2014, while arrivals from Canada grew by almost 30%. St. Maarten saw growth across all major source markets in 2014. International reserves have grown by almost 34% in 2014, to an estimated four months of import cover. A strengthening US economy bodes well for tourist arrivals from that source market, while lower fuel costs will help to maintain low inflation and support economic activity in 2015.

RBC and our community

We continue to support initiatives that are aimed at raising cancer awareness and preserving our natural environment aligned with the worldwide legacy programs of RBC underlining the RBC corporate responsibility towards health and environmental conservation (RBC Blue Water Project™). Our longstanding commitment to sports and in particular little league, has created the opportunity to support sustainable programs in this area of sports, hereby contributing to the sustainable development and affiliation with the International Little League Baseball and Softball in Williamsport, Pennsylvania. It is an honor to see the increased engagement of our employees across the Dutch Caribbean, and to perceive how much they are giving back to our communities. Our employees are actively volunteering their time, energy and expertise to worthy causes. This shows their strong sense of responsibility and pride to support their communities, both on a personal level as well as collectively on behalf of RBC. The RBC commitment to our community also includes investing in our future through education, arts and culture to make our communities a better place to live and work.

In closing, on behalf of the Board of Directors and executive of RBC, I would like to thank the Bank's loyal clientele for their continued trust they place in us – we are committed to work hard to keep earning it everyday. I would also like to thank our employees who continue to be the driving force behind all of our achievements. Their continued commitment to our values, to our clients and to one another has positioned us for sustainable long-term growth and success. It has also positioned us to earn the right to be our clients' first choice. We look forward to building more value for you in 2015 and beyond.

Steven Coutinho
RBC Royal Bank N.V.
Managing Director



A. Significant Accounting Policies

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

Basis of preparation

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

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

Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of RBC Royal Bank N.V.

(the parent company) and its wholly owned subsidiaries RBC Royal Bank (Aruba) N.V., ABC International N.V., RBC Royal Bank International N.V., Mc Laughlin International Trust & Management Company N.V., Trade Center St. Maarten N.V., Boxscore Enterprises N.V., Omutin Real Estate Holdings N.V., Royal Services (Curaçao) N.V., Royal Services International (Curaçao) N.V., Aruba Trustkantoor N.V. and Banco Nacional de Hipotecas N.V. (the Group) after the elimination of intercompany transactions and balances. Subsidiary companies are defined as companies controlled by the Group in which it has an interest of more than 50% of the voting rights and is able to exercise control over the operations.

Investment securities

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

Securities held-to-maturity

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

Securities available-for-sale

Available-for-sale investments are those securities intended to

be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

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

Fair values for unquoted equity instruments or unlisted securities are estimated using applicable price per earnings or price per cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in equity. When the securities are disposed of, the related accumulated fair value adjustments are included in net investment trading income. When securities become impaired, the related accumulated fair value adjustments previously recognized in equity are included in the income statement as impairment expense on investment securities.

A financial asset reported as investment securities is impaired if its carrying amount is greater than its estimated recoverable amount and there is objective evidence of impairment. The recoverable amount of an investment security instrument measured at fair value is the present value of expected future cash flows discounted at the cur-

A. Significant Accounting Policies (continued)

rent market rate of interest for a similar financial asset. For an investment security instrument measured at amortized cost the recoverable amount is the present value of expected future cash flows discounted at the instrument's original effective interest rate.

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

Loans and advances to customers

Loans and advances are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan, and subsequently measured at amortized cost, which is principal outstanding net of any unearned interest and of an allowance for impairment losses. These are financial assets with fixed or determinable payments that are not quoted in an active market.

A loan is classified as impaired when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loan. Objective

evidence of impairment includes observable data that comes to the attention of the Group such as:

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Deterioration of credit ratings assigned to the borrower
- Bankruptcy or reorganization by the borrower

Management uses estimates based on historical loss experience and objective evidence of impairment when estimating its future cash flows of the loan or group of loans. The methodology and assumptions used for estimating both the amount and timing of cash flows are reviewed regularly to minimize differences between actual loss experience and loss estimates.

Management first assesses whether objective evidence of impairment exists individually for loans that are individually significant. Individually insignificant loans are included in a group of loans with similar credit risk characteristics and collectively assessed for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or

continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans. The allowance also covers probable losses within the portfolio that have not been specifically identified as impaired.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking risks' reserve as an appropriation of retained earnings. The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the income statement. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

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

(Expressed in thousands of Antillean Guilders)

	31 October 2014 ANG.	31 October 2013 ANG.
Assets		
Cash and due from banks	991,372	1,131,770
Investment securities	420,706	386,848
Loans and advances to customers	1,509,616	1,529,628
Bank premises and equipment	44,952	50,984
Goodwill and other intangible assets	125,641	133,346
Customers' liability under acceptances	26,033	30,011
Deferred tax assets	13,433	9,472
Other assets	56,820	41,179
Total assets	3,188,573	3,313,238
Liabilities and shareholders' equity		
Liabilities		
Customers' deposits	2,565,821	2,694,506
Due to other banks	120,548	106,414
Acceptances outstanding	26,033	30,011
Profit tax payable	85	48
Deferred tax liabilities	34,596	32,460
Other liabilities	82,158	93,184
Total liabilities	2,829,241	2,956,623
Shareholders' equity		
Issued capital	114,455	114,455
Share premium	87,053	87,053
General reserve	31,200	31,603
Other reserve	7,571	8,390
Retained earnings	119,053	115,114
Total shareholders' equity	359,332	356,615
Total liabilities and shareholders' equity	3,188,573	3,313,238

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

(Expressed in thousands of Antillean Guilders)

	year ended 31 October	
	2014 ANG.	2013 ANG.
Interest income	134,405	149,729
Interest expense	20,625	24,750
Net interest income	113,780	124,979
Fee and commission income	45,548	40,100
Net fee and commission income	45,548	40,100
Gains less losses from investment securities	-	-
Other operating income	13,907	15,462
Operating income	173,235	180,541
Salaries and other employee expenses	83,620	86,605
Occupancy expenses	11,376	12,700
Net impairment on loans and advances	24,960	23,467
Investment securities' impairment expense	-	310
Other operating expenses	53,127	55,704
Operating expenses	173,083	178,786
Net result from operations	152	1,755
Income from associates	206	619
Income before taxation	358	2,374
Taxation	(3,178)	732
Net income after taxation	3,536	1,642

B. Specification of accounts

I. Assets

	31 October 2014 ANG.	31 October 2013 ANG.
Investment securities		
Available for sale	392,033	356,529
Held to maturity	24,533	25,905
Total investments	416,566	382,434
Accrued interest receivable	4,140	4,414
	420,706	386,848
Less allowance for losses	-	-
Net investments	420,706	386,848
Loans and advances to customers		
Retail customers	858,124	905,971
Corporate customers	712,314	677,320
Public sector	910	-
Total loans and advances	1,571,348	1,583,291
Accrued interest receivable	3,680	3,302
	1,575,028	1,586,593
Less allowance for loan losses	(65,412)	(56,965)
Net loans and advances	1,509,616	1,529,628

II. Liabilities

	31 October 2014	31 October 2013
Customers' deposits		
Retail customers	1,241,651	1,298,988
Corporate customers	1,300,490	1,325,199
Other	14,220	51,707
	2,556,361	2,675,894
Accrued interest	9,460	18,612
Total customers' deposits	2,565,821	2,694,506

Report of the independent auditor on the consolidated financial highlights

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

The accompanying consolidated financial highlights, which comprise the consolidated balance sheet as at 31 October 2014, the consolidated statement of comprehensive income for the year then ended, and related notes, are derived from the audited consolidated financial statements of RBC Royal Bank N.V. for the year ended 31 October 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 10 February 2015. The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements,

therefore, is not a substitute for reading the audited consolidated financial statements of RBC Royal Bank N.V.

Management's Responsibility for the Consolidated Financial Highlights

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

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial highlights based on our procedures, which were

conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the consolidated financial highlights derived from the audited consolidated financial statements of RBC Royal Bank N.V. for the year ended 31 October 2014 are consistent, in all material respects, with those financial statements, in accordance with Provisions for Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten.

Curaçao, 10 February 2015 • Deloitte Dutch Caribbean